

oras invest

Annual Review 2019



Oras Invest Ltd's Annual Review and full Financial Report 2019 are available in PDF-format in English and Finnish on the company website orasinvest.fi

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Oras Invest

Oras Invest is a family-owned company with over 70 years of industrial entrepreneurship tradition. We develop our companies through active Board work and close cooperation with the management and other owners. Our aim is to create long-term sustainable value, which we measure by the development of our net asset value. Oras Invest focuses its ownership on industrial companies, which operate in the building and water industries. Our current industrial holdings are Oras Group, Uponor, Kemira, and Tikkurila. At the end of year 2019, the net asset value was EUR 882 million.

Key figures 2019

OUR COMPANIES

Net sales EUR **4.6** billion

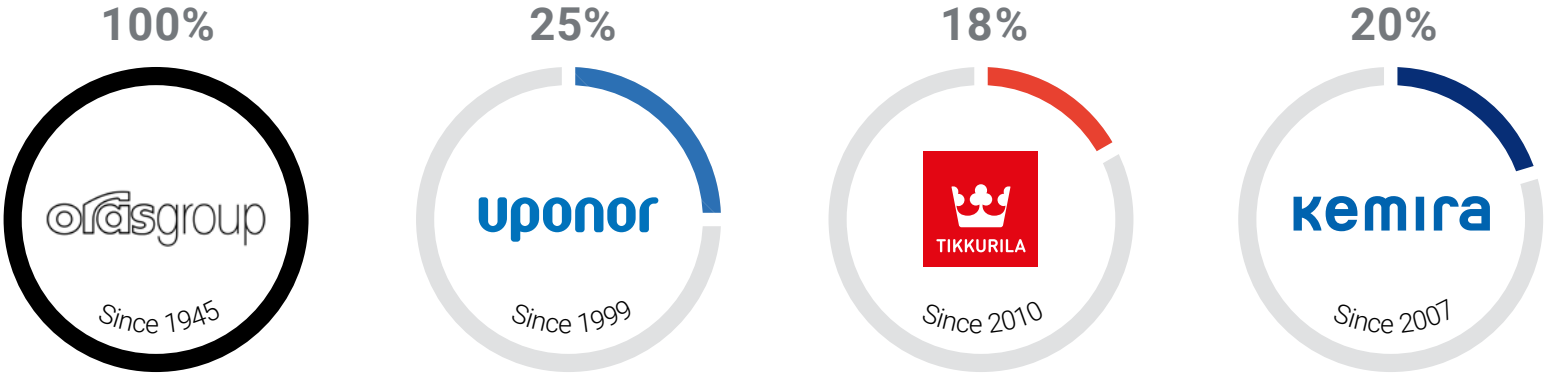
People **12,955**

Operating in **40** countries

ORAS INVEST

	2019	2018
Net asset value (NAV), EUR million	882	634
Dividends received, EUR million	29	33
Total shareholder return (TSR)	40%	-29%
Shareholders' equity, EUR million	645	621
Balance sheet total, EUR million	690	666
Equity ratio	93%	93%
Loan-to-value ratio	4%	4%

Oras Invest companies



Net sales EUR **4.6** billion

CEO'S REVIEW

Progress on multiple fronts



Annika Paasikivi

The past year at Oras Invest could be summed up as stable, yet full of activity. We remained in a preparatory mode regarding new investments and the only notable change was our increased ownership in Kemira. We have further developed our own operational model and continued supporting the development of the companies that we own. We advanced with clear steps in mind and have defined new tools for both becoming an even more influential owner and for expanding our ownership. Our goal is to double the net asset value of Oras Invest on a rolling ten-year basis. The motivation for reaching this goal arises from the multitude of opportunities that our companies have for long-term value creation.

In this respect we progressed positively in 2019, as our net asset value grew by 39% to EUR 882 million (634 million in 2018). We received dividend income of EUR 29 million (33) in 2019.

The development of the individual companies we own varied, but we are satisfied with the overall direction.

Oras Group continued its turnaround. Net sales reached almost the previous year's level at EUR 225 million (228). Comparable operating profit margin rose to 7.2% (4.9%) as the result of diligent fixed cost management. The company announced the closure of its manufacturing facilities in Germany in the first quarter and the process was successfully completed by

the end of the third quarter. The Fit for Growth transformation programme continues with further streamlining activities in 2020.

Uponor's development was two-fold. Net sales declined to EUR 1,103 million (1,196) mostly as a result of divestments made in 2018. In organic terms the decline in net sales was 1.2%. Comparable operating profit margin was 8.4% (8.3%). Uponor's Building Solutions - North America segment had a successful year in terms of growth and profitability, whilst the European segments faced increasing challenges. Over the long term, Uponor has managed to gradually improve its profitability and 2019 was the sixth consecutive year of positive profitability development.

Kemira's net sales grew once again, reaching EUR 2,659 million (2,593), and its comparable operating profit margin took an impressive leap to 8.4% (6.7%). The profitability improvement is testimony to the feasibility of a consistent investment programme over the last five years, as well as the prioritisation of value over volume and active price management. All Kemira's key figures improved from the previous year.

Tikkurila managed to keep up with the previous year's level in net sales at EUR 564 million (562) and achieved a significant improvement in comparable operating profit margin which reached 8.2% (6.9%). Tikkurila's focus on performance and profitability improvement is clearly bearing fruit for the second year in a row since the turnaround started in 2017.

Long-term ownership and risk management

Oras Invest has specialised in industrial ownership and will continue along this route. The perspective and operating model of a long-term owner differs from the actions of a financial investor, although the basic objective of value creation is important for both. We are committed to the companies we own and support them through thick and thin. We have set ambitious goals for our companies, but our investment time is notably longer than that of a typical financial investor.

Screening the market for potential new ownership opportunities from our current and closely-related industrial sectors is an integral part of our daily operations. The market for acquisitions has remained challenging. We are

ready to make new investments, but yet have the patience to wait for the right opportunity.

Our companies operate in the building materials and water industries. By focusing on two sectors we may go against the current that favours mitigating risk by diversification. We have extensive experience, a strong knowledge base, and competent networks in these industries. Our strategy is to avoid excess risks by focusing on the businesses that we know best. Our companies operate in highly competitive global markets. We support the consequential leadership of our companies and can therefore act with patience even through periods of lower economic growth.

Sustainability in focus

We believe that only sustainable companies create long-term prosperity and encourage our companies to innovate for products and solutions that can participate in solving some of the global challenges. For several years, we have reported the aggregate economic impact of our companies and we have been particularly strict in ensuring that our companies follow the principles of good governance. This, however, is no longer sufficient. We have started building a model that clearly defines our vision on sustainability. Our approach will be pragmatic and focused on measurable long-term impact. Our aim is to communicate our expectations to our companies in 2020, and to report on their aggregate impacts in 2021. Consequently, the Oras Invest team has been strengthened as we welcomed Investment Manager Heli Leskinen, who joined us at the beginning of January.

Resilience in crisis

At the time of writing, the whole world is undergoing an unprecedented challenge in fighting the COVID-19 pandemic. Crisis management has become the prevailing operation mode. The impacts of the pandemic on economic and social life are currently unknown. So is the duration of the crisis. As a family company, we have stood by our companies for three generations and a pandemic will not change that. All our companies improved their performance last year, and their balance sheets are strong. Therefore, we face the first implications of the global pandemic from a strong position. Our first priority as owners is to safeguard the health and safety of the 12 955 people working with our companies.

I would like to express my deep appreciation and sincere thanks to everyone working with Oras Group, Uponor, Kemira and Tikkurila. Many of us are currently working from home instead of our offices, but the majority of our work is in industrial manufacturing. These jobs cannot be done remotely. My special thanks go to those who are keeping our companies' operations up and running at the manufacturing sites.

