

Perstorp Holding AB (Publ.)
Year-end report 1 January - 31 December 2014

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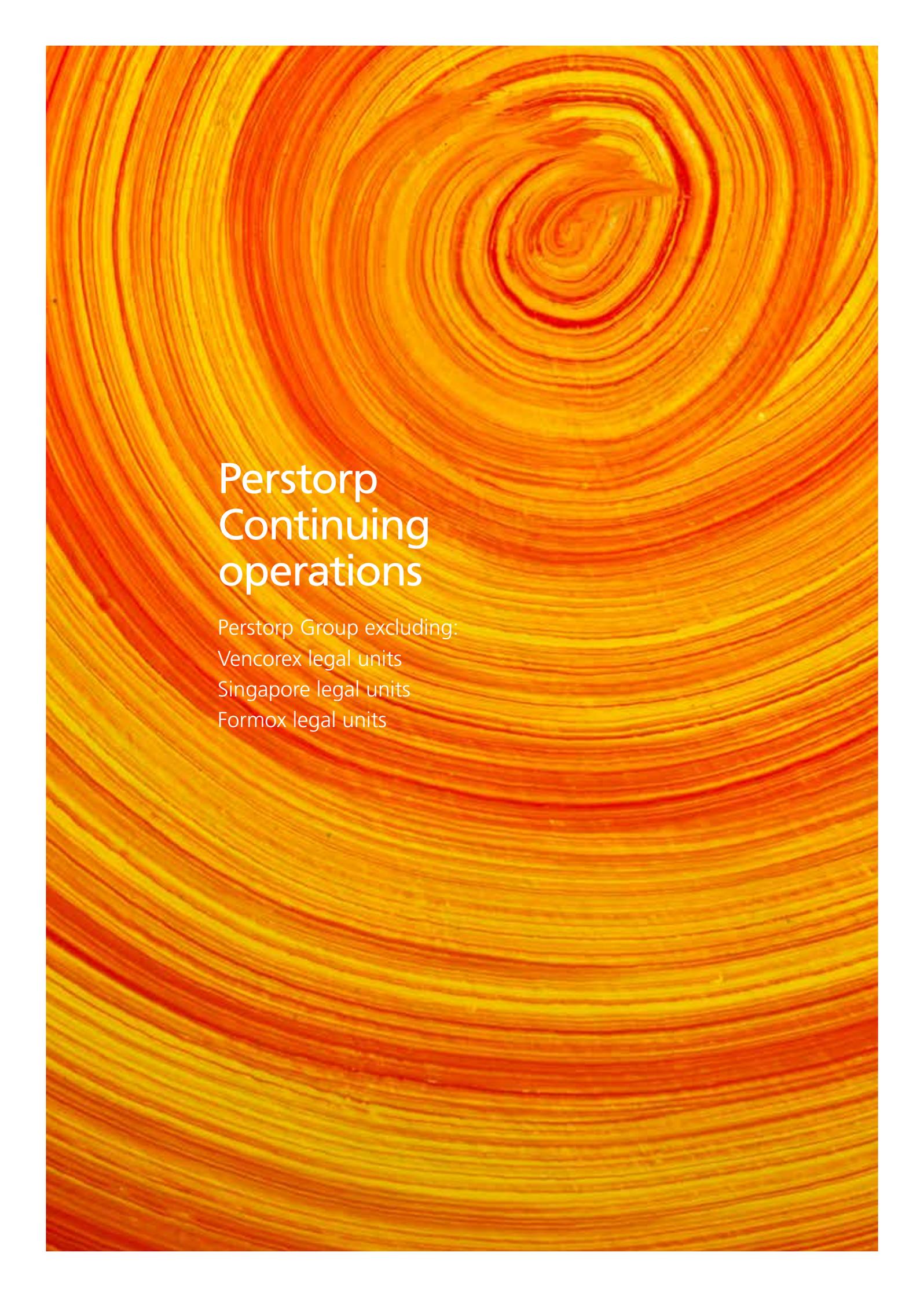
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Perstorp Continuing operations

Perstorp Group excluding:
Vencorex legal units
Singapore legal units
Formox legal units

Year-end report 1 January - 31 December 2014

Perstorp Holding AB (Publ.), corporate reg. no. 556667-4205. Parent company for Perstorp.

Perstorp is an international specialty chemicals group with leading positions in selected niches. The Group has around 1,500 employees and manufacturing companies in Europe, North America and Asia. The Perstorp Group is controlled by the French private equity company PAI partners.

Important events, January – December 2014

- ➔ For the Perstorp Group's continuing operations, sales in January to December 2014 amounted to SEK 11,084 m (10,343), which is an increase of 7% compared to the previous year and is mainly explained by stronger volumes and positive Fx effects.
- ➔ Operating earnings before depreciation and amortization (EBITDA) relating to continuing operations were SEK 1,269 m (1,095). Excluding non-recurring items, the corresponding figure was SEK 1,318 m (1,113), an increase of 18%.
- ➔ In June, Perstorp signed an agreement with Chemko a.s. Strážske for the acquisition of its penta and calcium formate businesses, related technology and certain assets. It does not include any manufacturing facilities, real estate or employees. For Perstorp, this is part of an ambitious investment plan to increase its polyol production.
- ➔ Perstorp successfully attended a number of large and important trade shows in Asia, Europe, Middle East and America over the year.
- ➔ End of August, Perstorp and PTTGC International (Netherlands) B.V. agreed on a change in strategy and shareholding structure for Vencorex Holding SAS. The financial transaction is fully in line with Perstorp's long term strategy to focus on its core business activities outside the isocyanates market. After the transaction, Perstorp retains a 15% ownership of the company, and will continue to support Vencorex as the new strategy will be implemented, thereby benefitting from future value creation.
- ➔ In the second quarter, Perstorp implemented an off-balance, non-recourse, trade receivables financing program related to its Swedish entities. The program will be extended in 2015 and include also entities in Germany, US and UK.
- ➔ The strategic investment project Valerox - a new production plant for Emoltene™ 100 and Pevalen™, - was successfully started in early January 2015, on time and on budget.

