



Perstorp Holding AB (Publ.)

Interim report, January-December 2016

Conference call February 13th, 2017

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- ➔ 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)



Agenda

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



Business performance



Jan Secher
President & CEO



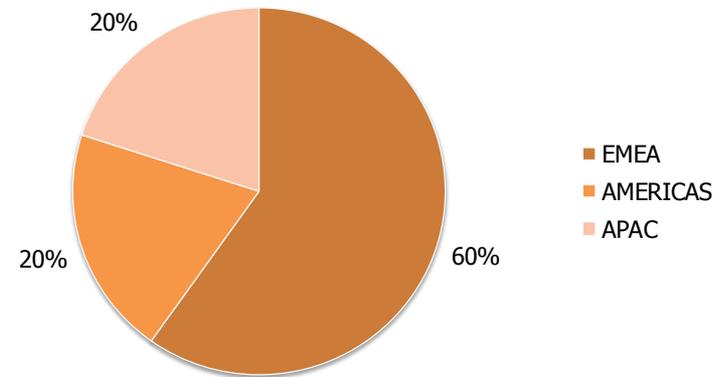
Executive summary

- ➔ Organic volume-based sales growth was +24% vs. Q4 last year and for the full year +11%. Adjusted for the scheduled shutdown in Stenungsund, organic volume-based sales growth was around 20% year-on-year
- ➔ Q4 sales amounted to SEK 3,125 m, a 29% increase over last year, mainly due to stronger volumes in all three business areas and positive FX effects. Comparison between years is also to some extent helped by shutdown in Stenungsund in H2/15.
- ➔ EBITDA excluding non-recurring items amounted to SEK 477 m in Q4/16 compared to SEK 238 m last year and SEK 492 m in Q3/16. Year-on-year, the fourth quarter was marked by stronger volumes higher unit margins and positive FX effects. EBITDA for full year 2016 increased by 12% compared to 2015 (SEK 1,865 m vs 1,667 m)
- ➔ Q4 EBITDA margin amounted to 15.3% (9.8%) driven by a solid, cost controlled performance for all business units
- ➔ Free Cash flow amounted to SEK 413 m in Q4 which was SEK 207 m higher than Q4 last year driven by the increased earnings in the operations

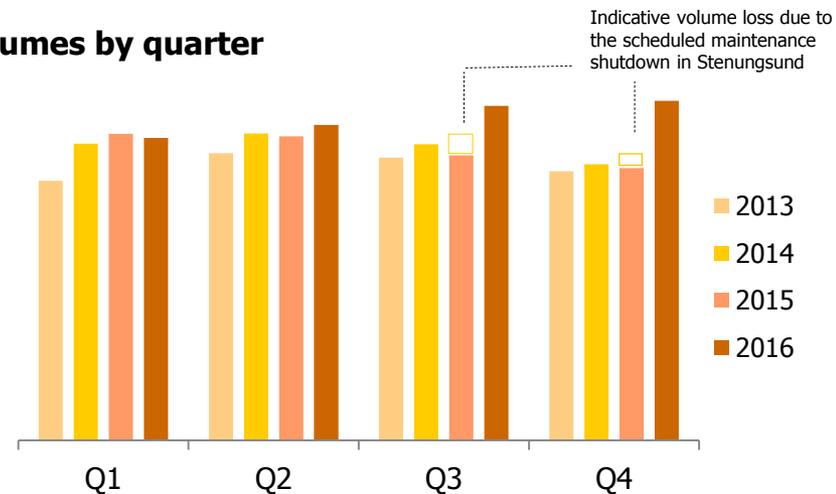
Market overview

- ➔ Overall demand was solid in our major markets. All regions showed double digit growth. Year-on-year volume growth was +25% and organic volume-based sales growth was +24%
- ➔ General sales prices were slightly lower in local currencies than the same quarter last year primarily as a consequence of lower raw material prices (Methanol)
- ➔ Volumes in EMEA were up 20% compared to Q4 last year following solid growth in all businesses and better product availability (no shutdown). Sales were 21% higher than the corresponding period last year
- ➔ Volumes in Americas were 32% higher than last year – primarily linked to our Oxo and Polyols business. Sales were 23% above Q4 last year – the higher volumes were partly offset by lower sales prices linked to raw material prices
- ➔ Volumes in APAC increased substantially vs. last year, around 61%, linked to good demand, new product introduction and new businesses opportunities. Sales were 67% higher than Q4 last year.

