

29-APRIL-2021 // SAP CONFERENCE FOR CHEMICALS // SIMO NUUTINEN

Kemira's journey to Integrated planning

OUR PLANNING JOURNEY IN DIGITALIZING THE BASE BUSINESS DEMAND, SUPPLY AND INVENTORY PLANNING WITH SAP IBP FOR PROFIT AND SERVICE.

kemira

We are global

- Pulp & Paper
- Industry & Water

2020 REVENUE

€2.4B

2020 OPERATIVE EBITDA

€435M

MARGIN 17.9%

SALES TO

100+

COUNTRIES

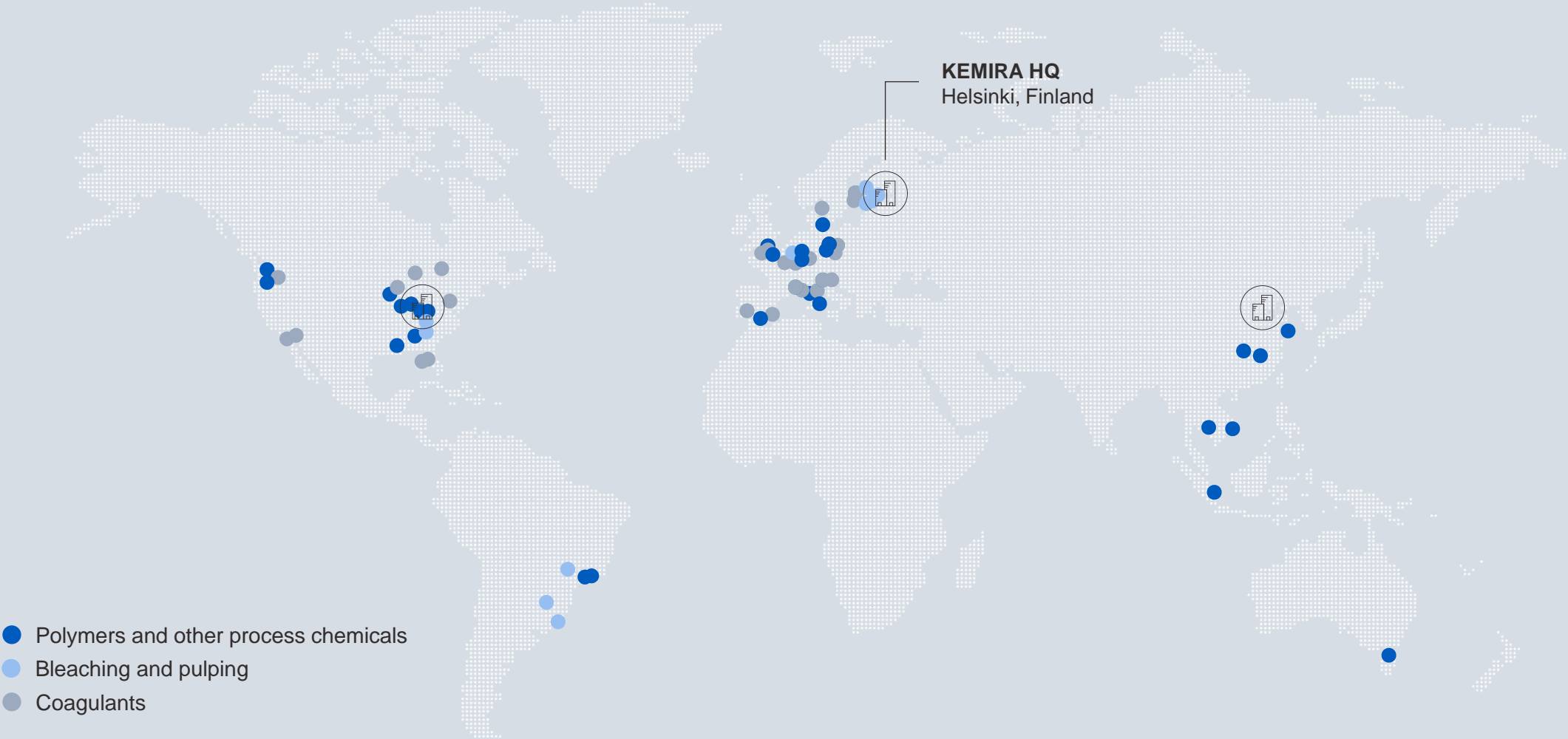
NUMBER OF EMPLOYEES


~5,000

WORLDWIDE

Global reach – local excellence

60+ MANUFACTURING SITES

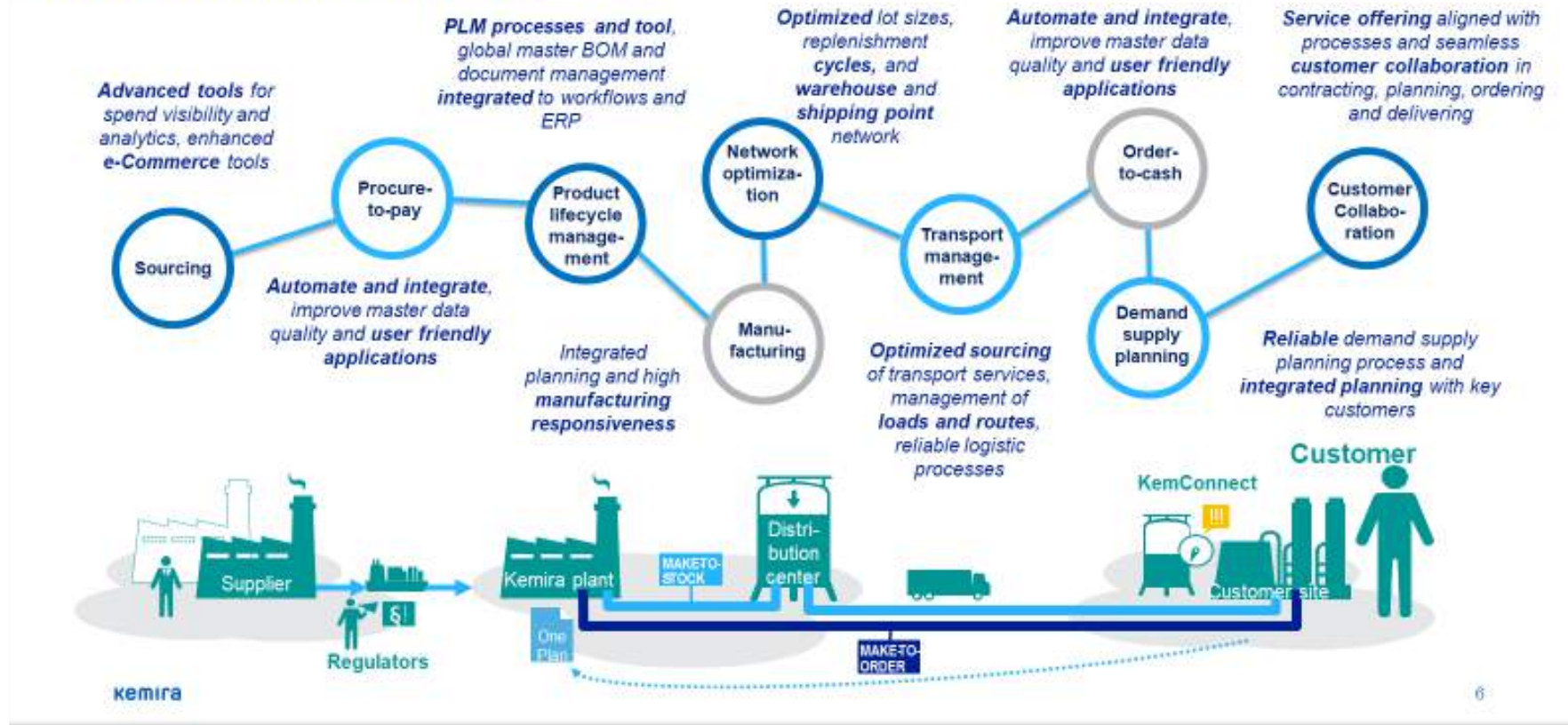


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- **The starting point - and preparatory steps for a smooth project**
 - Our journey to Integrated planning
 - Outcome - and how did we navigate through the change cycle?
 - Key ambitions – and how they have been met with SAP IBP?
 - Business impact of deploying Integrated planning

The starting point

SYSTEMATIC END-TO-END SUPPLY CHAIN DEVELOPMENT CROSS BUSINESS SEGMENTS AND FUNCTIONS

BOOSTING the optimization of operations and seamless flow of information and material