Key figures in summary, Continuing operations

| SEK m unless otherwise stated | Quarter 4 2014 | Quarter 4 2013 | Quarter 3 2014 | Full year | |
|--|-------------------|-------------------|-------------------|-----------|--------|
| | | | | 2014 | 2013 |
| Net sales | 2,606 | 2,515 | 2,838 | 11,084 | 10,343 |
| Operating earnings before depreciation (EBITDA) | 291 | 206 | 385 | 1,269 | 1,095 |
| % of net sales | 11.2 | 8.2 | 13.6 | 11.4 | 10.6 |
| EBITDA excluding non-recurring items ¹⁾ | 279 | 217 | 386 | 1,318 | 1,113 |
| % of net sales | 10.7 | 8.6 | 13.6 | 11.9 | 10.8 |
| Operating earnings (EBIT) | 132 | -429 | 223 | 633 | -9 |
| % of net sales | 5.1 | -17.1 | 7.9 | 5.7 | -0.1 |
| Net earnings/loss | -942 | -1,031 | -310 | -1,786 | -1,891 |
| Free Cash Flow | 494 | 18 | 341 | 1,201 | 272 |
| % of net sales | 19.0 | 0.7 | 12.0 | 10.8 | 2.6 |
| Number of full-time employees, end of period | 1,455 | 1,524 | 1,458 | 1,455 | 1,524 |

¹⁾ Non-recurring items are mainly attributable to property divestment and restructuring costs.



President's Comments

"We are building a strong company culture with a clear focus on markets, customers and performance excellence, ready to serve a market that is currently going through many ups and downs."

Building for the future

The fourth quarter confirmed that the course we have taken is steadily transforming Perstorp into a resilient and growing business in an ever-changing market. Despite a turbulent world economy in the fourth quarter we managed to continue our steady transformation from good to GREAT according to plan. More efficient processes were put in place, including customer-focused sales staff training, and a streamlined supply chain and production process. In addition, our expertise was further strengthened through new recruitments.

Financial progress

Net sales in the fourth quarter amounted to SEK 2,606 million, which is an increase in sales of 4% compared to the fourth quarter of 2013. For the full year 2014, an increase of 7% in both sales and volume compared to the same period last year allows Perstorp to enter 2015 with a degree of confidence. The fourth quarter's EBITDA, excluding non-recurrent items, were reported at SEK 279 million, showing an increase of 29% compared to the fourth quarter of 2013. The full-year EBITDA, excluding non-recurring items, was SEK 1,318 million in 2014, compared to SEK 1,113 million in 2013. Looking at our Strategic Market segments we are pleased to see that "Feed and Food", and "Synthetic Lubricants" have developed well with a sales increase of 28% and 9% respectively over the same quarter last year.

Continuous investments

Valerox, our production plant for the new plasticizer Emoltene™ 100 and Pevalen™, saw the hand-over from construction to production in the fourth quarter, with a very successful commissioning and start-up of production at the beginning of January 2015. Despite the complexity of a project of this dimension, the plant opened on schedule and on budget. Led by Perstorp expertise, this technically successful project shows the potential of our company and the level at which we are able to deliver the right product to our customers, on time and with a good margin.

Our Neo plant in Zibo, China, ran at almost full capacity during the fourth quarter. The plant continues to develop positively, and the production is running according to plan. Although the growth of the Chinese market is slowing down, the demand for our products remained stable in the last quarter of 2014.

During 2014 we have focused on and added resources to once again become the preferred choice for our customers' R&D activities and we now see these efforts gaining attraction. Our Capa sales volumes increased with more than 3,000 tons during 2014.

Moving ahead

With the successful startup of the Valerox project, the decrease in raw material prices and the tailwind from foreign exchange rates we have had a promising start of 2015. Having laid the foundation of a solid organization, we believe that our investments and our re-organization will further strengthen the Perstorp business in the years to come. Fully aware of the fact that the market is still volatile and may stay so for some time, and considering the potential political turmoil that could be caused by the many upcoming elections in the Eurozone in 2015, we are confident that the course that we have taken for our company will, in the best possible way, prepare us to serve this situation.

Perstorp, March 2015

Jan Secher
President and CEO

Market & economic conditions

Global overview

2014 was a year of volatility and uncertainty in both the political and financial fields. The world economy grew around 3 percent, which was less than expected, but perhaps still satisfactory considering the conflicts and crises currently plaguing the world. The last quarter saw a drop in the price of crude oil to the lowest level since the financial crisis of 2008/2009. In mid-2014 Dated Brent crude was traded at around 110 USD/barrel, but the price more than halved in the second part of the year. The fall in price of crude oil was expected due to weak demand and less energy-intensive growth. The large oil surplus and the consequently low price put producers under severe stress during the fourth quarter.

