

**kemira**

Where water  
meets chemistry™

Interim Report  
January-June  
2016



## PROFITABILITY IMPROVEMENT CONTINUED

### Second quarter

- Revenue decreased 1% to EUR 587.8 million (594.8) due to decline in Oil & Mining market, sales prices and negative foreign currency development. Revenue in local currencies, excluding acquisitions and divestments, decreased also 1% as the Group's volume growth was more than offset by the decline in sales prices.
- Operative EBITDA increased 6% to EUR 78.9 million (74.7) driven by sales volume growth and improved gross margin. Operative EBITDA margin improved to 13.4% (12.6%).
- Earnings per share increased 42% to EUR 0.17 (0.12).

### January-June

- Revenue increased 2% to EUR 1,170.5 million (1,147.8) due to acquisitions. Revenue in local currencies, excluding acquisitions and divestments, decreased 1% due to weak Oil & Mining market and declining sales prices while volumes grew.
- Operative EBITDA increased 8% to EUR 151.7 million (141.1) as a result of improved gross margin and sales volume growth. Operative EBITDA margin improved to 13.0% (12.3%).
- Earnings per share increased 18% to EUR 0.33 (0.28).
- Outlook (unchanged): Kemira continues to focus on profitable growth. Kemira expects its revenue and operative EBITDA to increase in 2016 compared to 2015.

### Kemira's President and CEO Jari Rosendal:

"The profitability continued to increase in the second quarter and the Group's operative EBITDA margin was 13.4%. Group's organic growth was negative due to lower sales prices and the difficult market environment in Oil & Mining. However, the two largest segments Pulp & Paper and Municipal & Industrial continued along their growth paths driven by increased sales volumes.

Pulp & Paper showed a strong improvement in profitability with organic growth. Operative EBITDA margin improved to 13.7% from 11.8%. Revenue in local currencies, excluding acquisitions and divestments, increased 1% with continued double-digit growth in APAC and South America. During the second quarter we won new additional Total Chemistry Management (TCM) contracts which are expected to contribute to growth in the future.

Oil & Mining continued to face challenging market conditions with operative EBITDA margin being at around 6%. Short-term, we maintain our cost discipline while we invest in promising growth areas such as Chemical Enhanced Oil Recovery (CEOR) and oil sands.

Municipal & Industrial had an exceptionally strong quarter with operative EBITDA margin above 16%. Revenue growth in local currencies, excluding acquisitions and divestments was 2% driven by higher sales volumes.

In the first half of 2016, Kemira's revenue increased 2% and operative EBITDA increased 8%. I am especially satisfied with the profitability improvement despite the challenging market environment. We are on track with the execution of our strategic plan."

## KEY FIGURES AND RATIOS

EUR million	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
<b>Revenue</b>	<b>587.8</b>	594.8	<b>1,170.5</b>	1,147.8	2,373.1
<b>Operative EBITDA</b>	<b>78.9</b>	74.7	<b>151.7</b>	141.1	287.3
Operative EBITDA, %	<b>13.4</b>	12.6	<b>13.0</b>	12.3	12.1
EBITDA	<b>69.3</b>	66.1	<b>140.4</b>	131.3	263.8
EBITDA, %	<b>11.8</b>	11.1	<b>12.0</b>	11.4	11.1
Operative EBIT	<b>46.6</b>	44.8	<b>87.5</b>	83.9	163.1
Operative EBIT, %	<b>7.9</b>	7.5	<b>7.5</b>	7.3	6.9
EBIT	<b>34.9</b>	34.3	<b>74.1</b>	72.1	132.6
EBIT, %	<b>5.9</b>	5.8	<b>6.3</b>	6.3	5.6
Finance costs, net	<b>-0.3</b>	-9.3	<b>-6.3</b>	-16.8	-30.8
Profit before taxes	<b>34.6</b>	25.1	<b>67.9</b>	55.6	102.1
Net profit for the period	<b>26.7</b>	19.3	<b>52.4</b>	45.7	77.2
<b>Earnings per share, EUR</b>	<b>0.17</b>	0.12	<b>0.33</b>	0.28	0.47
Capital employed*	<b>1,709.6</b>	1,534.0	<b>1,709.6</b>	1,534.0	1,659.5
Operative ROCE*	<b>9.8</b>	11.0	<b>9.8</b>	11.0	9.8
ROCE*, %	<b>7.9</b>	10.5	<b>7.9</b>	10.5	8.0
<b>Cash flow from operating activities</b>	<b>57.0</b>	11.7	<b>83.2</b>	54.1	247.6
<b>Capital expenditure excl. acquisition</b>	<b>43.3</b>	44.3	<b>74.7</b>	71.3	181.7
Capital expenditure	<b>43.3</b>	159.3	<b>72.8</b>	186.3	305.1
Cash flow after investing activities	<b>49.8</b>	-147.2	<b>47.5</b>	-131.2	-53.8
Equity ratio, % at period-end	<b>44</b>	46	<b>44</b>	46	46
Equity per share, EUR	<b>7.30</b>	7.51	<b>7.30</b>	7.51	7.76
Gearing, % at period-end	<b>61</b>	62	<b>61</b>	62	54
Personnel at period-end	<b>4,873</b>	4,739	<b>4,873</b>	4,739	4,685

\*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](http://www.kemira.com) >Investors > Financial information.

## FINANCIAL PERFORMANCE IN Q2 2016

**Revenue** decreased 1% to EUR 587.8 million (594.8) due to decline in Oil & Mining market, sales prices and negative foreign currency development. Revenue in local currencies, excluding acquisitions and divestments, decreased also 1% as the Group's volume growth was more than offset by decline in sales prices. Pulp & Paper had revenue growth of 1% and Municipal & Industrial revenue growth of 2% in local currencies, excluding acquisitions and divestments.

Revenue, EUR million	Apr-Jun 2016	Apr-Jun 2015	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	361.1	351.3	+3	+1	-2	+4
Oil & Mining	72.7	89.7	-19	-17	-2	0
Municipal & Industrial	154.0	153.8	0	+2	-2	0
<b>Total</b>	<b>587.8</b>	<b>594.8</b>	<b>-1</b>	<b>-1</b>	<b>-2</b>	<b>+2</b>

\* Revenue growth in local currencies, excluding acquisitions and divestments

**Operative EBITDA** increased 6% to EUR 78.9 million (74.7) driven by sales volume growth and improved gross margin. Currencies had a negative impact on profitability. Operative EBITDA margin improved to 13.4% (12.6%).

Variance analysis, EUR million	Apr-Jun
<b>Operative EBITDA, 2015</b>	<b>74.7</b>
Sales volumes	+6.7
Sales prices	-18.1
Variable costs	+22.6
Fixed costs	-1.7
Currency exchange	-4.6
Others	-0.7
<b>Operative EBITDA, 2016</b>	<b>78.9</b>

Operative EBITDA	Apr-Jun 2016 EUR, million	Apr-Jun 2015 EUR, million	Δ%	Apr-Jun 2016 %-margin	Apr-Jun 2015 %-margin
Pulp & Paper	49.3	41.3	+19	13.7	11.8
Oil & Mining	4.5	11.4	-61	6.2	12.7
Municipal & Industrial	25.1	22.0	+14	16.3	14.3
<b>Total</b>	<b>78.9</b>	<b>74.7</b>	<b>+6</b>	<b>13.4</b>	<b>12.6</b>

**EBITDA** increased 5% to EUR 69.3 million (66.1). **Items affecting comparability** in EBITDA were EUR -9.6 million (-8.6) and resulted mainly from restructuring costs related to manufacturing plants. In the previous year, items affecting comparability were mostly related to integration costs of AkzoNobel's paper chemicals business acquisition, as well as the closure of the manufacturing plant in Longview, WA, United States.

**Depreciation, amortization and impairments** increased to EUR 34.4 million (31.8) due to acquisitions, increased investments and write-downs due to restructuring of manufacturing plants, including EUR 4.5 million (3.7) amortization of purchase price allocation. **Items affecting comparability within depreciation, amortization and impairments** were EUR -2.1 million (-1.9) and mostly related to write-downs due to restructuring of manufacturing plants.

Items affecting comparability, EUR million	Apr-Jun 2016	Apr-Jun 2015
<b>Within EBITDA</b>	<b>-9.6</b>	<b>-8.6</b>
Pulp & Paper	-3.1	-6.9
Oil & Mining	-4.9	-1.9
Municipal & Industrial	-1.6	0.2
<b>Within depreciation, amortization and impairments</b>	<b>-2.1</b>	<b>-1.9</b>
Pulp & Paper	0.0	-0.1
Oil & Mining	-1.4	-1.7
Municipal & Industrial	-0.7	-0.1
<b>Total</b>	<b>-11.7</b>	<b>-10.5</b>

**Operative EBIT** increased to EUR 46.6 million (44.8) despite the higher depreciation and amortization resulting from higher investments and acquisitions. **Operative EBIT margin** was 7.9% (7.5%). **EBIT** increased 2% to EUR 34.9 million (34.3) with a margin of 5.9% (5.8%).

