

# Perstorp Holding AB (Publ.)

Interim report 1 January - 31 March 2017

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<sup>1)</sup> Perstorp Continuing operations excludes the divested unit Perstorp Oxo Belgium AB

# Interim report 1 January - 31 March 2017

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

Perstorp is an international specialty chemicals group and a global leader in high growth niches. The Group has around 1,500 employees and manufacturing facilities in Europe, North America and Asia. The Perstorp Group is controlled by the European private equity company PAI Partners.

## Key figures in summary

### January 1 – March 31, 2017

- ➔ Net sales, for continuing operations increased 34% to SEK 3,413 m (2,549). General sales prices were higher than the corresponding quarter last year driven by generally higher raw material prices and strengthened pricing in specific product lines. Sales margin was slightly weaker than last year due to a negative product mix.
- ➔ Organic volume-based sales growth, for continuing operations was 23% year-on-year. All business units reported solid volume growth.
- ➔ EBITDA excluding non-recurring items, for continuing operations amounted to SEK 571 m in the first quarter compared to SEK 435 m in the corresponding period last year. The increase in earnings was primarily attributable to higher volumes.
- ➔ EBITDA-margin excluding non-recurring items for continuing operations slightly decreased to 16.7% (17.1).
- ➔ In the beginning of March Perstorp divested the additives activities primarily serving the paints and coatings industry produced at its facility in Gent Belgium (Perstorp Oxo Belgium). The total consideration for the sale is €78 million (subject to certain adjustments).
- ➔ The divestment of Perstorp Oxo Belgium AB is treated as discontinued operations and historical financial statements has been restated.

### Key figures in summary, continuing operations

SEK m unless otherwise stated	Quarter 1		Latest	Full year
	2017	2016	12 months	2016
Net sales	3,413	2,549	11,939	11,075
EBITDA	561	422	1,855	1,716
% of net sales	16,4%	16,6%	15,5%	15,5%
EBITDA excluding non-recurring items <sup>1)</sup>	571	435	1,917	1,781
% of net sales	16,7%	17,1%	16,1%	16,1%
Operating earnings (EBIT)	422	278	1,273	1,129
% of net sales	12,4%	10,9%	10,7%	10,2%
Net earnings/loss	100	-100	-932	-1,132
Free Cash flow <sup>2)</sup>	68	314	1,054	1,300

<sup>1)</sup> Non-recurring items are mainly attributable to restructuring and refinancing costs.

<sup>2)</sup> Free Cash flow is calculated as EBITDA excluding non-recurring items less change in working capital, exchange rate effects, provisions and investments.



2-EHA offers significant advantages as an additive in a wide range of coatings



## President's Comments

**"In general, raw material costs have increased, but we have shown good business acumen, when managing to handle price increases and to keep margins"**

### Volumes continues to improve in all of our businesses

Demand and sales for the absolute majority of our products remained strong during the first quarter, where the year-on-year organic volume-based sales growth was 23% vs. the first quarter in 2016.

Business Area Specialties & Solutions has continued to deliver a solid organic volume based sales growth of 18% compared to the first quarter previous year, where all business units continued to show healthy growth. The Capa™ business experienced a new volume record for the quarter.

The organic volume based sales growth for Business Area Advanced Chemicals & Derivatives was 21% compared to previous year due to strong growth in all business units. The improved supply and demand situation for Neo, which started at the end of last year, continued in the first quarter. TMP and Penta continue to perform both with regards to sales and marginal contribution. Market conditions for plasticizers have continued to improve since the end of last year. The market situation for Oxo alcohols has become somewhat more positive during the first quarter.

The organic volume based sales growth for Business Area BioProducts was 48% compared to previous year driven by higher sales in Norway.

### EBITDA on record level

The absolute marginal contribution reached a new record in the first quarter and was 31% as a percentage of sales, vs. 32% in the first quarter in 2016. Business Area AC&D showed a positive trend were as Business Area S&S showed weaker unit margins, mainly due to increased raw material costs and product and customer mix.

In general, raw material costs have increased, but we have showed good business acumen. Price increases have been announced and implemented on many products during the quarter and we can clearly see that our investments in the Commercial Excellence program show results.

The EBITDA margin in the first quarter amounted to 16.7% with EBITDA at a historical record level of SEK 571 m and it was 31% higher than the same period previous year. The EBITDA margin, excluding BioProducts amounted to 19.2%. This is attributable to a positive development in all regions with higher volumes and increased unit margins for specific product lines.

Plant availability and capacity utilization have been high in the first quarter with new production records for TMP in Perstorp and for RME in Stenungsund.

### Outlook

There is a general optimism in the chemical market, with tightness in the supply of certain chemicals. We expect the demand in the second quarter 2017 to remain strong and earnings to be well above the same period last year.