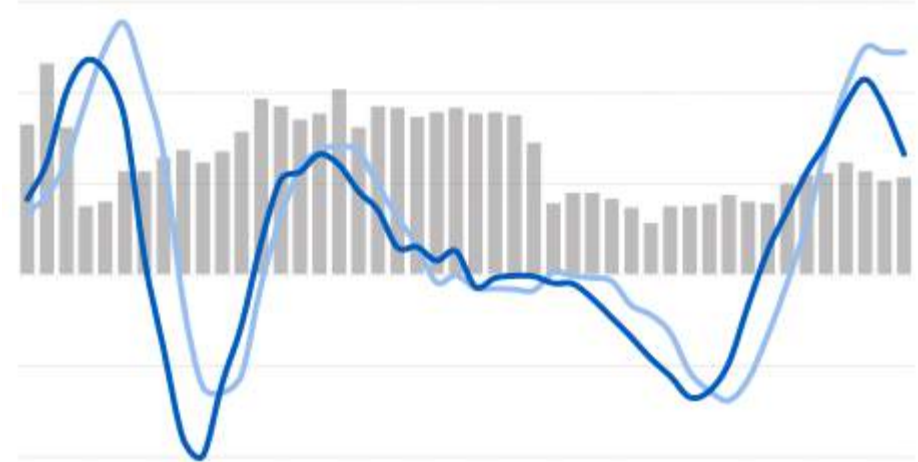


S&OP basics

PLANNING ENSURES OUR PRODUCT LINES REACH THE WANTED BUSINESS POSITION

- **Commodity products**
 - Make to order
 - Good sales forecast accuracy
 - Low number of products
 - Assets run full, good production accuracy
 - Relatively simple distribution network
- **Specialty products**
 - Make to stock
 - Lower sales forecast accuracy
 - High number of products
 - Inventory turns optimized
 - More complex distribution network