I would also like to thank the Boards of directors of our companies and the members of our shareholders' nomination boards for your continued support and insight, as well as all our partners and stakeholders for your trust and consistent efforts. I hope for your continued cooperation in the coming years.

April 14, 2020

Annika Paasikivi



Vision

Oras Invest is and will remain in family ownership. We aspire to be the best owner of selected industrial companies, with long-term commitment. The companies under our ownership are the best long-term performers in their industries. They attract the most competent people and a committed owner base.

Purpose

Oras Invest focuses its ownership on industrial companies, which operate in the building and water industries. We develop our companies through active Board work and close cooperation with the management and other owners. Our aim is to create long-term sustainable value, which we measure by the development of our net asset value.

Values

ENDURANCE

By endurance we state that there is continuity and competence in our work and we are driven by sustainable value creation.

OWNERSHIP

Ownership cannot be claimed without an open and honest approach, respect for work and fair play. Responsibilities of ownership are greater than its privileges.

VITALITY

By vitality we demonstrate our aim to develop the business by seeking regeneration and innovative ownership ideas.

COMMITMENT

By commitment we express our long-term commitment to our companies and stakeholders; and to our family.

Taking the long view, with sustainable values

Good ownership is a value and way of life understood by Oras Invest. It requires an honest, open and responsible approach, respect for work, and fair play. As an active industrial owner, we look beyond economic fluctuations.

Vitality, commitment and endurance form the basis for Oras Invest's continuous, long-term value creation. We ensure that the companies we own are proactive and able to renew themselves. Our commitment to their long-term development is tangible. We put our competence and experience at our companies' disposal.

We take responsibility for ensuring that our companies have solid ownership structures, as well as great Boards of Directors and CEOs. These are the basic prerequisites for solid value creation and constant improvement. A company will only be able to fulfil its social responsibility if it operates profitably on a solid base and creates value.

An active owner's strategy

Committed ownership, long-term development and value growth are permanent factors of our strategy. We look beyond economic cycles and work in close cooperation with other significant owners, Boards, management, and other stakeholders.

Our family business background has had a strong influence in defining the nature and objectives of our company as an industrial owner. We have built a long-term commitment to our companies and want to develop them in a determined manner. Our strategy is guided by sustainable value creation throughout economic fluctuations, and when necessary, bold moves and preparation for challenging times.

To us, active industrial ownership is long-term development of the companies we own. This means continuous dialogue with the other owners of our companies and our closest stakeholders. We direct our earned dividends on growing our Net Asset Value and strengthening our balance sheet.

We strive towards value growth, which requires active work by the Boards, and constructive cooperation with the management of our companies. It is in the interest of all owners that our companies' Boards have the

In listed companies, it is our goal to be the largest owner, while in unlisted companies we aim for majority ownership.

competence to form a clear conception of the companies' business ideas, strategies, management teams, and risks.

In listed companies, it is our goal to be the largest owner, while in the case of unlisted companies we aim for majority ownership.

We comply with good corporate governance practices. As an industrial owner, we are in a decision-making position and exert influence in general meetings of shareholders, Boards of Directors and nomination Boards. We participate in ensuring that the capital structures of our companies remain healthy, giving them strength for development and renewal, and for building a sustainable future.

We monitor the overall development of the building and water industries, as well as the long-term socioeconomic trends shaping the fields that our companies are active in. We assess the development opportunities and value creation abilities of our companies, while also evaluating their management's competences.

BASIC BUSINESS PRINCIPLES AND CONTINUOUS RENEWAL



We expect our companies to create value in a sustainable manner. We believe that a solid foundation creates the basis for successful business. We strive towards long-term value creation and regard profitability as a prerequisite for seeking growth. Continuous renewal and an increasing level of competence are the drivers of a healthy business model.

All our companies moved in the right direction

In many respects, 2019 was a time of considerable uncertainty. Economic and business forecasts were shaken particularly by the US-China trade talks and the many twists and turns of Brexit, as Britain planned its leave of the European Union. Despite the uncertainty, the year turned out to be good, stock prices rebounded quickly at the beginning of 2019 and we saw returns clearly above average annual returns.

In line with the overall market, the market values of all our listed companies increased which was also evident in our net asset value development (NAV). Our NAV grew by 39% to EUR 882 million (634 million in 2018). Our gross asset value (GAV) grew by 40% and net debt increased to EUR 41 million (25), loan-to-value remaining at previous years' level of 4%.

Water chemicals company Kemira was our largest asset in terms of value, representing 45% of our GAV at year end. Building and infrastructure solutions provider Uponor's share was 23%, sanitary fittings company

Oras Group represented 20%, and interior and industrial paints producer Tikkurila 12%. We own Oras Group wholly and are the largest owner in Kemira (20%), Uponor (25%), and Tikkurila (18%).

Increased ownership of Kemira, strong value development across the board

We increased our ownership of Kemira by 2%-points in October 2019, by acquiring three million shares at a price of EUR 14 per share, in total EUR 42 million. This increase in Kemira shares was the only change in our ownerships during 2019. The change in our Kemira ownership together with Kemira's strong share price performance (38% year-on-year growth) were the largest contributors to our NAV development, accounting for half of its growth. By acquiring the Kemira shares from the second largest shareholder, Solidium, we increased our ownership stake in Kemira to over 20%. We have seen good development at

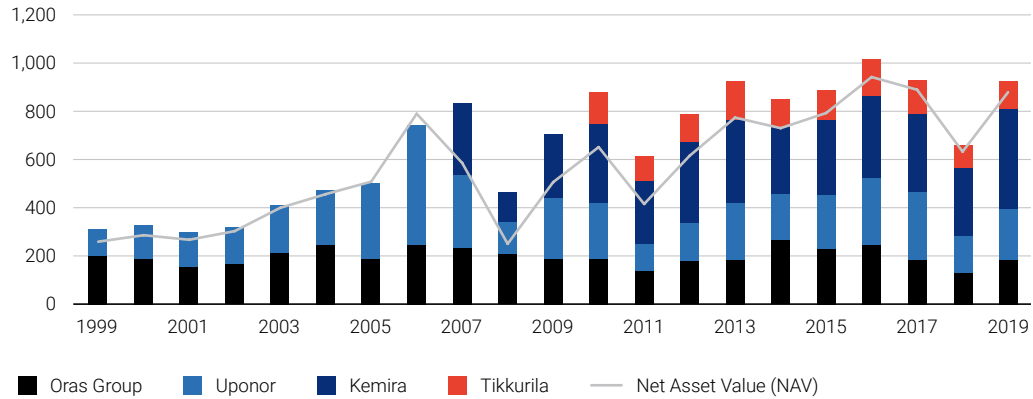
Kemira over the past years and believe in the company's future growth and value creation potential. At the end of 2019, the value of our share in Kemira was EUR 415 million.

In terms of value development, Oras Group's intrinsic value improved the most, by 43% to EUR 184 million. Oras Group is our only non-public company and we use a constant valuation method for it. Therefore, the increase in value can be attributed directly to the company's improved profit. The market value of our Uponor shares increased by 35% to EUR 210 million and Tikkurila's by 19%, increasing the value of our stake to EUR 114 million. Overall, we are pleased with the value development of our companies in 2019.