Regional comments

The European economy continued to disappoint in the fourth quarter, keeping the Euro under pressure. The economic recovery did not come to a standstill, but remained weak and fragile. The usual summer slowdown was expected, but demand was slow to return in the fourth quarter. A flat demand from across all industry segments and countries was evident all over Europe, the UK being a very positive exception. The final Euro area manufacturing PMI came in at 50.6 for December. Despite the overall slow-down in this part of the world, Perstorp's European business was in general satisfactory. We have continued to grow faster than the market in specific products, which includes our pre-marketing of Emoltene™ 100 and Pevalen™, in preparation for the start-up of our Valerox plant.

The Americas saw two very different business climates in 2014, with more positive signs in North America and less positive results in South America. Although the US economy slowed during the fourth quarter, growth remained. Driven by lower raw material costs and strong demand from the US and Asian markets, North American chemical companies has expected to report solid fourth quarter earnings.

The Perstorp business continued to develop positively in North America in the fourth quarter. South America remained a market with very low GDP growth across the region. In particular Brazil, South America's largest economy, continued to disappoint in the fourth quarter. Despite this, our South American business continued to grow significantly above GDP.

The APAC region grew according to expectations in 2014. During the fourth quarter, Perstorp's growth exceeded GDP. We are particularly pleased to have realized a strong growth of NEO from our Zibo plant. China is a main market and the GDP growth has recently been confirmed at a solid 7%. Korea was a strong market in the fourth quarter, developing positively. Our business in India performed according to expectations with some impact of Penta supply interruptions from Saudi Arabia.

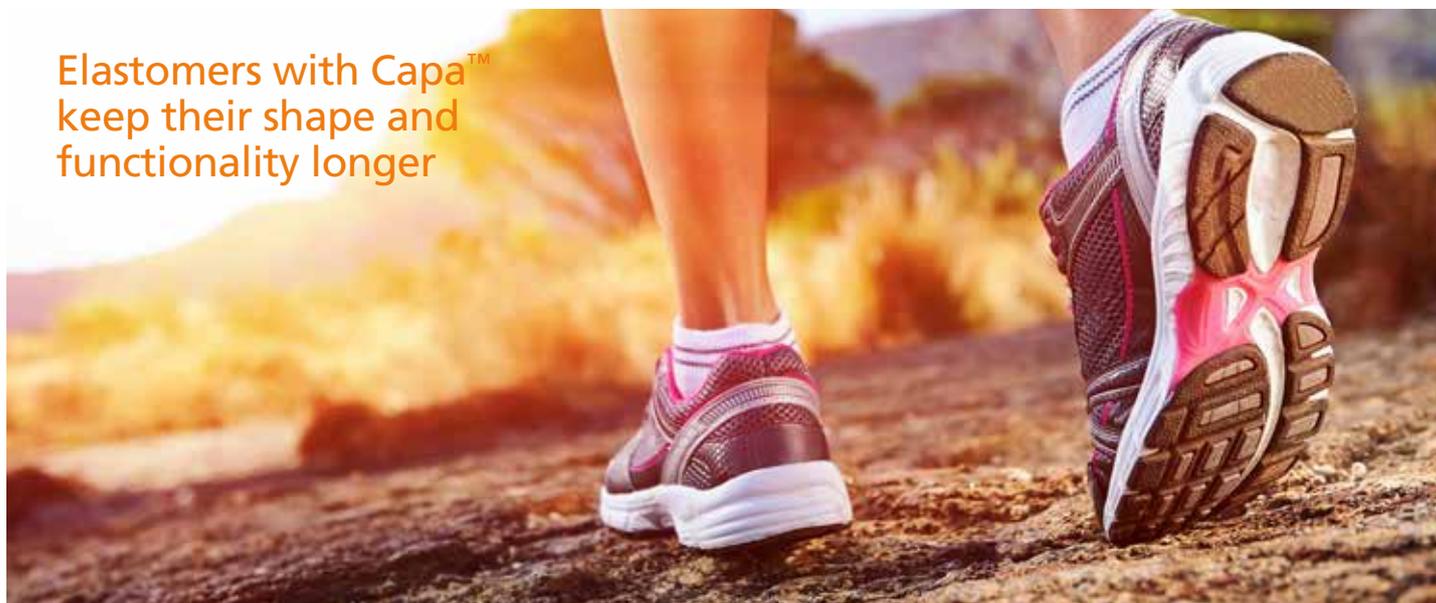
Raw Materials

Naphtha, heating oils and fuels mostly followed crude oil prices in the fourth quarter. Prices for other downstream derivatives kept steady initially, falling only gradually until November when the price slump escalated.

Methanol prices stayed more stable, but prices came under pressure in December and the European March 2015 contract went down by EUR 10, at EUR 344/ton in late December.

The aromates, Benzene, Toluene and Xylene, fell more in line with cost for crude oil and naphtha. The European January contract price for Benzene at 693 USD/ton represents a 50% drop from September.

Elastomers with Capa™
keep their shape and
functionality longer



Financial overview

Net sales

The Perstorp Group's net sales for continuing operations amounted to SEK 11,084 m during 2014, compared with SEK 10,343 m in 2013, an increase of 7%.

Volumes increased 7% compared to last year following generally stronger demand. All quarters in 2014 show higher volumes than corresponding quarter last year, especially the first two quarters was substantially stronger. The start-up of our new Neo plant has positively affected 2014's figures as deliveries to customers started in the later part of Q3 last year. Our acquisition of Chemko has also started to pay off in terms of higher volumes.

Sales prices were 4% lower than last year, primarily linked to lower raw material prices, especially for rape seed oil, but also a somewhat negative product mix effect.

The Swedish krona has weakened during the year, against both the USD and the Euro, with an escalation during the second half of year, which have had a positive effect on sales of +4% compared to last year.