Q4/2016, Net Sales by region, %

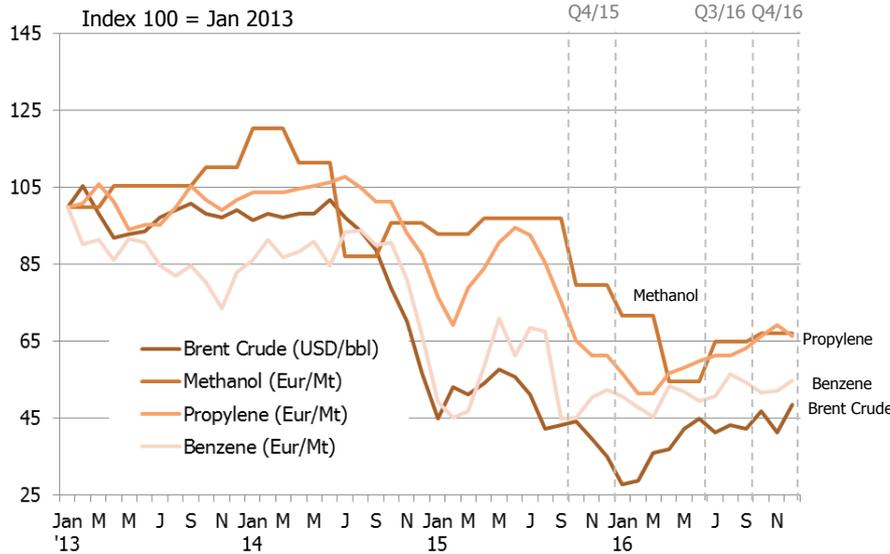


Volumes by quarter



Raw materials and margins

Raw material prices

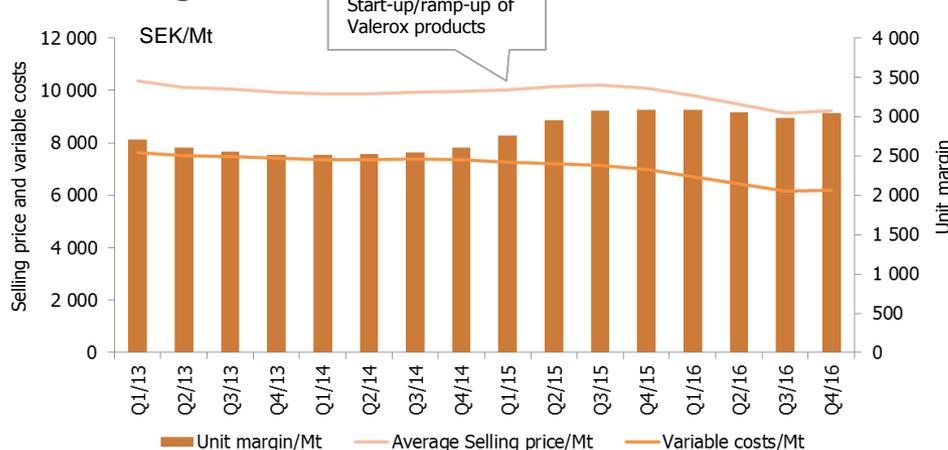


➔ Most key raw material prices increased during the quarter and were higher than the same quarter last year, except for EU methanol

- Average price for Brent crude oil increased by 7% in Q4/16 vs Q3/16 and was 15% higher than in Q4/15
- Propylene increased 9% in Q4/16 (+8% vs LY)
- Benzene decreased 2% in Q4/16 (+7% vs LY)
- Methanol increased 4% in Q4/16 (-16% vs LY)

➔ Unit margins achieved in Q4/16 were slightly higher than Q3/16 and also increased year-on-year driven by FX and improved market conditions in some product areas, partly offset by negative sales mix in Specialties & Solutions

Margins LTM



➔ We implemented selective price increases during the fourth quarter following positive market conditions, our leadership in several markets and the increase in raw material prices

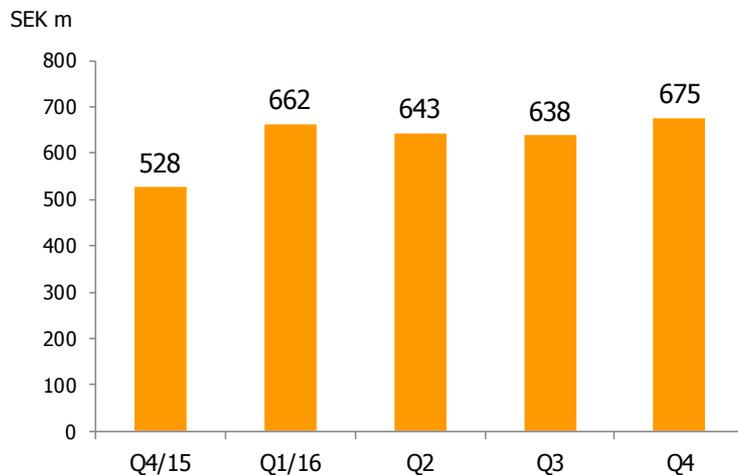
Specialties & Solutions

➔ Stronger volumes drive improved earnings

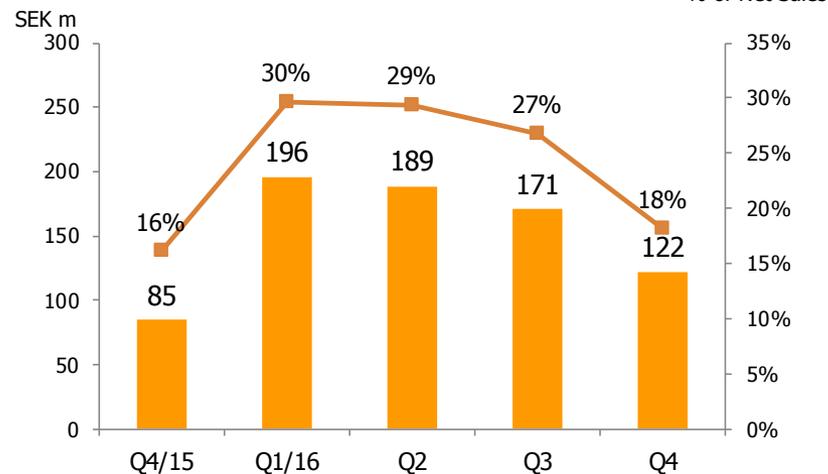
- Organic volume-based sales growth was 25%¹ vs. Q4/15, primarily driven by the Capa products
- Q4/16 net sales amounted to SEK 675 m, 28% higher than Q4/15, impacted by higher volumes. FX had positive effect on net sales 6%, partly balanced by lower sales prices -3%
- Q4/16 EBITDA amounted to SEK 122 m, corresponding to an EBITDA margin of 18%. Earnings show an increase of 44% compared to Q4/15, due to stronger volumes and FX partly offset by a negative sales mix