### Safety step up

During the first quarter we have prepared for a step change in the way we work with and promote health and safety. A long-term plan has been developed alongside a powerful kick-off of a number of shorter term activities directed primarily at managers. In 2020 Perstorp shall be a "best in class" Responsible Care company in our business category.

On March 6, it was announced that Perstorp have sold the legal entity at site Gent in Belgium and its related business to the Synthomer Group. The divestment has created attractive value for Perstorp's shareholders and strategically allows Perstorp to focus on the core technology platforms. The products included in the deal were mainly NX795 and BEPD and the transfer process started with immediate effect.

The foundation we have built in terms of processes and tools delivers on the expectations so we can continue our period of consolidating and delivering. Our customer focus is firm and we work tenaciously to be able to act even faster on e.g. increasing raw material prices or tight market conditions. This year has started in a promising way and I am excited about what we will be able to deliver in the coming months.

Malmö, May 2017

Jan Secher  
President and CEO

# Financial overview January - March 2017

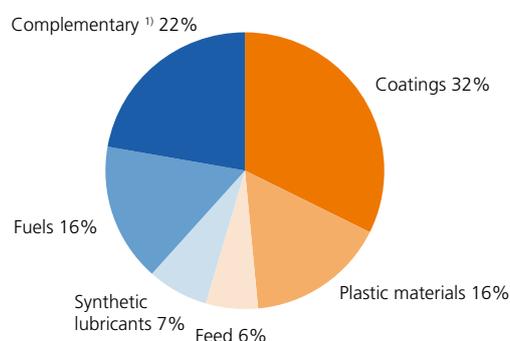
## Net sales and earning, continuing operations

For continuing operations net sales amounted to SEK 3,413 m during the period January to March 2017, an increase of SEK 864 m or 34%. Volumes increased 23% compared to last year following solid general demand in all segments. Organic volume-based sales growth was 23% in the first quarter 2017. Sales prices were 8% higher than last year linked to raw material costs and improved pricing for specific product lines.

Average Dated Brent oil price increased 8% in the first quarter 2017 compared to the fourth quarter in 2016 and was 60% higher than the corresponding quarter last year. Average prices increased in general for all downstream derivatives like benzene 49%, methanol 43%, propylene 11% and ethylene 7% compared to the fourth quarter 2016. The Swedish krona moderately strengthened against the USD and EUR compared to previous quarter but was weaker than the corresponding quarter 2016. EBITDA excluding non-recurring items amounted to SEK 571 m (435) corresponding to an EBITDA margin of 16.7% (17.1). The increase was primarily attributable to higher sales volumes but also slightly higher unit margins and positive FX-effects.

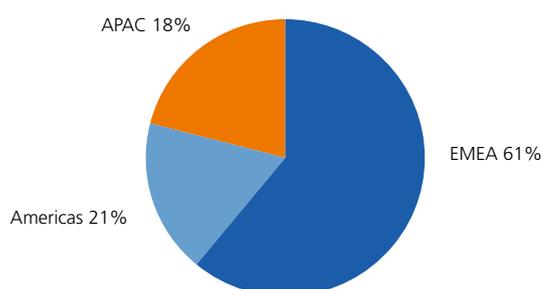
Depreciation and amortization amounted to SEK 139 m compared to SEK 144 m for the corresponding period in 2016. EBIT amounted to SEK 422 m (278) during the period. Net financial expenses, including exchange rate effects on net debt, amounts to SEK 304 m compared to SEK 369 m for the corresponding period in 2016. The deviation can mainly be explained by the more favorable FX-effects on net debt. Tax amounted to SEK -18 m (-9) and net result amounted to SEK 100 m (-100).

## Net sales by market segments, last twelve months



<sup>1)</sup> Subsegments within complementary consists of bleaching, runway de-icer, oil drilling and completion fluids, pharmaceuticals and API, surfactants and detergents, tanning and other

## Net sales by geography, last twelve months



Income statement, continuing operations				
SEK m	Quarter 1		Latest 12 months	Full year 2016
	2017	2016		
<b>Net sales</b>	<b>3,413</b>	<b>2,549</b>	<b>11,939</b>	<b>11,075</b>
Cost of goods sold	-2,753	-2,048	-9,789	-9,084
<b>Gross earnings</b>	<b>660</b>	<b>501</b>	<b>2,150</b>	<b>1,991</b>
<b>Operating earnings (EBIT)</b>	<b>422</b>	<b>278</b>	<b>1,273</b>	<b>1,129</b>
Exchange-rate effects on net debt	89	12	-572	-649
Other financial income and expenses	-393	-381	-1,711	-1,699
Group contribution <sup>1)</sup>	-	-	85	85
<b>Earnings/loss before tax</b>	<b>118</b>	<b>-91</b>	<b>-925</b>	<b>-1,134</b>
Tax	-18	-9	-7	2
<b>Net earnings/loss</b>	<b>100</b>	<b>-100</b>	<b>-932</b>	<b>-1,132</b>

<b>EBITDA</b>	<b>561</b>	<b>422</b>	<b>1,855</b>	<b>1,716</b>
<b>EBITDA excl, non-recurring items</b>	<b>571</b>	<b>435</b>	<b>1,917</b>	<b>1,781</b>

<sup>1)</sup> Group contribution received from divested units.