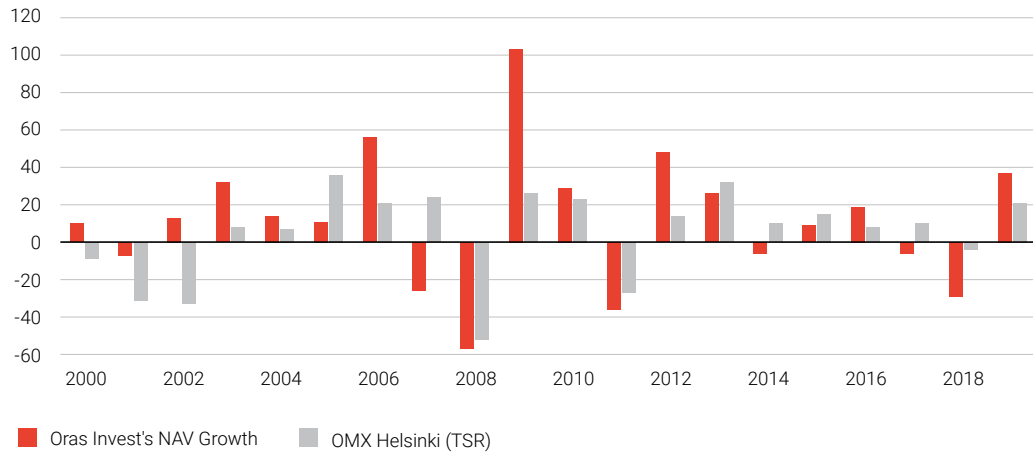
Mixed financial performance, but all companies headed in the right direction

Net sales grew in Kemira and Tikkurila, but declined in Uponor and Oras Group. On a positive note, all our companies improved

Development of ownerships and NAV, EUR million



Growth (or decrease) of Oras Invest's NAV and total shareholder return of OMX Helsinki, %



their operative profit margins. In Oras Group and Tikkurila, transformation programmes are ongoing, and their results can already be seen in improved profitability.

After a careful examination of different options, Oras Group decided to focus its manufacturing operations to three sites: Rauma, Finland, Kralovice, Czech Republic, and Olesno, Poland; and closed its plant in Burglengenfeld, Germany.

In 2019, also Uponor announced its operational excellence programme aiming at cost savings of EUR 20 million. The full effects of the programme are expected to be realised by the end of 2021.

Kemira has made significant investments during the recent years: e.g. in 2019, polymer capacity was expanded in the Netherlands and the AKD-wax production facility in China was ramped-up. Over the last few years, Kemira has annually invested approximately EUR 200 million, of which expansion investments have accounted for approximately 40%. These growth investments are starting to bear fruit, and we expect Kemira's good development to continue, as indicated by our investment in increasing our stake in the company.

Overall, the development of cash flow was strong in our companies. Net debt-to-EBITDA ratio decreased in all our listed companies.

Strong weight in the European building sector

In 2019, 53% of GAV weighted total net sales of our companies came from the building

and construction sector and 45% from the chemicals sector, where Kemira's two segments are Pulp & Paper and Industry & Water.

When looking at our geographical exposure, 70% of GAV weighted net sales came from Europe, 26% from the Americas and the final 4% from the APAC-region. In this respect, we are pleased to see our companies strategically expanding their operations also outside Europe.

Last year we were particularly proud to see Uponor's good performance in North America, where its net sales grew by 10%. Tikkurila continued its strong performance in Russia and Poland. Oras Group has kept its leading market position in the Nordic markets, while facing challenges in Central Europe. The European building sector has a modest growth outlook, but our companies have shown their ability to grow profitably also in challenging market situations and outside Europe.

Kemira grew in both segments and the relevant end markets are expected to continue to develop positively. We are confident with the outlook of Kemira's main markets and the company's ability to continue its growth.

New investments on the horizon

Oras Invest is ready to make new investments in the next few years. We have a strong balance sheet and are almost debt-free. In recent years we have annually received approximately EUR 30-35 million as dividends and group contributions from our companies. The dividends have been used to strengthen

our balance sheet and in further investments into our current companies.

We are in the process of examining and evaluating potential new companies and will move forward when the conditions are right. Our focus is on businesses with strong long-term value creation potential in the industries where we, together with our network, can bring expertise and added value. Simultaneously we continue to be prepared to support our current companies to grow according to their strategies.

New Board members for all our companies

In 2020, new Board members will be appointed in all our companies. We are delighted to welcome Timo Ihamuotila and Michael Rauterkus to the Oras Invest Board of Directors. Timo (Group CFO of ABB) brings with him a truly global perspective in leading industrial manufacturing and technology businesses. Michael (previously CEO of Grohe) has a solid track record in leading consumer brand companies in multiple industries.

Oras Group's Board will be strengthened by Petri Kokko (Managing Director, Consumer Brands and Markets at Google Germany), who brings with him a deep understanding of digital marketing, as well as a solid track record in leading international sales, marketing and branding organizations in the technology industry.

In Kemira, Werner Fuhrman will join the Board. He has extensive experience in the chemicals industry in various positions at Akzo

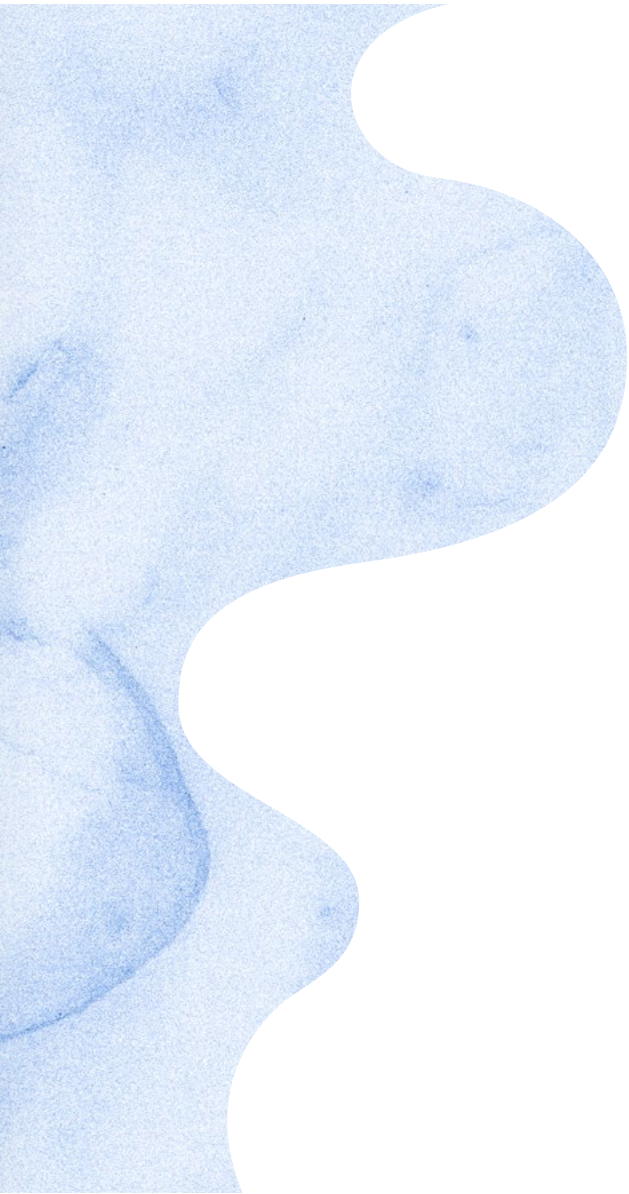
Screening the market for potential new ownership opportunities from our current and closely-related industrial sectors is an integral part of our daily operations.

Nobel NV during 1979-2018, most recently as the CEO and Head of Akzo Nobel's Specialty Chemicals. In Tikkurila and Uponor, we are pleased to see the new members bringing deep understanding to our companies' key growth markets. Andrey Pantyukhov (EVP Russia and Asia, Nokian Tyres) will join Tikkurila's Board, strengthening the Russian market knowledge. Michael Marchi (previously COO of Lixil Water Technology Americas, CEO of Grohe Americas and President of Kohler Kitchen and Bath Americas) joins the Uponor Board, bringing in-depth experience in the plumbing industry, especially in the US market.



The performance of our companies 2019

Our companies, Oras Group,
Uponor, Tikkurila, and Kemira,
operate in the building materials
and water industries.