¹= in Q1/16, one product line was transferred from Business Area Advanced Chemicals & Derivatives. Adjusted for this, the organic volume-based sales growth in Q4 was 21%

Net sales development



EBITDA² and margin development



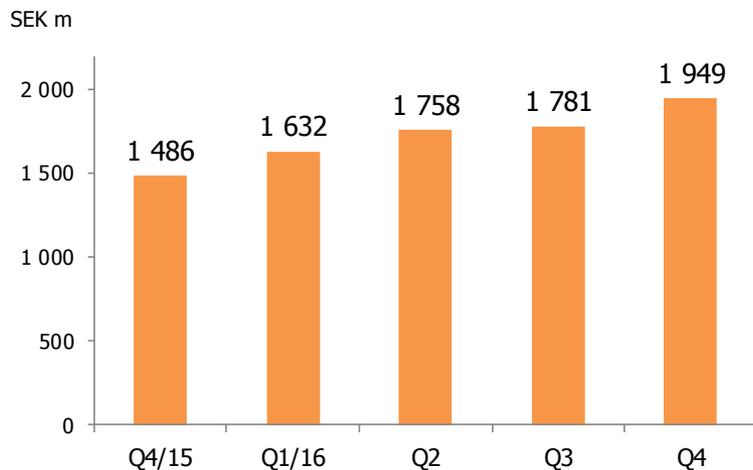
²= EBITDA excluding non recurring items

Advanced Chemicals & Derivatives

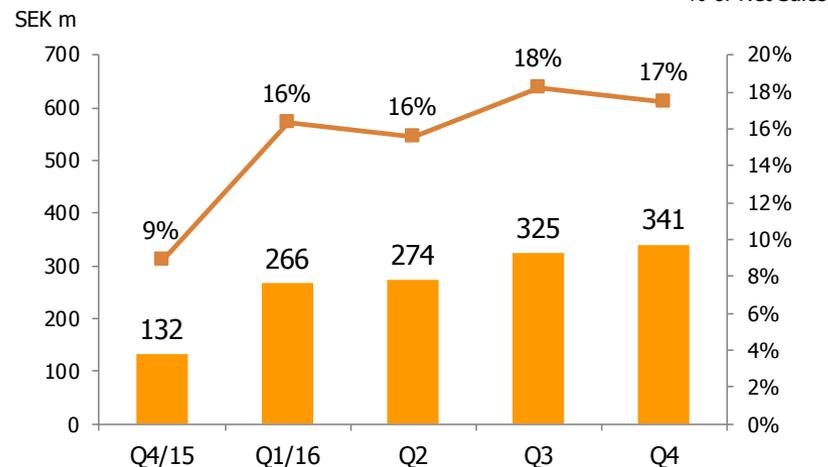
- ➔ Positive EBITDA margin development following higher volumes and unit margins
 - Organic volume-based sales growth was +29%¹ vs. Q4/15
 - Q4/16 net sales amounted to SEK 1,949 m, 31% higher than Q4/15 primarily assignable to higher volumes and FX effects. Sales prices were 3% lower related to raw material prices
 - Valerox related volumes increased volumes of 145% vs Q4/15 and 11% vs Q3/16; production efficiency measures continue to be implemented
 - Q4/16 EBITDA amounted to SEK 341 m, corresponding to a EBITDA margin of 17%. Earnings increased vs. Q4/15 due to higher volumes, FX and more favorable market conditions for Neo and plasticizers. The Penta and TMP businesses showed continued solid performance

¹= in Q1/16, one product line was transferred to Business Area Specialty & Solutions. Adjusted for this, the organic volume-based sales growth in Q4 was 30%