**Finance costs, net** totaled EUR -0.3 million (-9.3) including a EUR 5 million capital gain from the sale of electricity production assets (Pohjolan Voima Oy). Changes in the fair value of electricity derivatives were EUR 1.7 million (0.0). Currency exchange differences were EUR -1.0 million (0.0).

**Income taxes** increased to EUR -7.9 million (-5.8) as a result of higher profit before taxes.

**Net profit attributable to equity owners of the parent company** increased 42% to EUR 25.0 million (17.6) and earnings per share increased to EUR 0.17 (0.12).

## FINANCIAL PERFORMANCE IN JANUARY-JUNE 2016

**Revenue** increased 2% to EUR 1,170.5 million (1,147.8) due to acquisitions and sales volume growth in Pulp & Paper and Municipal & Industrial. Currency exchange rates had a negative impact on revenue. Revenue in local currencies, excluding acquisitions and divestments, decreased 1% due to weak Oil & Mining market and decline in sales prices offsetting volume growth.

Revenue, EUR million	Jan-Jun 2016	Jan-Jun 2015	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	723.5	665.9	+9	+2	-2	+9
Oil & Mining	148.2	183.6	-19	-18	-1	0
Municipal & Industrial	298.8	298.3	0	+2	-1	0
<b>Total</b>	<b>1,170.5</b>	<b>1,147.8</b>	<b>+2</b>	<b>-1</b>	<b>-2</b>	<b>+5</b>

\* Revenue in local currencies, excluding acquisitions and divestments

**Operative EBITDA** increased 8% to EUR 151.7 million (141.1), mainly due to improved gross margin as well as sales volume growth. Currency exchange rate impact was negative. Operative EBITDA margin improved to 13.0% (12.3%).

Variance analysis, EUR million	Jan-Jun
<b>Operative EBITDA, 2015</b>	<b>141.1</b>
Sales volumes	+6.7
Sales prices	-27.4
Variable costs	+40.7
Fixed costs	-8.3
Currency exchange	-4.1
Others	+3.0
<b>Operative EBITDA, 2016</b>	<b>151.7</b>

Operative EBITDA	Jan-Jun 2016 EUR, million	Jan-Jun 2015 EUR, million	Δ%	Jan-Jun 2016 %-margin	Jan-Jun 2015 %-margin
Pulp & Paper	97.2	77.4	+26	13.4	11.6
Oil & Mining	11.0	22.5	-51	7.4	12.3
Municipal & Industrial	43.5	41.2	+6	14.6	13.8
<b>Total</b>	<b>151.7</b>	<b>141.1</b>	<b>+8</b>	<b>13.0</b>	<b>12.3</b>

**EBITDA** increased 7% to EUR 140.4 million (131.3). **Items affecting comparability** in EBITDA were EUR -11.3 million (-9.8) and resulted mainly from restructuring costs related to manufacturing plants and integration costs of acquisitions.

**Depreciation, amortization and impairments** increased to EUR 66.3 million (59.2) due to acquisitions and increased investments, including EUR 9.1 million (5.1) amortization of purchase price allocation. **Items**

affecting comparability within depreciation, amortization and impairments were EUR -2.1 million (-2.0) and mostly related to write-downs due to restructuring of manufacturing plants.

Items affecting comparability, EUR million	Jan-Jun 2016	Jan-Jun 2015
<b>Within EBITDA</b>	<b>-11.3</b>	-9.8
Pulp & Paper	-4.3	-8.0
Oil & Mining	-5.3	-2.0
Municipal & Industrial	-1.7	0.2
<b>Within depreciation, amortization and impairments</b>	<b>-2.1</b>	-2.0
Pulp & Paper	0.0	-0.1
Oil & Mining	-1.4	-1.7
Municipal & Industrial	-0.7	-0.2
<b>Total</b>	<b>-13.4</b>	<b>-11.8</b>

**Operative EBIT** increased 4% to EUR 87.5 million (83.9). **Operative EBIT margin** improved to 7.5% (7.3%). **EBIT** increased 3% to EUR 74.1 million (72.1) with a margin of 6.3% (6.3%).

**Finance costs, net** totaled EUR -6.3 million (-16.8) including a EUR 5 million capital gain from the sale of electricity production assets (Pohjolan Voima Oy). Changes in the fair value of electricity derivatives were EUR 2.0 million (-0.2). The currency exchange differences had EUR -1.0 million (-3.5) impact.

**Income taxes** increased to EUR -15.5 million (-9.9) as a result of higher profit before taxes. The comparison period included some returns from previous years.

**Net profit attributable to equity owners of the parent company** increased 16% to EUR 49.5 million (42.6) and earnings per share increased to EUR 0.33 (0.28).

## FINANCIAL POSITION AND CASH FLOW

Cash flow from the operating activities in January-June 2016 increased to EUR 83.2 million (54.1) due to improved profitability and change in working capital. Cash flow after investing activities increased to EUR 47.5 million (-131.2) helped by the sale of electricity production assets (Pohjolan Voima Oy). In the previous year, the acquisition of AkzoNobel paper chemical business had an impact on the figures.

At the end of the period, Group's interest-bearing net liabilities were EUR 690 million (642 on December 31, 2015). Net debt increased, mainly due to dividend payment.

At the end of the period, interest-bearing liabilities totaled EUR 844 million (794 on December 31, 2015). Fixed-rate loans accounted for 70% of the net interest-bearing liabilities (80%). The average interest rate of the Group's interest-bearing liabilities was 2.0% (2.0%). The duration of the Group's interest-bearing loan portfolio was 28 months (31).

Short-term liabilities maturing in the next 12 months amounted to EUR 167 million, the short-term part of the long-term loans represented EUR 67 million. On June 30, 2016, cash and cash equivalents totaled EUR 154 million. The Group has an undrawn EUR 400 million revolving credit facility.

At the end of the period, the equity ratio was 44% (46% on December 31, 2015), while gearing was 61% (54%). Shareholders' equity was EUR 1,122.2 million (1,193.2). The decrease is related to the dividend payments of EUR 86 million and a fair value valuation of EUR 38 million of the energy assets in Pohjolan Voima Group due to lower electricity prices.

## **CAPITAL EXPENDITURE**

In January-June 2016, capital expenditure decreased to EUR 72.8 million (186.3) including the impact of acquisitions. Capital expenditure, excluding the impact of acquisitions, increased to EUR 74.7 million (71.3) and can be broken down as follows: expansion capex 39% (44%), improvement capex 35% (34%), and maintenance capex 26% (22%). The new sodium chlorate plant in Brazil was the single largest item within the expansion capex.

## **RESEARCH AND DEVELOPMENT**

In January-June 2016, Research and Development expenses totaled EUR 16.3 million (15.5), representing 1.4% (1.4%) of the Group's revenue.

## **HUMAN RESOURCES**

At the end of the period, Kemira Group had 4,873 employees (December 31, 2015: 4,685). Kemira employed 848 people in Finland (785), 1,807 people elsewhere in EMEA (1,786), 1,581 in the Americas (1,578), and 637 in APAC (536).



**CORPORATE RESPONSIBILITY**

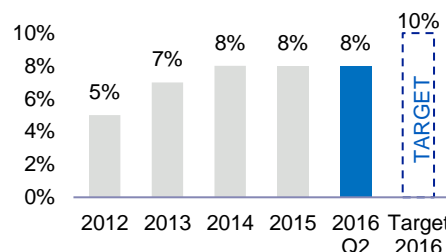
FOCUS AREA	KPI'S, TARGET VALUES AND STATUS
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**Sustainable products & solutions**

**Innovation sales**  
**Share of innovation revenue of total revenue, %**

- 10% by the end of 2016
- Reported quarterly



Behind target	In progress	Achieved
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Due to some delays in commercialization of NPD projects, the Innovation sales is currently behind the 10% target.



**Responsible supply chains**

**Direct supplier management**  
**Number of onsite audits for suppliers (with lowest sustainability assessment score)**

- 5 suppliers audited every year during 2016-2020, average
- Reported annually

Behind target	In progress	Achieved
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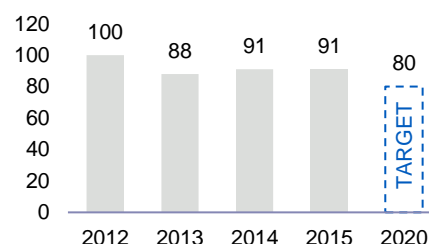
Supplier audits initiated with two suppliers audited on-site during Q2.