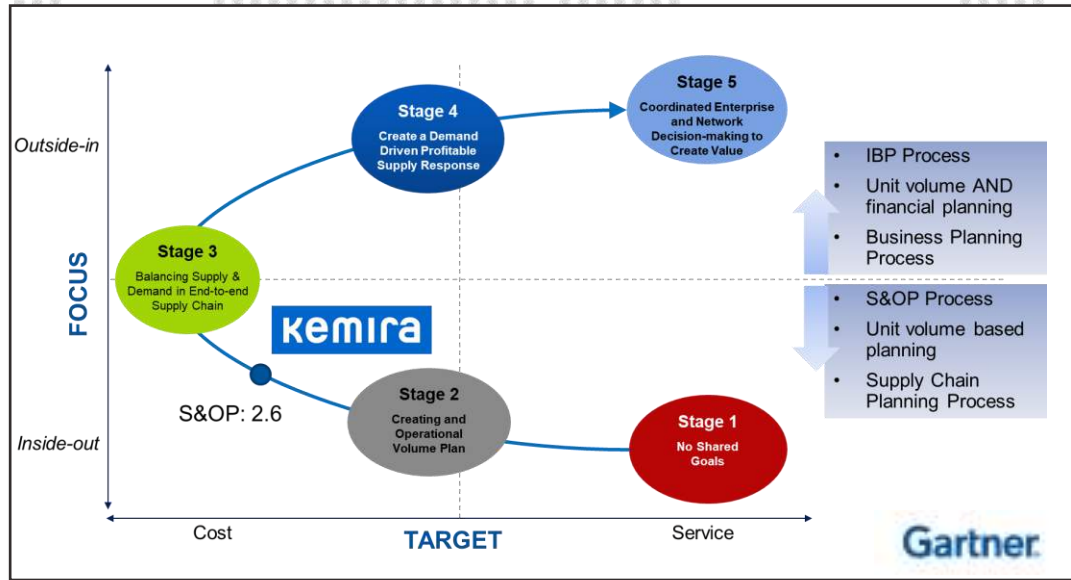
Key to success



Planning maturity


GARTNER ASSESSMENT

Solid foundation with volume planning

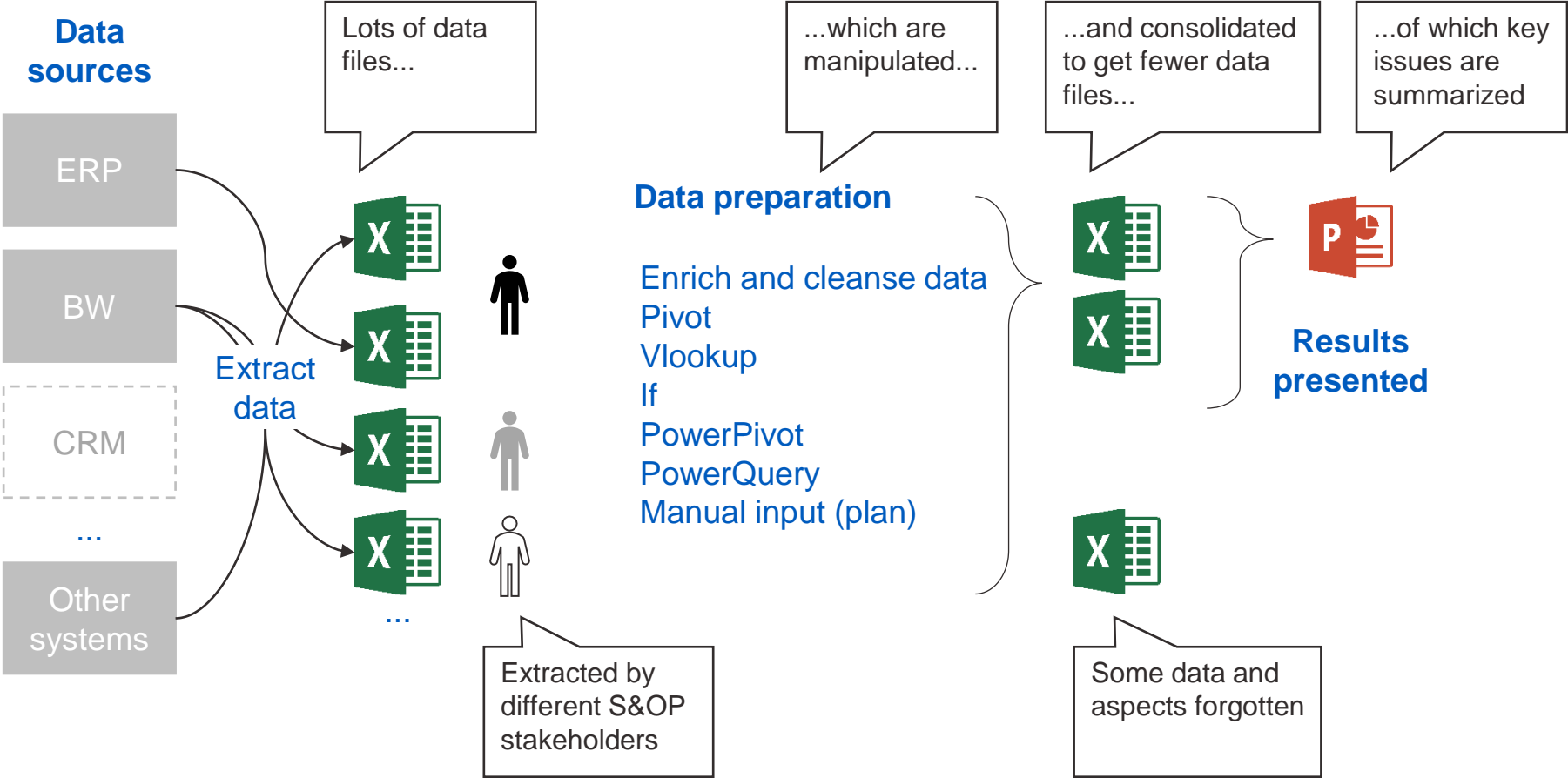


ACTION PLAN TO REACH 3 & 4

- End-to-end visibility