Net sales development



EBITDA² and margin development

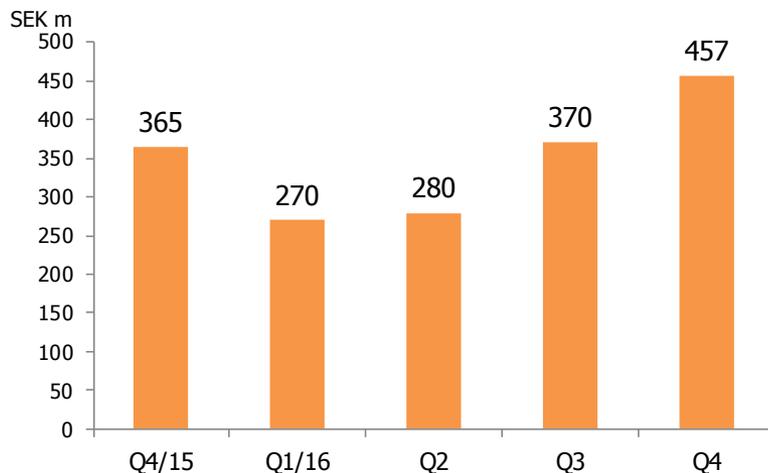


²= EBITDA excluding non recurring items

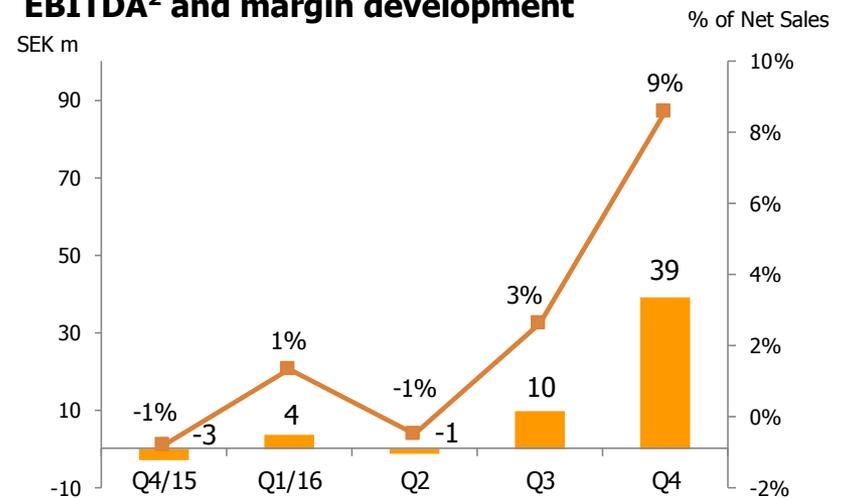
BioProducts

- ➔ Substantially improved unit margins and volumes resulted in all-time high EBITDA
 - Organic volume-based sales growth was 8% compared to Q4/15
 - Q4/16 net sales amounted to SEK 457 m, 25% higher than Q4/15, impacted by significantly higher sales prices, 12%, increased sales volumes and positive Fx effects, 5%
 - Q4/16 EBITDA amounted to SEK 39 m compared to SEK -3 m in Q4/15 which was all-time high for a single quarter. The improvement in earnings can primarily be assignable to higher sales volumes and improved RME market conditions

Net sales development



EBITDA² and margin development



²= EBITDA excluding non recurring items

Financial review



Magnus Heimburg
CFO



Financial highlights

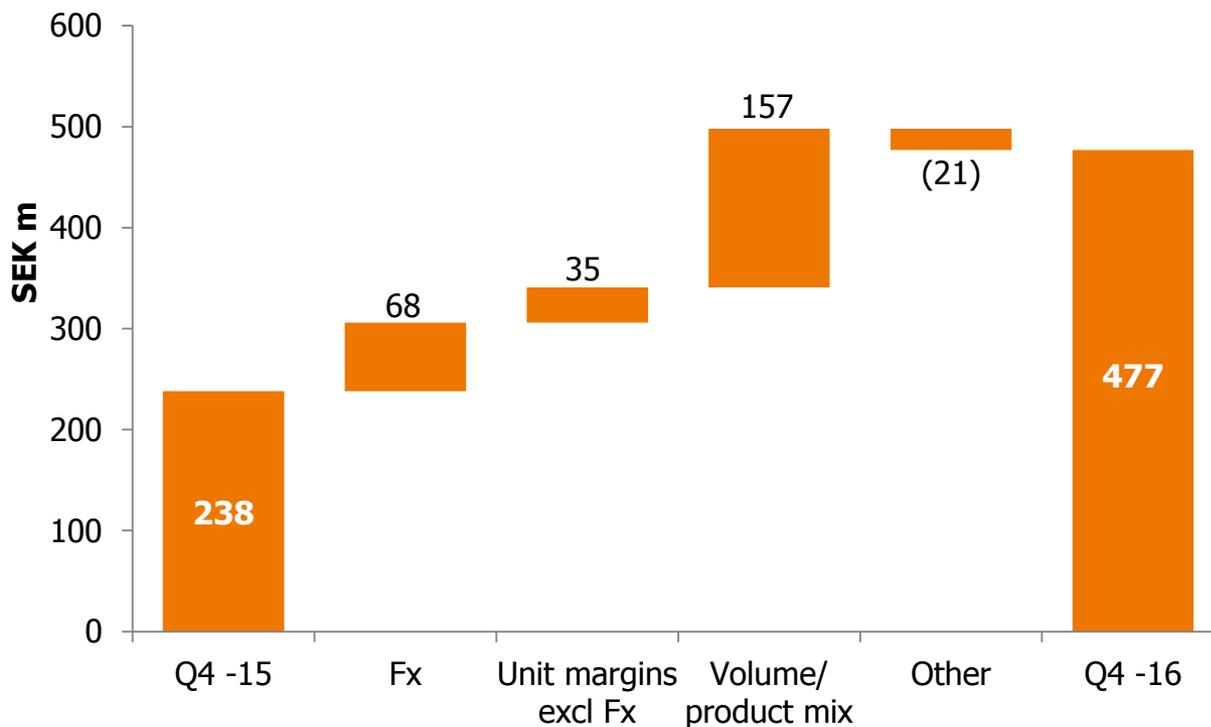
Q4 2016

SEK m	Q4 -16	Q4 -15	FY 16	FY 15	Q3 -16
Net Sales	3,125	2,431	11,305	11,149	2,834
% growth (y-o-y)	29%		1%		
% organic volume based sales growth (y-o-y)	24%		11%		
Marginal Contribution	956	698	3,721	3,415	917
% of sales	30.6%	28.7%	32.9%	30.6%	32.4%
EBITDA, reported	439	227	1,800	1,653	491
% of sales	14.0%	9.3%	15.9%	14.8%	17.3%
EBITDA, excl non recurring items	477	238	1,865	1,667	492
% of sales	15.3%	9.8%	16.5%	15.0%	17.4%

- ➔ Volume-based sales growth was +24% and Net sales increased around 29% compared to Q4/15. Stronger volumes together with positive Fx effects improved sales revenues compared to last year
- ➔ Marginal contribution improved SEK 258 m or 37% vs. Q4 last year thanks to higher volumes, positive Fx effects and improved unit margins year-on-year; sales margin increased to 30.6%
- ➔ EBITDA excluding non recurring items amounted to SEK 477 m vs. 238 m Q4/15, mainly as a consequence of higher volumes (partly affected by scheduled shutdown in 2015) and positive Fx effects (weaker SEK in period)