**Responsible manufacturing**

**Climate change**  
**Carbon index**

- Kemira Carbon Index  $\leq$  80 by end of 2020 (2012 = 100)
- Reported annually



Behind target	In progress	Achieved
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Energy Reviews in major sites continue as part of our Energy Efficiency Enhancement Program (E3plus). Helsinki Head Office's and Helsingborg site's Energy Management Systems certified for ISO 50001.

**FOCUS AREA** **KPI'S, TARGET VALUES AND STATUS**

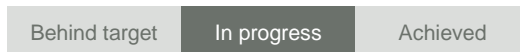
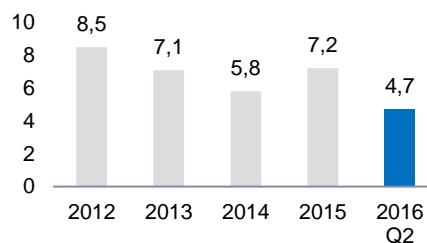


**Occupational health and safety**

**Number of Total Recordable Injuries (TRI)**

(per million hours, Kemira + contractor, 1 year rolling average)

- Achieve zero injuries
- Reported quarterly



Behaviour Based Safety program launched globally, with survey and interviews conducted in the first phase of the program.

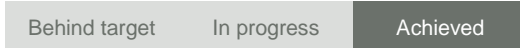
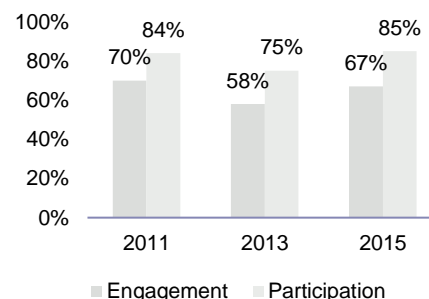
**Employee engagement**

**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



Pulse survey results Q2, 2016 indicate that our positive trends are continuing with regard to employee engagement overall at Kemira. Next Pulse survey is planned for Q4 2016 before the next biennial Voices@Kemira survey in 2017.

**Leadership development**

**Leadership development activities provided, average**

- Two (2) leadership development activities per people manager position during 2016-2020<sup>1</sup>
- Reported annually



221 leadership development activities were completed in Q2 2016 (well above targeted avg 75 activities per quarter), using the best practice 70:20:10 model<sup>2</sup> for Learning and Development (incl. job rotations, coaching and mentoring, and development programs).

<sup>1</sup> Based on the current number of people manager positions, the cumulative amount of leadership development required to reach two (2) leadership development activities per people manager position during 2016-2020 equals approximately a total of 1500 leadership activities during 2016-2020 (or average 75 activities per quarter).

<sup>2</sup> The 70:20:10 Model for Learning and Development continues to be widely employed by organizations throughout the world. It holds that individuals obtain 70 percent of their knowledge from job-related experiences, 20 percent from interactions with others, and 10 percent from formal educational events.

## 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 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 2015	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
<b>Revenue</b>	<b>361.1</b>	351.3	<b>723.5</b>	665.9	1,417.3
<b>Operative EBITDA</b>	<b>49.3</b>	41.3	<b>97.2</b>	77.4	171.0
Operative EBITDA, %	<b>13.7</b>	11.8	<b>13.4</b>	11.6	12.1
EBITDA	<b>46.2</b>	34.4	<b>92.9</b>	69.4	157.1
EBITDA, %	<b>12.8</b>	9.8	<b>12.8</b>	10.4	11.1
Operative EBIT	<b>28.9</b>	23.2	<b>57.1</b>	43.9	96.8
Operative EBIT, %	<b>8.0</b>	6.6	<b>7.9</b>	6.6	6.8
EBIT	<b>25.8</b>	16.2	<b>52.8</b>	35.8	82.6
EBIT, %	<b>7.1</b>	4.6	<b>7.3</b>	5.4	5.8
Capital employed*	<b>1,107.7</b>	963.0	<b>1,107.7</b>	963.0	1,068.6
Operative ROCE*, %	<b>9.9</b>	9.3	<b>9.9</b>	9.3	9.1
ROCE*, %	<b>9.0</b>	8.2	<b>9.0</b>	8.2	7.7
<b>Capital expenditure excl. M&amp;A</b>	<b>25.8</b>	30.6	<b>42.5</b>	48.3	118.9
Capital expenditure incl. M&A	<b>25.8</b>	145.6	<b>40.6</b>	163.3	240.1
<b>Cash flow after investing activities</b>	<b>59.3</b>	-148.7	<b>58.6</b>	-139.1	-63.2

\*12-month rolling average

### Second quarter

Segment's **revenue** increased 3% to EUR 361.1 million (351.3). Acquisitions (AkzoNobel's paper chemicals business and Soto Industries) had an impact of +4% and currency exchange rate fluctuations -2%. Revenue in local currencies, excluding acquisitions and divestments, increased 1% driven by sales volume growth.

In **EMEA**, revenue increased 3% due to acquisitions and sales volume growth. Revenue in local currencies, excluding acquisitions and divestments, remained at the previous year's level as sales price declines offset volume growth. Demand was good especially for sizing and bleaching chemicals.

In the **Americas**, revenue decreased 1%. Revenue remained stable in local currencies, excluding acquisitions and divestments. Our operations in North America faced tight competitive situation, while South American business continued at a double-digit growth rate. The new sodium chlorate plant in Ortigueira, Brazil, is ramping up and contributed to the revenue, albeit not yet at full utilization rate. Bleaching chemical capacity utilization at other manufacturing plants continued at high rates.

In **APAC**, revenue increased 16%. Revenue in local currencies, excluding acquisitions and divestments, increased at a low double-digit rate driven by sales volume growth in sizing chemicals.

**Operative EBITDA** increased 19% to EUR 49.3 million (41.3), mainly due to sales volume growth and improved gross margin. Operative EBITDA margin improved to 13.7% (11.8%). **EBITDA** increased 34% to EUR 46.2 million (34.4) with a margin of 12.8% (9.8%). **Items affecting comparability** were EUR -3.1 million (-6.9) and were mostly related to the integration costs of AkzoNobel's paper chemicals business acquisition.

### January-June

Segment's **revenue** increased 9% to EUR 723.5 million (665.9). Revenue in local currencies, excluding divestments and acquisitions, grew 2% due to good demand of bleaching and sizing chemicals. Currency exchange rates had a -2% impact and acquisitions had an impact of +9% on revenue.

**Operative EBITDA** increased 26% to EUR 97.2 million (77.4) mainly due to the improved gross margin, sales volume growth as well as acquisitions. Currencies had a negative impact on profitability. Operative EBITDA margin improved to 13.4% (11.6%). **EBITDA** increased 34% to EUR 92.9 million (69.4) with a margin of 12.8% (10.4%). **Items affecting comparability** were EUR -4.3 million (-8.0) and related mostly to integration costs.

## OIL & MINING

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

EUR million	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
<b>Revenue</b>	<b>72.7</b>	89.7	<b>148.2</b>	183.6	350.1
<b>Operative EBITDA</b>	<b>4.5</b>	11.4	<b>11.0</b>	22.5	33.5
Operative EBITDA, %	<b>6.2</b>	12.7	<b>7.4</b>	12.3	9.6
EBITDA	<b>-0.4</b>	9.5	<b>5.7</b>	20.5	30.8
EBITDA, %	<b>-0.6</b>	10.6	<b>3.8</b>	11.2	8.8
Operative EBIT	<b>-1.1</b>	6.0	<b>-0.3</b>	11.8	11.1
Operative EBIT, %	<b>-1.5</b>	6.7	<b>-0.2</b>	6.4	3.2
EBIT	<b>-7.4</b>	2.4	<b>-7.0</b>	8.1	2.9
EBIT, %	<b>-10.2</b>	2.7	<b>-4.7</b>	4.4	0.8
Capital employed*	<b>275.1</b>	257.5	<b>275.1</b>	257.5	271.4
Operative ROCE*, %	<b>-0.4</b>	11.0	<b>-0.4</b>	11.0	4.1
ROCE*, %	<b>-4.4</b>	9.6	<b>-4.4</b>	9.6	1.1
<b>Capital expenditure excl. M&amp;A</b>	<b>7.4</b>	7.4	<b>13.1</b>	12.0	28.5
Capital expenditure incl. M&A	<b>7.4</b>	7.4	<b>13.1</b>	12.0	30.7
<b>Cash flow after investing activities</b>	<b>-7.2</b>	7.7	<b>-13.4</b>	12.8	10.7

\*12-month rolling average

### Second quarter

Segment's **revenue** decreased 19% to EUR 72.7 million (89.7). Currency exchange rate fluctuations had an impact of -2% on revenue. Sales volumes and prices were under pressure due to market environment. Revenue in local currencies, excluding acquisitions and divestments, decreased 17%.

