

Perstorp Holding AB (Publ.)

Interim report, January-March 2016

Conference call April 28th, 2016

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Important notice

- ➔ Unless otherwise stated, the financial information presented in this document represents the Group's continuing operations, i.e. excluding:
 - 15% stake in Vencorex (the former Coating Additives business unit, 51% divested in May 2012 and 34% divested in August 2014)
- ➔ During the second quarter 2015, the Board of Directors decided to realign Perstorp's organizational structure as part of its transformation and started to report its financial performance based on the three reportable segments Specialties & Solutions, Advanced Chemicals & Derivatives and BioProducts. As a consequence of this, historical segment numbers have been adjusted accordingly for comparative purposes

Agenda

- ➔ Business performance
- ➔ Financial review
- ➔ Summary
- ➔ Q&A

Business performance



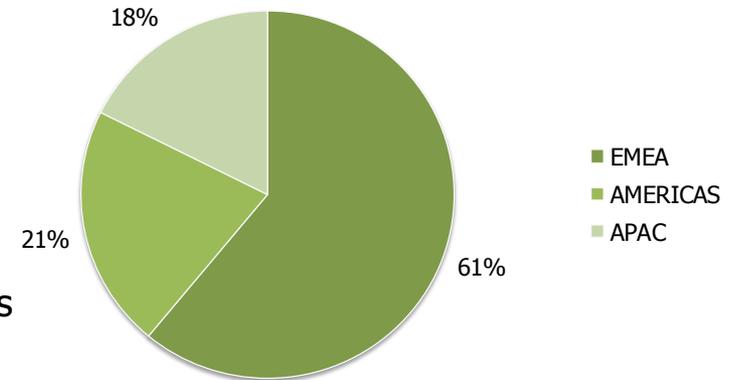
Jan Secher
President & CEO

Executive summary

- ➔ Organic volume-based sales growth was flat vs. a strong Q1 last year. Excluding BioProducts, organic volume-based sales growth was up 1.5%
- ➔ Solid growth for our specialty products proven by an all-time high sales record for Capa. The BioProduct business had somewhat lower volumes and some of our other product lines experienced a competitive market
- ➔ Q1 sales amounted to SEK 2,616 m, a 11% decrease over last year reflecting the decline in raw material prices. Sales increased 8% compared to Q4/15
- ➔ Marginal contribution as well as unit margins have remained stable on a healthy level despite lower sales prices for several products
- ➔ EBITDA excluding non-recurring items amounted to SEK 457 m in Q1/16 compared to SEK 531 m last year and SEK 238 m in Q4/15. The shortfall vs. Q1 last year was mainly due to unfavorable FX revaluation effects, amounting to SEK 65 m
- ➔ Q1 EBITDA margin amounted to 17,5% driven by a strong and solid performance in our specialty business
- ➔ Cash flow was on par with last year and amounted to SEK 319 m

Market overview

Q1/2016, Net Sales by region, %

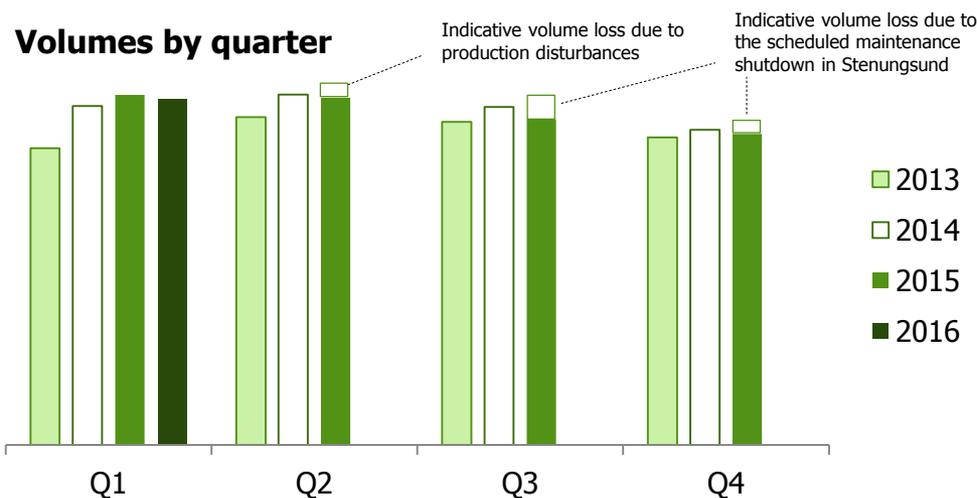


- ➔ Overall demand was stable in our major markets but general sales prices have declined as a consequence of lower raw material prices
- ➔ Sales in EMEA were 14% lower than the corresponding period last year primarily following generally lower sales prices but also lower volumes. Volumes were 5% below last year, mainly driven by less demand in the Fuel segment. Excluding BioProducts, volumes were 3% below last year
- ➔ Sales in Americas were 17% below Q1 last year mainly due to lower sales prices but also volumes were down 6% following a weak demand in South America and a continued depressed oil drilling market significantly affecting our Formates business
- ➔ Sales in APAC were 3% above Q1 last year following substantially higher volumes, +25% increase vs. last year, partly offset by lower sales prices mainly linked to BA Advanced Chemicals & Derivatives

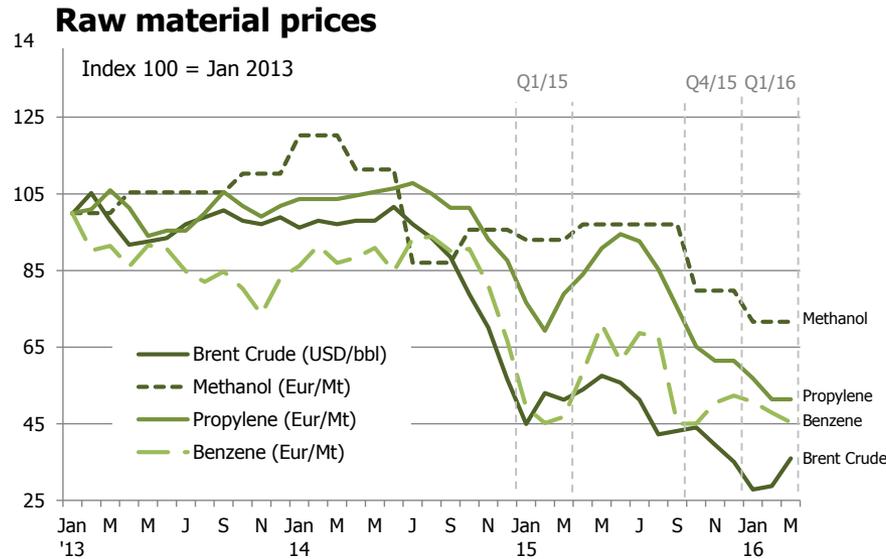
Key net sales drivers during Q1

- ➔ Year-on-year growth was flat with a strong comparison quarter
 - Organic volume-based sales growth was flat year-on-year. Excluding Business Area BioProducts, organic volume-based sales growth amounted to +1.5%