100%



25%



18%



20%



Oras Group

HOME OF ADVANCED
SANITARY FITTINGS

Oras Group is a strong European supplier of sanitary fittings: the market leader in the Nordics and a leading company in continental Europe. The company's mission is to make water usage easy and environmentally friendly. The vision of Oras Group is to become the European market leader in advanced sanitary fittings. The company's strengths are in its exceptional level of service, customer support, quality, and good management of distribution channels. The Group has two strong brands, Oras and Hansa. Oras Group is wholly owned by Oras Invest.

Oras Invest
ownership

100%



ORAS GROUP UPONOR

EUR **225.4**
million

EUR 1,103.1
million

TIKKURILA

EUR 563.8
million

KEMIRA

EUR 2,658.8
million

Net sales EUR **4.6** billion

Review of the year 2019

Net sales of Oras Group were EUR 225.4 million (EUR 227.7 million). Comparable operating profit was EUR 16.2 million, or 7.2% of net sales (EUR 11.2 million and 4.9%).

The Nordic market, home of the Oras brand, grew in 2019. In Finland, new construction remained active, while in Sweden and Denmark, demand was generated more by renovation and maintenance. In Norway, new building slowed down and the overall market development was slightly down. In the strong markets of the Hansa brand in Germany and Austria, the market for sanitary fittings grew only marginally. Sales in Germany declined, but the Central European market as a whole remained active and showed good demand.

Oras Group launched several projects to improve its profitability. The company is reorganising its production in Europe to reduce complexity and to develop its competitiveness. The Burglengenfeld factory in Germany ceased operations in August 2019. Oras Group is establishing a new production line at the Olesno factory in Poland, which is expected to be operational by autumn 2021. In addition, the company is planning to construct a new production line in Rauma.

The company introduced its new 'the innovative bathroom of the future' concept and design collaboration with Italian design brand Alessi. Digitalisation and sustainability are at the heart of the new concept: digital solutions bring new possibilities for using water and saving energy in the bathroom and kitchen.

Oras Group started regular customer experience and customer satisfaction surveys. Based on the first results, the company's NPS recommendation is excellent.

The year 2019 was Kari Lehtinen's first year as CEO.

Outlook

Oras started the year 2020 strongly. During the first quarter its operations run normally, but the COVID-19 pandemic will have an impact on the company's full year 2020 performance. The severity and duration of the impact is currently unknown and the company continues to continuously monitor the situation.

ORAS GROUP IN BRIEF 2019

Net sales: EUR **225.4** million

Comparable operating profit:

EUR **16.2** million

Average personnel: **1,443**

Board of Directors:

Markus Lengauer (Chairman),
Annika Paasikivi (Vice Chairman),
Maciej Gwozdz, Nils Lüssem,
Risto Paasikivi and Pirjo Väliäho.

President & CEO: Kari Lehtinen

www.orasgroup.com

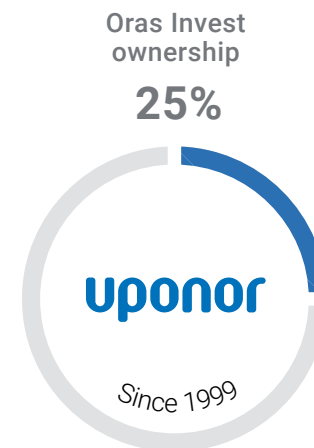
www.oras.com

www.hansa.com

Uponor

CREATES WATER SOLUTIONS
FOR THE FUTURE

Uponor is a leading international company developing water industry solutions for the benefit of future generations. Uponor's products and services for safe water distribution, energy efficient heating and cooling, and reliable utility technology provide sustainable living environments for the future. Uponor's solutions are sold for residential, commercial and public construction, for industrial and municipal projects, as well as for hydro and power plants across 85 countries. The company's vision is to become a recognised leader in responsible building and community solutions.



ORAS GROUP UPONOR

EUR 225.4
million

EUR 1,103.1
million

TIKKURILA

EUR 563.8
million

KEMIRA

EUR 2,658.8
million



Review of the year 2019

Uponor's net sales were EUR 1,103.1 million (EUR 1,196.3 million). Comparable operating profit was EUR 92.7 million, or 8.4% of net sales (EUR 99.3 million and 8.3%).

In 2019, growth was slower in several of Uponor's key markets compared to previous years. However, development varied between the countries, and overall, the construction markets have remained at good levels. The first half of the year was bleak for Uponor, due to the fact that North American customers had stocked up on products at the end of 2018, which impacted demand in 2019. Fortunately, the situation returned to normal levels relatively quickly, and during the following quarters the company's earnings were better than in comparative quarters.

Uponor renewed its strategy and redefined its purpose, which is to develop water-related solutions for the benefit of future generations. Many employees of the company participated in the formulation of the company's goal. Additionally, in October 2019, Uponor announced an operational excellence programme to support its strategy, which aims to achieve annual cost savings of approximately EUR 20 million.

The excellent performance of the company's North American Building Solutions business was one of Uponor's highlights in 2019. In the past, capacity constraints have caused difficulties in providing services in the market area and affected cost levels. The Hutchinson plant in Minnesota, commissioned in 2018, has helped the situation, and both the US and Canadian markets developed positively during 2019.

Uponor launched the new S-Press PLUS connector series in 2019. The new solution has received a positive response from customers. However, starting production and launching the new connector series posed some operational challenges for the Building Solutions - Europe segment, which affected the year's performance.

In 2019, Uponor's Infra segment completed the sale of a minor business unit. The company sold the Fintherm unit for district heating pipe systems in Prague. With the divestment, Uponor Infra's regional focus has once again returned to the Baltic countries.

Outlook

The year 2020 started strongly in most of Uponor's businesses and the company expected its comparable operating profit to improve from 2019. However, on March 19, 2020, Uponor withdrew its guidance for 2020 due to lack of visibility to potential COVID-19 impacts. Various signals from the market indicate that construction projects are likely to be postponed, but the likelihood and anticipated duration of the slow down are unknown at this stage.

UPONOR IN BRIEF 2019

Net sales: EUR **1,103.1** million

Comparable operating profit:

EUR **92.7** million

Average personnel: **3,800**

Board of Directors:
Annika Paasikivi (Chair),
Markus Lengauer (Deputy Chair),
Pia Aaltonen-Forsell, Johan Falk,
Casimir Lindholm and Eva Nygren.

President & CEO: Jyri Luomakoski

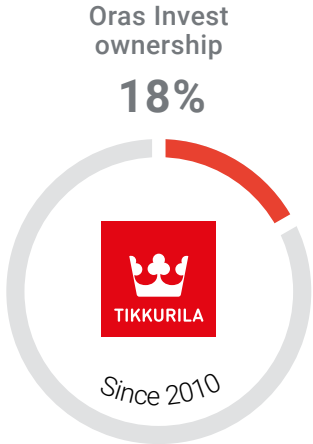
www.uponor.com



Tikkurila

RESPONSIBLY PRODUCED
NORDIC QUALITY SURFACES

Founded in 1862, Tikkurila is a leading Nordic paint company. Tikkurila provides consumers, professionals and industrial customers with easy-to-use, durable, and high-quality solutions for surface protection and decoration. The company aims to provide the best user experience on the market. Strong brands, service culture, sustainable solutions, and market leadership are Tikkurila's most important competitive advantages. Sustainability is a key part of the company's strategy.



Review of the year 2019

Tikkurila's net sales were EUR 563.8 million (EUR 561.5 million). Comparable operating profit was EUR 46.4 million, or 8.2% of net sales (EUR 38.8 million and 6.9%).

In 2019, Tikkurila focused on profitability. The company's net sales remained stable despite a generally challenging year for the paint market. There were country-specific differences: in the growth markets such as Russia and Poland, performance continued to be strong; but in Finland and Sweden net sales diminished due to poor pre-sales during the peak season for outdoor paint sales. Going forward, Tikkurila will invest in developing its sales particularly in these more saturated markets. There is also room for growth in industrial paints.