Bridge EBITDA excl. non recurring items

Q4 2016 vs. Q4 2015

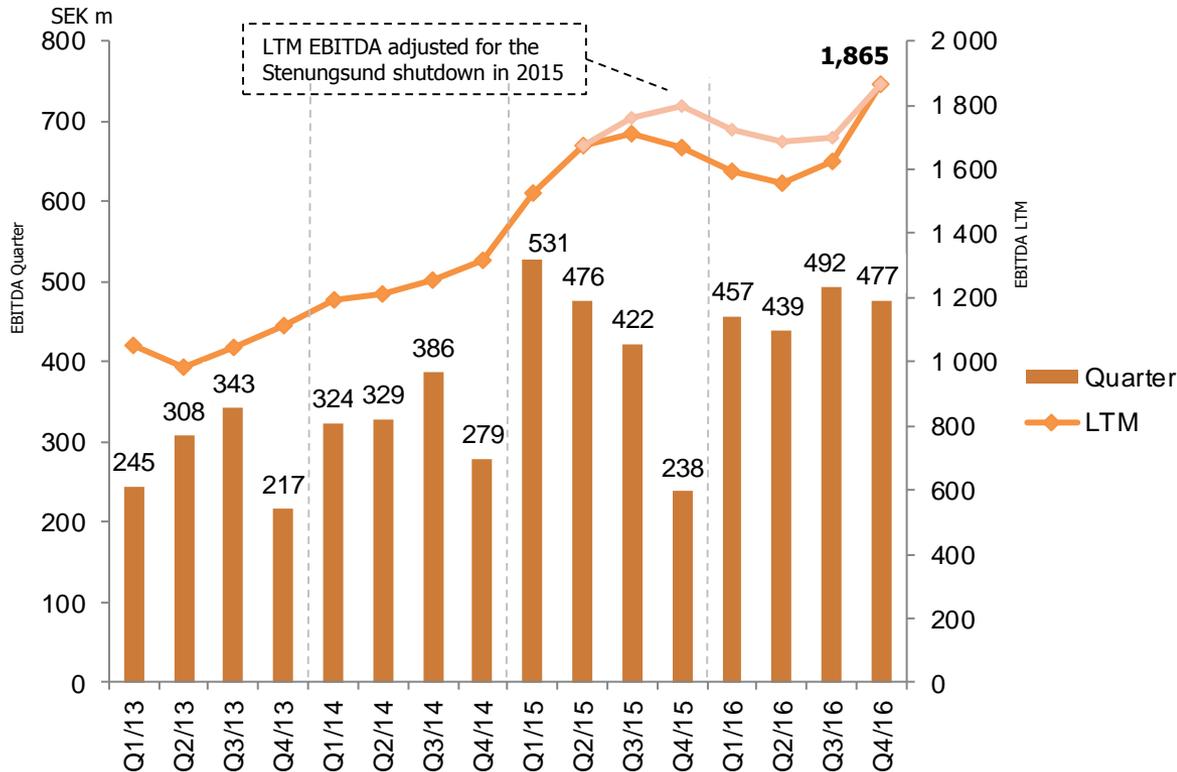


- ➔ Q4/16 EBITDA excluding non recurring items increased with SEK 239 m year-on-year, driven primarily by increased volumes and positive Fx effects