In the **Americas**, revenue decreased 32%, mainly due to lower demand for polymers used in shale fracking. In addition, lower sales prices had a negative impact.

In **EMEA**, revenue increased 16% as a result of the polyacrylamide deliveries into a conventional oil field in India, using new polyacrylamide-based Chemical Enhanced Oil Recovery technology.

**Operative EBITDA** decreased to EUR 4.5 million (11.4) and the margin to 6.2% (12.7%) mostly due to lower revenue and a negative impact of currency exchange rates. **EBITDA** decreased to EUR -0.4 million (9.5) with a margin of -0.6% (10.6%). **Items affecting comparability** were EUR -4.9 million (-1.9) and were mainly related to the restructuring of the manufacturing plant in Botlek, Netherlands. In the previous year, the items affecting comparability included the closure of a manufacturing plant in Longview, WA, United States.

**January-June**

Segment's **revenue** decreased 19% to EUR 148.2 million (183.6). Revenue in local currencies, excluding acquisitions and divestments decreased 18% as a result of lower sales volumes and prices in the Americas region. Currency exchange rates had a -1% impact.

**Operative EBITDA** decreased 51% to EUR 11.0 million (22.5) as a result of the lower revenue. Operative EBITDA margin was 7.4% (12.3%). **EBITDA** decreased 72% to EUR 5.7 million (20.5) with a margin of 3.8% (11.2%). **Items affecting comparability** were EUR -5.3 million (-2.0) and were mainly related to the restructuring of the manufacturing plant in Botlek, Netherlands. In the previous year, the items affecting comparability included the closure of a manufacturing plant in Longview, WA, United States.

## MUNICIPAL & INDUSTRIAL

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

EUR million	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
<b>Revenue</b>	<b>154.0</b>	153.8	<b>298.8</b>	298.3	605.7
<b>Operative EBITDA</b>	<b>25.1</b>	22.0	<b>43.5</b>	41.2	82.8
Operative EBITDA, %	<b>16.3</b>	14.3	<b>14.6</b>	13.8	13.7
EBITDA	<b>23.5</b>	22.2	<b>41.8</b>	41.4	75.9
EBITDA, %	<b>15.3</b>	14.4	<b>14.0</b>	13.9	12.5
Operative EBIT	<b>18.8</b>	15.6	<b>30.7</b>	28.2	55.2
Operative EBIT, %	<b>12.2</b>	10.1	<b>10.3</b>	9.5	9.1
EBIT	<b>16.5</b>	15.7	<b>28.3</b>	28.2	47.1
EBIT, %	<b>10.7</b>	10.2	<b>9.5</b>	9.5	7.8
Capital employed*	<b>325.5</b>	313.5	<b>325.5</b>	313.5	320.2
Operative ROCE*, %	<b>17.7</b>	16.2	<b>17.7</b>	16.2	17.2
ROCE*, %	<b>14.5</b>	18.1	<b>14.5</b>	18.1	14.7
<b>Capital expenditure excl. M&amp;A</b>	<b>10.2</b>	6.3	<b>19.2</b>	11.0	34.2
Capital expenditure incl. M&A	<b>10.2</b>	6.3	<b>19.2</b>	11.0	34.2
<b>Cash flow after investing activities</b>	<b>12.3</b>	8.0	<b>20.0</b>	16.2	38.2

\*12-month rolling average

### Second quarter

Segment's **revenue** remained stable and totalled EUR 154.0 million (153.8). Revenue in local currencies, excluding acquisitions and divestments, increased 2% as sales volume growth more than offset the impact of declining sales prices. Currency exchange rate fluctuations had an impact of -2%.

In **EMEA**, revenue increased 4% driven by continued sales volume growth in polymers and coagulants while currency exchange rates had a negative impact.

In the **Americas**, revenue decline was 5% mainly due to a negative impact from currency exchange rate fluctuations. In addition, sales prices of coagulants were under pressure leading to lower revenue in local currencies.

In **APAC**, revenue decreased 12% mainly due to declining sales prices and increased focus on the profitable product lines. In addition, we have faced a slowdown in our industrial customers' demand.

**Operative EBITDA** increased 14% to EUR 25.1 million (22.0) with a margin of 16.3% (14.3%). Profitability improved due to sales volume growth and improved gross margin. In North America, the operative disruption from the closure of the supplier's site during the fourth quarter of 2015 was mitigated during the second

quarter of 2016. **EBITDA** increased 6% to EUR 23.5 million (22.2) with a margin of 15.3% (14.4%). **Items affecting comparability** were EUR -1.6 million (0.2) and were mainly related to the closure of a manufacturing plant in Ottawa, Canada.

### January-June

Segment's **revenue** remained stable and was EUR 298.8 million (298.3). Revenue in local currencies increased by 2% due to higher sales volumes. Growth was driven by EMEA where the sales volume growth more than compensated for the impact of lower sales prices. Currency exchange rates had an impact of -1%.

**Operative EBITDA** increased 6% to EUR 43.5 million (41.2) mostly as a result of higher sales volumes and improved gross margin. Operative EBITDA margin improved to 14.6% (13.8%). **EBITDA** increased 1% to EUR 41.8 million (41.4) with a margin of 14.0% (13.9%). **Items affecting comparability** were EUR -1.7 million (0.2) and were mainly related to the restructuring of a manufacturing plant in Ottawa, Canada.



## **KEMIRA OYJ'S SHARES AND SHAREHOLDERS**

On June 30, 2016, 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 32,352 registered shareholders (32,601 on December 31, 2015). Non-Finnish shareholders held 23.5% of the shares (21.4%) including nominee registered holdings. Households owned 16.0% of the shares (16.1%). Kemira held 2,975,327 treasury shares (3,280,602) representing 1.9% (2.1%) of all company shares.

Kemira Oyj's share price decreased 2% during January-June and closed at EUR 10.66 on the Nasdaq Helsinki at the end of June 2016 (10.88 at the end of December 2015). Shares registered a high of EUR 11.07 and a low of EUR 8.92 in January-June 2016. The volume-weighted average share price was EUR 10.36. The company's market capitalization, excluding treasury shares, was EUR 1,624 million at the end of June 2016 (1,654 at the end of December 2015).

In January-June 2016, Kemira Oyj's share trading volume on Nasdaq Helsinki was 35 million shares (Jan-Jun 2015; 45). The average daily trading volume was 280,379 (372,519) shares. Source: Nasdaq. The total volume of Kemira Oyj's share trading in January-June 2016 was 54 million (66), of which 36% (31%) was executed on other trading platforms (BATS, Chi-X, Turquoise). Source: Kemira.com.

## **AUTHORIZATIONS**

The AGM 2016 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 2016 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, 2017. The Share Issue authorization has been used in connection with the Board of Directors' remuneration.

## **SHORT-TERM RISKS AND UNCERTAINTIES**

There have been no significant changes in the Kemira's short-term risks or uncertainties compared to December 31, 2015. 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 2015.

## **OTHER EVENTS DURING THE REVIEW PERIOD**

In April 8, 2016, Kemira announced the start-up of the new sodium chlorate plant in Ortigueira, Brazil.

In June 23, 2016, Kemira agreed to sell 43.33% of its holding of Class B shares in Pohjolan Voima Oy to Etelä-Suomen Voima Oy. The transaction was completed in the second quarter of 2016.

## FINANCIAL TARGETS 2017 AND OUTLOOK FOR 2016 (UNCHANGED)

Kemira will continue to focus on improving its profitability and cash flow. The company will also continue to invest in order to secure future growth to serve selected water-intensive industries.

The company's financial targets for 2017 are:

- Revenue EUR 2.7 billion
- Operative EBITDA-% of revenue 15%
- Gearing level <60%.

The basis for growth is the expanding market for chemicals and Kemira's expertise that helps customers in water-intensive industries to increase their water, energy and raw material efficiency. The need to increase operational efficiency in our customer industries creates opportunities for Kemira to develop new products and services for both current and new customers. Research and Development is a critical enabler of growth for Kemira, providing differentiation capabilities in its relevant markets.

### Outlook for 2016

Kemira continues to focus on profitable growth. Kemira expects its revenue and operative EBITDA to increase in 2016 compared to 2015.

Kemira expects its capital expenditure, excluding acquisitions, to be around EUR 200 million in 2016.

Helsinki, July 21, 2016

Kemira Oyj  
Board of Directors

## FINANCIAL CALENDAR 2016 AND 2017

Interim report January-September 2016	October 25, 2016
Financial Statements Bulletin 2016	February 8, 2017
Interim report January-March 2017	April 26, 2017
Interim report January-June 2017	July 21, 2017
Interim report January-September 2017	October 25, 2017

Kemira Capital Markets Day will be held on September 15, 2016 in London at Haberdashers' Hall.

