Kemira

January-June

Half-year Financial Report 2018

REVENUE GROWTH CONTINUED LED BY INDUSTRY & WATER

Second quarter

- Revenue increased by 5% to EUR 647.6 million (617.2) driven by higher sales prices, especially in Industry & Water, despite the negative currency impact. Revenue in local currencies, excluding acquisitions and divestments, increased by 9%.
- Operative EBITDA increased by 4% to EUR 80.2 million (77.1) mainly due to higher sales prices which offset increases in variable costs. Negative currency impact was approximately EUR 9 million. Operative EBITDA margin was 12.4% (12.5%). EBITDA increased by 23% to EUR 82.5 million (67.0) explained by items affecting comparability.
- EPS increased to EUR 0.14 (0.12) mainly due to higher operative EBITDA and gain on sale.

January-June

- Revenue increased by 3% to EUR 1,261.4 million (1,227.3) as sales price increases and volume growth, especially in the North American oil and gas business, more than offset the negative currency impact. Revenue in local currencies, excluding acquisitions and divestments, increased by 8%.
- Operative EBITDA increased by 2% to EUR 149.6 million (146.1) as higher sales prices more than offset the increase in variable costs. The negative currency impact was approximately EUR 16 million. Operative EBITDA margin was 11.9% (11.9%). EBITDA increased by 13% to EUR 150.7 million (133.7)
- EPS increased to EUR 0.28 (0.24) mainly due to higher operative EBITDA and items affecting comparability.

Outlook for 2018 (unchanged)

Kemira expects its operative EBITDA to increase from the prior year (2017: EUR 311.3 million).

Update on joint venture / acquisition of AKD wax producer in China

Kemira agreed in the third quarter of 2017 to form a joint venture (NewCo) with Tiancheng. Kemira will have 80% and Tiancheng 20% of NewCo. NewCo will mainly produce AKD wax and its key raw material fatty acid chloride. The deal is subject to certain closing conditions and is still pending certain authority approvals.

Kemira's President and CEO Jari Rosendal:

"Strong organic growth continued in the second quarter. Sales price increases have started to come through and they are much needed to compensate for the increasing variable costs. In comparison to last year, profitability continued to be negatively impacted by currency movements, primarily from the EUR/USD exchange rate.

In Pulp & Paper, organic growth continued at a good level and was 6% in the second quarter. In general, global megatrends are favorable to the pulp and paper industry, including chemical providers. For example, the search for alternative materials to single-use plastic products is creating opportunities for Kemira. There is an increasing need for biobased and biodegradable materials and Kemira is well positioned in the value chain, supporting board producers to create sustainable packaging materials.

Industry & Water achieved organic growth of 14% in Q2, driven by strong demand in the oil and gas business. Profitability increased substantially with the help of higher sales prices. Market trends are positive both in oil and gas as well as in water treatment. Drinking water producers are often faced with deteriorating quality of raw water, as well as tightening regulations for safe and clean potable water. By bringing Kemira's decades of experience and expertise in R&D and technology to the water market, Kemira can support operators to meet requirements for safe drinking water.

We continue to drive for higher profitability and implement measures to support that. In 2018, Kemira expects its operative EBITDA to increase from the prior year."

KEY FIGURES AND RATIOS

EUR million	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Revenue	**647.6**	617.2	**1,261.4**	1,227.3	2,486.0
Operative EBITDA	**80.2**	77.1	**149.6**	146.1	311.3
Operative EBITDA, %	**12.4**	12.5	**11.9**	11.9	12.5
EBITDA	**82.5**	67.0	**150.7**	133.7	282.4
EBITDA, %	**12.7**	10.9	**11.9**	10.9	11.4
Operative EBIT	**45.1**	43.6	**79.0**	78.6	170.3
Operative EBIT, %	**7.0**	7.1	**6.3**	6.4	6.9
EBIT	**38.5**	33.5	**71.2**	66.2	141.4
EBIT, %	**5.9**	5.4	**5.6**	5.4	5.7
Finance costs, net	**-7.4**	-7.7	**-11.3**	-14.4	-28.9
Profit before taxes	**31.1**	25.9	**59.9**	51.9	112.6
Net profit for the period	**23.5**	19.6	**46.6**	39.4	85.2
Earnings per share, EUR	**0.14**	0.12	**0.28**	0.24	0.52
Capital employed*	**1,754.6**	1,749.7	**1,754.6**	1,749.7	1,763.2
Operative ROCE*, %	**9.7**	9.2	**9.7**	9.2	9.7
ROCE*, %	**8.3**	8.0	**8.3**	8.0	8.0
Cash flow from operating activities	**23.4**	28.6	**57.9**	40.8	205.1
Capital expenditure excl. acquisition	**39.8**	45.2	**63.0**	82.1	190.1
Capital expenditure	**37.4**	45.2	**59.8**	82.1	190.1
Cash flow after investing activities	**-12.9**	-16.5	**3.5**	-41.1	13.0
Equity ratio, % at period-end	**43**	43	**43**	43	44
Equity per share, EUR	**7.42**	7.18	**7.42**	7.18	7.61
Gearing, % at period-end	**67**	69	**67**	69	59
Personnel at period-end	**4,858**	4,849	**4,858**	4,849	4,732

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

Kemira provides certain financial performance measures (alternative performance measures) on a non-GAAP basis. Kemira believes that alternative performance measures, such as organic growth*, EBITDA, operative EBITDA, cash flow after investing activities, and gearing, followed by capital markets and Kemira management, provide useful information of its comparable business performance and financial position. Selected alternative performance measures are also used as performance criteria in remuneration.

Kemira's alternative performance measures should not be viewed in isolation to the equivalent IFRS measures and alternative performance measures should be read in conjunction with the most directly comparable IFRS measures. Definitions of the alternative performance measures can be found in the definitions of the key figures in this report, as well as at www.kemira.com > Investors > Financial information.

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

* Revenue growth in local currencies, excluding acquisitions and divestments

FINANCIAL PERFORMANCE IN Q2 2018

Revenue increased by 5% driven by higher sales prices despite the negative currency impact. Revenue in local currencies, excluding acquisitions and divestments, increased by 9%.

Revenue	Apr-Jun 2018 EUR million	Apr-Jun 2017 EUR million	Δ%	Organic growth*, %	Currency impact, %	Acq. and div. impact, %
Pulp & Paper	376.0	368.9	+2	+6	-4	0
Industry & Water	271.7	248.3	+9	+14	-5	0
Total	647.6	617.2	+5	+9	-4	0

* Revenue growth in local currencies, excluding acquisitions and divestments

Operative EBITDA increased by 4% mainly due to higher sales prices which offset increases in variable costs. The negative currency impact compared to the previous year was approximately EUR 9 million.