- Improve plan accuracy for inventory and delivery performance
- Integrate operative planning to financial planning

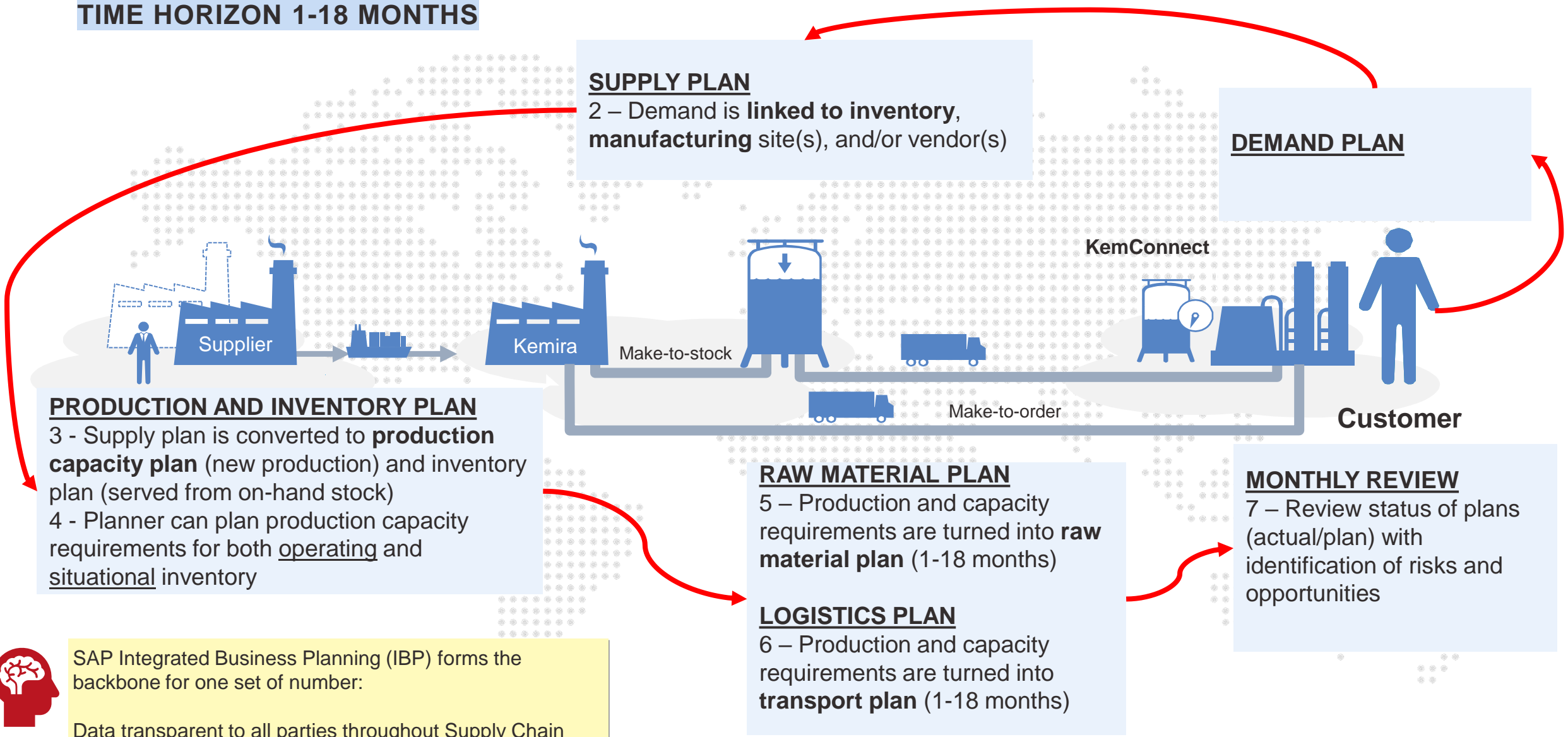
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Familiar routine to everybody?




