



ISSUER RATING
LongTerm

OUTLOOK
Stable



ISSUER RATING
ShortTerm

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RATING ACTION AND RATIONALE

- EthiFinance Ratings affirms Kemira Oyj's long-term rating at BBB+, maintaining its Stable Outlook. Concurrently, EthiFinance Ratings affirms Kemira Oyj's short-term rating at EF1.
- Kemira Oyj is a Finnish chemicals company, specializing in chemical solutions for industries with high water intensity including pulp & paper, industrial water treatment, and fiber-based packaging/hygiene applications.
- Our rating affirmation reflects the company's solid financial risk profile, underpinned by strong credit ratios (NFD/EBITDA < 1.0x; Equity/Debt > 200%; EBITDA/interest > 15.0x). The FY24 revenue decline primarily resulted from the divestment of oil and gas activities, as expected in our previous rating review. A 4% increase in volumes, mainly within the Industry & Water (I&W) segment, partly offset a 5% pricing decrease in Pulp & Paper, which was pressured by weak macroeconomic conditions in China and Europe. The group's adjusted EBITDA margin remained above 19%, supported by I&W's 20.6% margin, demonstrating strong structural resilience. We anticipate further revenue and EBITDA margin contraction in FY25e, given a 6% yoy revenue decline over 9M25 and an associated LTM EBITDA margin of 19.2%.
- We expect revenues to decline by 6.7% in 2025, reflecting subdued packaging and pulp demand alongside modest growth in the water sector. From 2026 onward, we forecast a return to positive topline growth of around 4% and 3% in FY26e and FY27e, respectively. The adjusted EBITDA margin is projected to remain within the 19.0%–19.7% range over our forecast horizon. EthiFinance Ratings' adjusted net leverage improved from 1.0x in FY23 to 0.7x in FY24, supported by strong cashflow generated internally (FCF after dividend payment) of €261m, driven by €485m in operating cash flow and €144m in proceeds from the oil and gas divestment. We expect both the adjusted net leverage and interest coverage ratios to remain comfortably within current rating thresholds throughout our forecast period, resulting in our Stable outlook. In 2025, Kemira implemented a new operating model aimed at increasing the share of renewable-chemistry revenues. The company is refocusing its business around the newly branded "Water Solutions" division (formerly Industry & Water), while developing a renewable solutions portfolio centered on bio-based polymers to replace oil-derived products. Kemira also seeks to strengthen its fiber-packaging pipeline and expand its bio-chemicals offering for fiber-based products, reinforcing its strategic positioning in sustainable materials.
- However, our ratings remain constrained by the sector's inherently low industry risk profile and Kemira's relatively modest scale compared with larger peers, whose average FY24 revenues stood at around €11.5bn. In addition, persistent uncertainty and price volatility in pulp markets continue to weigh on growth visibility. The global pulp and paper sector remains sensitive to geopolitical and policy-driven factors, including Chinese government stimulus measures, which can materially distort market dynamics by exerting downward pressure on prices relative to European-produced pulp.
- Under our methodology, the materials & chemicals industry has high ESG risks (heatmap score of between 4 and 5) given its impact on the environment, which constrains our industry assessment. Regarding environmental factors, the industry has a high impact on climate and pollution, with high levels of GHG emissions and pollution generation risks (air, water, hazardous waste).
- We assign the company a positive ESG score (between 1.0 and 1.5), reflecting a weaker environmental performance relative to the previous rating review during which the score was lower than 1.0. Although still positive, the yoy score decline stems from higher energy and greenhouse gas (GHG) emissions intensities, which increased by 11% and 20%, respectively. While the company's ESG profile continues to partially offset industry-related environmental risks, the overall ESG assessment remains negative.

ISSUER DESCRIPTION

Kemira is a Finnish chemicals company serving customers within the pulp & paper and water-intensive industries. The company develops and commercializes pulp & paper as well as a range of products for paper wet end, including packaging and board, and tissue products. Its Industry & Water segment offers coagulants, polymers, and essential fiber. The company was founded in 1920 and is headquartered in Helsinki, Finland. It has a footprint in 36 countries with 57 manufacturing sites while it sells its products in over 100 countries. Kemira's four core product areas are (i) polymers, (ii) coagulants, (iii) sizing chemicals, and (iv) bleaching and pulping chemicals.