Variance analysis, EUR million	Apr-Jun
Operative EBITDA, 2017	77.1
Sales volumes	+3.3
Sales prices	+46.6
Variable costs	-35.9
Fixed costs	-2.2
Currency exchange	-8.6
Others	-0.1
Operative EBITDA, 2018	80.2

Operative EBITDA	Apr-Jun 2018 EUR million	Apr-Jun 2017 EUR million	Δ%	Apr-Jun 2018 %-margin	Apr-Jun 2017 %-margin
Pulp & Paper	45.4	47.8	-5	12.1	13.0
Industry & Water	34.8	29.3	+18	12.8	11.8
Total	80.2	77.1	+4	12.4	12.5

EBITDA increased by 23%, the difference to operative EBITDA is explained by items affecting comparability. **Items affecting comparability within EBITDA** included mainly gain on sale. In the previous year the figure included organizational restructuring costs.

Items affecting comparability, EUR million	Apr-Jun 2018	Apr-Jun 2017
Within EBITDA	**2.3**	-10.1
Pulp & Paper	-0.9	-2.7
Industry & Water	3.2	-7.4
Within depreciation, amortization and impairments	**-8.9**	0.0
Pulp & Paper	-0.1	0.0
Industry & Water	-8.8	0.0
Total items affecting comparability in EBIT	**-6.6**	-10.1

Depreciation, amortization and impairments were EUR 44.1 million (33.5) including EUR 4.0 million (4.1) amortization of purchase price allocation. Depreciation and amortization included **items affecting comparability** of EUR -8.9 million related to the closure of an intermediary-product manufacturing unit. The closure was part of the long-term polymer manufacturing optimization in Industry & Water.

Operative EBIT increased by 3% mainly due to higher sales prices which offset increases in variable costs. **EBIT** increased by 15% and the difference between the two is explained by items affecting comparability.

Finance costs, net totaled EUR -7.4 million (-7.7). **Income taxes** were EUR -7.5 million (-6.2) as a result of higher profit before taxes. **Net profit for the period** increased by 20% mainly due to items affecting comparability and increased operative EBITDA.

FINANCIAL PERFORMANCE IN JANUARY-JUNE 2018

Revenue increased by 3% due to volume growth in Industry & Water, especially in the North American shale business. Revenue in local currencies, excluding acquisitions and divestments, increased by 8%.

Revenue	Jan-Jun 2018 EUR, million	Jan-Jun 2017 EUR, million	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	**744.6**	741.1	0	+5	-5	0
Industry & Water	**516.7**	486.1	+6	+12	-6	0
Total	**1,261.4**	1,227.3	+3	+8	-5	0

* Revenue in local currencies, excluding acquisitions and divestments

Operative EBITDA increased by 2% mainly due to higher sales prices, which more than offset increased variable costs. The negative currency impact compared to the previous year was approximately EUR 16 million.

Variance analysis, EUR million	Jan-Jun
Operative EBITDA, 2017	**146.1**
Sales volumes	+11.5
Sales prices	+70.0
Variable costs	-61.8
Fixed costs	-1.6
Currency exchange	-15.5
Others	+0.9
Operative EBITDA, 2018	**149.6**

Operative EBITDA	Jan-Jun 2018 EUR million	Jan-Jun 2017 EUR million	Δ%	Jan-Jun 2018 %-margin	Jan-Jun 2017 %-margin
Pulp & Paper	**88.2**	93.8	-6	**11.8**	12.7
Industry & Water	**61.4**	52.3	+17	**11.9**	10.8
Total	**149.6**	146.1	+2	**11.9**	11.9

EBITDA increased by 13%, the difference to operative EBITDA is explained by items affecting comparability. **Items affecting comparability within EBITDA** included mainly gain on sale. In the previous year the figure included organizational restructuring costs.

Items affecting comparability, EUR million	Jan-Jun 2018	Jan-Jun 2017
Within EBITDA	**1.1**	-12.4
Pulp & Paper	-1.5	-3.6
Industry & Water	2.7	-8.8
Within depreciation, amortization and impairments	**-8.9**	0.0
Pulp & Paper	-0.1	0.0
Industry & Water	-8.8	0.0
Total	**-7.8**	-12.4

Depreciation, amortization and impairments increased to EUR 79.5 million (67.5) including EUR 8.0 million (8.4) amortization of purchase price allocation. Depreciation and amortization included **items affecting comparability** of EUR -8.9 million related to a closure of intermediary-product manufacturing unit. The closure was part of the long-term polymer manufacturing optimization in Industry & Water.

Operative EBIT increased by 1% as higher sales prices and volumes more than offset the increase in variable costs and the negative currency impact. **EBIT** increased by 8%.

Finance costs, net totaled EUR -11.3 million (-14.4) and included a gain from the sale of shares in power plant companies. **Income taxes** were EUR -13.3 million (-12.5) as a result of higher profit before taxes.

Net profit for the period increased by 18% mainly due to items affecting comparability and higher operative EBITDA.

FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities in January-June increased by 42% to EUR 57.9 million (40.8) and cash flow after investing activities increased to EUR 3.5 million (-41.1) mainly due to lower capital expenditure, financing items and taxes.

At the end of the period, interest-bearing liabilities totaled EUR 902 million (872). The average interest rate of the Group's interest-bearing liabilities was 2.0% (1.8%). The duration of the Group's interest-bearing loan portfolio was 35 months (36). Fixed-rate loans accounted for 75% (69%) of the net interest-bearing liabilities.

Short-term liabilities maturing in the next 12 months amounted to EUR 244 million (181). On June 30, 2018, cash and cash equivalents totaled EUR 129 million (114). The Group has total of EUR 440 million of undrawn committed credit facilities.

At the end of the period, the Group's net debt was EUR 773 million (758). The equity ratio was 43% (43%), while the gearing was 67% (69%).

CAPITAL EXPENDITURE

In January-June, capital expenditure excluding acquisitions decreased by 23% to EUR 63.0 million (82.1). Capital expenditure can be broken down as follows: expansion capital expenditure 36% (47%), improvement capex 35% (27%), and maintenance capex 29% (26%).

RESEARCH AND DEVELOPMENT

In January-June 2018, total research and development expenses were EUR 14.9 million (15.6), representing 1.2% (1.3%) of the Group's revenue.

HUMAN RESOURCES

At the end of the period, Kemira Group had 4,858 employees (4,849). Kemira had 861 employees in Finland (861), 1,783 people elsewhere in EMEA (1,812), 1,551 in the Americas (1,539), and 663 in APAC (637).

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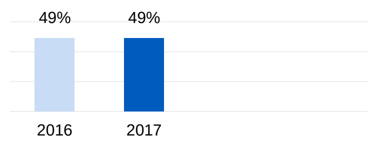
Where water meets chemistry™

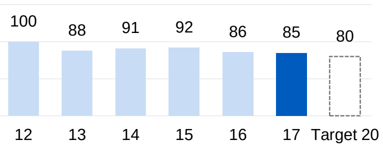
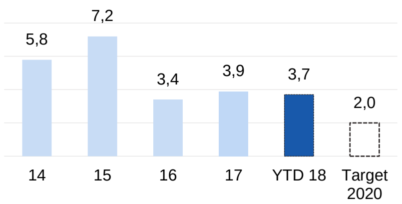
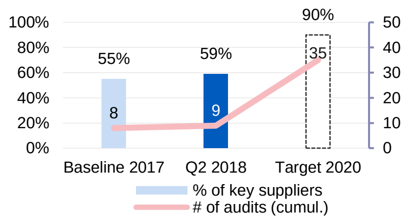
CORPORATE RESPONSIBILITY

We regularly review our corporate responsibility program to reflect the most material economic, environmental and social impacts in our business model. We have recently updated the KPI’s and targets for all priority areas: Sustainable products and solutions, Responsible operations and supply chain and People and integrity. New targets have been established for two topics which relate to products that will improve our customers’ sustainability and responsible business practices in our own operations.