Planning in Kemira business

TIME HORIZON 1-18 MONTHS

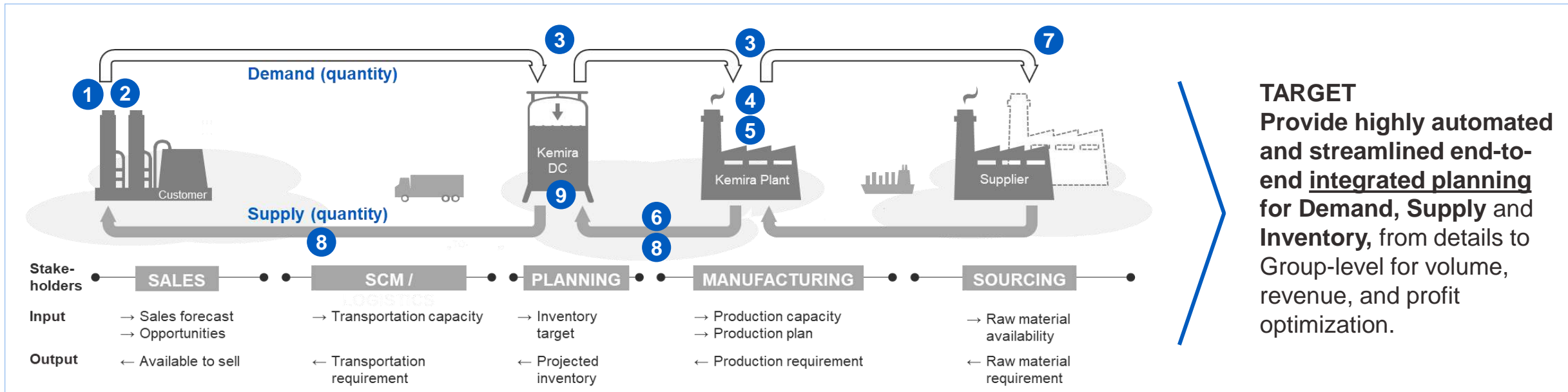


SAP Integrated Business Planning (IBP) forms the backbone for one set of number:
Data transparent to all parties throughout Supply Chain

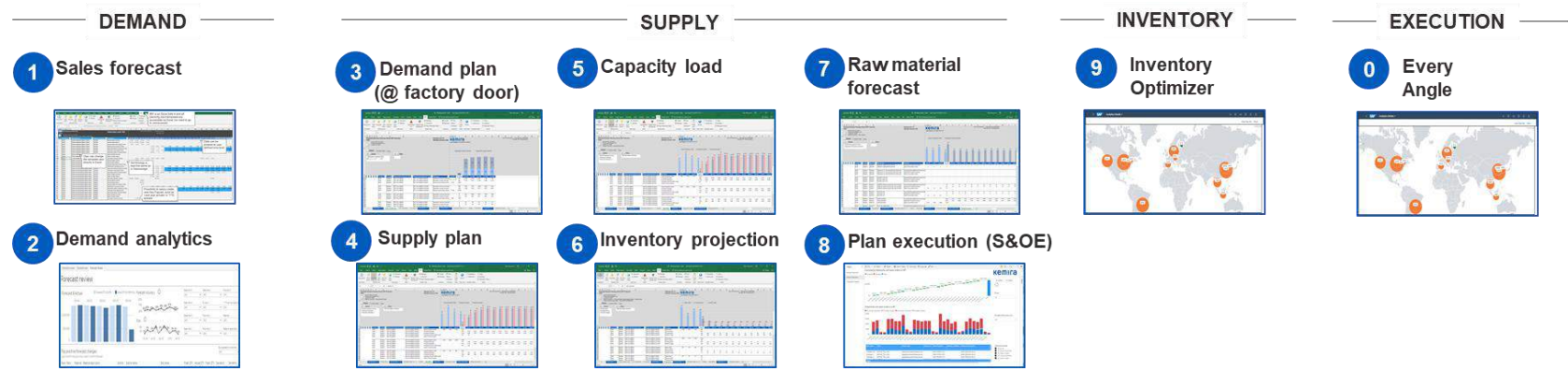
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End-to-end visibility