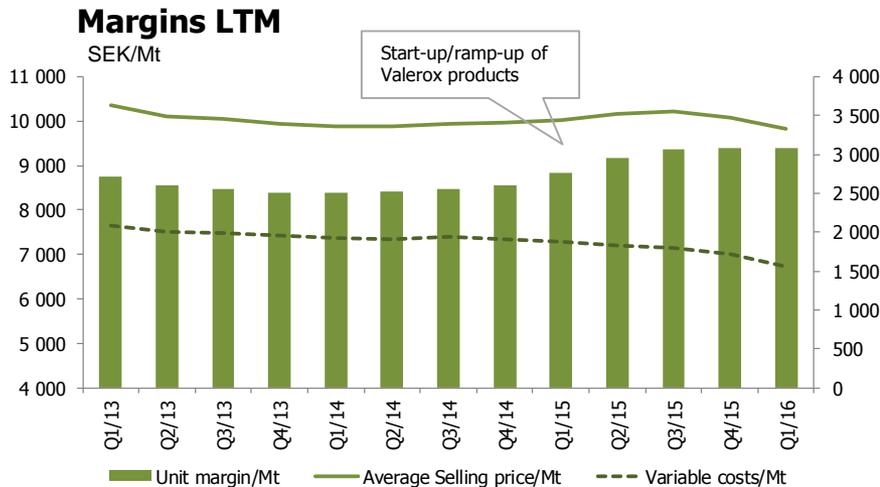
- ➔ Average selling prices in SEK decreased year-on-year due to a decline in raw material prices
 - Reported SEK-prices in Q1/16 decreased 11% year-on-year mainly following the lower raw material prices and increased competition in some product lines
 - No FX-effects compared to Q1/15, a slightly weaker USD (Q1 avg rate) was offset by a stronger EUR



Raw materials and margins



- ➔ Key raw material prices decreased during the quarter
 - Average price for Brent crude oil decreased by 22% in Q1/16 vs Q4/15 and was close to 40% lower than in Q1/15
 - Propylene decreased 15% in Q1/16
 - Benzene decreased 3% in Q1/16
 - Methanol decreased 10% in Q1/16



- ➔ Year-on-year unit margins were stable helped by successful margin management, but offset by increased competition in some product lines. Continuous focus on pricing excellence in combination with lower raw material prices have enabled enhanced margins for some products

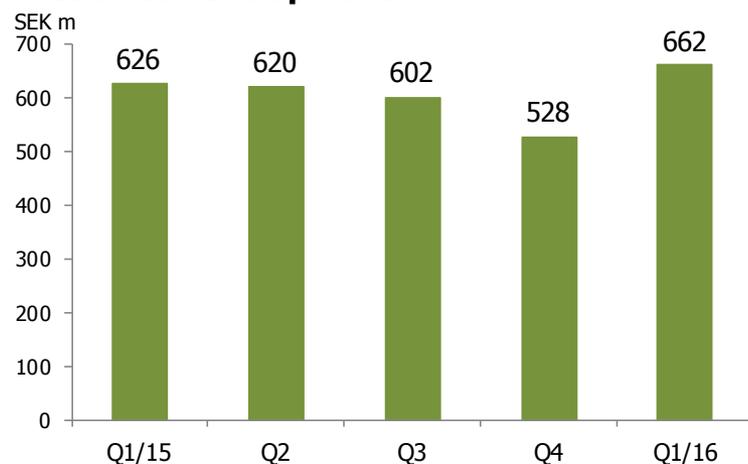
- ➔ Margins achieved in Q1/16 were significantly higher than Q4/15

Specialties & Solutions

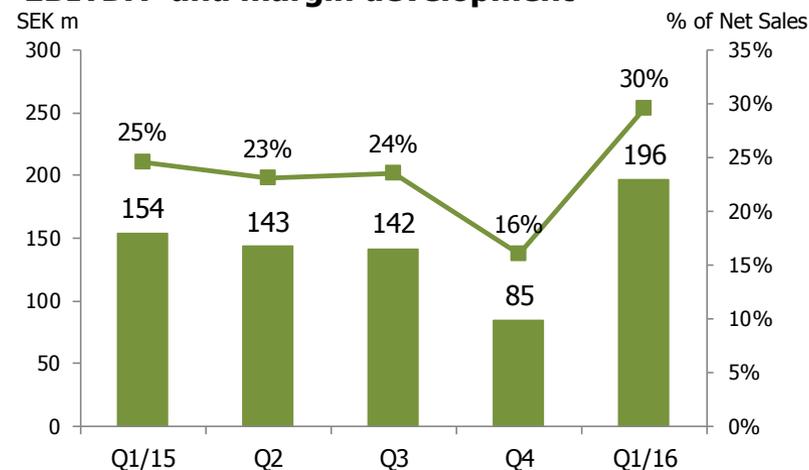
- ➔ Stronger volumes in combination with stronger unit margins
 - Q1/16 net sales amounted to SEK 662 m, 6% higher than Q1/15, impacted by higher volumes, partly offset by lower sales prices. No FX-effects on net sales
 - Organic volume-based sales growth was 8%¹
 - Q1/16 EBITDA amounted to SEK 196 m, corresponding to an EBITDA margin of 30%. Earnings show an increase of 27% compared to Q1/15, impacted by a combination of stronger unit margins due to successful margin management and stronger volumes

¹= in Q1/16, one product line was transferred from Business Area Advanced Chemicals & Derivatives; adjusted for this, the organic volume-based sales growth was 4%.