Earnings

Operating earnings before depreciation and amortization (EBITDA) for continuing operations reached SEK 1,269 m (1,095) for the full year of 2014. Excluding non-recurring items, earnings amounted to SEK 1,318 m (1,113).

The depreciation of the Swedish krona positively affected earnings when comparing with last year. Currency effects on EBITDA amount to around SEK 175 m relating to both translational and transactional effects from flows in USD and Euro.

The improved earnings compared to last year have mainly been the result of stronger volumes and positive currency effects.

Non-recurring items included in this year's result relate primarily to restructuring costs in connection with the reorganizational program that was implemented in the first quarter of 2014.

Operating earnings before interest and taxes (EBIT) amounted to SEK 633 m (-9) for 2014. Depreciation was on the same level as last year, SEK 636 m (634).

Earnings before tax amounted to SEK -1,760 m (-1,886) m. The stronger EBIT was offset by negative currency effects when revaluing financial liabilities in foreign currencies. Participation in associated companies contributed with a loss of SEK 142 m in 2014, compared to a loss of 506 m, including a write-down of SEK 322 m, in 2013.

For 2014, the net loss amounted to SEK -1,786 m, compared to a loss of -1,891 m last year. Tax amounted to SEK -26 m in 2014 compared to SEK -5 m in 2013.

| Income statement, Continuing operations | | | | |
|--|--------------|---------------|---------------|--------------------|
| SEK m | Quarter 4 | | Full year | |
| | 2014 | 2013 | 2014 | 2013 |
| Net sales | 2,606 | 2,515 | 11,084 | 10,343 |
| Cost of goods sold | -2,339 | -2,259 | -9,791 | -9,191 |
| Gross earnings | 267 | 256 | 1,293 | 1,152 |
| Selling, administration and R&D costs | -182 | -200 | -723 | -741 |
| Other operating income and expenses ¹⁾ | 46 | -19 | 56 | 45 |
| Write-down of assets | 0 | -467 | 0 | -470 |
| Result from participations in associated companies | 1 | 1 | 7 | 5 |
| Operating earnings (EBIT) | 132 | -429 | 633 | -9 |
| Exchange-rate effects on net debt | -415 | -145 | -835 | -117 |
| Other financial income and expenses | -424 | -323 | -1,416 | -1,254 |
| Result from participations in associated companies | -28 | -61 | -142 | -506 ²⁾ |
| Earnings/loss before tax | -735 | -958 | -1,760 | -1,886 |
| Tax | -207 | -73 | -26 | -5 |
| Net earnings/loss | -942 | -1,031 | -1,786 | -1,891 |

| | | | | |
|--|-------------|-------------|--------------|--------------|
| Write-down of assets | 0 | -467 | 0 | -470 |
| Depreciations | -159 | -168 | -636 | -634 |
| Operating earnings before depreciation (EBITDA) | 291 | 206 | 1,269 | 1,095 |
| EBITDA excl non-recurring items | 279 | 217 | 1,318 | 1,113 |

¹⁾ Other operating income and expenses primarily includes exchange rate effects on operational net receivables and non-recurring income and costs.

²⁾ Including a write down of SEK 322 m

Segment information

| Segment data, Continuing operations | | | | |
|-------------------------------------|--------------|--------------------|---------------|--------------------|
| | Quarter 4 | | Full year | |
| | 2014 | 2013 ¹⁾ | 2014 | 2013 ¹⁾ |
| Net sales | | | | |
| Intermediates & Derivatives | 2,032 | 1,979 | 8,533 | 7,918 |
| Specialties & Solutions | 539 | 440 | 2,338 | 2,028 |
| Other/Eliminations | 35 | 96 | 213 | 397 |
| Total Continuing operations | 2,606 | 2,515 | 11,084 | 10,343 |
| EBITDA | | | | |
| Intermediates & Derivatives | 222 | 193 | 959 | 786 |
| Specialties & Solutions | 78 | 57 | 401 | 307 |
| Other/Eliminations | -9 | -44 | -91 | 2 |
| Total Continuing operations | 291 | 206 | 1,269 | 1,095 |

¹⁾ Restated according to new group structure.

The Group is domiciled in Sweden. Revenue from external customers in Sweden is 15% (15%), and revenue from external customers from other countries is 85% (85%).

No single external customer accounted for more than 10% of our sales.

Perstorp's operations are divided into two Business Areas;

Intermediates & Derivatives consisting of the business units Penta, Oxo, TMP & Neo, Formates and BioFuels.

Specialties & Solutions consisting of business units Caprolactones, Feed & Food and Specialty Polyols.

Business Area Intermediates & Derivatives increased sales by 8% compared to last year. Volumes increased 7%, partly driven by the new Neo plant in China that was started late 2013, and currency effects had a positive effect of 5%, while negative price/product mix had an effect of, -4%. The higher earnings, SEK 959 m against SEK 786m last year can primarily be assigned to positive currency effects and higher volumes. Lower prices negatively affected sales but the effect on earnings was almost fully compensated by lower raw material prices.

Business Area Specialties & Solutions recorded sales 15% above last year. Volumes were 12% higher than last year and positive currency effects increased sales by 5%, whereas lower prices negatively affected sales, -2%. Earnings were reported 30% higher than last year, SEK 401 m against SEK 307 m. The increase can primarily be assigned to higher volumes and positive foreign exchange effect, partly offset by a negative price effect.

The deviation in EBITDA related to Other/eliminations can primarily be explained by restructuring charges, that affected 2014's figures negatively, and property divestment, that affected 2013 figures positively.