REAL-TIME PLANNING VISIBILITY TO GLOBALLY ALIGN THE SALES NEED AND MANAGE SUPPLY



TARGET
Provide highly automated and streamlined end-to-end integrated planning for Demand, Supply and Inventory, from details to Group-level for volume, revenue, and profit optimization.



New tool allows commercial teams to better focus on planning

IBP is an Excel Add-in and all planning input templates are accessible via Excel (no need to go to online portal)

User can change the template view directly in Excel

Terminology is kept the same as in Steelwedge

Possibility to easily create new Key Figures, such as 'Last year actuals' or 'YTD actuals'

Data can be entered at user defined time level

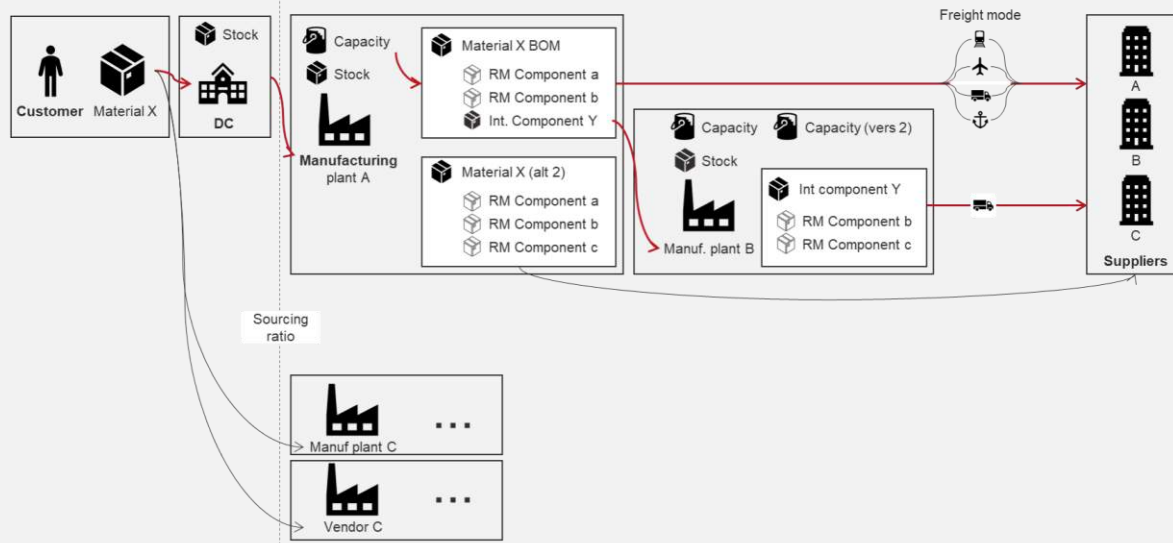
Unit	Material	Plant	Actual Sales (Units)	Actual Sales (Rev)	Forecast Price (Rev/Unit)	Adjusted Sales Forecast (Units)	Adjusted Sales Forecast (Rev)	Open Orders (Units)	Last Year Actuals (Units)
5	50229	SPAM AN40SH BBAG 70NG	507209	4.831	4.157	0.534			
6	50229	SPAM AN40SH BBAG 70NG	507209	18.031	18.900	18.991	9.981		
7	50229	SPAM AN40SH BBAG 70NG	507209	4.147	4.029	4.177	3.116		
8	50229	SPAM AN40SH BBAG 70NG	507209		4.170	3.910	780	780	780
9	50229	SPAM AN40SH BBAG 70NG	507209		4.170	0	0	0	0
10	50229	SPAM AN40SH BBAG 70NG	507209		4.56	3.15	3.80	3.80	3.80
11	50229	SPAM AN40SH BBAG 70NG	507209		19.050	0	0	0	0
12	50229	SPAM AN40SH BBAG 70NG	507209						34.051
13	50229	SPAM AN40SH BBAG 70NG	507209		4.037	3.905	4.572	3.938	3.629
14	50229	SPAM AN40SH BBAG 70NG	507209		3.992	4.033	4.137		
15	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
16	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
17	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
18	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
19	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
20	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
21	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
22	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
23	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
24	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
25	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
26	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
27	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
28	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
29	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
30	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
31	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
32	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
33	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750
34	51224	SPAM A211SPH	131129	0	0.752	0.752	1.750	1.750	1.750