Thanks to improved profitability, the company's cash flow was also strong. Return on investment increased to 15.4%. The financial impact of the restructuring done in 2018 was now fully noticeable in Tikkurila's fixed costs.

During 2019, Tikkurila's strategy and its long-term financial targets were updated. The 2019-2022 strategy, announced in June 2019, focuses on sustainable growth, efficiency to enhance competitiveness, and a corporate culture based on Tikkurila's values. As part of its strategy work, Tikkurila re-evaluated the planned new greenfield factory project in Russia. The company decided to explore alternative options to support the growth of its Russian business, as the estimated return on the planned investment did not meet Tikkurila's targets.

In line with its strategy, Tikkurila is focused on enhancing sales management and other operational activities, as well as creating growth. The company has made a convincing return to a growth track. After the difficult years 2017 and 2018, the whole management team was renewed, unprofitable operations were closed down, and the product portfolio was streamlined. Tikkurila is the market leader in decorative paints in almost all its main markets.

Outlook

During the first quarter of 2020 Tikkurila has performed as planned, despite the challenging operating environment. The company expected its adjusted operating result to continue to improve with net sales remaining at previous year's level. However, on March 27, 2020, Tikkurila withdrew its guidance for 2020 due to weakened visibility to the impacts of the COVID-19 pandemic. New regulatory measures by local governments are rapidly changing the operating environment, especially in Russia, which accounts for approximately one fourth of Tikkurila's total revenue.

TIKKURILA IN BRIEF 2019

Net sales: EUR **563.8** million

Comparable operating profit:
EUR **46.4** million

Average personnel: **2,700**

Board of Directors:
Jari Paasikivi (Chairman),
Petteri Walldén (Vice Chairman),
Lars Peter Lindfors, Riitta Mynttinen,
Catherine Sahlgren and
Heikki Westerlund.

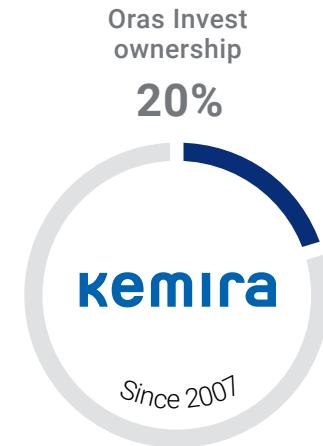
President & CEO: Elisa Markula

www.tikkurilagroup.com

Kemira

IMPROVING THE EVERYDAY
WITH CHEMISTRY

Kemira is a global chemicals company serving customers in water-intensive industries. Kemira innovates and develops solutions to create a profitable and sustainable future. The company's mission is to improve daily lives with its expert knowledge of chemistry. Kemira focuses on two business segments: Pulp & Paper and Industry & Water. The company's competitive edge is based on the products and expertise that best support our customer's process and resource efficiency, and of course quality.



ORAS GROUP UPONOR

EUR 225.4
million

EUR 1,103.1
million

TIKKURILA

EUR 563.8
million

KEMIRA

EUR 2,658.8
million

Net sales EUR **4.6** billion

Review of the year 2019

Kemira's net sales were EUR 2,658.8 million (EUR 2,592.8 million). Comparable operating profit was EUR 224 million, or 8.4% of net sales (EUR 173.8 million and 6.7%).

Kemira's profitability improved significantly during the year. All through the period, Kemira focused on active sales price management, which resulted in the operating margin growing to 15.4%. This is within the range of Kemira's financial target of 15-17%. The company's cash flow also improved significantly.

Kemira's markets stayed mainly positive in 2019, although demand in the shale gas and oil market weakened in the fourth quarter. Kemira's results for this quarter were slightly diluted due to the weakened demand, and due to costs incurred from launching two new production facilities.

Customer and employee satisfaction developed encouragingly and the company's operational performance was very good. Kemira's strategy emphasises providing excellent customer experience, operations, products and service. In 2019, Kemira filed 37 new patent applications. The company began projects to commercialise five new products, three of which will improve customer resource efficiency. Kemira is ahead of its goals in sustainable solutions, whereby at least 50% of the company's revenue comes from products that enhance its customers' resource efficiency.

Approximately half of Kemira's investments in 2019 were expansion investments. During the year, the company invested in a new production facility in China, and enlarged its polymer production plant in the Netherlands. They are expected to begin operations during early 2020. In addition, the company invested into increasing its sodium chlorate capacity in the United States.

Kemira updated its climate change targets in 2019. The company aims to be carbon neutral by 2045, and by

2030 aims to have its Scope 1 and Scope 2 greenhouse gas emissions lowered by 30% compared to emission levels in 2018.

Outlook

In its guidance for 2020 published on February 11, 2020, Kemira expects its operative EBITDA to increase from 2019.

The long-term growth drivers in the company's customer segments are robust but on the short-term, the markets are anticipated to show some volatility, particularly the Oil and Shale gas segment.

KEMIRA IN BRIEF 2019

Net sales: EUR **2,658.8** million

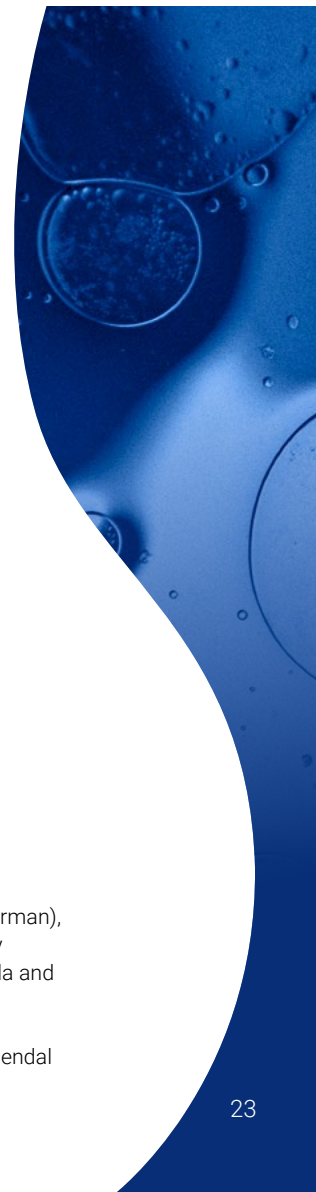
Comparable operating profit:
EUR **224** million

Average personnel: **5,062**

Board of Directors:
Jari Paasikivi (Chairman),
Kerttu Tuomas (Vice Chairman),
Wolfgang Büchele, Shirley
Cunningham, Kaisa Hietala and
Timo Lappalainen.

President & CEO: Jari Rosendal

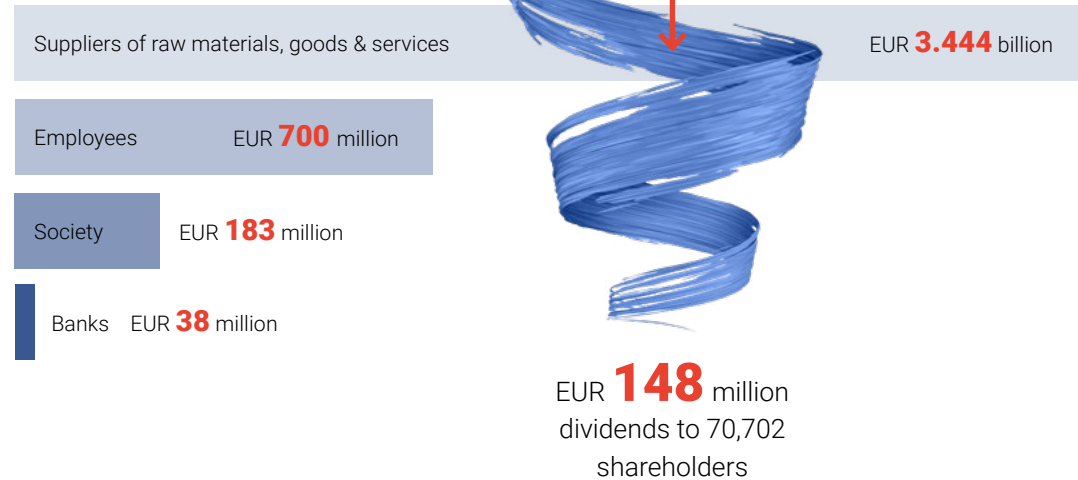
www.kemira.com



Creating long-term value to the society

The aggregate net sales of our companies was EUR 4.6 billion, and they employed 12,955 people in 40 countries

THE AGGREGATE CONTRIBUTIONS OF OUR COMPANIES IN 2019



Oras Invest companies contribute to the society on various levels, and once again distributed a significant share of added value to several stakeholders. Our combined net sales in 2019 were EUR 4.6 billion, at previous year's level.