Sustainable products and solutions

Target	Performance	Comments
Sustainable products Share of revenue from products used for use-phase resource efficiency. At least 50% of Kemira’s revenue generated through products improving customers’ resource efficiency.		New KPI approved in June 2018. Baseline is 49%. This KPI is a measure of Kemira’s business purpose: Kemira enables customers to improve their water, energy and raw material efficiency. KPI is set for 2018-2023. IN PROGRESS

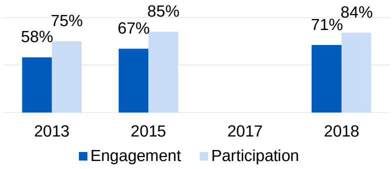
Responsible operations and supply chain

Target	Performance	Comments
Climate change Kemira Carbon Index ⩽ 80 by end of 2020 (2012 = 100). This KPI is reported once a year.		**Comments** Sourcing of low carbon energy continued as planned. As part of the Energy Efficiency Enhancement (E3plus) program, five site energy reviews were performed, and the upgrading of the Energy Management System at sodium chlorate sites in the US was started. The E3 energy reviews cover more than 90% of Kemira’s total energy consumption. Kemira’s Energy Management System was externally audited, and one internal audit was carried out at a sodium chlorate site in Finland. IN PROGRESS
People Safety Achieve zero injuries on long term; TRIF* 2.0 by end of 2020.		**Comments** There has been a positive turn in TRIF figures for the last few months. Safety campaign, the implementation of the Behavior Based Safety program and the safety related critical standard of manufacturing sites are contributing to this improvement. BEHIND TARGET
Supplier Management % of direct key suppliers screened through sustainability assessments and audits (cumulative %). The target includes 5 sustainability audits for highest risk** suppliers every year, and cumulatively 25 by 2020.		**Comments** In H1 2018, 9 new assessments were conducted. In addition to this 8 assessments are already in progress and there is a pipeline of possible suppliers to be assessed in the future. IN PROGRESS

People and integrity

Target	Performance	Comments

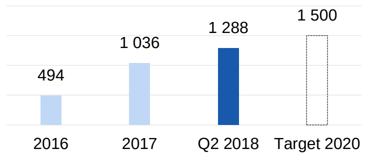
Employee engagement index based on Voices@Kemira biennial survey
The index at or above the external industry norm. The participation rate in Voices@Kemira 75% or above.



Comments
The global people employee engagement survey Voices@Kemira was conducted in April 2018. The employee engagement index was 71%, which is 2 ppts above the external norm and an improvement of 4 ppts compared to the last survey in 2015. The participation rate of 84% was 9 ppts above the external norm.

IN PROGRESS

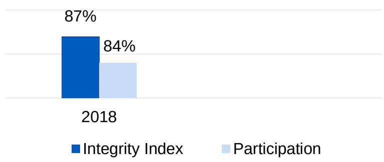
Leadership development activities provided, average
Two (2) leadership development activities per people manager position during 2016-2020, the cumulative target is 1,500 by 2020.



Comments
The continued good level of leadership development activities continued during Q2. The actual cumulative total so far is 1,288.

IN PROGRESS

Integrity index
New KPI to measure compliance with the Kemira Code of Conduct. The target is to maintain the Integrity Index level above the industry benchmark.



Comments
The Index was established based on the Voices@Kemira employee engagement survey and Kemira's result of 87% was 10 ppts higher than the industry benchmark. KPI is set for 2018-2023.

IN PROGRESS

* TRIF = Number of Total Recordable Injury Frequency per million hours, Kemira + contractor, year-to-date
** suppliers with lowest sustainability assessment score

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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 customer needs, ensuring the leading portfolio of products and services for paper wet-end, focusing on packaging and board, as well as on tissue. Pulp & Paper is leveraging its strong application portfolio in North America and EMEA, while also building a strong position in the emerging Asian and South American markets.

EUR million	**Apr-Jun 2018**	Apr-Jun 2017	**Jan-Jun 2018**	Jan-Jun 2017	Jan-Dec 2017
Revenue	**376.0**	368.9	**744.6**	741.1	1,476.9
Operative EBITDA	**45.4**	47.8	**88.2**	93.8	197.7
Operative EBITDA, %	**12.1**	13.0	**11.8**	12.7	13.4
EBITDA	**44.6**	45.1	**86.7**	90.2	179.9
EBITDA, %	**11.9**	12.2	**11.6**	12.2	12.2
Operative EBIT	**22.0**	25.7	**40.9**	49.6	104.8
Operative EBIT, %	**5.9**	7.0	**5.5**	6.7	7.1
EBIT	**21.1**	23.0	**39.3**	45.9	86.9
EBIT, %	**5.6**	6.2	**5.3**	6.2	5.9
Capital employed*	**1,162.5**	1,141.1	**1,162.5**	1,141.1	1,165.2
Operative ROCE*, %	**8.3**	9.1	**8.3**	9.1	9.0
ROCE*, %	**6.9**	8.3	**6.9**	8.3	7.5
Capital expenditure excl. M&A	**21.4**	35.2	**35.6**	65.0	138.3
Capital expenditure incl. M&A	**19.1**	35.2	**32.5**	65.0	138.3
Cash flow after investing activities	**2.3**	8.9	**22.9**	-14.0	15.7

*12-month rolling average

Second quarter

The segment's **revenue** increased by 2%. Currency exchange rates had a -4% impact on revenue. Revenue in local currencies, excluding acquisitions and divestments, increased by 6% mainly driven by higher sales prices, especially in chloralkali.

In **EMEA**, revenue increased by 6% mainly due to higher sales prices, especially in chloralkali. The new sodium chlorate capacity addition in Joutseno, Finland, also had a positive impact on revenue growth. In the **Americas**, revenue decreased by 6% due to strong negative currency impact. In North America, revenue in local currencies increased after several challenging quarters, mainly due to higher chlorate prices. In South America, sales volumes decreased in paper chemicals. In **APAC**, revenue increased by 8% mainly due to higher sales volumes and prices in sizing chemicals.

Operative EBITDA decreased by 5% as drastic currency exchange rate movements created headwinds while increased variable costs were more than offset by higher sales prices. **EBITDA** remained at the prior year level and the difference to operative EBITDA is explained by items affecting comparability.

January-June

The segment's **revenue** change was flat as organic growth was offset by the negative currency impact. Revenue in local currencies, excluding divestments and acquisitions, increased by 5%.

Operative EBITDA decreased by 6% mainly due to the negative currency impact while higher sales prices offset the increase in variable costs. **EBITDA** decreased by 4% and the difference to operative EBITDA is explained by items affecting comparability.