Net sales development



EBITDA² and margin development



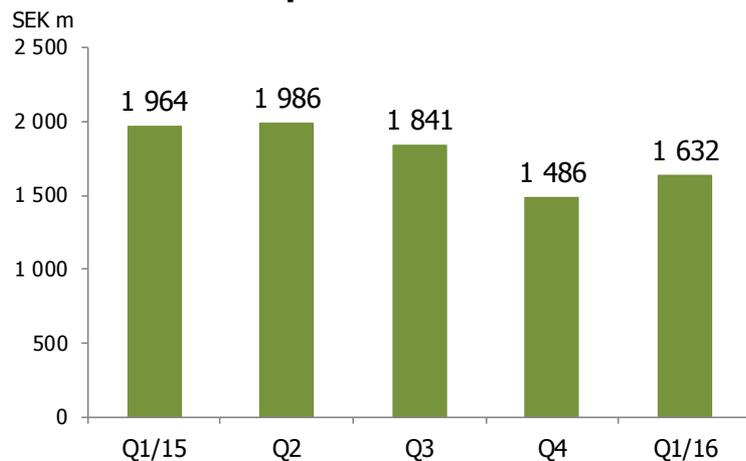
²= EBITDA excluding non recurring items

Advanced Chemicals & Derivatives

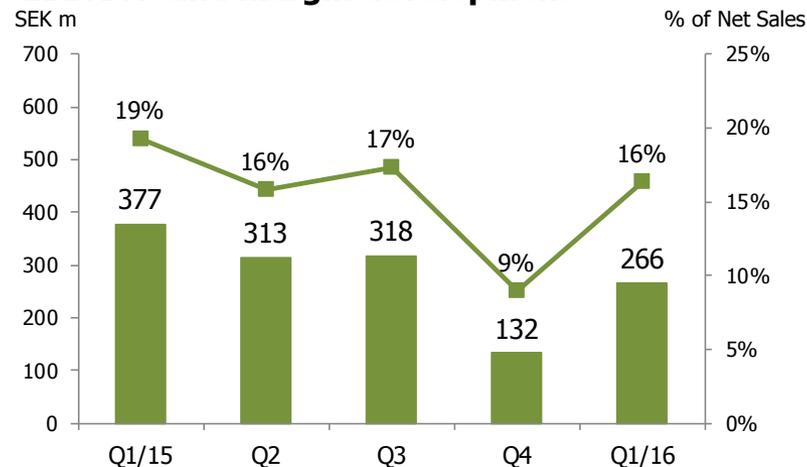
- ➔ Earnings negatively affected by less favorable market conditions
 - Q1/16 net sales amounted to SEK 1,632 m, 17% lower than Q1/15 fully assignable to lower sales prices. No volume or FX-effects on net sales
 - Organic volume-based sales growth was flat vs. Q1/15
 - Q1/16 EBITDA amounted to SEK 266 m, corresponding to a EBITDA margin of 16%. Earnings decreased vs. Q1/15 mainly due to negative impact from less favorable market conditions on Oxo alcohols, Neo and Formates

¹= in Q1/16, one product line was transferred to Business Area Specialty & Solutions; adjusted for this, the organic volume-based sales growth was 1%

Net sales development



EBITDA² and margin development



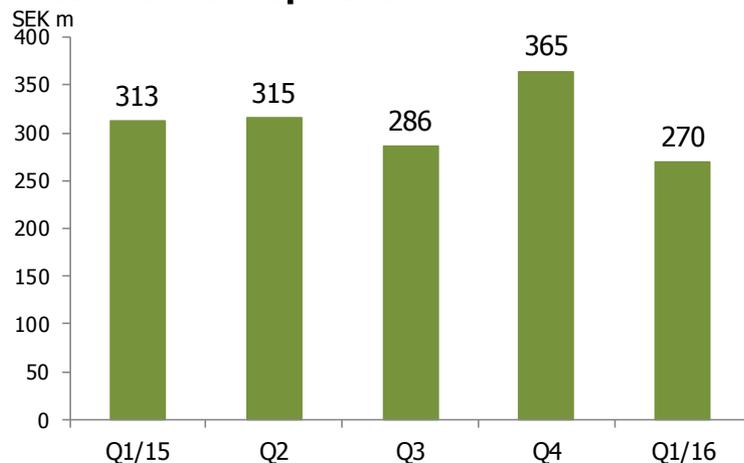
²= EBITDA excluding non recurring items

BioProducts

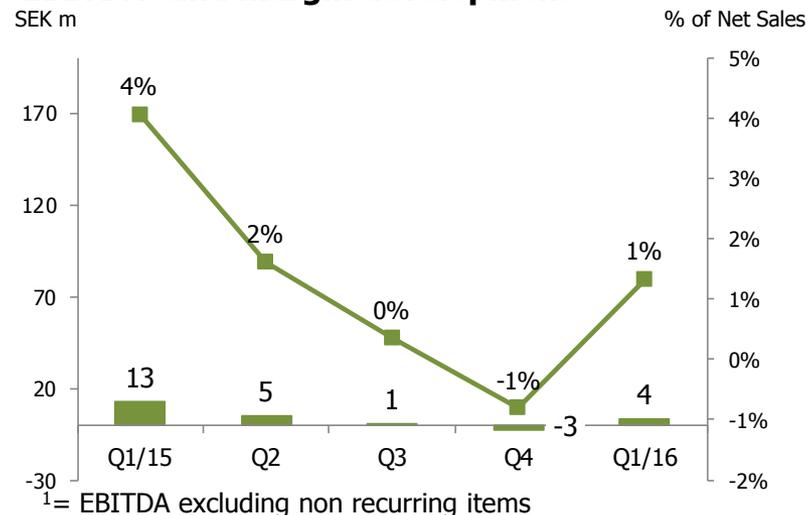
➔ Lower volumes due to less favorable market conditions

- Q1/16 net sales amounted to SEK 270 m, 14% lower than Q1/15, impacted by lower sales volumes due to less favorable market conditions and slightly negative FX effects, partly offset by higher sales prices
- Organic volume-based sales growth was -16%
- Q1/16 EBITDA amounted to SEK 4 m compared to SEK 13 m in Q1/15. The decline in earnings can be assignable to lower volumes
- The ramp up of the Norwegian plant progressed well with material on specification for the entire quarter