*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.*

**KEMIRA GROUP**

**CONSOLIDATED INCOME STATEMENT**

	4-6/2016	4-6/2015	1-6/2016	1-6/2015	2015
<b>EUR million</b>					
<b>Revenue</b>	<b>587.8</b>	594.8	<b>1,170.5</b>	1,147.8	2,373.1
Other operating income	1.4	2.0	3.0	4.0	7.1
Operating expenses	-519.9	-530.7	-1,033.1	-1,020.5	-2,116.4
<b>EBITDA</b>	<b>69.3</b>	66.1	<b>140.4</b>	131.3	263.8
Depreciation, amortization and impairments	-34.4	-31.8	-66.3	-59.2	-131.2
<b>Operating profit (EBIT)</b>	<b>34.9</b>	34.3	<b>74.1</b>	72.1	132.6
Finance costs, net	-0.3	-9.3	-6.3	-16.8	-30.8
Share of profit or loss of associates	0.0	0.1	0.1	0.3	0.3
<b>Profit before taxes</b>	<b>34.6</b>	25.1	<b>67.9</b>	55.6	102.1
Income taxes	-7.9	-5.8	-15.5	-9.9	-24.9
<b>Net profit for the period</b>	<b>26.7</b>	19.3	<b>52.4</b>	45.7	77.2
<b>Net profit attributable to:</b>					
Equity owners of the parent	25.0	17.6	49.5	42.6	71.0
Non-controlling interests	1.7	1.7	2.9	3.1	6.2
<b>Net profit for the period</b>	<b>26.7</b>	19.3	<b>52.4</b>	45.7	77.2
Earnings per share, basic and diluted, EUR	0.17	0.12	0.33	0.28	0.47

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	4-6/2016	4-6/2015	1-6/2016	1-6/2015	2015
<b>EUR million</b>					
<b>Net profit for the period</b>	<b>26.7</b>	19.3	<b>52.4</b>	45.7	77.2
<b>Other comprehensive income:</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Available-for-sale financial assets	7.2	0.0	-38.8	0.0	-21.0
Exchange differences on translating foreign operations	16.3	-17.8	2.0	30.7	26.2
Cash flow hedges	3.0	0.0	-1.3	-1.2	-2.5
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
Remeasurements on defined benefit pensions	0.0	0.0	0.0	0.0	35.9
<b>Other comprehensive income for the period, net of tax</b>	<b>26.5</b>	-17.8	<b>-38.1</b>	29.5	38.6
<b>Total comprehensive income for the period</b>	<b>53.2</b>	1.5	<b>14.3</b>	75.2	115.8
<b>Total comprehensive income attributable to:</b>					
Equity owners of the parent	51.8	0.1	11.7	71.9	109.6
Non-controlling interests	1.4	1.4	2.6	3.3	6.2
<b>Total comprehensive income for the period</b>	<b>53.2</b>	1.5	<b>14.3</b>	75.2	115.8

## CONSOLIDATED BALANCE SHEET

	6/30/2016	6/30/2015	12/31/2015
<b>EUR million</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	514.9	523.3	518.3
Other intangible assets	122.6	130.7	134.7
Property, plant and equipment	831.3	772.3	815.3
Investments in associates	1.3	1.2	1.2
Available-for-sale financial assets	193.4	293.8	271.6
Deferred tax assets	26.2	42.7	29.5
Other investments	5.1	6.9	5.8
Defined benefit pension receivables	49.3	7.0	48.9
<b>Total non-current assets</b>	<b>1,744.1</b>	<b>1,777.9</b>	<b>1,825.3</b>
<b>Current assets</b>			
Inventories	214.0	236.0	207.0
Interest-bearing receivables	0.3	0.2	0.2
Trade receivables and other receivables	404.9	404.8	389.8
Current income tax assets	20.1	14.0	21.4
Cash and cash equivalents	154.3	109.3	151.5
<b>Total current assets</b>	<b>793.6</b>	<b>764.3</b>	<b>769.9</b>
<b>Total assets</b>	<b>2,537.7</b>	<b>2,542.2</b>	<b>2,595.2</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to equity owners of the parent	1,112.0	1,142.2	1,180.3
Non-controlling interests	10.2	13.9	12.9
<b>Total equity</b>	<b>1,122.2</b>	<b>1,156.1</b>	<b>1,193.2</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	676.8	692.4	670.9
Other liabilities	21.4	21.4	21.4
Deferred tax liabilities	46.4	60.4	55.9
Defined benefit pension liabilities	75.8	76.2	77.3
Provisions	31.2	24.6	28.1
<b>Total non-current liabilities</b>	<b>851.6</b>	<b>875.0</b>	<b>853.6</b>
<b>Current liabilities</b>			
Interest-bearing current liabilities	167.4	128.3	122.7
Trade payables and other liabilities	359.1	354.0	388.7
Current income tax liabilities	20.9	17.8	22.1
Provisions	16.5	11.0	14.9
<b>Total current liabilities</b>	<b>563.9</b>	<b>511.1</b>	<b>548.4</b>
<b>Total liabilities</b>	<b>1,415.5</b>	<b>1,386.1</b>	<b>1,402.0</b>
<b>Total equity and liabilities</b>	<b>2,537.7</b>	<b>2,542.2</b>	<b>2,595.2</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	4-6/2016	4-6/2015	1-6/2016	1-6/2015	2015
<b>EUR million</b>					
<b>Cash flow from operating activities</b>					
Net profit for the period	26.7	19.3	52.4	45.7	77.2
Total adjustments	50.9	44.8	88.5	81.6	189.1
Operating profit before change in net working capital	77.6	64.1	140.9	127.3	266.3
Change in net working capital	-6.1	-38.2	-40.1	-52.1	20.7
Cash generated from operations before financing items and taxes	71.5	25.9	100.8	75.2	287.0
Finance expenses, net and dividends received	-7.1	-10.0	-6.2	-20.1	-27.1
Income taxes paid	-7.4	-4.2	-11.4	-1.0	-12.3
<b>Net cash generated from operating activities</b>	<b>57.0</b>	<b>11.7</b>	<b>83.2</b>	<b>54.1</b>	<b>247.6</b>
<b>Cash flow from investing activities</b>					
Purchases of subsidiaries and asset acquisitions, net of cash acquired	0.0	-115.0	1.9	-115.0	-123.4
Other capital expenditure	-43.3	-44.3	-74.7	-71.3	-181.7
Proceeds from sale of assets	36.1	0.4	36.5	0.6	3.3
Change in long-term loan receivables decrease (+) / increase (-)	0.0	0.0	0.6	0.4	0.4
<b>Net cash used in investing activities</b>	<b>-7.2</b>	<b>-158.9</b>	<b>-35.7</b>	<b>-185.3</b>	<b>-301.4</b>
<b>Cash flow from financing activities</b>					
Proceeds from non-current interest-bearing liabilities (+)	50.0	250.0	50.0	250.0	250.0
Repayments from non-current interest-bearing liabilities (-)	-12.4	-62.5	-12.4	-62.6	-86.0
Short-term financing, net increase (+) / decrease (-)	-4.5	-46.5	4.4	14.5	9.9
Dividends paid	-86.0	-7.2	-86.0	-82.6	-86.6
Other finance items	0.0	-0.1	0.0	0.1	0.1
<b>Net cash used in financing activities</b>	<b>-52.9</b>	<b>133.7</b>	<b>-44.0</b>	<b>119.4</b>	<b>87.4</b>
<b>Net decrease (-) / increase (+) in cash and cash equivalents</b>	<b>-3.1</b>	<b>-13.5</b>	<b>3.5</b>	<b>-11.8</b>	<b>33.6</b>
Cash and cash equivalents at end of period	154.3	109.3	154.3	109.3	151.5
Exchange gains (+) / losses (-) on cash and cash equivalents	1.2	-2.7	-0.7	2.0	-1.2
Cash and cash equivalents at beginning of period	156.2	125.5	151.5	119.1	119.1
<b>Net decrease (-) / increase (+) in cash and cash equivalents</b>	<b>-3.1</b>	<b>-13.5</b>	<b>3.5</b>	<b>-11.8</b>	<b>33.6</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Equity attributable to equity owners of the parent									
	Share capital	Share premium	Fair value and other reserves	Un-restricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total	Non-controlling interests	Total Equity
<b>Equity at January 1, 2015</b>	221.8	257.9	117.4	196.3	-38.6	-22.1	418.0	1,150.7	12.6	1,163.3
<b>Net profit for the period</b>	-	-	-	-	-	-	42.6	42.6	3.1	45.7
Other comprehensive income, net of tax	-	-	-1.1	-	30.4	-	-	29.3	0.2	29.5
<b>Total comprehensive income</b>	-	-	-1.1	-	30.4	-	42.6	71.9	3.3	75.2
<b>Transactions with owners</b>										
Dividends paid	-	-	-	-	-	-	-80.6 <sup>1)</sup>	-80.6	-2.0	-82.6
Treasury shares issued to the Board of Directors	-	-	-	-	-	0.1	-	0.1	-	0.1
Share-based payments	-	-	-	-	-	-	0.4	0.4	-	0.4
Transfers in equity	-	-	0.1	-	-	-	-0.1	0.0	-	0.0
Other changes	-	-	-	-	-	-	-0.3	-0.3	-	-0.3
<b>Transactions with owners</b>	-	-	0.1	-	-	0.1	-80.6	-80.4	-2.0	-82.4
<b>Equity at June 30, 2015</b>	221.8	257.9	116.4	196.3	-8.2	-22.0	380.0	1,142.2	13.9	1,156.1