INDUSTRY & WATER

Industry & Water supports municipalities and water intensive industries in the efficient and sustainable use of resources. In water treatment, we provide assistance 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 2018**	Apr-Jun 2017	**Jan-Jun 2018**	Jan-Jun 2017	Jan-Dec 2017
Revenue	**271.7**	248.3	**516.7**	486.1	1,009.1
Operative EBITDA	**34.8**	29.3	**61.4**	52.3	113.6
Operative EBITDA, %	**12.8**	11.8	**11.9**	10.8	11.3
EBITDA	**38.0**	22.0	**64.1**	43.5	102.5
EBITDA, %	**14.0**	8.8	**12.4**	8.9	10.2
Operative EBIT	**23.0**	17.9	**38.1**	29.0	65.5
Operative EBIT, %	**8.5**	7.2	**7.4**	6.0	6.5
EBIT	**17.4**	10.5	**31.9**	20.2	54.4
EBIT, %	**6.4**	4.2	**6.1**	4.2	5.4
Capital employed*	**591.7**	607.3	**591.7**	607.3	596.7
Operative ROCE*, %	**12.6**	9.4	**12.6**	9.4	11.0
ROCE*, %	**11.3**	7.3	**11.3**	7.3	9.1
Capital expenditure excl. M&A	**18.4**	10.0	**27.3**	17.1	51.7
Capital expenditure incl. M&A	**18.4**	10.0	**27.3**	17.1	51.7
Cash flow after investing activities	**6.1**	3.3	**2.0**	12.5	46.9

*12-month rolling average

Second quarter

The segment's **revenue** increased by 9%. Revenue in local currencies, excluding acquisitions and divestments, increased by 14%, driven by higher sales prices and sales volume growth. Currency exchange rate fluctuations had an impact of -5%.

Within the segment, the revenue of the Oil & Gas business increased by 26% to EUR 56.3 million (44.6) as a result of strong demand in the North American shale oil and gas market. In the water treatment business, volume and sales price growth continued.

In **EMEA**, revenue increased by 7%, driven by higher sales prices following higher raw material costs in water treatment chemicals. In the **Americas**, revenue increased by 11% mainly due to the growth in the North American shale oil and gas business. Currencies had a strong negative impact. In **APAC**, revenue increased by 21% due to the strong growth in polymers, albeit from a small base. Currency exchange rates had a negative impact on revenue.

Operative EBITDA increased by 18% as growth in sales prices and volumes more than offset the increase in variable costs. Profitability is impacted by margin-dilutive growth areas (CEOR and oil sands) but these are expected to contribute positively to the margin once businesses are scaled up and optimized.

EBITDA increased by 72% and the difference to operative EBITDA is explained by items affecting comparability.

January-June

The segment's **revenue** increased by 6%. Revenue in local currencies, excluding acquisitions and divestments, increased by 12%. Growth was driven by higher sales prices. Currency exchange rates had an impact of -6%.

Within the segment, revenue for Oil & Gas business increased by 24% to EUR 102.8 million (82.8). In the water treatment business, sales volumes and prices increased in Europe while in North America sales price increases more than offset the decline in sales volumes.

Operative EBITDA increased by 17% as a result of higher sales prices offsetting increased variable costs. **EBITDA** increased by 46% and the difference to operative EBITDA is explained by items affecting comparability.

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On June 30, 2018, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles one vote at the Annual General Meeting.

At the end of June, Kemira Oyj had 35,424 registered shareholders (35,571 on December 31, 2017). Non-Finnish shareholders held 26.4% of the shares (25.8%) including nominee-registered holdings. Households owned 18.1% of the shares (17.9%). Kemira held 2,828,897 treasury shares (2,988,935) representing 1.8% (1.9%) of all company shares.

Kemira Oyj's share price decreased by 1% from the beginning of the year and closed at EUR 11.39 on the Nasdaq Helsinki at the end of June 2018 (11.50 on December 31, 2017). Shares registered a high of EUR 12.03 and a low of EUR 10.08 in January-June 2018. The average share price was EUR 11.10. The company's market capitalization, excluding treasury shares, was EUR 1,737 million at the end of June 2018 (1,752 on December 31, 2017).

In January-June 2018, Kemira Oyj's share trading turnover on Nasdaq Helsinki was EUR 253 million (January-June 2017: 247). The average daily trading volume was 184,771 (169,389) shares. The total volume of Kemira Oyj's share trading in January-June 2018 was 36 million shares (35), 36% (41%) of which was executed on other trading platforms (BATS, Chi-X, Turquoise). Source: Nasdaq and Kemira.com.

AUTHORIZATIONS

The AGM 2018 authorized the Board of Directors to decide on the repurchase of a maximum of 4,950,000 company's own shares ("Share Repurchase Authorization"). The Share Repurchase Authorization is valid until the end of the next Annual General Meeting.

The AGM 2018 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, 2019. 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 nobody was injured. Venator is a key raw material supplier for Kemira's iron coagulant production. Venator also purchases chemicals and energy from Kemira.

For Kemira, the incident means 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 2018 and the negative EBITDA impact (before insurance coverage) is expected to be up to EUR 1-2 million per quarter due to increased costs and loss of revenue. Kemira has a limit of business interruption insurance coverage of EUR 10 million / 18 months per incident for critical suppliers, which has been substantially used up in this incident.

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 2017.

OUTLOOK FOR 2018 (UNCHANGED)

Kemira expects its operative EBITDA to increase from the prior year (2017: EUR 311.3 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 19, 2018

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 2018 AND 2019

Interim Report January-September 2018	October 24, 2018
Financial Statements Bulletin 2018	February 8, 2019
Interim Report January-March 2019	April 26, 2019
Half-Year Financial Report January-June 2019	July 19, 2019
Interim Report January-September 2019	October 24, 2019

Annual General Meeting will be held in Marina Congress Center on March 21, 2019.

PRESS AND ANALYST CONFERENCE AND CONFERENCE CALL

Kemira will arrange a press conference for the analysts, investors, and media on Friday, July 20, 2018, starting at 1.00 pm (11.00 am 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 81710495, UK: +44 20 31940552, SE: +46 8 56642702, US: +1 855 7161597

PIN Code: 97294154#

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CONSOLIDATED INCOME STATEMENT