The payments to suppliers totalled EUR 3.4 billion. The number of employees declined slightly to an average of 12,955 during the

year and the contribution amounted to EUR 700 million.

Corporate income taxes and social costs paid by our companies were in total EUR 183 million. The amount paid to financiers was EUR 38 million.

Our companies had in total 70,702 shareholders at the end of 2019. The combined dividend proposed by the Boards of Directors amounts to EUR 148 million.

Sustainable value creation – influencing through active ownership

Sustainable value creation has always been at the core of Oras Invest and its companies' operations. We see that only sustainable companies can create value and be successful in the long-term. We also believe that the integration of sustainability into companies' strategies and operations creates new business opportunities and leads to improved financial performance.

During the recent years, corporate responsibility and the role of companies in the combat against climate change and other societal challenges has become indisputably important. As a responsible and active owner, we have started a process of integrating sustainability matters more closely into our value creation strategy. In the current operating environment, clearly defined guidelines and goals concerning what we expect from our companies are required.

In 2019, Oras Invest started the process of building a specific framework that defines our

sustainability expectations as an owner. To ensure alignment at all levels, the Oras Invest Owners' Board, the Board of Directors, and management have worked together to identify and prioritise the most relevant sustainability topics for Oras Invest. These are the Environmental, Social and Governance (ESG) themes, where we believe that our companies can have the greatest impact and where their opportunities and risks are.

As a long-term owner, the focus of Oras Invest's sustainability work is on being an influential owner through our Board positions and through active dialogue with the management teams and other significant owners.

ESG work to continue in 2020

Some of our companies are already very advanced in integrating sustainability into their strategies and reporting in a transparent

manner, while others are in the process of setting goals and action plans. All our individual companies are unique. Therefore, sustainability assessments, goal setting, and action plans must be worked out together with the companies.

We will discuss and align our goals and set targets for each of our companies. We will be monitoring the progress of our companies in cooperation with management and through annual reviews.

Oras Invest supports the UN Sustainable Development Goals (SDGs)


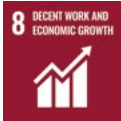


Oras Invest supports the Sustainable Development Goals, and the goals have been reflected in our sustainability framework. We have analysed the 17 goals and related targets and indicators to identify the goals, where Oras Invest and our companies can have the

greatest impact and best contribute to the achievement of the goals.

As a result of the analysis, we have selected four SDGs to focus on: Water (6), Decent Work and Economic Growth (8), Responsible Consumption and Production (12), and Climate Action (13). The selected SDGs have also been

integrated into our ESG analysis tool to be able to monitor Oras Invest's and its companies' contribution to the achievement of the goals.

Of our companies Kemira and Uponor have already selected the most relevant SDGs for their sustainability work and reflect their performance against these targets.

SDG	Description	Selected business themes addressed by SDG	Examples how our companies contribute
	Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> – Sustainable water withdrawals – Improved water efficiency through application of 5R principles: reduce, reuse, recover, recycle, replenish – Equal, affordable and safe access to water, sanitation and hygiene for employees and communities 	<ul style="list-style-type: none"> – Uponor's plumbing and water monitoring solutions mitigate water risk, improving water efficiency, quality and hygiene – Kemira develops technologies and solutions that enable customers to recycle and reuse water resources
	Promote sustained, inclusive and sustainable growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> – Employment – Economic inclusion – Non-discrimination – Capacity building – Availability of skilled workforce – Elimination of forced or compulsory labour 	<ul style="list-style-type: none"> – Oras Invest companies provide work for almost 13,000 employees – Employee safety and wellbeing is a top priority in all Oras Invest companies
	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> – Sustainable sourcing – Resource efficiency of products and services – Materials recycling – Procurement practices – Product and service information and labeling 	<ul style="list-style-type: none"> – Kemira's products enable its customers to improve their water, energy and raw material efficiency. In 2019, 53% of Kemira's revenue came from products used for use-phase resource efficiency. – Most Tikkurila paints are water-borne and the company actively develops water-borne products that have as low an environmental impact as possible
	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> – Energy efficiency – Environmental investments – GHG emissions – Risk and opportunities due to climate change 	<ul style="list-style-type: none"> – Kemira's current target is to reduce its Scope 1 and 2 greenhouse gas emissions by 30% by 2030 and its long-term ambition is to be carbon neutral by 2045 for combined Scope 1 and 2 GHG emissions. – Oras' faucets and showers are designed to save water and energy and the company actively pursues improvements in energy efficiency and environmental protection

Selected sustainability actions from our companies

ORAS GROUP

Saving water and energy

By acquiring the Swiss Amphiro AG in 2018, Oras Group has taken a further step towards incorporating energy and water saving into its products. The novelty in this approach is the fact that the products not only save energy and water due to their mechanical properties, but they also bring information about water consumption to consumers in real-time, in a visual way. Numerous studies prove that this feedback influences people's behaviour and most people, even those who are not especially interested in sustainability, automatically correct their behaviour towards using less water, and through this, energy.

UPONOR

World record and durable pipes needed to avoid environmental disaster

In 2019, damaged wastewater pipelines under the riverbed of the Vistula River, caused a failure in the system transferring sewage to a treatment plant, located near Warsaw. This resulted in a 12-day discharge of sewage into the largest river in Poland, which runs through the whole country to the Baltic Sea, affecting areas north of Warsaw. Quick action was needed to prevent a large-scale environmental disaster.

Uponor's experienced infrastructure experts were urgently requested to participate in solving the crisis. The company's solution was to build an emergency pipeline with a length of 2,200m. A part of the pipeline, approximately 250m, was laid on a pontoon bridge built by the military. This type of project usually takes months to complete – but in responding to this emergency, Uponor produced, delivered, and connected the pipes, as well as, laid them on the pontoon bridge in just eight days. This can be considered a world record.



TIKKURILA

Water-borne paints reduce harmful emissions

Paints require thinners to achieve a smoothly flowing and easily spreadable consistency. Tikkurila has long been a pioneer in the development of water-borne paints. While globally water-borne paints account for less than half of all paints sold, over 85% of Tikkurila's paints for commercial and construction use are water-borne. The transition from paints containing white spirit and other solvents to water-borne paints reduces volatile organic compounds emissions into the air. In addition to being a pioneer in water-borne paints, Tikkurila has the largest selection of eco-certified products in its main markets, and these products have already grown to a 38% share of the company's net sales. Tikkurila's goal is to be the most responsible paint supplier in its market area.