Capa™ adds critical performance properties to biopolymers



Cash flow

Free cash flow from operating activities for continuing operations was SEK 1,201 m (272) for the period January to December 2014. The improved cash flow from operating activities against last year is primarily explained by the implementation of a trade receivable financing program and higher earnings but partly offset by higher investments.

In June, Perstorp implemented an off-balance, non-recourse, trade receivables financing program related to its Swedish entities. Credit line was initially set to Euro 70 m but was increased to Euro 90 m end of the third quarter. By the end of the year, around Euro 79 m had been used. The corresponding amount has reduced accounts

receivable. The target is to further increase the credit line up to Euro 125 m and gradually increase the utilization of the program during the first half of 2015.

Cash flow from investment activities amounted to SEK -837 m (-690) for the full year. The investment amount includes the acquisition of Chemko a.s. Strážske. The increase compared to last year reflects our increased spending rate in primarily the Valeraldehyde and derivatives project in Stenungsund, Sweden. Capital expenditure related to maintenance investments was slightly higher compared to the same period last year.

| Free cash flow analysis, Continuing operations | | | | |
|--|-------------------|------------|-------------------|------------|
| SEK m | Quarter 4 | | Full year | |
| | 2014 | 2013 | 2014 | 2013 |
| EBITDA excl non-recurring items | 279 | 217 | 1,318 | 1,113 |
| Change in Working capital ¹⁾ | 456 ²⁾ | 106 | 720 ²⁾ | -151 |
| Maintenance capex | -106 | -109 | -286 | -241 |
| Free cash flow before strategic capex | 629 | 214 | 1,752 | 721 |
| % of EBITDA excluding non-recurring items | 225 | 99 | 133 | 65 |
| Strategic capex | -135 | -196 | -551 | -449 |
| Free cash flow | 494 | 18 | 1,201 | 272 |
| % of EBITDA excluding non-recurring items | 177 | 8 | 91 | 24 |

¹⁾ Excluding exchange rate effects and provisions

²⁾ Including trade receivables financing program



Perstorp has a complete offer
for coatings formulators

Financial position

Working capital for continuing operations decreased SEK 688 m during the year. The implemented trade receivables financing program had a positive effect on working capital with SEK 640 m. Adjusted for these effects, working capital decreased SEK 48 m.

Accounts receivable and other current receivables decreased SEK 428 m compared to December 2013 following the trade receivables financing program offset by stronger sales and Fx effects. Accounts payable and other liabilities increased SEK 234 m. Inventory levels decreased SEK 26 m compared to December 2013.

Working capital for continuing operations amounted to SEK 691 m at the end of the fourth quarter 2014 compared to SEK 1,118 m at the end of the third quarter 2014 and SEK 1,379 m at the end of the fourth quarter 2013.

The Group's available funds, including liquid funds and letter of credit facilities, were SEK 1,119 m at the end of the period, compared with SEK 949 m at the end of third quarter.

In the first quarter of 2014, the shareholder loan was converted to equity with the amount of SEK 633 m.

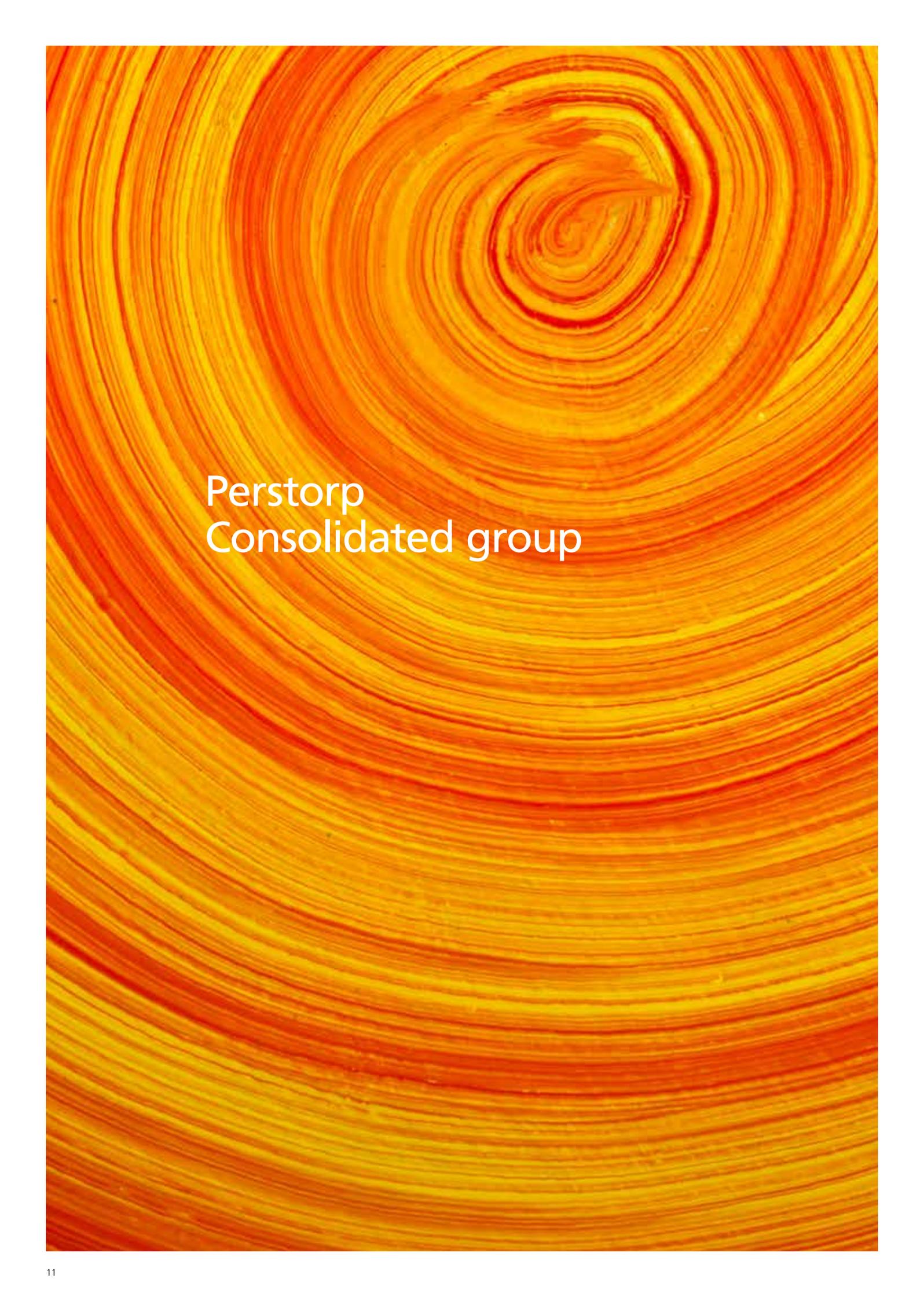
| Assets and liabilities, Continuing operations | | |
|---|--------------|--------------|
| SEK m | Dec 31, 2014 | Dec 31, 2013 |
| Working capital, Continuing operations | | |
| Inventories | 1,205 | 1,231 |
| Accounts receivable | 859 | 1,420 |
| Other current assets | 354 | 221 |
| Accounts payable | 912 | 774 |
| Other current liabilities | 816 | 720 |
| Total Working capital, Continuing operations | 691 | 1,379 |