EUR million	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Revenue	647.6	617.2	1,261.4	1,227.3	2,486.0
Other operating income	6.4	1.1	7.8	2.2	6.8
Operating expenses	-571.5	-551.3	-1,118.5	-1,095.8	-2,210.4
EBITDA	82.5	67.0	150.7	133.7	282.4
Depreciation, amortization and impairments	-44.1	-33.5	-79.5	-67.5	-141.0
Operating profit (EBIT)	38.5	33.5	71.2	66.2	141.4
Finance costs, net	-7.4	-7.7	-11.3	-14.4	-28.9
Share of profit or loss of associates	0.0	0.0	0.0	0.1	0.2
Profit before taxes	31.1	25.9	59.9	51.9	112.6
Income taxes	-7.5	-6.2	-13.3	-12.5	-27.4
Net profit for the period	23.5	19.6	46.6	39.4	85.2
Net profit attributable to					
Equity owners of the parent	21.8	17.7	43.1	36.0	78.6
Non-controlling interests	1.8	1.9	3.5	3.5	6.6
Net profit for the period	23.5	19.6	46.6	39.4	85.2
Earnings per share, basic and diluted, EUR	0.14	0.12	0.28	0.24	0.52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Net profit for the period	23.5	19.6	46.6	39.4	85.2
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Other shares	-	0.0	-	0.0	24.0
Exchange differences on translating foreign operations	7.6	-28.7	-6.4	-28.3	-46.4
Cash flow hedges	12.7	2.3	15.9	-2.7	3.4
Items that will not be reclassified subsequently to profit or loss					
Other shares	0.0	-	0.0	-	-
Remeasurements on defined benefit plans	0.0	0.0	0.0	0.0	9.6
Other comprehensive income for the period, net of tax	20.3	-26.4	9.5	-31.0	-9.4
Total comprehensive income for the period	43.8	-6.8	56.1	8.4	75.8
Total comprehensive income attributable to					
Equity owners of the parent	42.7	-8.7	53.3	4.6	68.7
Non-controlling interests	1.1	1.9	2.8	3.8	7.2
Total comprehensive income for the period	43.8	-6.8	56.1	8.4	75.8

CONSOLIDATED BALANCE SHEET

EUR million	6/30/2018	6/30/2017	12/31/2017
ASSETS			
Non-current assets			
Goodwill	**508.2**	511.3	505.0
Other intangible assets	**91.9**	105.6	100.5
Property, plant and equipment	**903.6**	906.9	922.9
Investments in associates	**0.7**	1.3	0.7
Other shares	**235.8**	202.4	235.8
Deferred tax assets	**23.8**	29.3	24.8
Other investments	**2.9**	4.1	3.8
Receivables of defined benefit plans	**48.0**	31.7	48.0
Total non-current assets	**1,814.9**	1,792.6	1,841.5
Current assets			
Inventories	**254.9**	227.1	223.8
Interest-bearing receivables	**5.0**	0.2	5.3
Trade receivables and other receivables	**449.2**	419.5	418.8
Current income tax assets	**16.0**	24.0	18.7
Cash and cash equivalents	**129.3**	113.7	166.1
Total current assets	**854.4**	784.5	832.8
Non-current assets classified as held-for-sale	**-**	-	0.6
Total assets	**2,669.3**	2,577.1	2,674.9
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity owners of the parent	**1,131.1**	1,094.5	1,159.0
Non-controlling interests	**14.8**	10.5	13.8
Total equity	**1,145.9**	1,105.0	1,172.8
Non-current liabilities			
Interest-bearing liabilities	**658.4**	690.9	669.1
Other liabilities	**21.4**	21.4	21.4
Deferred tax liabilities	**68.6**	62.4	62.4
Liabilities of defined benefit plans	**80.7**	79.5	82.3
Provisions	**27.4**	30.7	27.2
Total non-current liabilities	**856.5**	885.0	862.5
Current liabilities			
Interest-bearing current liabilities	**243.5**	180.9	191.4
Trade payables and other liabilities	**405.4**	384.2	422.8
Current income tax liabilities	**12.7**	10.4	14.2
Provisions	**5.3**	11.8	11.3
Total current liabilities	**666.9**	587.2	639.7
Total liabilities	**1,523.4**	1,472.1	1,502.1
Total equity and liabilities	**2,669.3**	2,577.1	2,674.9

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	**4-6/2018**	4-6/2017	**1-6/2018**	1-6/2017	2017
Cash flow from operating activities					
Net profit for the period	**23.5**	19.6	**46.6**	39.4	85.2
Total adjustments	**53.0**	60.4	**95.3**	105.8	203.5
Operating profit before change in net working capital	**76.5**	80.0	**141.9**	145.2	288.7
Change in net working capital	**-31.9**	-22.8	**-62.5**	-64.8	-33.9
Cash generated from operations before financing items and taxes	**44.7**	57.3	**79.3**	80.4	254.8
Finance expenses, net and dividends received	**-11.4**	-17.7	**-12.2**	-21.7	-25.0
Income taxes paid	**-9.9**	-11.0	**-9.2**	-17.9	-24.7
Net cash generated from operating activities	**23.4**	28.6	**57.9**	40.8	205.1
Cash flow from investing activities					
Purchases of subsidiaries and business acquisitions, net of cash acquired *)	**2.4**	0.0	**3.2**	0.0	0.0
Other capital expenditure	**-39.8**	-45.2	**-63.0**	-82.1	-190.1
Proceeds from sale of assets	**1.1**	0.1	**5.4**	0.2	3.0
Change in loan receivables decrease (+) / increase (-)	**0.0**	0.0	**-0.1**	0.0	-5.1
Net cash used in investing activities	**-36.3**	-45.1	**-54.4**	-81.9	-192.2
Cash flow from financing activities					
Proceeds from non-current interest-bearing liabilities (+)	**0.0**	100.0	**90.0**	100.0	100.0
Repayments from non-current interest-bearing liabilities (-)	**-5.2**	-9.4	**-53.7**	-40.8	-62.1
Short-term financing, net increase (+) / decrease (-)	**-1.3**	-0.6	**6.0**	14.2	36.3
Dividends paid	**-82.7**	-86.9	**-82.7**	-86.9	-86.9
Other finance items	**0.0**	-0.1	**0.0**	0.0	0.0
Net cash used in financing activities	**-89.3**	3.0	**-40.4**	-13.5	-12.7
Net decrease (-) / increase (+) in cash and cash equivalents	**-102.2**	-13.5	**-36.9**	-54.6	0.3
Cash and cash equivalents at end of period	**129.3**	113.7	**129.3**	113.7	166.1
Exchange gains (+) / losses (-) on cash and cash equivalents	**1.6**	-4.3	**0.1**	-5.0	-7.5
Cash and cash equivalents at beginning of period	**229.9**	131.5	**166.1**	173.4	173.4
Net decrease (-) / increase (+) in cash and cash equivalents	**-102.2**	-13.5	**-36.9**	-54.6	0.3

*) Includes cash flow effect of currency derivatives related to acquisition of AKD wax producer in China.

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, 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 [1)]	-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

[1)] 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.