In FY24, the group reported revenues of €2.9bn with adjusted EBITDA of €572m and a net adjusted leverage ratio of 0.7x. Kemira's majority shareholder is Oras Invest, which holds a stake of 22.6%. Kemira's four float represents c. 72.6% of its total shareholding with a market capitalization of c. €3.0bn as of 12 November 2025.

LIQUIDITY

We assess the liquidity profile of Kemira Oyj as “Superior” reflecting its strong refinancing profile and its high level of liquidity.

CREDIT METRICS EXPECTED EVOLUTION (CMEE)

Our CMEE is Stable as we expect credit metrics to remain broadly stable in a year’s time, on the back of steady FCF generation along with a prudent financial policy.

MAIN FINANCIAL FIGURES

Main financial figures. Millions of EUR						
	FY23	FY24	FY25e	FY26e	FY27e	24vs23
Turnover	3,384	2,948	2,750	2,860	2,946	-12.9%
Adj EBITDA ⁽¹⁾	666	572	525	551	579	-14.1%
Adj EBITDA margin ⁽¹⁾	19.7%	19.4%	19.1%	19.3%	19.7%	-0.3pp
EBIT	336	363	319	337	359	7.9%
EBIT Margin	9.9%	12.3%	11.6%	11.8%	12.2%	2.4pp
EBT	287	320	286	309	330	11.5%
Total Assets	3,489	3,381	3,183	3,394	3,512	-3.1%
Equity	1,684	1,804	1,822	1,944	2,074	7.1%
Total Adjusted Debt ⁽²⁾	1,045	924	773	844	819	-11.6%
Net Adjusted Debt ⁽²⁾	643	405	423	352	422	-37.0%
Equity/TAD ⁽²⁾	161.2%	195.2%	235.6%	230.5%	253.3%	34.1pp
NAD/ Adj EBITDA ^{(1) (2)}	1.0x	0.7x	0.8x	0.6x	0.7x	-0.3
Funds From Operations	523	442	426	452	473	-15.5%
FFO/NAD ⁽²⁾	81.4%	109.2%	100.8%	128.4%	112.1%	34.2%
Adj EBITDA/Interest ⁽¹⁾	13.5x	13.3x	15.9x	19.8x	20.2x	-0.2x

(1) Adj EBITDA is adjusted for the loss on divestment of the oil & gas business unit and other disposals

(2) The total adjusted debt includes factoring, pension benefits and bonds adjustments

RATING SNAPSHOT

Credit Rating	
Business Risk Profile	BBB-
Industry risk assessment	BB
Industry's ESG	Negative
Competitive Positioning	BBB+
Governance	A-
Financial Risk Profile	A+
Cash flow and leverage	A
Capitalisation	A+
Company's ESG	Positive
Anchor Rating	BBB+
Modifiers	-
Rating	BBB+

RATING SENSITIVITY

- List of ratings:

LT Rating: BBB+

ST Rating: EF1

Factors that may (individually or collectively) impact the ratings:

- **Positive factors which would influence the ratings (↑).**

An upgrade of our long-term rating could be considered if credit metrics continue in their strengthening trend. Specifically, a sustained reduction in adjusted net leverage below 0.6x, combined with an interest coverage ratio of at least 20.0x, would constitute a potential trigger. Any upgrade would also depend on the stability of market conditions, which remain seasonal and subject to demand fluctuations.

For the same CMEE and liquidity profile, an upgrade of the short-term rating to EF1+ would require at least a 2-notch upgrade of the long-term rating that serves as its reference.

- **Negative factors which would influence the ratings (↓).**

A downgrade of our long-term rating could result from a sustained deterioration in Kemira's financial profile, particularly if the adjusted net leverage ratio were to rise above approximately 1.7x on a sustained basis. In our view, such a scenario could stem from (i) a further decline in pulp and paper demand, materially affecting capacity utilization and profitability; or (ii) a debt-funded acquisition that weakens balance sheet metrics. In addition, a downgrade of the business risk profile to **BB+** would cap the long-term rating at **BBB**, although we do not consider this outcome likely at present.

A downgrade of our short-term rating to EF2 would follow a one-notch downgrade of the long-term reference rating, combined with either a Negative CMEE or a Stable CMEE and a change from 'Superior' to a 'Weak' in the liquidity risk assessment.

Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Level of the rated entity participation in the rating process

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
 - Corporate Rating Methodology - General : <https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203>
 - Corporate Rating Methodology - General : <https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203>
- The rating scale used in this report is available at <https://www.ethifinance.com/en/ratings/ratingScale>.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

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