<sup>1)</sup> A dividend was EUR 80.6 million in total (EUR 0.53 per share) in respect of the financial year ended December 31, 2014. The annual general meeting approved EUR 0.53 dividend on March 23, 2015. The dividend record date was March 25, 2015, and the payment date April 1, 2015.

<b>Equity at January 1, 2016</b>	221.8	257.9	94.2	196.3	-12.4	-22.0	444.5	1,180.3	12.9	1,193.2
<b>Net profit for the period</b>	-	-	-	-	-	-	49.5	49.5	2.9	52.4
Other comprehensive income, net of tax	-	-	-40.1	-	2.3	-	-	-37.8	-0.3	-38.1
<b>Total comprehensive income</b>	-	-	-40.1	-	2.3	-	49.5	11.7	2.6	14.3
<b>Transactions with owners</b>										
Dividends paid	-	-	-	-	-	-	-80.7 <sup>2)</sup>	-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
<b>Transactions with owners</b>	-	-	1.0	-	-	2.0	-83.0	-80.0	-5.3	-85.3
<b>Equity at June 30, 2016</b>	221.8	257.9	55.1	196.3	-10.1	-20.0	411.0	1,112.0	10.2	1,122.2

<sup>2)</sup> A dividend was EUR 80.7 million in total (EUR 0.53 per share) in respect of 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.

Kemira had in its possession 2,975,327 of its treasury shares on June 30, 2016. 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 4.2 million.

The share premium is a reserve accumulating 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](http://www.kemira.com)  
>Investors > Financial information.

	2016	2016	2015	2015	2015	2015	2016	2015	2015
	4-6	1-3	10-12	7-9	4-6	1-3	1-6	1-6	1-12
<b>Income statement and profitability</b>									
Revenue, EUR million	587.8	582.7	600.2	625.1	594.8	553.0	1,170.5	1,147.8	2,373.1
Operative EBITDA, EUR million	78.9	72.8	68.0	78.2	74.7	66.4	151.7	141.1	287.3
Operative EBITDA, %	13.4	12.5	11.3	12.5	12.6	12.0	13.0	12.3	12.1
EBITDA, EUR million	69.3	71.1	57.7	74.8	66.1	65.2	140.4	131.3	263.8
EBITDA, %	11.8	12.2	9.6	12.0	11.1	11.8	12.0	11.4	11.1
Items affecting comparability in EBITDA, EUR million	-9.6	-1.7	-10.3	-3.4	-8.6	-1.2	-11.3	-9.8	-23.5
Operative EBIT, EUR million	46.6	40.9	33.1	46.1	44.8	39.1	87.5	83.9	163.1
Operative EBIT, %	7.9	7.0	5.5	7.4	7.5	7.1	7.5	7.3	6.9
Operating profit (EBIT), EUR million	34.9	39.2	17.8	42.7	34.3	37.8	74.1	72.1	132.6
Operating profit (EBIT), %	5.9	6.7	3.0	6.8	5.8	6.8	6.3	6.3	5.6
Items affecting comparability in EBIT, EUR million	-11.7	-1.7	-15.3	-3.4	-10.5	-1.3	-13.4	-11.8	-30.5
Return on investment (ROI), %	7.2	7.8	3.9	8.1	6.5	7.8	7.5	7.0	6.6
Capital employed, EUR million	1,709.6	1,697.8	1,659.5	1,601.6	1,534.0	1,466.2	1,709.6	1,534.0	1,659.5
Operative ROCE, %	9.8	9.7	9.8	10.6	11.0	11.0	9.8	11.0	9.8
ROCE, %	7.9	7.9	8.0	10.0	10.5	9.3	7.9	10.5	8.0
<b>Cash flow</b>									
Net cash generated from operating activities, EUR million	57.0	26.2	112.6	80.9	11.7	42.4	83.2	54.1	247.6
Capital expenditure, EUR million	43.3	29.5	63.3	55.5	159.3	27.0	72.8	186.3	305.1
Capital expenditure excl. acquisitions, EUR million	43.3	31.4	61.3	49.1	44.3	27.0	74.7	71.3	181.7
Capital expenditure excl. acquisitions / revenue, %	7.4	5.4	10.2	7.9	7.4	4.9	6.4	6.2	7.7
Cash flow after investing activities, EUR million	49.8	-2.3	49.8	27.6	-147.2	16.0	47.5	-131.2	-53.8
<b>Balance sheet and solvency</b>									
Equity ratio, %	44.3	42.5	46.0	45.6	45.5	48.3	44.3	45.5	46.0
Gearing, %	61.5	60.0	53.8	59.5	61.5	48.6	61.5	61.5	53.8
Interest-bearing net liabilities, EUR million	689.9	644.1	642.1	689.9	711.4	561.8	689.9	711.4	642.1
<b>Personnel</b>									
Personnel at end of period	4,873	4,711	4,685	4,692	4,739	4,285	4,873	4,739	4,685
Personnel (average)	4,815	4,715	4,686	4,703	4,593	4,256	4,765	4,425	4,559
<b>Key exchange rates at end of period</b>									
USD	1.110	1.139	1.089	1.120	1.119	1.076	1.110	1.119	1.089
CAD	1.438	1.474	1.512	1.503	1.384	1.374	1.438	1.384	1.512
SEK	9.424	9.225	9.190	9.408	9.215	9.290	9.424	9.215	9.190
CNY	7.376	7.351	7.061	7.121	6.937	6.671	7.376	6.937	7.061
BRL	3.590	4.117	4.312	4.481	3.470	3.496	3.590	3.470	4.312
<b>Per share figures, EUR</b>									
Earnings per share (EPS), basic and diluted <sup>1)</sup>	0.17	0.16	0.02	0.17	0.12	0.16	0.33	0.28	0.47
Net cash generated from operating activities per share <sup>1)</sup>	0.38	0.17	0.74	0.54	0.07	0.28	0.55	0.35	1.63
Equity per share <sup>1)</sup>	7.30	6.96	7.76	7.55	7.51	7.51	7.30	7.51	7.76
<b>Number of shares (1,000)</b>									
Average number of shares, basic <sup>1)</sup>	152,363	152,160	152,062	152,062	152,062	152,051	152,262	152,057	152,059
Average number of shares, diluted <sup>1)</sup>	152,557	152,548	152,437	152,384	152,384	152,373	152,553	152,379	152,395
Number of shares at end of period, basic <sup>1)</sup>	152,367	152,356	152,062	152,062	152,062	152,051	152,367	152,062	152,062
Number of shares at end of period, diluted <sup>1)</sup>	152,561	152,550	152,544	152,384	152,384	152,373	152,561	152,384	152,544

<sup>1)</sup> 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 <sup>1)</sup>

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

### Operative EBIT

Operating profit (EBIT) - items affecting comparability

### Return on investment (ROI), %

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

### Operative return on capital employed (Operative ROCE), %

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

### Return on capital employed (ROCE), %

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

### Net working capital

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

### Cash flow after investing activities

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

### Equity ratio, %

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

### Gearing, %

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

### Interest-bearing net liabilities

Interest-bearing liabilities - cash and cash equivalents

### Earnings per share (EPS)

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

### Net cash generated from operating activities per share, EUR

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

### Equity per share

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

<sup>1)</sup> 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.

<sup>2)</sup> Average

<sup>3)</sup> Operating profit and share of profit or loss of associates taken into account for a rolling twelve month period ending at the end of the review period.