EUR million	Share capital	Share premium	Fair value and other reserves	Un-restricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total	Non-controlling interests	Total Equity
Equity at January 1, 2018	**221.8**	**257.9**	**98.7**	**196.3**	**-47.7**	**-20.1**	**452.1**	**1,159.0**	**13.8**	**1,172.8**
Change in accounting policy	**-**	**-**	**-**	**-**	**-**	**-**	**-0.2** [2)]	**-0.2**	**-**	**-0.2**
Restated equity at January 1, 2018	**221.8**	**257.9**	**98.7**	**196.3**	**-47.7**	**-20.1**	**451.9**	**1,158.8**	**13.8**	**1,172.6**
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**43.1**	**43.1**	**3.5**	**46.6**
Other comprehensive income, net of tax	-	-	**15.9**	-	**-5.7**	-	-	**10.2**	**-0.7**	**9.5**
Total comprehensive income	**-**	**-**	**15.9**	**-**	**-5.7**	**-**	**43.1**	**53.3**	**2.8**	**56.1**
Transactions with owners										
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-80.8** [3)]	**-80.8**	**-1.9**	**-82.7**
Treasury shares issued to the target group of share-based incentive plan	**-**	**-**	**-**	**-**	**-**	**1.0**	**-**	**1.0**	**-**	**1.0**
Treasury shares issued to the Board of Directors	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**	**0.1**	**-**	**0.1**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**-1.3**	**-1.3**	**-**	**-1.3**
Transactions with owners	**-**	**-**	**-**	**-**	**-**	**1.1**	**-82.1**	**-81.0**	**-1.9**	**-82.9**
Equity at June 30, 2018	**221.8**	**257.9**	**114.6**	**196.3**	**-53.4**	**-19.0**	**412.9**	**1,131.1**	**14.8**	**1,145.9**

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

[3)] A dividend was EUR 80,8 million in total (EUR 0.53 per share) with respect to the financial year ended December 31, 2017. The annual general meeting approved EUR 0.53 dividend on March 21, 2018. The dividend record date was March 23, 2018, and the payment date April 5, 2018.

Kemira had in its possession 2,828,897 of its treasury shares on June 30, 2018. The average share price of treasury shares was EUR 6.73 and they represented 1.8% of the share capital and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 4.0 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, such as organic growth*, EBITDA, operative EBITDA, cash flow after investing activities, and gearing, followed by capital markets and Kemira management, provide useful information of its comparable business performance and financial position. Selected alternative performance measures are also used as performance criteria in remuneration.

Kemira's alternative performance measures should not be viewed in isolation to the equivalent IFRS measures and alternative performance measures should be read in conjunction with the most directly comparable IFRS measures. Definitions of the alternative performance measures can be found in the Definitions of the key figures in this report, as well as at www.kemira.com > Investors > Financial information.

* Revenue growth in local currencies, excluding acquisitions and divestments

	2018 4-6	2018 1-3	2017 10-12	2017 7-9	2017 4-6	2017 1-3	**2018 1-6**	2017 1-6	2017 1-12
Income statement and profitability									
Revenue, EUR million	**647.6**	613.7	636.5	622.2	617.2	610.0	**1,261.4**	1,227.3	2,486.0
Operative EBITDA, EUR million	**80.2**	69.4	80.7	84.5	77.1	69.0	**149.6**	146.1	311.3
Operative EBITDA, %	**12.4**	11.3	12.7	13.6	12.5	11.3	**11.9**	11.9	12.5
EBITDA, EUR million	**82.5**	68.2	78.4	70.2	67.0	66.7	**150.7**	133.7	282.4
EBITDA, %	**12.7**	11.1	12.3	11.3	10.9	10.9	**11.9**	10.9	11.4
Items affecting comparability in EBITDA, EUR million	**2.3**	-1.2	-2.2	-14.3	-10.1	-2.3	**1.1**	-12.4	-28.9
Operative EBIT, EUR million	**45.1**	33.9	44.0	47.7	43.6	34.9	**79.0**	78.6	170.3
Operative EBIT, %	**7.0**	5.5	6.9	7.7	7.1	5.7	**6.3**	6.4	6.9
Operating profit (EBIT), EUR million	**38.5**	32.7	41.8	33.4	33.5	32.6	**71.2**	66.2	141.4
Operating profit (EBIT), %	**5.9**	5.3	6.6	5.4	5.4	5.3	**5.6**	5.4	5.7
Items affecting comparability in EBIT, EUR million	**-6.6**	-1.2	-2.2	-14.3	-10.1	-2.3	**-7.8**	-12.4	-28.9
Return on investment (ROI), %	**6.8**	6.6	7.8	6.2	6.4	6.2	**7.2**	6.2	6.6
Capital employed, EUR million	**1,754.6**	1,753.9	1,763.2	1,759.9	1,749.7	1,736.8	**1,754.6**	1,749.7	1,763.2
Operative ROCE, %	**9.7**	9.7	9.7	9.2	9.2	9.5	**9.7**	9.2	9.7
ROCE, %	**8.3**	8.1	8.0	7.3	8.0	8.1	**8.3**	8.0	8.0
Cash flow									
Net cash generated from operating activities, EUR million	**23.4**	34.5	71.4	92.9	28.6	12.2	**57.9**	40.8	205.1
Capital expenditure, EUR million	**37.4**	22.4	64.2	43.8	45.2	36.9	**59.8**	82.1	190.1
Capital expenditure excl. acquisitions, EUR million	**39.8**	23.2	64.2	43.8	45.2	36.9	**63.0**	82.1	190.1
Capital expenditure excl. acquisitions / revenue, %	**6.1**	3.8	10.1	7.0	7.3	6.0	**5.0**	6.7	7.6
Cash flow after investing activities, EUR million	**-12.9**	16.4	3.7	50.4	-16.5	-24.6	**3.5**	-41.1	13.0
Balance sheet and solvency									
Equity ratio, %	**43.0**	40.5	43.9	43.3	42.9	42.7	**43.0**	42.9	43.9
Gearing, %	**67.4**	61.5	59.2	62.7	68.6	59.1	**67.4**	68.6	59.2
Interest-bearing net liabilities, EUR million	**772.6**	677.9	694.4	700.7	758.0	660.9	**772.6**	758.0	694.4
Personnel									
Personnel at end of period	**4,858**	4,740	4,732	4,749	4,849	4,771	**4,858**	4,849	4,732
Personnel (average)	**4,820**	4,736	4,736	4,791	4,820	4,775	**4,778**	4,798	4,781
Exchange rates at end of period									
USD	**1.166**	1.232	1.199	1.181	1.141	1.069	**1.166**	1.141	1.199
CAD	**1.544**	1.59	1.504	1.469	1.478	1.427	**1.544**	1.478	1.504
SEK	**10.453**	10.284	9.844	9.649	9.639	9.532	**10.453**	9.639	9.844
CNY	**7.717**	7.747	7.804	7.853	7.738	7.364	**7.717**	7.738	7.804
BRL	**4.488**	4.094	3.973	3.764	3.760	3.380	**4.488**	3.760	3.973
Per share figures, EUR									
Earnings per share (EPS), basic and diluted [1)]	**0.14**	0.14	0.16	0.12	0.12	0.12	**0.28**	0.24	0.52
Net cash generated from operating activities per share [1)]	**0.15**	0.23	0.47	0.61	0.19	0.08	**0.38**	0.27	1.35
Equity per share [1)]	**7.42**	7.13	7.61	7.26	7.18	7.24	**7.42**	7.18	7.61
Number of shares (1,000)									
Average number of shares, basic [1)]	**152,510**	152,403	152,357	152,362	152,360	152,358	**152,457**	152,359	152,359
Average number of shares, diluted [1)]	**152,755**	152,753	152,564	152,595	152,605	152,611	**152,754**	152,608	152,594
Number of shares at end of period, basic [1)]	**152,514**	152,503	152,354	152,362	152,362	152,354	**152,514**	152,362	152,354
Number of shares at end of period, diluted [1)]	**152,758**	152,747	152,512	152,595	152,595	152,606	**152,758**	152,595	152,512