- New demand planning
- 500 commercial team members trained
- Easy-to-use excel

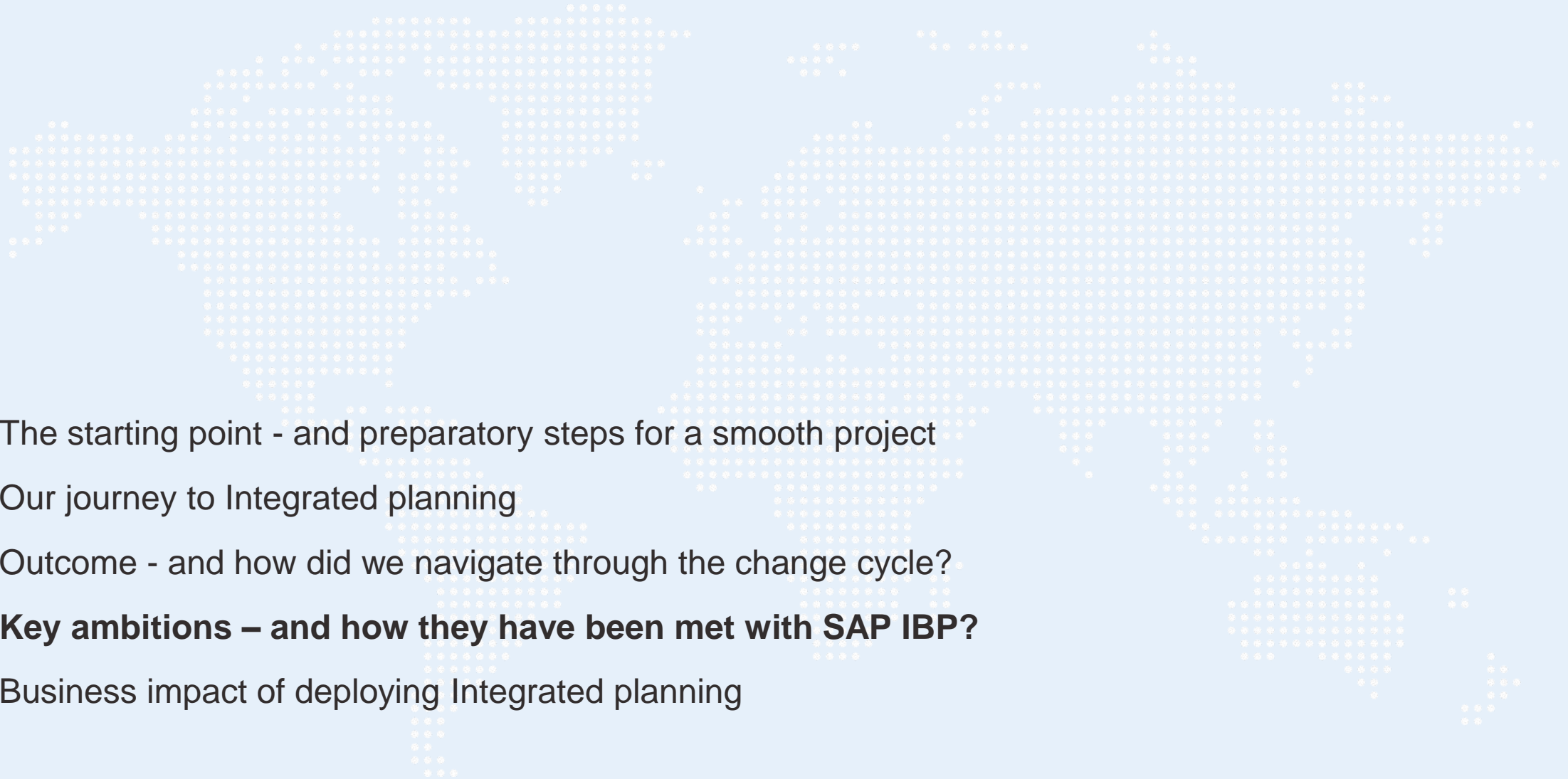
New process connects the volume planning and price&cost forecasting to ensure optimal decisions

CLEAR AND LOGICAL LINKAGES BETWEEN DEMAND AND SUPPLY AT ALL HIERARCHY LEVELS (SALES/PRODUCT) IN ALL TIME HORIZONS (YEAR/QUARTER/MONTH/WEEK)



1. Does the plan work for the next 12 months? Is there enough:
 - a. Inventory
 - b. Manufacturing capacity
 - c. Raw materials
 - d. Logistics capacity
2. If not, can I adjust the plan in the fixed network (e.g. level out capacity for multiple periods)
3. If not, can I adjust the network setup?
 - a. Alternative BOM
 - b. Alternative capacity (version)
 - c. Alternative source location (CMIR, spec.proc key)
4. Finally, when adding prices and costs, does the plan make financially any sense or can I get better return by adjusting it?