Net sales development



EBITDA¹ and margin development

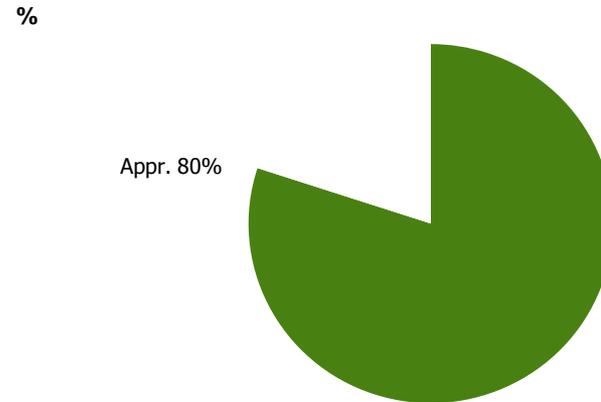


Valerox update

Overview

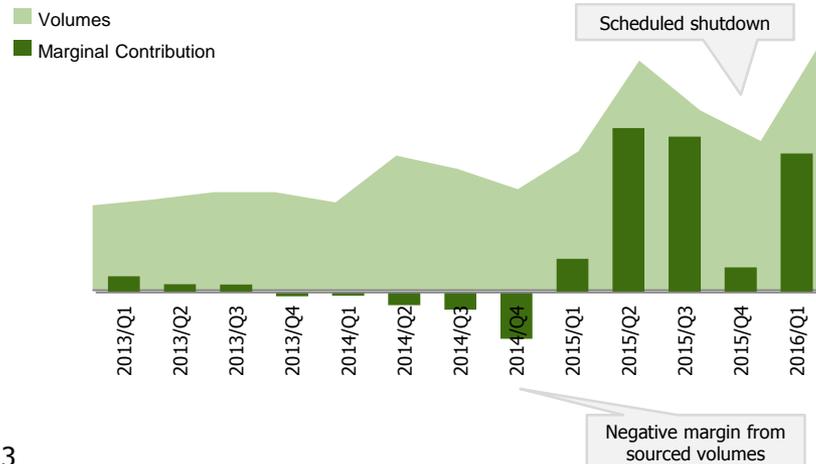
- ▶ The new production plant for Valeraldehyde and its derivatives 2-PH, Emoltene100™ and Valeric Acid, was successfully started early January 2015
- ▶ The 2nd Valerox-reactor was installed during the scheduled shutdown in September/October 2015 and increased capacity with 35kT of Valeraldehyde
- ▶ Marginal contribution in 2015 was negatively impacted by temporary use of sourced material instead of own material during Q1/2015, due to unscheduled (force majeure) lack of supply from our supplier and Q4/2015 due to scheduled maintenance shutdown
- ▶ Sold volumes have ramped up, especially for Emoltene™100
- ▶ We are confident we will achieve our targeted productivity and cost situation

Valerox Q1 production capacity utilization

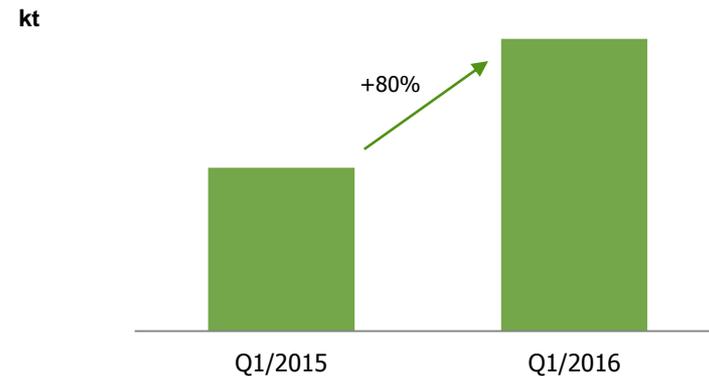


Volumes and Marginal Contribution of Valerox related products

Volumes (kt) and Marginal Contribution (SEKm)



Sold volumes of Valerox related products



Financial review



Magnus Heimburg

CFO

Financial highlights

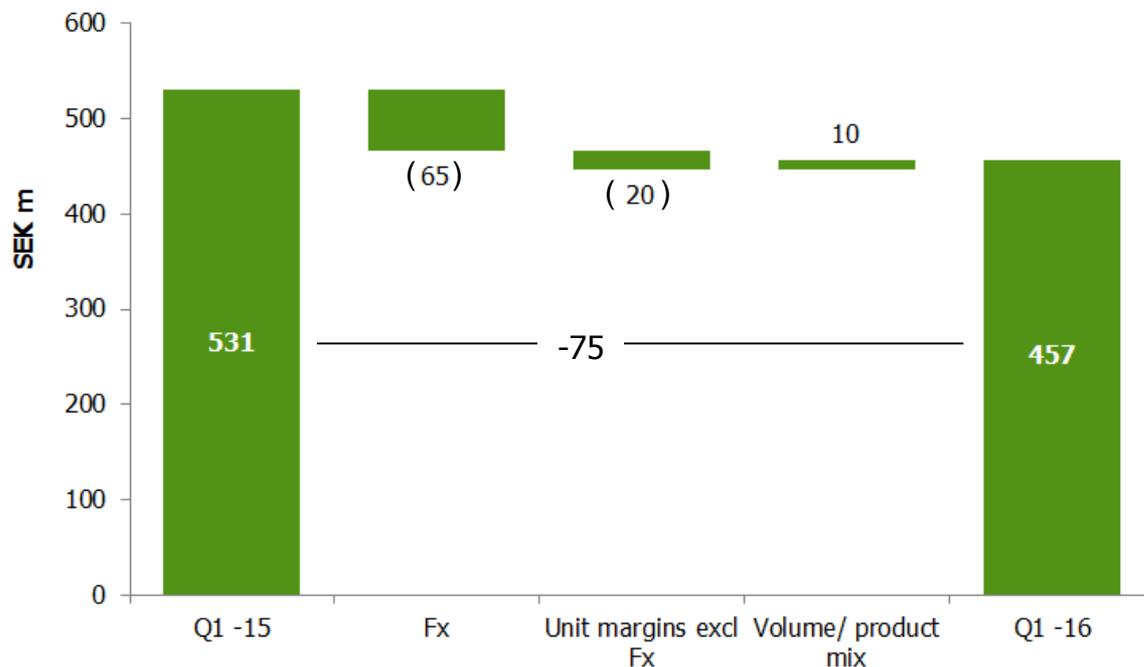
Q1 2016

| SEK m | Q1 -16 | Q1 -15 | LTM Q1-16 | Q4 -15 |
|----------------------------------|--------|--------|-----------|--------|
| Net Sales | 2,616 | 2,949 | 10,816 | 2,431 |
| % growth (y-o-y) | -11% | | | |
| Marginal Contribution | 910 | 920 | 3,405 | 698 |
| % of sales | 34,8% | 31,2% | 31,5% | 28,7% |
| EBITDA, reported | 443 | 525 | 1,571 | 227 |
| % of sales | 16,9% | 17,8% | 14,5 | 9.3% |
| EBITDA, excl non recurring items | 457 | 531 | 1,593 | 238 |
| % of sales | 17,5% | 18,0% | 14,7% | 9.8% |

- ➔ Volume-based sales growth was flat, whereas Net sales decreased around 11% compared to Q1/15, mainly as a consequence of declining raw material prices
- ➔ Marginal contribution was close to the same level as last year. Unit margins (SEK/kg) were stable year-on-year whereas margins in % of sales improved to c. 35%
- ➔ EBITDA excluding non recurring items amounted to SEK 457 m vs. 531 m Q1/15, primarily affected by less favorable FX revaluation effects