| Capital employed, Continuing operations | | |
|--|---------------|---------------|
| Total assets | 14,194 | 13,995 |
| Deferred tax liability | 908 | 897 |
| Accounts payable | 912 | 774 |
| Other liabilities | 1,456 | 1,251 |
| Total Capital employed, Continuing operations | 10,918 | 11,074 |

| Other key figures, Continuing operations | | |
|--|--------|--------|
| Available funds | 1,119 | 1,162 |
| Net debt | 10,970 | 10,048 |
| Net debt excl. parent company loan and pension liabilities | 10,514 | 9,092 |

Best in-class abrasion resistance with Capa™



The background of the page is a close-up photograph of wood grain, showing concentric, wavy rings of varying shades of orange, yellow, and red. The texture is organic and flowing.

Perstorp Consolidated group

Financial overview

| Income statement, Consolidated group | | | | |
|--|--------------|---------------|---------------|--------------------|
| SEK m | Quarter 4 | | Full year | |
| | 2014 | 2013 | 2014 | 2013 |
| <i>Continuing operations</i> | | | | |
| Net sales | 2,606 | 2 515 | 11,084 | 10,343 |
| Cost of goods sold | -2,339 | -2 259 | -9,791 | -9,191 |
| Gross earnings | 267 | 256 | 1,293 | 1,152 |
| Selling, administration and R&D costs | -182 | -200 | -723 | -741 |
| Other operating income and expenses ¹⁾ | 46 | -19 | 56 | 45 |
| Write-down of assets | 0 | -467 | 0 | -470 |
| Result from participations in associated companies | 1 | 1 | 7 | 5 |
| Operating earnings (EBIT) | 132 | -429 | 633 | -9 |
| Exchange-rate effects on net debt | -415 | -145 | -835 | -117 |
| Other financial income and expenses | -424 | -323 | -1,416 | -1,254 |
| Result from participations in associated companies | -28 | -61 | -142 | -506 ²⁾ |
| Earnings/loss before tax | -735 | -958 | -1,760 | -1,886 |
| Tax | -207 | -73 | -26 | -5 |
| Net earnings/loss | -942 | -1 031 | -1,786 | -1,891 |
| <i>Discontinued operation</i> | | | | |
| Net sales | - | 0 | - | 257 |
| Operating earnings (EBIT) | - | 4 | - | 841 ³⁾ |
| Earnings/loss before tax | - | 4 | - | 826 |
| Tax | - | 0 | - | -5 |
| Net earnings/loss | - | 4 | - | 821 |
| <i>Group, total</i> | | | | |
| Net sales | 2,606 | 2,515 | 11,084 | 10,600 |
| Operating earnings (EBIT) | 132 | -425 | 633 | 832 |
| Earnings/loss before tax | -735 | -955 | -1,760 | -1,060 |
| Tax | -207 | -72 | -26 | -10 |
| Net earnings/loss | -942 | -1,026 | -1,786 | -1,070 |

| | | | | |
|--|------------|------------|--------------|--------------|
| Operating earnings before depreciation (EBITDA) | 291 | 209 | 1,269 | 1,939 |
| EBITDA excluding non-recurring items | 279 | 213 | 1,318 | 1,128 |

| Comprehensive income report, Consolidated accounts | | | | |
|--|---------------|---------------|---------------|---------------|
| SEK m | Quarter 4 | | Full year | |
| | 2014 | 2013 | 2014 | 2013 |
| Net result for the period | -942 | -1,026 | -1,786 | -1,070 |
| Other comprehensive results | | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | | |
| Remeasurements of defined benefit plan | -93 | 47 | -93 | 47 |
| <i>Items that may be subsequently reclassified to profit or loss</i> | | | | |
| Currency translation effect | -41 | 35 | -28 | -44 |
| Market valuation of forward contracts | 2 | 2 | 7 | 7 |
| Other comprehensive income net after tax | -132 | 84 | -114 | 10 |
| Total comprehensive income | -1,074 | -942 | -1,900 | -1,060 |
| Attributable to: | | | | |
| Parent company's shareholder | -1,079 | -945 | -1,916 | -1,062 |
| Non controlling interest | 5 | 3 | 16 | 2 |

¹⁾ Other operating income and expenses primarily include exchange-rate effects on operational net receivables and non-recurring income and costs.