<sup>4)</sup> 12-month rolling average

<sup>5)</sup> Capital Employed = property, plant and equipment + intangible assets + net working capital + investments in associates



## RECONCILIATION OF IFRS FIGURES

	2016 4-6	2016 1-3	2015 10-12	2015 7-9	2015 4-6	2015 1-3	2016 1-6	2015 1-6	2015 1-12
EUR million									
<b>ITEMS AFFECTING COMPARABILITY IN EBITDA AND IN EBIT</b>									
<b>Operative EBITDA</b>	<b>78.9</b>	72.8	68.0	78.2	74.7	66.4	<b>151.7</b>	141.1	287.3
Restructuring and streamlining programs	-4.3	0.0	-3.4	-1.6	-0.7	0.0	-4.3	-0.7	-5.7
Transaction and integration expenses in acquisition	-1.9	-1.4	-4.0	-1.1	-6.9	-1.0	-3.3	-7.9	-13.0
Divestment of businesses and other disposals	0.0	0.3	-1.5	-0.2	-0.2	0.1	0.3	-0.1	-1.8
Other items	-3.4	-0.6	-1.4	-0.5	-0.8	-0.3	-4.0	-1.1	-3.0
<b>Total items affecting comparability</b>	<b>-9.6</b>	-1.7	-10.3	-3.4	-8.6	-1.2	<b>-11.3</b>	-9.8	-23.5
<b>EBITDA</b>	<b>69.3</b>	71.1	57.7	74.8	66.1	65.2	<b>140.4</b>	131.3	263.8
<b>Operative EBIT</b>	<b>46.6</b>	40.9	33.1	46.1	44.8	39.1	<b>87.5</b>	83.9	163.1
Total items affecting comparability in EBITDA	-9.6	-1.7	-10.3	-3.4	-8.6	-1.2	-11.3	-9.8	-23.5
Items affecting comparability in depreciation, amortization and impairments	-2.1	0.0	-5.0	0.0	-1.9	-0.1	-2.1	-2.0	-7.0
<b>Operating profit (EBIT)</b>	<b>34.9</b>	39.2	17.8	42.7	34.3	37.8	<b>74.1</b>	72.1	132.6
<b>ROCE AND OPERATIVE ROCE</b>									
Operative EBIT	46.6	40.9	33.1	46.1	44.8	39.1	87.5	83.9	163.1
Operating profit (EBIT)	34.9	39.2	17.8	42.7	34.3	37.8	74.1	72.1	132.6
Share of profit or loss of associates	0.0	0.1	0.0	0.0	0.1	0.2	0.1	0.3	0.3
Capital Employed	1,709.6	1,697.8	1,659.5	1,601.6	1,534.0	1,466.2	1,709.6	1,534.0	1,659.5
Operative ROCE, %	9.8	9.7	9.8	10.6	11.0	11.0	9.8	11.0	9.8
ROCE, %	7.9	7.9	8.0	10.0	10.5	9.3	7.9	10.5	8.0
<b>NET WORKING CAPITAL</b>									
Inventories	214.0	215.4	207.0	226.1	236.0	220.0	214.0	236.0	207.0
Trade receivables and other receivables	404.9	404.6	389.8	399.8	404.8	365.4	404.9	404.8	389.8
Excluding financing items in other receivables	-19.3	-26.0	-13.1	-12.5	-7.9	-10.0	-19.3	-7.9	-13.1
Trade payables and other liabilities	359.1	462.3	388.7	365.8	354.0	348.8	359.1	354.0	388.7
Excluding financing items in other liabilities	-20.4	-119.1	-22.8	-23.3	-16.7	-22.5	-20.4	-16.7	-22.8
<b>Net working capital</b>	<b>260.9</b>	250.8	217.8	270.9	295.6	249.1	<b>260.9</b>	295.6	217.8
<b>INTEREST-BEARING NET LIABILITIES</b>									
Non-current interest bearing liabilities	676.8	666.6	670.9	680.3	692.4	462.4	676.8	692.4	670.9
Current interest bearing liabilities	167.4	133.7	122.7	134.8	128.3	224.9	167.4	128.3	122.7
<b>Interest bearing liabilities</b>	<b>844.2</b>	800.3	793.6	815.1	820.7	687.3	<b>844.2</b>	820.7	793.6
Cash and cash equivalents	154.3	156.2	151.5	125.2	109.3	125.5	154.3	109.3	151.5
<b>Interest bearing net liabilities</b>	<b>689.9</b>	644.1	642.1	689.9	711.4	561.8	<b>689.9</b>	711.4	642.1

## QUARTERLY SEGMENT INFORMATION

	2016 4-6	2016 1-3	2015 10-12	2015 7-9	2015 4-6	2015 1-3	2016 1-6	2015 1-6	2015 1-12
EUR million									
<b>Revenue</b>									
Pulp & Paper	361.1	362.4	372.3	379.1	351.3	314.6	723.5	665.9	1,417.3
Oil & Mining	72.7	75.5	76.4	90.1	89.7	93.9	148.2	183.6	350.1
Municipal & Industrial	154.0	144.8	151.5	155.9	153.8	144.5	298.8	298.3	605.7
<b>Total</b>	<b>587.8</b>	<b>582.7</b>	<b>600.2</b>	<b>625.1</b>	<b>594.8</b>	<b>553.0</b>	<b>1,170.5</b>	<b>1,147.8</b>	<b>2,373.1</b>
<b>Operative EBITDA</b>									
Pulp & Paper	49.3	47.9	46.9	46.7	41.3	36.1	97.2	77.4	171.0
Oil & Mining	4.5	6.5	3.6	7.4	11.4	11.1	11.0	22.5	33.5
Municipal & Industrial	25.1	18.4	17.5	24.1	22.0	19.2	43.5	41.2	82.8
<b>Total</b>	<b>78.9</b>	<b>72.8</b>	<b>68.0</b>	<b>78.2</b>	<b>74.7</b>	<b>66.4</b>	<b>151.7</b>	<b>141.1</b>	<b>287.3</b>
<b>Items affecting comparability in EBITDA</b>									
Pulp & Paper	-3.1	-1.2	-4.1	-1.8	-6.9	-1.1	-4.3	-8.0	-13.9
Oil & Mining	-4.9	-0.4	-0.3	-0.4	-1.9	-0.1	-5.3	-2.0	-2.7
Municipal & Industrial	-1.6	-0.1	-5.9	-1.2	0.2	0.0	-1.7	0.2	-6.9
<b>Total</b>	<b>-9.6</b>	<b>-1.7</b>	<b>-10.3</b>	<b>-3.4</b>	<b>-8.6</b>	<b>-1.2</b>	<b>-11.3</b>	<b>-9.8</b>	<b>-23.5</b>
<b>EBITDA</b>									
Pulp & Paper	46.2	46.7	42.8	44.9	34.4	35.0	92.9	69.4	157.1
Oil & Mining	-0.4	6.1	3.3	7.0	9.5	11.0	5.7	20.5	30.8
Municipal & Industrial	23.5	18.3	11.6	22.9	22.2	19.2	41.8	41.4	75.9
<b>Total</b>	<b>69.3</b>	<b>71.1</b>	<b>57.7</b>	<b>74.8</b>	<b>66.1</b>	<b>65.2</b>	<b>140.4</b>	<b>131.3</b>	<b>263.8</b>
<b>Operative EBIT</b>									
Pulp & Paper	28.9	28.2	25.9	27.0	23.2	20.7	57.1	43.9	96.8
Oil & Mining	-1.1	0.8	-2.4	1.7	6.0	5.8	-0.3	11.8	11.1
Municipal & Industrial	18.8	11.9	9.6	17.4	15.6	12.6	30.7	28.2	55.2
<b>Total</b>	<b>46.6</b>	<b>40.9</b>	<b>33.1</b>	<b>46.1</b>	<b>44.8</b>	<b>39.1</b>	<b>87.5</b>	<b>83.9</b>	<b>163.1</b>
<b>Items affecting comparability in EBIT</b>									
Pulp & Paper	-3.1	-1.2	-4.3	-1.8	-7.0	-1.1	-4.3	-8.1	-14.2
Oil & Mining	-6.3	-0.4	-4.1	-0.4	-3.6	-0.1	-6.7	-3.7	-8.2
Municipal & Industrial	-2.3	-0.1	-6.9	-1.2	0.1	-0.1	-2.4	0.0	-8.1
<b>Total</b>	<b>-11.7</b>	<b>-1.7</b>	<b>-15.3</b>	<b>-3.4</b>	<b>-10.5</b>	<b>-1.3</b>	<b>-13.4</b>	<b>-11.8</b>	<b>-30.5</b>
<b>Operating profit (EBIT)</b>									
Pulp & Paper	25.8	27.0	21.6	25.2	16.2	19.6	52.8	35.8	82.6
Oil & Mining	-7.4	0.4	-6.5	1.3	2.4	5.7	-7.0	8.1	2.9
Municipal & Industrial	16.5	11.8	2.7	16.2	15.7	12.5	28.3	28.2	47.1
<b>Total</b>	<b>34.9</b>	<b>39.2</b>	<b>17.8</b>	<b>42.7</b>	<b>34.3</b>	<b>37.8</b>	<b>74.1</b>	<b>72.1</b>	<b>132.6</b>