LTM development

Q1 2013 to Q4 2016

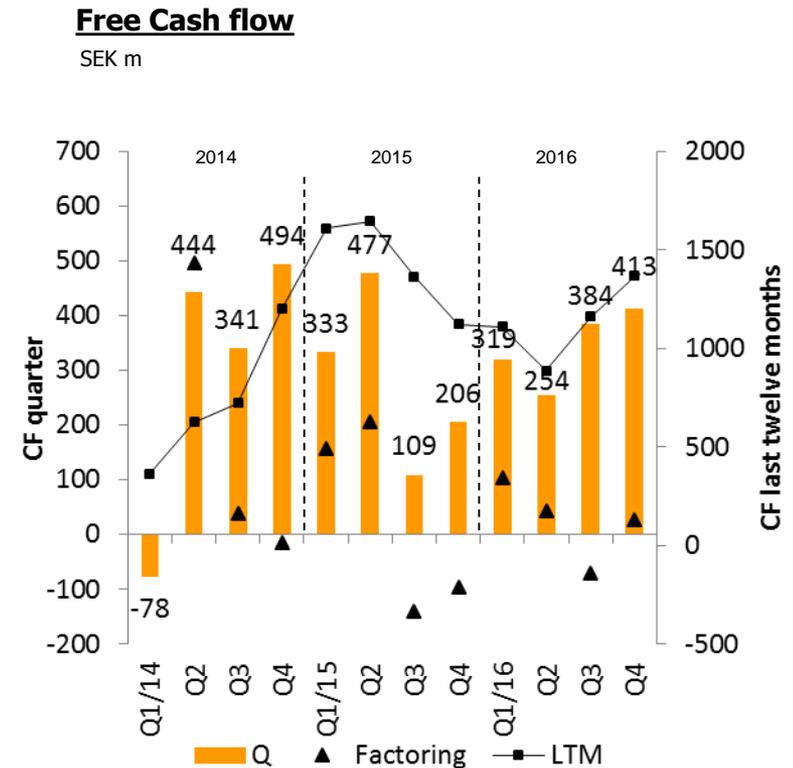
EBITDA excluding non recurring items



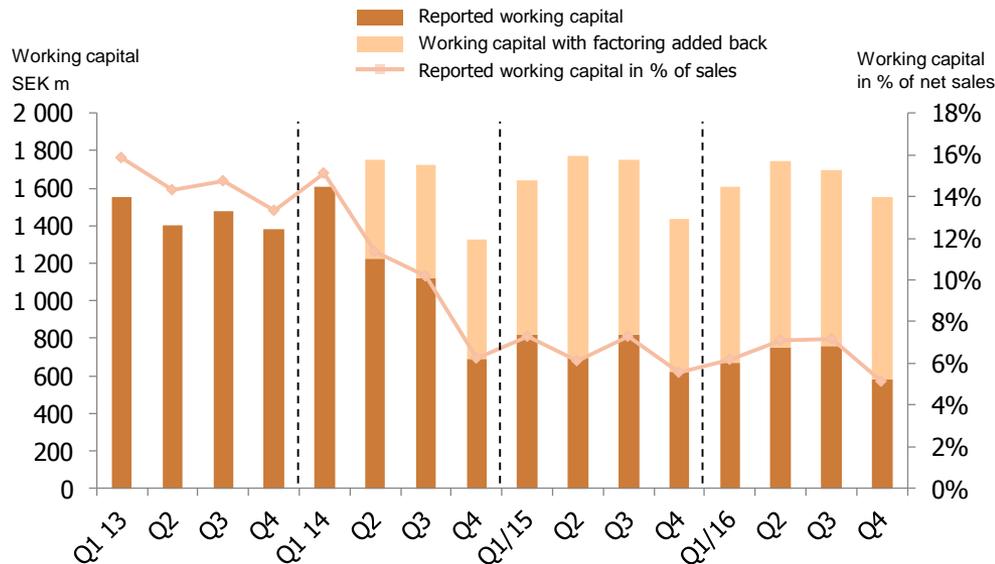
➔ Reported LTM EBITDA amounts to SEK 1,865 m – a new all-time high in recent years was reached in Q4/16

Free cash flow

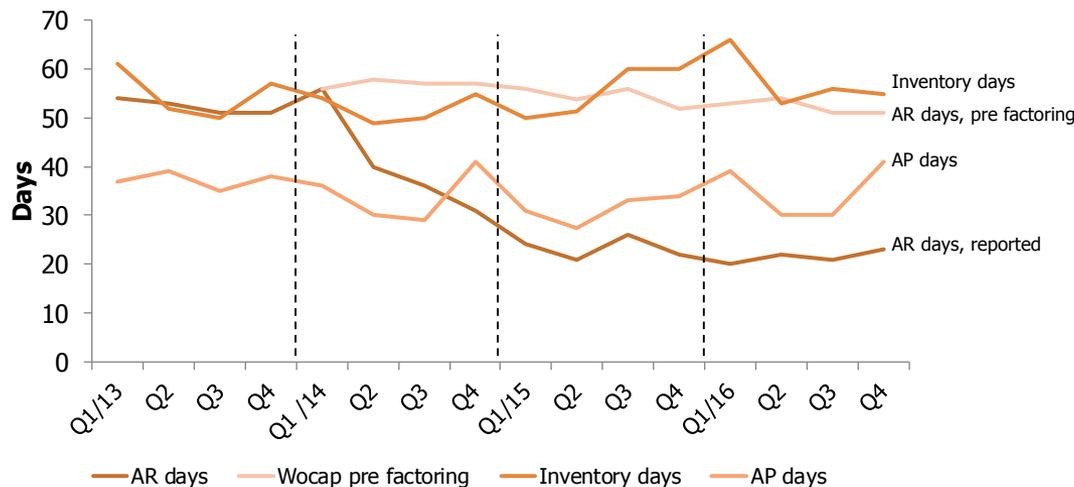
- ➔ Free cash flow in Q4/16 was SEK 413 m compared to SEK 206 m in Q4/15
- ➔ The main driver for the increase in free cash flow relates to higher earnings partly offset by slightly lower decrease in working capital in Q4/16 relative to Q4/15
- ➔ Utilization of the trade receivable program amounted to €100 m per end of Q4/16, with credit approval amounting to €125 m
- ➔ Free cash flow in Q1/17 expected to be slightly negative; solid earnings temporarily offset by increasing working capital driven by higher sales and raw material prices



Working capital



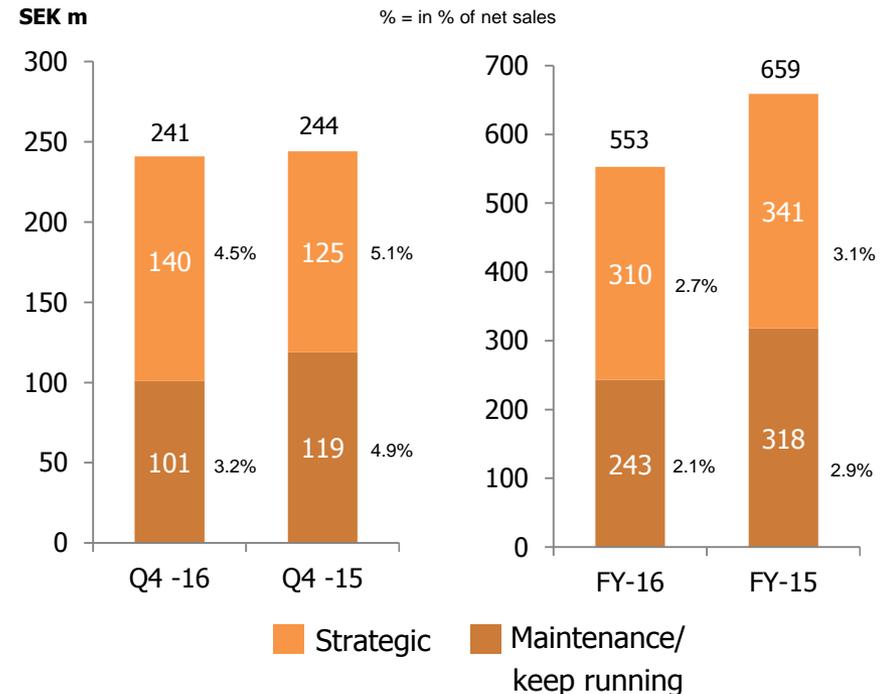
- ➔ Reported working capital decreased SEK 177 m during Q4/16 vs Q3/16 mainly due to higher payables
- ➔ Reported accounts receivable increased vs. last quarter, utilization of the trade receivable program slightly increased accordingly
- ➔ Inventory value increased SEK 100 m during Q4/16 due to increasing raw material prices; inventory days kept stable