[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), %
(Profit before tax + interest expenses + other financial expenses) x 100
(Total assets - non-interest-bearing liabilities) [2)]

Operative return on capital employed (Operative ROCE), %
(Operative EBIT + share of profit or loss of associates) x 100 [3)]
Capital employed [4) 5)]

Return on capital employed (ROCE), %
(Operating profit (EBIT) + share of profit or loss of associates) x 100 [3)]
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, %
Total equity x 100
Total assets - prepayments received

Gearing, %
Interest-bearing net liabilities x 100
Total equity

Interest-bearing net liabilities
Interest-bearing liabilities - cash and cash equivalents

Earnings per share (EPS)
Net profit attributable to equity owners of the parent
Average number of shares

Net cash generated from operating activities per share
Net cash flow from operating activities
Average number of shares

Equity per share
Equity attributable to equity owners of the parent at end of period
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

	2018 4-6	2018 1-3	2017 10-12	2017 7-9	2017 4-6	2017 1-3	**2018 1-6**	2017 1-6	2017 1-12
EUR million									
ITEMS AFFECTING COMPARABILITY IN EBITDA AND IN EBIT									
Operative EBITDA	**80.2**	69.4	80.7	84.5	77.1	69.0	**149.6**	146.1	311.3
Restructuring and streamlining programs	**-0.8**	0.0	-2.4	-1.2	-7.5	-1.9	**-0.8**	-9.4	-13.1
Transaction and integration expenses in acquisition	**0.0**	-0.2	-0.2	0.3	0.2	0.1	**-0.3**	0.2	0.3
Divestment of businesses and other disposals	**5.7**	0.0	0.8	0.0	-2.6	0.0	**5.7**	-2.6	-1.9
Other items	**-2.6**	-1.0	-0.3	-13.4	-0.1	-0.5	**-3.6**	-0.6	-14.4
Total Items affecting comparability	**2.3**	-1.2	-2.2	-14.3	-10.1	-2.3	**1.1**	-12.4	-28.9
EBITDA	**82.5**	68.2	78.4	70.2	67.0	66.7	**150.7**	133.7	282.4
Operative EBIT	**45.1**	33.9	44.0	47.7	43.6	34.9	**79.0**	78.6	170.3
Total items affecting comparability in EBITDA	**2.3**	-1.2	-2.2	-14.3	-10.1	-2.3	**1.1**	-12.4	-28.9
Items affecting comparability in depreciation, amortization and impairments	**-8.9**	0.0	0.0	0.0	0.0	0.0	**-8.9**	0.0	0.0
Operating profit (EBIT)	**38.5**	32.7	41.8	33.4	33.5	32.6	**71.2**	66.2	141.4
ROCE AND OPERATIVE ROCE									
Operative EBIT	**45.1**	33.9	44.0	47.7	43.5	34.9	**79.0**	78.6	170.3
Operating profit (EBIT)	**38.5**	32.7	41.8	33.4	33.5	32.6	**71.2**	66.2	141.4
Share of profit or loss of associates	**0.0**	0.0	-0.1	0.1	0.0	0.1	**0.0**	0.1	0.2
Capital employed	**1,754.6**	1,753.9	1,763.2	1,759.9	1,749.7	1,736.8	**1,754.6**	1,749.7	1,763.2
Operative ROCE, %	**9.7**	9.7	9.7	9.2	9.2	9.5	**9.7**	9.2	9.7
ROCE, %	**8.3**	8.1	8.0	7.3	8.0	8.1	**8.3**	8.0	8.0
NET WORKING CAPITAL									
Inventories	**254.9**	237.1	223.8	224.4	227.1	230.2	**254.9**	227.1	223.8
Trade receivables and other receivables	**449.2**	423.7	418.8	398.6	419.5	412.8	**449.2**	419.5	418.8
Excluding financing items in other receivables	**-33.4**	-22.2	-21.4	-18.3	-21.2	-15.1	**-33.4**	-21.2	-21.4
Trade payables and other liabilities	**405.4**	495.2	422.8	385.6	384.2	490.3	**405.4**	384.2	422.8
Excluding financing items in other liabilities	**-12.3**	-96.5	-12.0	-11.1	-5.6	-98.4	**-12.3**	-5.6	-12.0
Net working capital	**277.6**	240.0	210.5	230.3	246.8	236.0	**277.6**	246.8	210.5
INTEREST-BEARING NET LIABILITIES									
Non-current interest-bearing liabilities	**658.4**	758.8	669.1	674.5	690.9	592.1	**658.4**	690.9	669.1
Current interest-bearing liabilities	**243.5**	148.9	191.4	186.6	180.8	200.3	**243.5**	180.8	191.4
Interest-bearing liabilities	**902.0**	907.7	860.5	861.2	871.7	792.4	**902.0**	871.7	860.5
Cash and cash equivalents	**129.3**	229.9	166.1	160.5	113.7	131.5	**129.3**	113.7	166.1
Interest-bearing net liabilities	**772.6**	677.8	694.4	700.7	758.0	660.9	**772.6**	758.0	694.4

Kemira
Where water meets chemistry™

QUARTERLY SEGMENT INFORMATION

EUR million	2018 4-6	2018 1-3	2017 10-12	2017 7-9	2017 4-6	2017 1-3	2018 1-6	2017 1-6	2017 1-12
Revenue									
Pulp & Paper	**376.0**	368.7	372.8	363.0	368.9	372.2	**744.6**	741.1	1,476.9
Industry & Water	**271.7**	245.0	263.8	259.2	248.3	237.8	**516.7**	486.1	1,009.1
Total	**647.6**	613.7	636.5	622.2	617.2	610.0	**1,261.4**	1,227.3	2,486.0
Operative EBITDA									
Pulp & Paper	**45.4**	42.7	55.4	48.5	47.8	46.0	**88.2**	93.8	197.7
Industry & Water	**34.8**	26.6	25.3	36.0	29.3	22.9	**61.4**	52.3	113.6
Total	**80.2**	69.4	80.7	84.5	77.1	69.0	**149.6**	146.1	311.3
Items affecting comparability in EBITDA									
Pulp & Paper	**-0.9**	-0.7	-0.3	-13.9	-2.7	-0.9	**-1.5**	-3.6	-17.9
Industry & Water	**3.2**	-0.5	-1.9	-0.4	-7.4	-1.4	**2.7**	-8.8	-11.0
Total	**2.3**	-1.2	-2.2	-14.3	-10.1	-2.3	**1.1**	-12.4	-28.9
EBITDA									
Pulp & Paper	**44.6**	42.1	55.1	34.6	45.1	45.1	**86.7**	90.2	179.9
Industry & Water	**38.0**	26.1	23.4	35.7	22.0	21.5	**64.1**	43.5	102.5
Total	**82.5**	68.2	78.4	70.2	67.0	66.7	**150.7**	133.7	282.4
Operative EBIT									
Pulp & Paper	**22.0**	18.9	30.9	24.4	25.7	23.8	**40.9**	49.6	104.8
Industry & Water	**23.0**	15.0	13.1	23.4	17.9	11.1	**38.1**	29.0	65.5
Total	**45.1**	33.9	44.0	47.7	43.6	34.9	**79.0**	78.6	170.3
Items affecting comparability in EBIT									
Pulp & Paper	**-1.0**	-0.7	-0.3	-13.9	-2.7	-0.9	**-1.6**	-3.6	-17.9
Industry & Water	**-5.6**	-0.5	-1.9	-0.4	-7.4	-1.4	**-6.1**	-8.8	-11.0
Total	**-6.6**	-1.2	-2.2	-14.3	-10.1	-2.3	**-7.8**	-12.4	-28.9
Operating profit (EBIT)									
Pulp & Paper	**21.1**	18.2	30.6	10.4	23.0	22.9	**39.3**	45.9	86.9
Industry & Water	**17.4**	14.5	11.2	23.0	10.5	9.7	**31.9**	20.2	54.4
Total	**38.5**	32.7	41.8	33.4	33.5	32.6	**71.2**	66.2	141.4