Bridge EBITDA excl. non recurring items

Q1 -16 vs. Q1 -15

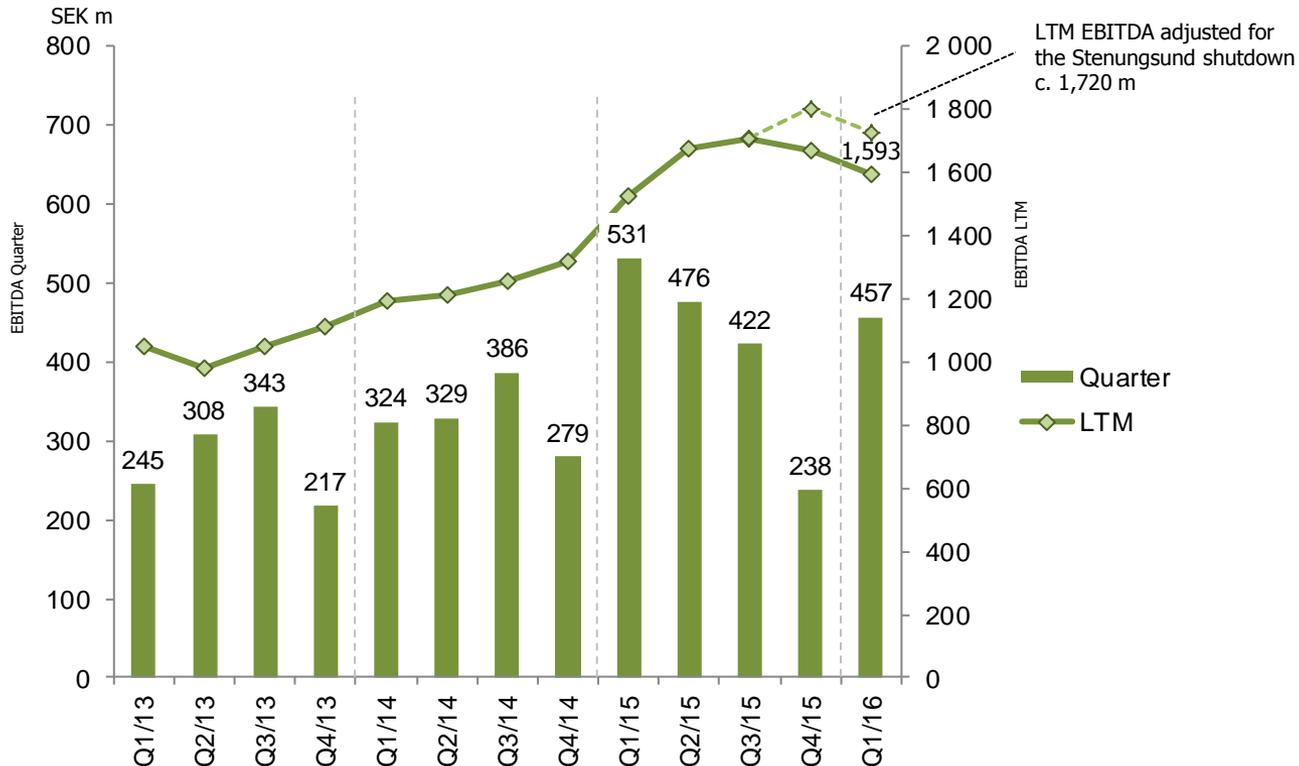


- ➔ Q1/16 EBITDA excluding non recurring items decreased SEK 75 m year-on-year, primarily explained by less favorable FX revaluation effects. Net effect from price/unit margin was slightly negative driven by margin pressure in some product lines, partly offset by somewhat positive product mix

LTM development

Q1/13 to Q1/16

EBITDA excluding non recurring items

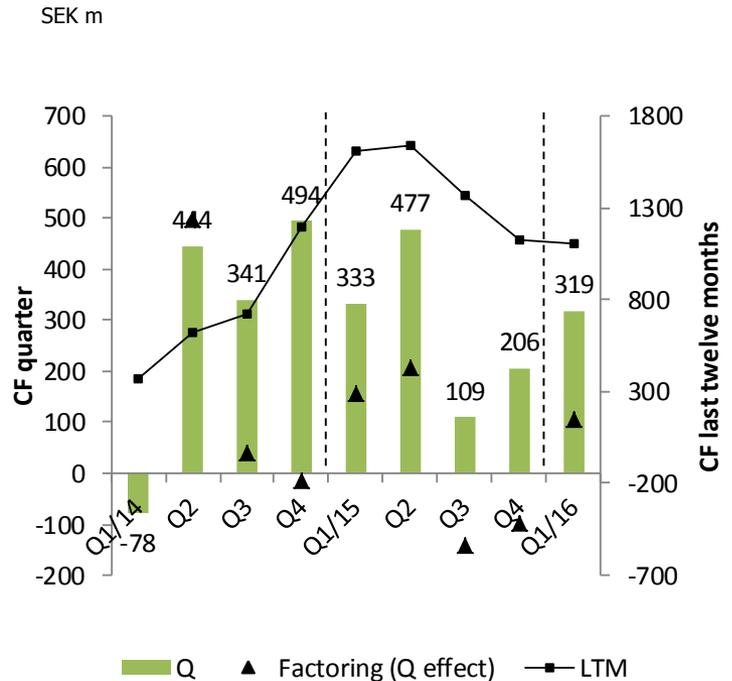


- ➔ Reported LTM EBITDA amount to SEK 1,593 m in Q1/16
- ➔ Adjusting for the negative effects from the shutdown in Q4/15, which will impact the LTM result until Q4/16, the LTM EBITDA would have been around SEK 1,720 m

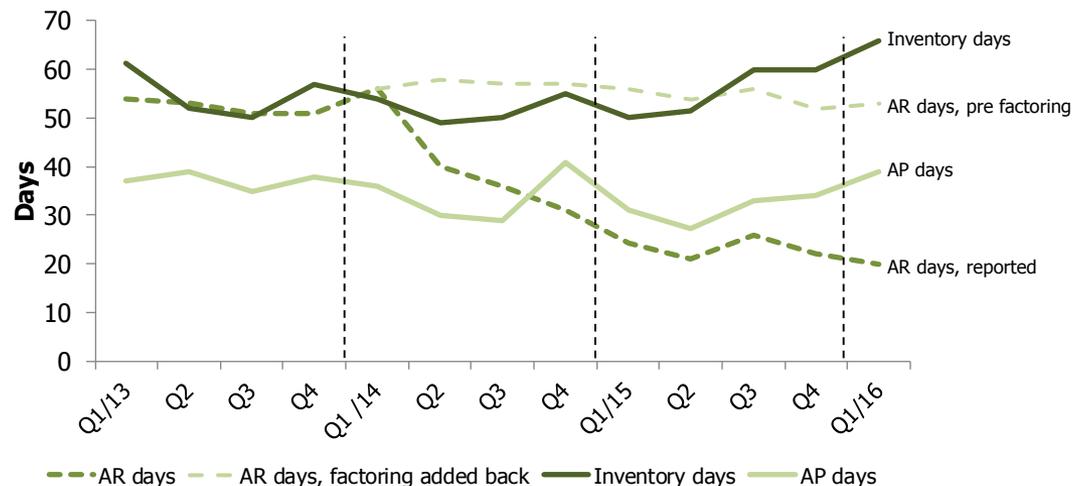
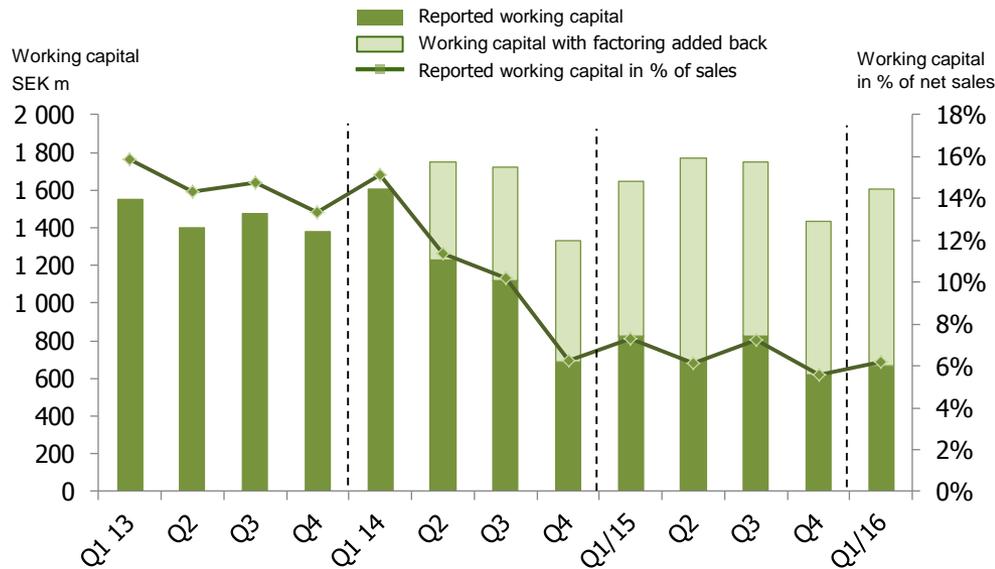
Free cash flow