KEMIRA

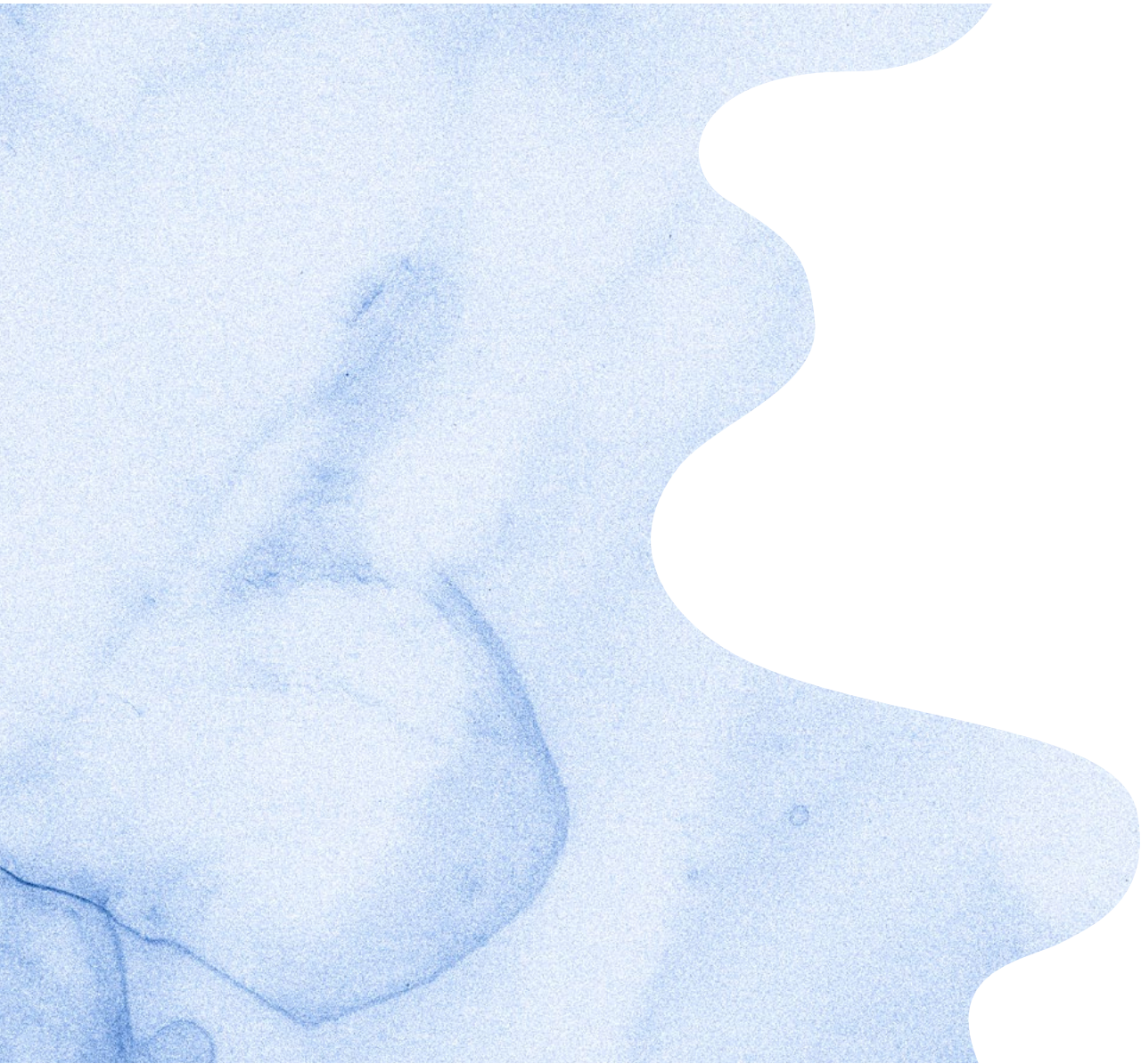
Putting unutilised by-products back into the circular economy

In October 2019, the European Chemical Industry Council Cefic announced the winners of this year's European Responsible Care Awards. Kemira won this award for a project turning unutilized by-products into a valuable raw material.

Through the awarded project in Pori, Finland, Kemira has gone a step further and started mining a landfill that contains several million tons of ferrous sulphate raw material, putting some 30 years of accumulated industrial by-product back into use in our circular economy. This suitable raw material is now turned into coagulants used in water treatment and hence safeguards Kemira's supply of these key products to its customers for many years ahead.

Previously, Kemira's plant in Pori received ferrous sulphate as the main raw material from a titanium dioxide plant in the same industrial area, where it was formed as a by-product. However, production at the titanium dioxide plant ceased because of a fire in January 2017 and the supply was interrupted. Following a successful testing period involving extraction tests, quality monitoring as well as production and application tests, Kemira began extracting the deposits from the landfill in 2017.

Summary of financial statements



Parent company income statement FAS

EUR 1,000	1.1.-31.12.2019	1.1.-31.12.2018
Net sales	250	250
Other operating income	26	20
Personnel expenses	1,170	851
Depreciation	87	113
Other operating expenses	1,016	798
Operating profit	-1,996	-1,492
Financial income and expenses	26,863	31,102
Profit before appropriations and taxes	24,867	29,610
Appropriations	1,886	1,825
Income taxes	-19	-7
Profit for the financial period	26,735	31,428

Parent company balance sheet FAS

EUR 1,000	1.1.-31.12.2019	1.1.-31.12.2018
ASSETS		
Non-current assets		
Tangible assets	934	1,092
Investments in Group companies	21,942	21,942
Other investments	661,099	619,078
Other non-current receivables	23	23
	683,999	642,136
Current assets		
Current receivables	2,416	3,884
Other financial assets	2,242	9,956
Cash and cash equivalents	1,615	10,292
	6,273	24,131
Total assets	690,271	666,268
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	6,521	6,521
Retained earnings	611,493	583,065
Profit for the year	26,735	31,428
	644,749	621,013
Accumulated appropriations		16
Liabilities		
Non-current liabilities	45,000	45,000
Current liabilities	523	238
	45,523	45,238
Total equity and liabilities	690,271	666,268

Parent company cash flow statement FAS

EUR 1,000	1.1.-31.12.2019	1.1.-31.12.2018
CASH FLOW FROM OPERATIONS		
Profit before appropriations and taxes	24,867	29,610
Adjustments		
Depreciation and impairment	87	113
Financial income and expenses	-26,863	-31,102
Other adjustments	11	
Cash flow from operations before change in working capital	-1,898	-1,379
Change in trade and other non-interest bearing receivables (-/+)	-447	41
Change in trade and other non-interest bearing liabilities (+/-)	311	
Cash flow from operations before financial items and taxes	-2,034	-1,338
Interests paid and other financial items	-663	-600
Interests received	349	260
Dividends received	28,814	29,484
Income taxes paid	-40	-10
Cash flow from operations	26,426	27,796

EUR 1,000	1.1.-31.12.2019	1.1.-31.12.2018
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	-4	-5
Proceeds from sale of intangible and tangible assets	64	
Investment in associate	-42,021	-13,617
Cash flow from investments	-41,961	-13,622
CASH FLOW FROM FINANCING		
Group contribution	1,800	1,550
Dividends paid	-2,999	-2,999
Change in other financial assets	8,057	-10,000
Cash flow from financing	6,858	-11,449
Net change in cash and cash equivalents	-8,677	2,725
Cash and cash equivalents at 1 January	10,292	7,567
Cash and cash equivalents at 31 December	1,615	10,292

Oras Invest Ltd's Annual Review and full Financial Report 2019 are available in PDF-format in English and Finnish on the company website orasinvest.fi

Corporate Governance

Oras Invest Ltd (the Company) is a private limited company registered in Finland. The company follows good corporate governance practices based on the Finnish Companies Act and the company's Articles of Association.

The Company is the parent company of Oras Invest Group. In such capacity, it is responsible for the development of the management of the Group, prepares the Group's financial reporting and supports the Group in financial, legal and management issues.