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- A major product line was prioritized for implementing integrated operative planning in a Kemira Must-win-Battle –program
- Target was to setup first time a real-time and integrated planning capability for demand, supply, and inventory into operative use in 2020
- Planning teams embarked this journey in January 2020



We quickly learned it was not smooth sailing

- COVID resulting to low visibility in customer demand
- Numerous FMs for critical raw materials
- Late season hurricanes hitting the NA value chain
- UK exiting from EU outside customs union borders (Brexit)
- Sea container constraints in Asia
- Texas winter storm

It was a perfect storm – but at the same time it was catalyst for new planning

- Real-time visibility allowed planning to quickly create a fact-based view to global demand-supply balance
- Real-time planning capability ensured you were quickly able to create an impactful supply response to demand and supply disruptions
- More importantly, you were able to balance the response to profit and service – and thus optimize the Kemira cash flow



Business outcomes

NO SUPPLY GAP

“Nearly all demand met throughout the year – even though planning operated with low sales forecast accuracy and significant bias”

50% REDUCTION WITH STOCK-OUTS


“Inventory was planned with a new level of accuracy”

HIGH SUPPLY PLAN ACCURACY

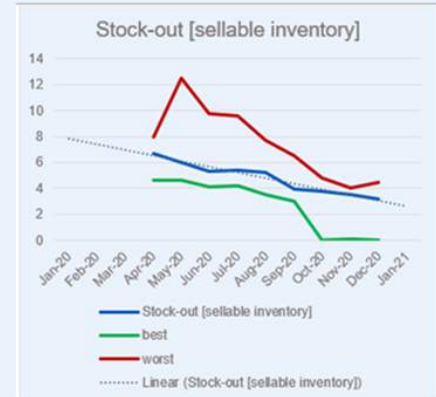
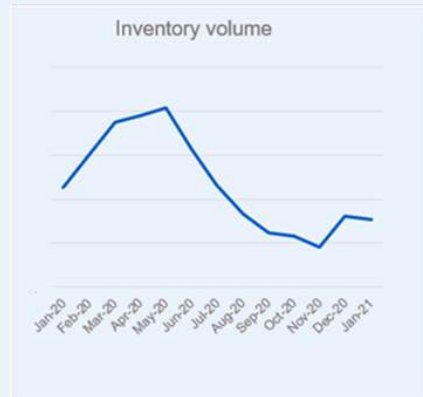
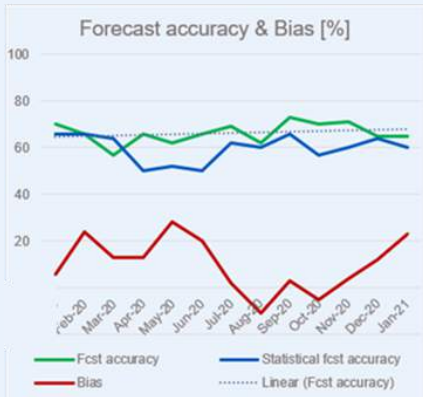
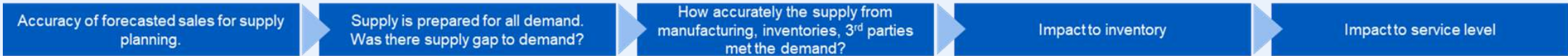
“This was a key enabler for the service level improvement visible for customers”

50% REDUCTION WITH AGING INVENTORY

“With new controls focusing on inventory turns and sellable inventory – the aging inventory volume was driven down”

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Optimizing end-to-end planning



- > Service level improvement sustained
- > Accurate supply plan ensures timely deliveries
- > DIO and inventory levels have improved simultaneously

Here's what our customers have to say

- High quality, performance products with 98% on-time delivery during the pandemic
- Knowledgeable and service-oriented technical staff
- Safety focus from on-site support to delivery drivers
- **Excellent customer service and logistics**



NET PROMOTER SCORE

44

OVERALL SATISFACTION

8.5

Net Promoter ScoreSM measures customer loyalty by asking "On a scale on 1 to 10, how likely are you to recommend [company] to a friend or colleague?".
Net Promoter ScoreSM or NPS[®] is a service mark or trademark of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld."

Value-driven results

Kemira

“SAP Integrated Business Planning for Supply Chain improves forecast accuracy, supports on-time delivery, and allows us to build **profit-optimized plans.**”

Simo Nuutinen, Head of Global Planning, Supply Chain, Kemira Oyj

600

Empowered users making data-driven decisions across the supply chain

One

Common platform unifying operative planning across 60 manufacturing sites and 200 inventories

OUR RECIPE FOR SUCCESS

New integrated process

Committed people

Best-in-class technology





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