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

	1-6/2016	1-6/2015	2015
<b>EUR million</b>			
<b>Net book value at beginning of period</b>	<b>815.3</b>	706.2	706.2
Purchases of subsidiaries and asset acquisitions	-	21.9	22.6
Increases	71.7	65.5	166.0
Decreases	-1.0	-0.4	-0.8
Depreciation and impairments	-51.7	-48.9	-100.9
Exchange rate differences and other changes	-3.0	28.0	22.2
<b>Net book value at end of period</b>	<b>831.3</b>	772.3	815.3

## CHANGES IN GOODWILL AND OTHER INTANGIBLE ASSETS

	1-6/2016	1-6/2015	2015
<b>EUR million</b>			
<b>Net book value at beginning of period</b>	<b>653.0</b>	561.9	561.9
Purchases of subsidiaries and asset acquisitions	-0.8	86.2	96.8
Increases	3.1	5.5	11.4
Decreases	-	-	-
Amortization	-14.6	-10.3	-30.3
Exchange rate differences and other changes	-3.2	10.7	13.2
<b>Net book value at end of period</b>	<b>637.5</b>	654.0	653.0

## BUSINESS COMBINATIONS

### 2015: Acquisition of AkzoNobel paper chemicals business

On May 4, 2015 Kemira acquired AkzoNobel paper chemicals business. As a result of the acquisition, six AkzoNobel paper chemicals production sites and about 350 employees transferred to Kemira. The transferred production sites are located in South Korea, Thailand, Indonesia, Australia, Spain and Italy. The acquisition strengthens Kemira's market position especially in the APAC region. It also enables efficiency improvements in global paper chemicals manufacturing network.

The consideration of EUR 127.1 million was paid in cash and it does not involve the contingent consideration. Kemira acquired a 100% interest in acquired business and the acquired business has been consolidated into Pulp & Paper segment. A goodwill of EUR 21.3 million arises from the expected synergy in the business combination.

Based on the acquisition calculation under IFRS 3 EUR 62.0 million was allocated to intangible assets as customer relationships, non-compete agreements, patents and technologies. Acquired intangible assets will be amortized within an average of six years.

The following table summarizes the consideration paid for AkzoNobel paper chemicals business, and the amounts of the assets acquired and liabilities assumed recognized on the acquisition date:

<b>EUR million</b>	
<b>Purchase consideration, paid in cash, total</b>	127.1
<b>The assets and liabilities recognized as a result of the acquisition</b>	
Intangible assets	62.0
Property, plant and equipment	21.9
Inventories	14.8
Trade receivables	8.1
Other receivables	3.5
Cash and cash equivalents	13.6
Deferred tax liabilities	-3.9
Provisions, trade payables and other liabilities	-14.2
<b>Net assets acquired in fair value</b>	<b>105.8</b>
Goodwill	21.3
<b>Total</b>	<b>127.1</b>

Acquisition-related costs of EUR 7.7 million have been included in other operating expenses in the Consolidated Income Statement 2015.

The revenue included in the Consolidated Income Statement 2015 since 4 May 2015 contributed by AkzoNobel paper chemicals business was EUR 146 million. It also contributed EBITDA of EUR 13 million over the same period.

Had AkzoNobel paper chemicals business been consolidated from 1 January 2015, the Consolidated Income Statement 2015 would show pro forma revenue of EUR 219 million and EBITDA of EUR 19 million. The pro forma amounts are provided for comparative purposes only and do not necessarily reflect the actual result that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

### 2015: Acquisitions of Soto Industries LLC and Polymer Services LLC

On September 2, 2015, Kemira announced that it has acquired certain assets of Soto Industries, LLC, a privately owned company, headquartered in Charlotte, North Carolina. Soto specializes in the application of scale control products, defoamers, and settling agents for the pulp and paper industry. The calculations under IFRS 3 related to the acquisition are ongoing and fair value of identifiable assets are obtained when the final calculations have been completed. The acquisition is consolidated to Pulp & Paper segment.

On December 8, 2015, Kemira acquired certain assets of Polymer Services, LLC, a privately owned company, headquartered in Plainville, Kansas. Polymer Services, LLC is a highly specialized company focusing on the field application of polymer gel treatments for enhanced or improved oil recovery. The acquisition is consolidated to Oil & Mining segment.

These calculations under IFRS 3 related to the acquisition are ongoing and fair value of identifiable assets are obtained when the final calculations have been completed.

## DERIVATIVE INSTRUMENTS

EUR million	6/30/2016		12/31/2015	
	Nominal value	Fair value	Nominal value	Fair value
<b>Currency instruments</b>				
Forward contracts	238.7	-3.4	402.3	3.1
<b>Interest rate instruments</b>				
Interest rate swaps	319.8	-0.8	348.8	1.6
of which cash flow hedge	219.8	-3.5	248.8	-1.7
of which fair value hedge	100.0	2.7	100.0	3.3
<b>Other instruments</b>				
	GWh	Fair value	GWh	Fair value
Electricity forward contracts, bought	1,680.3	-8.3	1,455.7	-10.5
of which cash flow hedge	1,680.3	-8.3	1,455.7	-10.5

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

## FAIR VALUE OF FINANCIAL ASSETS

EUR million	6/30/2016				12/31/2015			
	Level 1	Level 2	Level 3	Total net	Level 1	Level 2	Level 3	Total net
<b>Fair value hierarchy</b>								
Available-for-sale financial assets	-	-	193.4	193.4	-	-	271.6	271.6
Other investments	-	5.1	-	5.1	-	5.8	-	5.8
Currency instruments	-	1.6	-	1.6	-	5.2	-	5.2
Interest rate instruments, hedge accounting	-	2.7	-	2.7	-	3.3	-	3.3
Other receivables	-	0.2	-	0.2	-	0.2	-	0.2
Trade receivables	-	303.3	-	303.3	-	295.4	-	295.4
<b>Total</b>	-	312.9	193.4	506.3	-	309.9	271.6	581.5

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 6/30/2016	Total net 12/31/2015
<b>Instrument</b>		
Carrying value at beginning of period	271.6	293.7
Effect on the statement of comprehensive income	-48.6	-26.3
Increases	-	4.2
Decreases	-29.6	0.0
<b>Carrying value at end of period</b>	<b>193.4</b>	<b>271.6</b>

## FAIR VALUE OF FINANCIAL LIABILITIES

EUR million	6/30/2016				12/31/2015			
	Level 1	Level 2	Level 3	Total net	Level 1	Level 2	Level 3	Total net
<b>Fair value hierarchy</b>								
Non-current interest-bearing liabilities	-	702.2	-	702.2	-	695.1	-	695.1
Repayments from non-current interest-bearing liabilities	-	68.9	-	68.9	-	38.1	-	38.1
Non-current other liabilities	-	21.4	-	21.4	-	21.4	-	21.4
Finance lease liabilities	-	0.8	-	0.8	-	1.2	-	1.2
Loans from financial institutions	-	104.3	-	104.3	-	88.6	-	88.6
Other liabilities	-	36.3	-	36.3	-	33.6	-	33.6
Currency instruments	-	5.0	-	5.0	-	2.1	-	2.1
Interest rate instruments	-	3.5	-	3.5	-	1.7	-	1.7
Other instruments	-	8.3	-	8.3	-	10.5	-	10.5
Trade payables	-	134.1	-	134.1	-	162.4	-	162.4
<b>Total</b>	-	1,084.8	-	1,084.8	-	1,054.7	-	1,054.7

## CONTINGENT LIABILITIES

EUR million	6/30/2016	6/30/2015	12/31/2015
<b>Assets pledged</b>			
On behalf of own commitments	6.0	6.1	6.1
<b>Guarantees</b>			
On behalf of own commitments	51.8	51.6	52.9
On behalf of others	3.1	3.0	3.0
<b>Operating leasing liabilities</b>			
Maturity within one year	35.8	33.8	37.5
Maturity after one year	171.2	182.7	184.7
<b>Other obligations</b>			
On behalf of own commitments	1.1	1.2	1.1
On behalf of associates	0.5	0.5	0.6

### Major off-balance sheet investment commitments

Major amounts of contractual commitments for the acquisition of property, plant and equipment on June 30, 2016 were about EUR 57 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 interest calculated until December 2, 2015 from which amount CDC Project 13 SA asks the court to deduct the share of the earlier other defendants for other sales than made by them directly, and statutory interest on so defined amount starting from December 2, 2015. Kemira defends against the claim of CDC Project 13 SA.

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 2015. 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 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.