²⁾ Including a write-down of SEK 322 m

³⁾ Mainly attributable to capital gain from sale of assets related to discontinued operation (Formox and Singapore legal units)

Financial position

| Balance sheet, Consolidated group | | |
|--|---------------|---------------|
| SEK m | Dec 31, 2014 | Dec 31, 2013 |
| Tangible fixed assets | 4,903 | 4,497 |
| Intangible fixed assets | 4,997 | 4,845 |
| Participation in associated companies | 56 | 506 |
| Other non-current assets | 736 | 301 |
| Inventories | 1,205 | 1,231 |
| Other current assets | 1,278 | 1,710 |
| Cash & cash equivalents, incl. short-term investments | 1,019 | 905 |
| Total assets | 14,194 | 13,995 |
| Total equity | -1,050 | 217 |
| Loan from parent company | 4 | 626 |
| Pension liability, others | 451 | 330 |
| Other non-current liabilities | 12,368 | 10,762 |
| Current liabilities | 2,421 | 2,060 |
| Total equity & liabilities | 14,194 | 13,995 |
| Working capital | 691 | 1,379 |
| Net debt | 10,970 | 10,048 |
| Net debt excl. parent company loan and pension liabilities | 10,515 | 9,092 |
| Capital employed | 10,918 | 11,074 |
| Number of full-time employees, end of period | 1,455 | 1,524 |

Akestra™ represents an entirely new generation of plastics

| Total equity, 2014 | | | |
|---|---|--------------------------|---------------|
| SEK m | Equity attributable to owners of the parent | Non controlling interest | Total equity |
| Opening balance, January 1, 2014 | 171 | 46 | 217 |
| Total comprehensive income | -1,916 | 16 | -1,900 |
| Shareholders contribution | 633 | - | 633 |
| Closing balance, December 31, 2014 | -1,112 | 62 | -1,050 |

| Total equity, 2013 | | | |
|---|---|--------------------------|--------------|
| SEK m | Equity attributable to owners of the parent | Non controlling interest | Total equity |
| Opening balance, January 1, 2013 | 1,326 | 44 | 1,370 |
| Effect of change in accounting policy for reporting defined benefit pension plans | -93 | - | -93 |
| Adjusted opening balance, January 1, 2013 | 1,233 | 44 | 1,277 |
| Total comprehensive income | -1,062 | 2 | -1,060 |
| Closing balance, December 31, 2013 | 171 | 46 | 217 |



Cash flow

| Cash Flow analysis, Consolidated group | | | | |
|---|-------------------|-------------|-------------------|------------|
| SEK m | Quarter 4 | | Full year | |
| | 2014 | 2013 | 2014 | 2013 |
| <i>Operating activities</i> | | | | |
| Operating earnings | 132 | -429 | 633 | -9 |
| Adjustments: | | | | |
| Depreciation and write-down | 159 | 635 | 636 | 1,104 |
| Other | -8 | 23 | -5 | -49 |
| Operating activities in discontinued operations | - | 4 | - | 23 |
| Interest received | 1 | 5 | 7 | 12 |
| Interest paid | -281 | -227 | -1,031 | -785 |
| Income tax paid | 0 | -28 | 17 | -48 |
| Interest and taxes paid in discontinued operations | - | - | - | -22 |
| Cash flow from operating activities before change in working capital | 3 | -17 | 257 | 226 |
| <i>Changes in working capital</i> | | | | |
| Increase (-) Decrease (+) in inventories | -18 | -91 | 93 | 54 |
| Increase (-) Decrease (+) in current receivables | 247 ²⁾ | 127 | 493 ²⁾ | -81 |
| Increase (+) Decrease (-) in current liabilities | 227 | 70 | 134 | -124 |
| Discontinuing operations | - | - | - | -62 |
| Cash flow from operating activities | 459 | 89 | 977 | 13 |
| <i>Investing activities</i> | | | | |
| Acquisition of supplier contract | - | -45 | - | -45 |
| Acquisition of shares in associated companies | - | - | -27 | - |
| Acquisition of tangible and intangible fixed assets ¹⁾ | -241 | -305 | -837 | -690 |
| Sale of net assets, subsidiaries | - | -15 | - | 1,018 |
| Sale of tangible and intangible fixed assets | - | - | 24 | - |
| Change in financial assets, external | -9 | -3 | -4 | -32 |
| Discontinuing operations | - | - | - | -12 |
| Cash flow from investing activities | -250 | -368 | -844 | 239 |
| <i>Financing activities</i> | | | | |
| Change in loan from parent company | - | - | - | -61 |
| Change in credit utilization | -6 | 3 | -32 | 34 |
| Cash flow from financing activities | -6 | 3 | -32 | -27 |
| Change in liquid funds, incl. short-term investments | 203 | -276 | 101 | 225 |
| Liquid fund opening balance, incl. short-term investments | 811 | 1,180 | 905 | 685 |
| Translation difference in liquid funds | 5 | 1 | 13 | -5 |
| Liquid funds, end of period | 1,019 | 905 | 1,019 | 905 |

¹⁾ Whereof paid interest

²⁾ Including trade receivables financing program

-12 -5 -39 -14



Other

Accounting & valuation principles

The consolidated financial statements for Perstorp Holding AB have been prepared in accordance with IAS 34, Interim Financial Reporting, and the Annual Accounts Act. The Financial Statement for the parent company has been prepared in accordance with the Swedish Annual Accounts Act's chapter 9, Interim Reporting. The accounting principles and calculation methods applied for the group and parent company are consistent with those accounting principles and calculation methods used in the annual report for 2013.