- ➔ Free cash flow in Q1/16 was SEK 319 m compared to 333 m in Q1/15
- ➔ The weaker EBITDA was to a large extent offset by a more favorable development of working capital and slightly lower investments
- ➔ Utilization of the trade receivable program amounted to €101 m per end of Q1/16, with credit approval amounting to €125 m
- ➔ Free cash flow in Q2/16 is expected to be positive

Free Cash flow



Working capital



--- AR days - - - AR days, factoring added back — Inventory days — AP days

AR days is calculated as AR divided by sales in the most recent periods

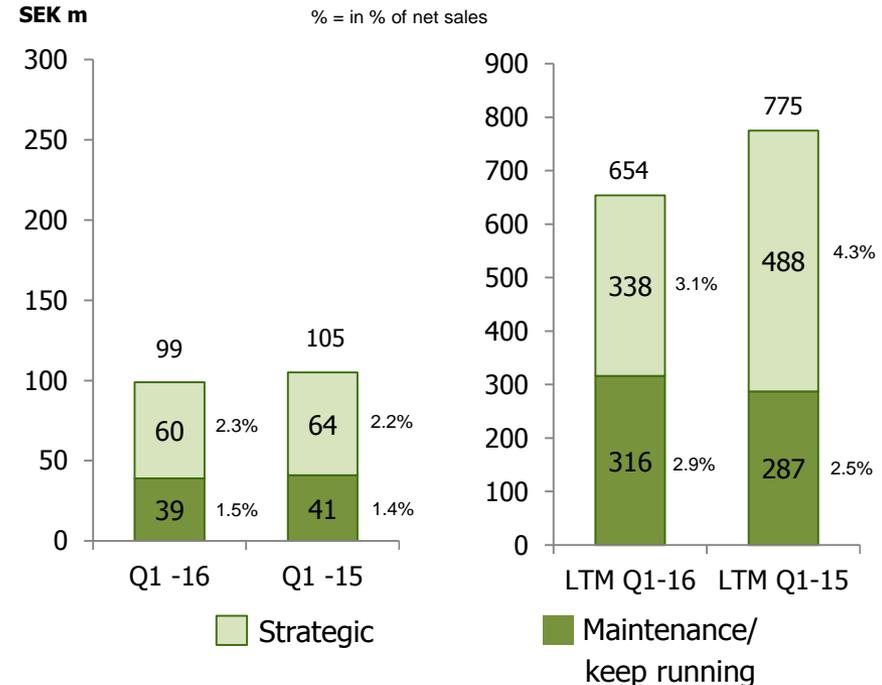
Inventory days is calculated as Inventory value divided by most recent COGS excluding depreciation

AP days is calculated as AP divided by most recent COGS excluding depreciation

- ➔ Reported working capital increased SEK 51 m during Q1/16 mainly due to a build-up of inventory
- ➔ Reported accounts receivable increased by SEK 75 m affected by higher sales primarily due to seasonality and no negative shutdown effects. The increase has been partly offset by lower sales prices and higher utilization of the trade receivable program
- ➔ Inventory value increased SEK 100 m during Q1/16 primarily due to higher volumes in preparation for upcoming normal scheduled maintenance shutdowns in Q2. Increased inventory volumes were partly offset by lower raw material prices
- ➔ The long term off-balance trade receivables financing program affect AR and working capital with around SEK 929 m (€ 101 m)

Investments

- ➔ Investments amounted to SEK 99 m in Q1/16 and was slightly lower than in Q1/15
- ➔ Both maintenance investments as well as strategic investments were similar to the corresponding period last year
- ➔ Strategic investments includes the last part of the capacity expansion in Stenungsund as well as smaller debottlenecking investments in other platforms
- ➔ The total investment amount for 2016 estimated to be around SEK 600 m compared to SEK 660 m in 2015



Indebtedness

Current capital structure details

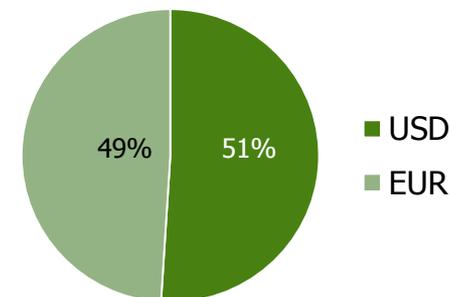
| | USDm equiv. | SEKm | x EBITDA excl non-rec. |
|---|-------------|--------|---------------------------|
| Cash on balance sheet | -86 | -702 | |
| Senior secured notes (€) | 306 | 2,493 | |
| Senior secured notes (\$) | 380 | 3,096 | |
| Net senior secured debt | 600 | 4,887 | 3.1 x |
| Second lien notes (\$) | 370 | 3,014 | |
| Net second lien debt | 970 | 7,901 | 5.0 x |
| Mezzanine loans (€) | 422 | 3,443 | |
| Other debt | 5 | 38 | |
| Net debt, excl. pensions and shareholder loan | 1,397 | 11,382 | 7.1 x |

- ➔ Net debt, excl. pensions and the shareholder loan increased by SEK 187 m during Q1/16, following capitalization of mezz PIK interest, slightly negative cash flow after financial net, partly offset by positive translation effects from FX rates
- ➔ Available funds per end of Q1/16 amounted to SEK 896 m (undrawn RCF and cash, excl. restricted)