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	1-6/2018	1-6/2017	2017
Net book value at beginning of period	922.9	915.6	915.6
Purchases of subsidiaries and asset acquisitions	-	-	0.0
Increases	56.5	77.2	172.7
Decreases	-0.3	0.0	-1.2
Depreciation and impairments	-66.8	-54.3	-114.8
Exchange rate differences and other changes	-8.7	-31.5	-49.4
Net book value at end of period	903.6	906.9	922.9

CHANGES IN GOODWILL AND OTHER INTANGIBLE ASSETS

EUR million	1-6/2018	1-6/2017	2017
Net book value at beginning of period	605.5	638.3	638.3
Purchases of subsidiaries and asset acquisitions	-	-	0.0
Increases	4.1	4.9	13.8
Decreases	0.0	0.0	0.0
Amortization and impairments	-12.8	-13.3	-26.2
Exchange rate differences and other changes	3.2	-13.1	-20.3
Net book value at end of period	600.1	616.9	605.5

DERIVATIVE INSTRUMENTS

EUR million	6/30/2018 Nominal value	6/30/2018 Fair value	12/31/2017 Nominal value	12/31/2017 Fair value
Currency derivatives				
Forward contracts	**391.4**	**-5.0**	341.4	1.0
of which cash flow hedge	**45.7**	**-1.1**	43.5	0.8
Interest rate derivatives				
Interest rate swaps	**245.0**	**-0.6**	270.0	1.0
of which cash flow hedge	**145.0**	**-1.6**	170.0	-1.6
of which fair value hedge	**100.0**	**1.0**	100.0	2.7
Other derivatives	**GWh**	**Fair value**	GWh	Fair value
Electricity forward contracts, bought	**1,845.6**	**21.8**	1,704.5	6.2
of which cash flow hedge	**1,845.6**	**21.8**	1,704.5	6.2
Electricity future contracts, bought	**526.2**	**2.4**	157.6	-0.1
of which cash flow hedge	**526.2**	**2.4**	157.6	-0.1

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	6/30/2018				12/31/2017			
Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total net**	Level 1	Level 2	Level 3	Total net
Other shares	**-**	**-**	**235.8**	**235.8**	-	-	235.8	235.8
Other investments	**-**	**2.9**	**-**	**2.9**	-	3.8	-	3.8
Currency derivatives	**-**	**3.7**	**-**	**3.7**	-	4.7	-	4.7
Interest rate derivatives	**-**	**1.0**	**-**	**1.0**	-	2.7	-	2.7
Other derivatives	**-**	**24.2**	**-**	**24.2**	-	6.2	-	6.2
Other receivables	**-**	**5.0**	**-**	**5.0**	-	5.3	-	5.3
Trade receivables	**-**	**317.0**	**-**	**317.0**	-	315.2	-	315.2
Total	**-**	**353.8**	**235.8**	**589.6**	-	337.9	235.8	573.7

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

Level 2: Fair value is determined by using valuation techniques. The fair value refers to the value that is observable from the market value of elements of financial instrument or from the market value of corresponding financial 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 6/30/2018**	Total net 12/31/2017
Instrument		
Carrying value at beginning of period	**235.8**	202.5
Effect on the statement of comprehensive income	**-**	30.0
Increases	**-**	3.6
Decreases	**-**	-0.3
Carrying value at end of period	**235.8**	235.8

FAIR VALUE OF FINANCIAL LIABILITIES

EUR million	6/30/2018				12/31/2017			
Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total net**	Level 1	Level 2	Level 3	Total net
Non-current interest-bearing liabilities	**-**	**690.9**	**-**	**690.9**	-	697.2	-	697.2
Current portion of non-current interest-bearing liabilities	**-**	**117.0**	**-**	**117.0**	-	74.8	-	74.8
Non-current other liabilities	**-**	**21.4**	**-**	**21.4**	-	21.4	-	21.4
Finance lease liabilities	**-**	**0.1**	**-**	**0.1**	-	0.1	-	0.1
Loans from financial institutions	**-**	**134.0**	**-**	**134.0**	-	126.8	-	126.8
Other liabilities	**-**	**28.7**	**-**	**28.7**	-	31.0	-	31.0
Currency derivatives	**-**	**8.7**	**-**	**8.7**	-	3.7	-	3.7
Interest rate derivatives	**-**	**1.6**	**-**	**1.6**	-	1.6	-	1.6
Other derivatives	**-**	**0.0**	**-**	**0.0**	-	0.1	-	0.1
Trade payables	**-**	**188.2**	**-**	**188.2**	-	187.2	-	187.2
Total	**-**	**1,190.6**	**-**	**1,190.6**	-	1,143.9	-	1,143.9

CONTINGENT LIABILITIES

EUR million	6/30/2018	6/30/2017	12/31/2017
Assets pledged			
On behalf of own commitments	**5.4**	5.9	5.7
Guarantees			
On behalf of own commitments	**49.9**	56.0	50.2
On behalf of others	**2.9**	3.9	3.9
Operating leasing liabilities			
Maturity within one year	**30.1**	37.4	32.2
Maturity after one year	**150.1**	156.5	165.4
Other obligations			
On behalf of own commitments	**0.9**	1.1	1.0
On behalf of others	**6.1**	-	-
On behalf of associates	**-**	0.4	0.2

Major off-balance sheet investment commitments

Major amounts of contractual commitments for the acquisition of property, plant and equipment on June 30, 2018 were about EUR 18 million for plant investments.

LITIGATION

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

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

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

As mentioned above the settlement between Kemira and CDC relating to the Helsinki litigation also includes significant limitations of liabilities for Kemira regarding the remaining pending legal action filed by CDC Project 13 SA in Amsterdam, the Netherlands. 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 -standard. 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 2017.

On January 1, 2018, Kemira has adopted IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and the amendments to IFRS 2 Share-based Payments -standards. The nature of the changes in IFRS-standards are disclosed in the annual financial statements 2017 in Note 1. The Group's accounting policies for the consolidated financial statements. Total effect of these changes on equity is EUR -0.2 million which is disclosed in the consolidated statement of changes in equity in this interim report. The IFRS-standards changes did not have a material impact on the interim financial statements.

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 financial statements have been individually rounded and consequently the sum of individual figures can deviate from the presented sum figure.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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