During the second quarter 2014, Perstorp implemented an off-balance, non-recourse, trade receivables financing program. Trade receivables for which substantially all risks and rewards have been transferred are de-recognized and excluded from the reported figures.

In the first quarter of 2014, Perstorp introduced a new business model, a new organizational structure, a new management team and a cost competitiveness program. These changes are the result of an extensive self-examination conducted to unlock Perstorp's full potential and to expand the Group's competitive advantage. It will also lead to anticipated redundancies of 111 employees throughout the Group and a restructuring charge amounting to approximately SEK 50 m and was reported as a non-recurring item in the income statement for continuing operations, in the first quarter of 2014.

Valuation of Goodwill

The company performs an annual impairment test for goodwill. Assumptions are based on the business plan with a discount interest rate of 11% and a terminal growth rate of 2%. No impairment has been identified.

Perstorp Holding AB (publ)

Perstorp Holding AB (publ) is wholly owned by Financière Forêt S.a.r.l and is the parent company of the Perstorp Holding Group and had no external sales in 2014 and 2013. Operating loss for the full year 2014 amounted to SEK -127 m compared to an operating loss of SEK -92 m for the same period in 2013. The loss before taxes amounted to SEK -670 m for the full year 2014 compared to a loss before taxes of SEK -1.391 m for the same period in 2013.

Shareholder equity as at December 31, 2014 amounted to SEK 962 m compared to SEK 998 m as of December 31, 2013.

Acquisition 2014

In the second quarter, Perstorp signed an agreement with Chemko a.s. Strážske for the acquisition of its penta and calcium formate businesses, related technology and certain assets. The transaction is fully in line with the strategy going forward and a part of an ambitious investment plan to increase the polyol production.

Divested units 2013

In May 2013, Perstorp closed the sale of Perstorp Ättika (vinegar) to Kavli. The financial results are accounted for as continuing operations up until the date of closing.

At the end of March 2013, Perstorp closed the sale of its formaldehyde technology and catalyst business, Formox (Formox AB) to Johnson Matthey (Johnson Matthey Plc), a global speciality chemicals company and a leader in sustainable technologies. The divestment is in line with Perstorp's strategy to focus on and expand its core speciality chemical activities. The financial results for Formox are accounted for as discontinued operations.

In December 2012, Perstorp's Board of Directors decided to transfer Perstorp's Singapore legal units (isophthalic acid operations) to Financière Forêt S.á r.l., parent company to Perstorp Holding AB, as a consequence of the recent refinancing process. The transaction was completed in March 2013 and settled via a vendor loan. The financial results for this operation are accounted for as discontinued operations.

Transactions with related parties

In March 2014, Perstorp Holding AB received a shareholders' contribution amounting to SEK 633 m, which has been converted from loans to equity. At the end of December, the net amount borrowed from the Luxembourg-based parent company Financière Forêt S.á r.l. amounted to SEK 4 m (626).

Risk and uncertainty

Perstorp is exposed to a number of risks and uncertainty factors, which are reviewed in the Annual Report for 2013.

Important events after reporting period

During January 2015, put options equivalent to approximately 50% of the annual transaction exposure were purchased against the price risk of a weaker USD/SEK and EUR/SEK foreign exchange rate. The maximum cost for the hedge is approximately SEK 18 million. The strike price of the put options are 7.80 for USD/SEK and 9.30 for EUR/SEK. No other major events have occurred since the balance sheet date and up to the publication of this report.

Financial information

Perstorp's financial information comprises interim reports and an annual & social responsibility report.

The complete annual report will be available in English and can be ordered in print format. It will also be posted on the Group's website at www.perstorp.com.

Perstorp, March, 2015



Jan Secher
President and CEO

The report has not been reviewed by Perstorp's auditors.



Your Winning Formula

The Perstorp Group, a trusted world leader in specialty chemicals, places focused innovation at your fingertips. Our culture of performance builds on 130 years of experience and represents a complete chain of solutions in organic chemistry, process technology and application development.

Matched to your business needs, our versatile intermediates enhance the quality, performance and profitability of your products and processes. This is how we enable you to meet market demands for safer, lighter, more durable and environmentally sound end-products – for the aerospace, marine, coatings, chemicals, plastics, engineering, and construction industries, as well as automotive, agricultural, food, packaging, textile, paper and electronics applications.

Our chemistry is backed by reliable business practices and a global commitment to responsiveness and flexibility. Consistent high quality, capacity and delivery security are ensured through strategic production plants in Asia, Europe and North America, as well as sales offices in all major markets. Likewise, we combine product and application assistance with the very best in technical support.

As we look to the future, we strive for the development of smarter and safer products and sustainable processes that reduce environmental impact and create real value in new chemical applications. This principle of proactive innovation and responsibility applies not only to our own business, but also to our work with yours. In fulfilling it, we partner with you to create a winning formula that benefits your business – as well as the people it serves.

Discover your winning formula at www.perstorp.com