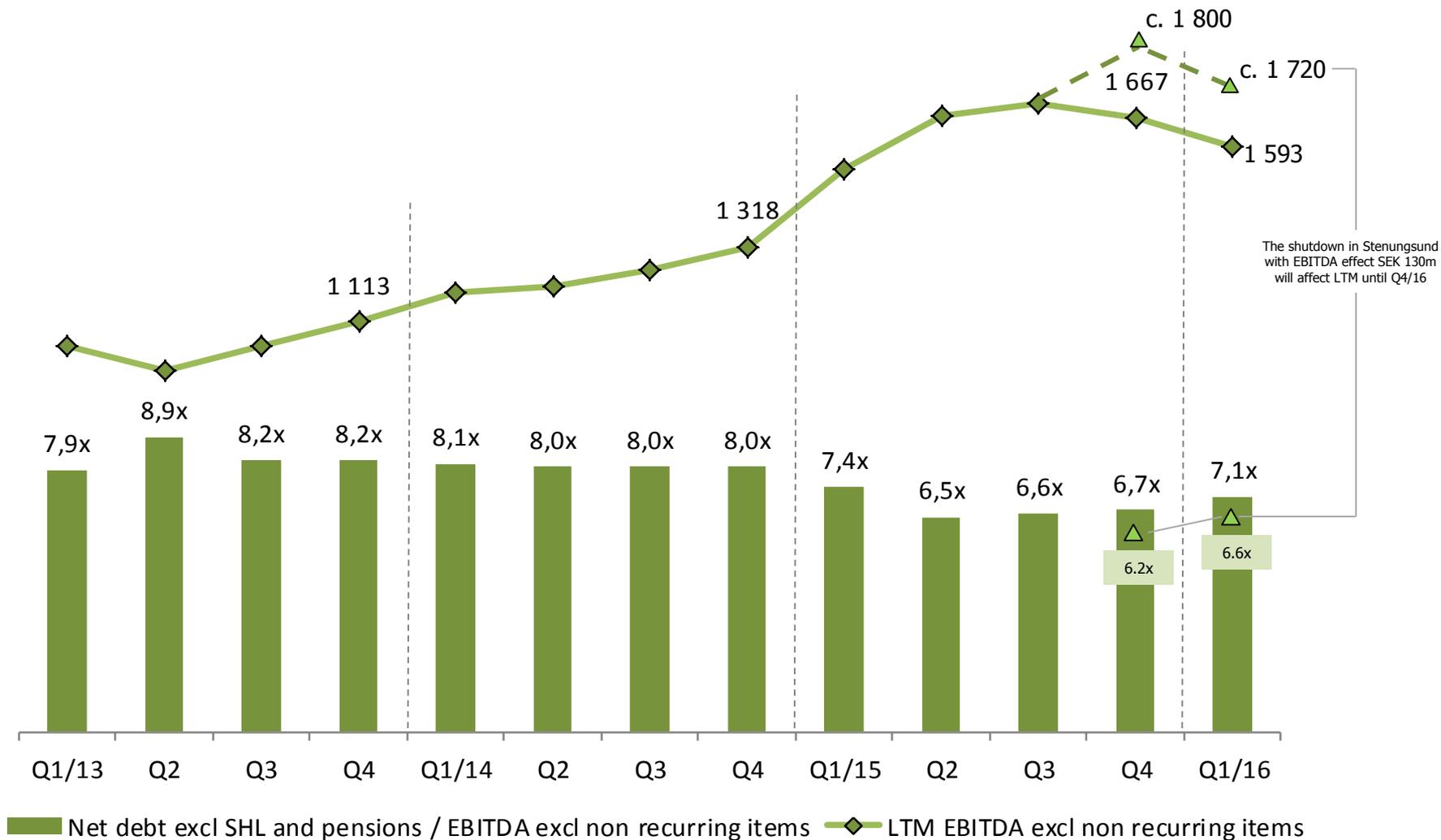
Fx rates; USD 8.15 and Euro 9.23

Based on EBITDA excluding non-recurring items of SEK 1,593 m

Debt by currency



Financial performance and leverage



Summary



Jan Secher
President & CEO

Q1 conclusion and current trading

- ➔ Specialties & Solutions saw a clear improvement over last year, with healthy growth in some of our specialty areas
- ➔ Within Advanced Chemicals & Derivatives, our Penta and TMP businesses developed well. A few of our businesses – Neo, Formates and the alcohol product lines in our Oxo business faced headwind
- ➔ Solid marginal contribution generation and strong cash flow development
- ➔ EBITDA on par with last year's very strong level when excluding for FX revaluation effects
- ➔ We expect demand to continue to be stable for our main product lines in the second quarter of 2016 with a solid performance within our specialty businesses. In some product lines, as in Q1, we expect continued competitive market conditions mainly for our Oxo alcohols. We have a number of minor scheduled maintenance shutdowns during the second quarter
- ➔ Following the Company's continued robust performance, Perstorp, together with its shareholders, is assessing a range of strategic options, including a potential stock exchange listing or a refinancing of the capital structure

Q&A



Jan Secher
President & CEO



Magnus Heimburg
CFO



Appendix



Free cash flow details

Continuing operations (i.e. excluding Vencorex)

| SEK m | Q1-16 | Q1 -15 | LTM Q1-16 | Q4-15 |
|--|------------|------------|--------------|------------|
| EBITDA excl non-rec items | 457 | 531 | 1,593 | 238 |
| Change in working capital ¹ | -39 | -93 | 174 | 213 |
| Maintenance capex | -39 | -41 | -316 | -119 |
| FCF before strategic capex | 379 | 397 | 1,451 | 332 |
| % of EBITDA excl non-rec. | 83% | 75% | 91% | 139% |
| Strategic capex | -60 | -64 | -338 | -126 |
| Free cash flow | 319 | 333 | 1,113 | 206 |
| % of EBITDA excl non-rec. | 70% | 63% | 70% | 87% |