The Group consists of a number of independent subgroups and separate companies. Decisions regarding their operations are taken by each company's own decision-making bodies. Oras Invest exercises its ownership through representatives elected by its Board of Directors in the decision making bodies of its subsidiaries, associated companies and other investments.

General Meeting of Shareholders

The highest decision-making authority in the Company is exercised by the shareholders at the General Meeting of shareholders. According to the Finnish Companies Act and the Articles

of Association, the General Meeting of shareholders decides on the following issues:

- Amendments to the Articles of Association
- Adoption of the annual accounts
- Dividend distribution
- Appointment and compensation of the Owners Board members
- Appointment and compensation of the Board of Directors
- Appointment of the Company's auditor and decision on audit fees

The General Meeting also elects the Chairman of the Board of Directors and the Vice Chairman of the Board of Directors.

Owners Board

The Owners Board prepares all matters that are brought to be decided by the General Meeting and decides on all such owner matters which are not brought to the General Meeting. The Owners Board is responsible for the ownership steering of the Company and determines the long-term will and vision of the owners. The

Owners Board works in close cooperation with the Company's Board of Directors.

The Owners Board consists of four (4) to seven (7) members, who elect a chairperson among themselves. Members of the Owners Board are appointed annually at the General Meeting.

The Owners Board works according to a charter, which describes the role and functions of the Owners Board in detail. The Owners Board decides on the proposal for the appointment of members to the Company's Board of Directors, which is brought to the Annual General Meeting.

Nomination Committee

The task of the Nomination Committee is to find the best possible members to the Board of Directors of the Company and to prepare the proposal regarding their remuneration.

The Owners Board elects a chairman for the Nomination Committee among its members; in addition to which the chairman of the Board of Directors will act as adviser to the Nomination Committee.

The Nomination Committee submits its proposal to the Owners Board, and the Owners Board decides on the proposal for appointment

of members to the Board of Directors, to be brought to the Annual General Meeting. The Nomination Committee submits its proposal regarding matters related to remuneration to the Annual General Meeting.

Board of Directors

In accordance with the Finnish Companies Act, the Board of Directors is responsible for the governing of the Company and the appropriate organisation of its operations. The Board's main duty is to direct the Company's strategy so as to advance the benefit of all shareholders in the long term, while taking into account the expectations of various stakeholders. The Board further monitors and supervises the executive management of the Company, and appoints and dismisses the Chief Executive Officer. The Board also oversees that the Company acts in accordance with its values.

Pursuant to the Articles of Association, the Board of Directors of the Company comprises a minimum of three (3) and a maximum of seven (7) members, appointed for a term starting at the close of the General Meeting at which they were appointed, and expiring at the close of the following Annual General Meeting. Members of

the Board of Directors can also be appointed mid-term, at Extraordinary General Meetings.

The Board of Directors shall comprise of competent members with diverse expertise from various fields. At least two (2) independent members and at least one (1) owner must be appointed as members of the Board.

The Board evaluates its work on an annual basis and reports on this to the Nomination Committee.

Chief Executive Officer

The Chief Executive Officer (CEO) is appointed by the Board of Directors. The CEO plans and manages the Company's operations and is responsible for its executive management in accordance with the instructions and orders given by the Board of Directors. It is the CEO's duty to ensure that the Company's accounts are in compliance with the law and its financial affairs have been arranged in a reliable manner.

Compensation

The Nomination Committee proposes the remuneration of members of the Board of Directors. The General Meeting of shareholders

shall annually decide on the remuneration of members of the Board of Directors and the Owners Board. The Board of Directors decides on the CEO's salary and benefits and confirms the salaries and benefits of the executive committee members.

Supervision

Pursuant to the Articles of Association registered on August 3, 2017, the Company has one auditor and a deputy auditor. In case an Authorised Public Accountants Community is elected as an auditor, a deputy auditor shall not be elected. The Board of Directors proposes auditors for election to the General Meeting which appoints them annually. The auditors provide the Company's shareholders with the statutory auditor's report. Auditors' duties are regulated by statutory law and other sources.

Together with the Chief Executive Officer, the Board of Directors of the Company is responsible for arranging appropriate internal supervision.

Board of Directors

Jari Paasikivi

CHAIRMAN

Finnish citizen, M.Sc. (Econ.)

Board memberships:

Chairman of the Board, Varma Mutual Pension Insurance Company, since 2017
Chairman of the Board, Kemira Oyj, since 2014
Chairman of the Board, Tikkurila Oyj, since 2010

Kaj Paasikivi

Finnish citizen, B.Sc. (Business Administration, Woodbury University),
MBA (Helsinki School of Economics)

Board memberships:

Chairman of the Board, NextStone, since 2007
Member of the Board, Oras Invest Ltd, since 2010

Robin Lawther

American and British citizen, BA Honours (Economics), University of North Carolina at Chapel Hill, M.Sc. (Accounting & Finance), London School of Economics

Board memberships:

Member of the Board, Ashurst LLP, since 2019
Chairman Audit Committee, since 2019
Member of the Board, Oras Invest Ltd, since 2016
Member of the Board, Nordea, since 2014
Chairman Nordea Remuneration Committee, since 2017
Member of the UK Government Board, UK Government Investments, since 2014

Dr. Frank Stangenberg-Haverkamp

German citizen, M.Sc. (Econ.), Ph.D., University of Freiburg/Germany

Board memberships:

Chairman of the Executive Board, E. Merck KG, Darmstadt, Germany, since 2014
Chairman of the Board of Travel Asset Group Ltd, London/UK, since 2007
Chairman of the Supervisory Board, Fortas AG, Roesrath/Germany, since 2000
Member of the Board, Oras Invest Ltd, since 2012

Ulf Mattsson

Swedish citizen, B.Sc. in BA and Econ., PMD Harvard Business School

Board memberships:

Chairman of the Board, Lideta AB, since 2018
Chairman of the Board, VaccinDirekt AB, since 2018
Chairman of the Board, Eltel AB (publ.), since 2017
Member of the Board, Priveq V AB, since 2017
Member of the Board, Oras Invest Ltd, since 2014
Member of the Board, AddTech AB (publ), since 2012
Senior Advisor, PJT Partners, since 2017

Christoph Vitzthum

Finnish citizen, M.Sc. (Econ.) President and CEO, Oy Karl Fazer Ab since 2013

Board memberships:

Chairman of the Board, Konecranes, since 2016
Member of the Board, Nordstjernan AB, since 2017
Member of the Board, Oras Invest Ltd, since 2013



From left: Kaj Paasikivi, Christoph Vitzthum,
Dr. Frank Stangenberg-Haverkamp,
Robin Lawther, Ulf Mattsson and Jari Paasikivi 39

Management

Annika Paasikivi

PRESIDENT AND CEO

Finnish citizen, M.Sc. Global Politics
(University of Southampton)

Board memberships:

Chair of the Board, Uponor Corporation, since 2018
Vice Chairman of the Board, Oras Ltd, since 2014
Member of the Board, Varova Oy, since 2016

Ville Kivelä

CHIEF INVESTMENT OFFICER

Finnish citizen, M.Sc. (Econ.)
(Helsinki School of Economics)

Anniina Myllyperkiö

EXECUTIVE ASSISTANT

Finnish citizen, BBA (Haaga-Helia
University of Applied Sciences)

Heli Leskinen

INVESTMENT MANAGER

Finnish citizen, M.Sc. (Econ.)
(Aalto University School of Business)



From left: Heli Leskinen,
Ville Kivelä, Annika Paasikivi
and Anniina Myllyperkiö

The background of the entire page is a blue marbled pattern, resembling watercolor or ink bleed on paper. The colors range from a deep, dark blue on the left to a lighter, almost white blue on the right, with intricate, organic veins and blotches throughout.

Oras Invest Oy

Fabianinkatu 14 A, 4th floor
00100 Helsinki, Finland
Telephone +358 10 2868 100