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

Investments

- ➔ Investments amounted to SEK 241 m in Q4/16 which was in line with investments in Q4/15
- ➔ Maintenance investments amounted to SEK 101 m in Q4/16 compared to SEK 119 m in Q4/15
- ➔ Strategic investments includes selective capacity expansions and smaller debottlenecking investments in our key platforms
- ➔ The total investment amount for 2016 was SEK 553 m compared to SEK 659 m in 2015
- ➔ The total investment amount for 2017 is estimated to be around SEK 600-650 m



Indebtedness

Current capital structure details

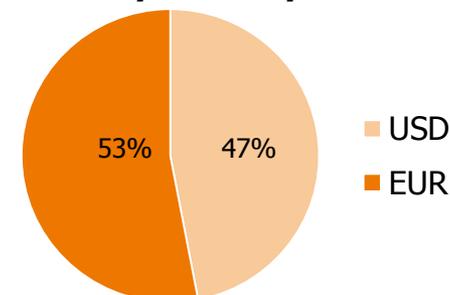
	USDm equiv.	SEKm	x EBITDA excl non-rec.
Cash on balance sheet	-48	-434	
Senior secured notes (€)	510	4,640	
Senior secured notes (\$)	275	2,502	
Net senior secured debt	737	6,708	3.6 x
Second lien notes (\$)	420	3,821	
Net second lien debt	1,157	10,529	5.6 x
Mezzanine loans (€)	272	2,477	
Other debt	-5	-42	
Net debt, excl. pensions and shareholder loan	1,424	12,964	7.0 x

Fx rates; USD 9.10 and Euro 9.57

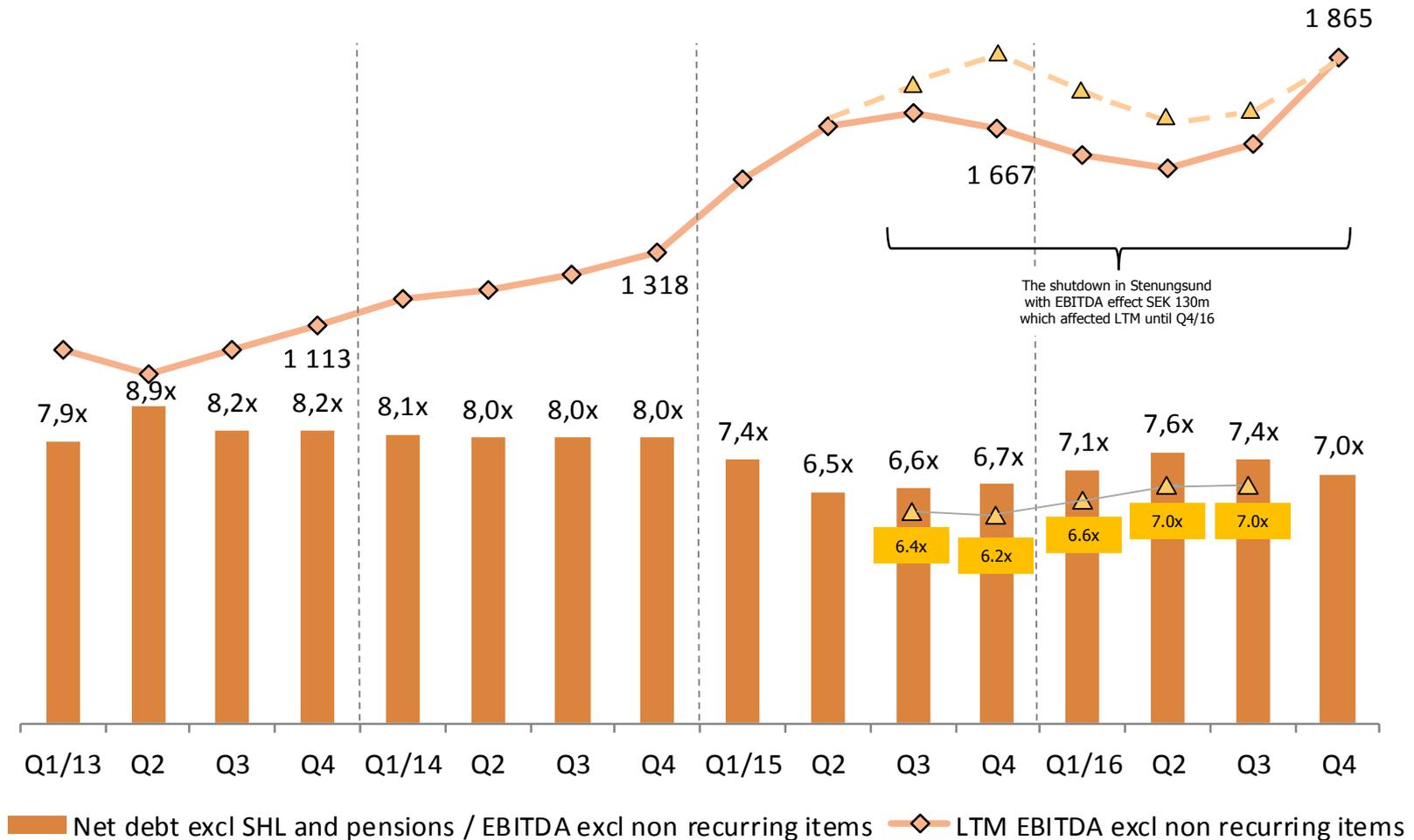
Based on EBITDA excluding non-recurring items of SEK 1,865 m