¹= excluding exchange rate effects and provisions

Segment reporting

Continuing operations (i.e. excluding Vencorex)

| SEK m | Q1-16 | Q4-15 | Q3-15 | Q2-15 | Q1-15 | Q4-14 | Q3-14 | Q2-14 | Q1-14 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Sales | 2,616 | 2,431 | 2,778 | 2,991 | 2,949 | 2,606 | 2,838 | 2,867 | 2,773 |
| Specialties & Solutions | 662 | 528 | 602 | 620 | 626 | 539 | 627 | 611 | 561 |
| Advanced Chemicals & Derivatives | 1,632 | 1,486 | 1,840 | 1,986 | 1,964 | 1,738 | 1,886 | 1,890 | 1,823 |
| BioProducts | 270 | 365 | 286 | 315 | 313 | 295 | 282 | 305 | 315 |
| Other/eliminations | 52 | 64 | 61 | 70 | 46 | 34 | 43 | 61 | 74 |
| EBITDA, reported | 443 | 227 | 420 | 481 | 525 | 291 | 385 | 317 | 276 |
| Specialties & Solutions | 196 | 85 | 142 | 143 | 154 | 78 | 118 | 118 | 87 |
| Advanced Chemicals & Derivatives | 266 | 133 | 317 | 314 | 377 | 215 | 252 | 205 | 227 |
| BioProducts | 4 | -3 | 1 | 5 | 13 | 7 | 19 | 20 | 14 |
| Other/eliminations | -22 | 12 | -40 | 19 | -19 | -9 | -4 | -26 | -52 |
| EBITDA excl non recurring items | 457 | 238 | 422 | 476 | 531 | 279 | 386 | 329 | 324 |
| Specialties & Solutions | 196 | 85 | 142 | 143 | 154 | 79 | 118 | 117 | 87 |
| Advanced Chemicals & Derivatives | 266 | 133 | 317 | 314 | 377 | 215 | 253 | 206 | 227 |
| BioProducts | 4 | -3 | 1 | 5 | 13 | 7 | 19 | 20 | 14 |
| Other/eliminations | -9 | 23 | -38 | 14 | -13 | -22 | -4 | -14 | -4 |

Quarter on quarter development

Continuing operations (i.e. excluding Vencorex)

| SEK m | Q1-16 | Q4-15 | Q3-15 | Q2-15 | Q1-15 | Q4-14 | Q3-14 | Q2-14 | Q1 -14 |
|----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| Net Sales | 2,616 | 2,431 | 2,778 | 2,991 | 2,949 | 2,606 | 2,838 | 2,867 | 2,773 |
| Marginal Contribution | 910 | 698 | 851 | 946 | 920 | 692 | 755 | 727 | 723 |
| % of sales | 34.8% | 28.7% | 30.6% | 31.6% | 31.2% | 26.6% | 26.6% | 25.4% | 26.1% |
| EBITDA, reported | 443 | 227 | 420 | 481 | 525 | 291 | 385 | 317 | 276 |
| % of sales | 16.9% | 9.3% | 15.1% | 16.1% | 17.8% | 11.2% | 13.6% | 11.1% | 10.0% |
| EBITDA, excl non-recurring items | 457 | 238 | 422 | 476 | 531 | 279 | 386 | 329 | 324 |
| % of sales | 17.5% | 9.8% | 15.2% | 15.9% | 18.0% | 10.7% | 13.6% | 11.5% | 11.7% |

Cash and Available funds

| SEK m | Q1-16 |
|--|------------|
| Unrestricted cash | 503 |
| Restricted ¹ and escrowed cash ² | 199 |
| Cash on Balance Sheet | 702 |

| SEK m | Q1-16 |
|---------------------------------|------------|
| Unrestricted cash | 503 |
| RCF not Drawn | 393 |
| Reported Available Funds | 896 |

¹) Cash in Perstorp accounts in countries where international movement of funds are restricted.

²) Cash held in escrowed accounts as collateral for different business activities (including Vencorex)

Currency

Period average exchange rates

| SEK per LOC | Q1 -16 | Q1 -15 | LTM Q1 -16 | Q4 -15 |
|-------------|--------|--------|------------|--------|
| USD | 8.46 | 8.34 | 8.46 | 8.50 |
| Euro | 9.32 | 9.38 | 9.34 | 9.31 |
| GBP | 12.10 | 12.62 | 12.77 | 12.91 |

Period end exchange rates

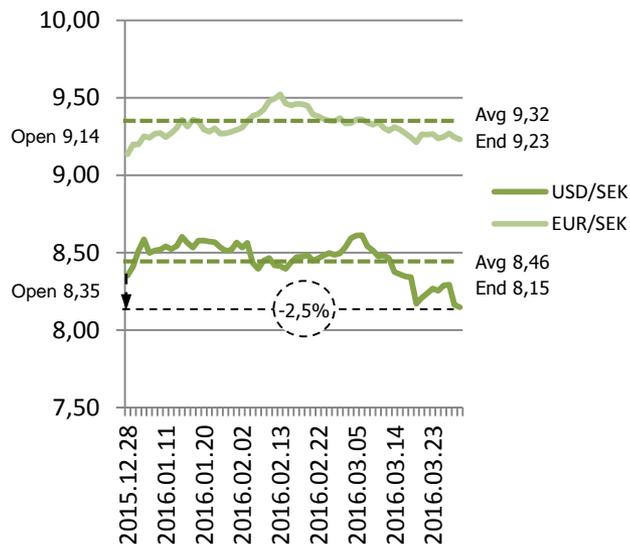
| SEK per LOC | Q1 -16 | Q1 -15 | Q4 -15 |
|-------------|--------|--------|--------|
| USD | 8.15 | 8.62 | 8.35 |
| Euro | 9.23 | 9.29 | 9.14 |
| GBP | 11.69 | 12.74 | 12.38 |

Source: Swedish Central Bank, Riksbanken

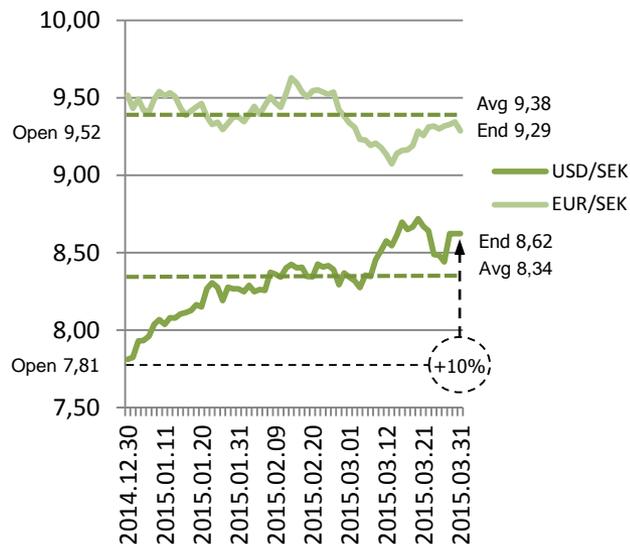


Currency

Q1 2016



Q1 2015



| Average rate SEK per LOC | Q1 -16 | Q1 -15 | Q4 -15 |
|--------------------------|--------|--------|--------|
| USD | 8.46 | 8.34 | 8.50 |
| Euro | 9.32 | 9.38 | 9.31 |
| GBP | 12.10 | 12.62 | 12.91 |

| End rate SEK per LOC | Q1 -16 | Q1 -15 | Q4 -15 |
|----------------------|--------|--------|--------|
| USD | 8.15 | 8.62 | 8.35 |
| Euro | 9.23 | 9.29 | 9.14 |
| GBP | 11.69 | 12.74 | 12.38 |