- ➔ Net debt, excl. pensions and shareholder loan increased by SEK 993 m during Q4/16, following negative cash flow after financial items (including interest and fees related to the refinancing), negative impact from exchange rates and capitalization of mezzanine PIK. Nevertheless, reported leverage decreased to 7.0x on the back of strong operating results
- ➔ Available funds per end of Q4/16 amounted to SEK 983 m (undrawn RCF and cash, excl. restricted)

Debt by currency



Financial performance and leverage



Summary



Jan Secher
President & CEO



Q4 conclusion and current trading

- ➔ Organic volume-based sales growth was +24% vs. Q4 last year. Adjusted for the scheduled shutdown in Stenungsund, organic volume-based sales growth was around 20% year-on-year
- ➔ Q4/16 was one of the strongest quarters in recent history and the strongest fourth quarter, built on strong volumes and solid margin generation in all three business areas
- ➔ We continue to see healthy demand for our main products lines. We expect the first quarter 2017 to remain strong, despite several uncertainties and lack of predictability in the world economy

Q&A



Jan Secher
President & CEO



Magnus Heimburg
CFO



Appendix



Free cash flow details

Continuing operations (i.e. excluding Vencorex)

SEK m	Q4-16	Q4 -15	YTD Q4-16	YTD Q4-15	Q3-16
EBITDA excl non-rec items	477	238	1,865	1,667	492
Change in working capital ¹	177	213	58	120	-9
Maintenance capex	-101	-119	-243	-318	-39
FCF before strategic capex	553	332	1,680	1,469	444
% of EBITDA excl non-rec.	116%	139%	90%	88%	90%
Strategic capex	-140	-126	-310	-342	-60
Free cash flow	413	206	1,370	1,127	384
% of EBITDA excl non-rec.	87%	87%	73%	68%	78%

¹= excluding exchange rate effects and provisions

Segment reporting

Continuing operations (i.e. excluding Vencorex)

SEK m	Q4-16	Q3-16	Q2-16	Q1-16	Q4-15	Q3-15	Q2-15	Q1-15	Q4-14
Net Sales	3,125	2,834	2,730	2,616	2,431	2,778	2,991	2,949	2,606
Specialties & Solutions	675	638	643	662	528	602	620	626	539
Advanced Chemicals & Derivatives	1,949	1,781	1,758	1,632	1,486	1,840	1,986	1,964	1,738
BioProducts	457	370	280	270	365	286	315	313	295
Other/eliminations	44	45	49	52	52	50	70	46	34
EBITDA, reported	439	491	427	443	227	420	481	525	291
Specialties & Solutions	117	171	188	196	85	142	143	154	78
Advanced Chemicals & Derivatives	340	325	270	266	133	317	314	377	215
BioProducts	39	10	-2	4	-3	1	5	13	7
Other/eliminations	-57	-15	-29	-23	12	-40	19	-19	-9
EBITDA excl non recurring items	477	492	439	457	238	422	476	531	279
Specialties & Solutions	122	171	189	196	85	142	143	154	79
Advanced Chemicals & Derivatives	341	325	274	266	133	317	314	377	215
BioProducts	39	10	-2	4	-3	1	5	13	7
Other/eliminations	-25	-14	-22	-9	23	-38	14	-13	-22

Quarter on quarter development

Continuing operations (i.e. excluding Vencorex)

SEK m	Q4-16	Q3-16	Q2-16	Q1-16	Q4-15	Q3-15	Q2-15	Q1-15	Q4-14
Net Sales	3,125	2,834	2,730	2,616	2,431	2,778	2,991	2,949	2,606
Marginal Contribution	956	917	938	910	698	851	946	920	692
% of sales	30.6%	32.4%	34.4%	34.8%	28.7%	30.6%	31.6%	31.2%	26.6%
EBITDA, reported	439	491	427	443	227	420	481	525	291
% of sales	14.0%	17.3%	15.6%	16.9%	9.3%	15.1%	16.1%	17.8%	11.2%
EBITDA, excl non-recurring items	477	492	439	457	238	422	476	531	279
% of sales	15.3%	17.4%	16.1%	17.5%	9.8%	15.2%	15.9%	18.0%	10.7%

Cash and Available funds

SEK m	Q4-16	SEK m	Q4-16
Unrestricted cash	228	Unrestricted cash	228
Restricted ¹ and escrowed cash ²	206	Unutilized committed credit facilities	755
Cash on Balance Sheet	434	Reported Available Funds	983

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

Currency

Period average exchange rates

SEK per LOC	Q4 -16	Q4 -15	FY 16	FY 15	Q3 -16
USD	9.04	8.50	8.56	8.44	8.52
Euro	9.76	9.31	9.47	9.36	9.51
GBP	11.23	12.91	11.57	12.90	11.19

Period end exchange rates

SEK per LOC	Q4 -16	Q4 -15	Q3 -16
USD	9.10	8.35	8.62
Euro	9.57	9.14	9.63
GBP	11.18	12.38	11.17

Source: Swedish Central Bank, Riksbanken