# Financial overview January - March 2017

## Free Cash flow

Free Cash flow amounted to SEK 68 m (314) for the period. The lower cash flow was primarily affected by the build up of working capital, mainly due to higher accounts receivables linked to higher sales, which were partly offset by improved earnings. Utilization of the factoring program increased with SEK 105 m during the first quarter 2017 and the total utilization of the program was at the end of the period EUR 112 m (101). Cash flow from investment activities amounted to SEK -100 m (-98) during the first quarter 2017.

Free Cash flow analysis, Continuing operations <sup>1)</sup>				
SEK m unless otherwise stated	Quarter 1		Latest 12 months	Full year 2016
	2017	2016		
EBITDA excl non-recurring items	571	435	1,917	1,781
Change in Working Capital <sup>2)</sup>	-403	-23	-314	66
Maintenance Capex	-35	-39	-233	-237
<b>Free Cash Flow before strategic capex</b>	<b>133</b>	<b>373</b>	<b>1,370</b>	<b>1,610</b>
% of EBITDA excluding non-recurring items	23%	86%	71%	90%
Strategic Capex	-65	-59	-316	-310
<b>Free Cash Flow</b>	<b>68</b>	<b>314</b>	<b>1,054</b>	<b>1,300</b>
% of EBITDA excluding non-recurring items	12%	72%	55%	73%

<sup>1)</sup> For further details on total cash flow, please see page 13.

<sup>2)</sup> Excluding exchange rate effects and provisions.

## Net debt and leverage

The Group's available funds, liquid funds and unutilized credit facilities, were SEK 881 m at the end of the period, compared with SEK 983 m at the end of Q4 2016. Net debt excluding parent company loan and pension liabilities decreased by SEK 722 m during the quarter. The decrease was mainly related to the divestment of Perstorp Oxo Belgium AB and a stronger SEK, primarily against the USD. Leverage was 6.4x at the end of the first quarter 2017 compared to 7.0x at the end of 2016.

Available funds and net debt			
SEK m unless otherwise stated	Quarter 1		Dec 31, 2016
	2017	2016	
Available funds	881 <sup>2)</sup>	896	983
Net debt	12,671	11,792	13,424
Net debt excl. Parent company loan and pension liabilities	12,242	11,382	12,964
Leverage <sup>1)</sup>	6.4x	7.1x	7.0x

<sup>1)</sup> Net debt excluding parent company loan and pension liabilities/EBITDA excluding non-recurring items.

<sup>2)</sup> Excludes cash proceeds from sale of Perstorp Oxo Belgium AB amounting to SEK 550 m.

# Specialties & Solutions

**Specialties & Solutions** consists of Business Units Caprolactones, Feed & Food, Specialty Polyols and Business Development.

## January-March 2017

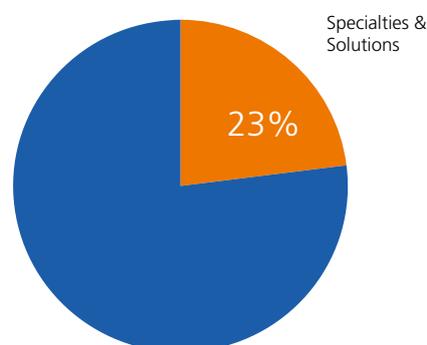
During the first quarter 2017 net sales amounted to SEK 785 m, which was 19% higher compared to the same period in 2016. Net sales were impacted by an organic volume-based sales growth of 18% and FX of 2% but sales prices were 1% lower than in the corresponding period last year, primarily linked to product and customer mix.

Unit margins were negatively impacted by the sales mix with strong sales growth in Business Unit Business Development (de-icers) and higher raw material cost. Benzene, which is a key component in Caprolactones, increased with 64% compared to same period last year. EBITDA in the first quarter 2017 was SEK 189 m (196), corresponding to an EBITDA margin of 24.0% (29.6).

Specialties & Solutions				
SEK m	Quarter 1		Latest 12 months <sup>1)</sup>	Full year 2016 <sup>1)</sup>
	2017	2016		
Net sales	785	662	2,740	2,617
EBITDA	189	196	665	672
EBITDA excluding non-recurring items	189	196	670	677

<sup>1)</sup> Historical number has been restated due to the divestment of the legal unit Perstorp Oxo Belgium AB.

Share of Group net sales, quarterly



ProMyr™ TMR keeps Total Mixed Ration feed for cows fresh and appealing for longer



# Advanced Chemicals & Derivatives

**Advanced Chemicals & Derivatives** consists of the Business Units Penta, Oxo, TMP & Neo and Formates.

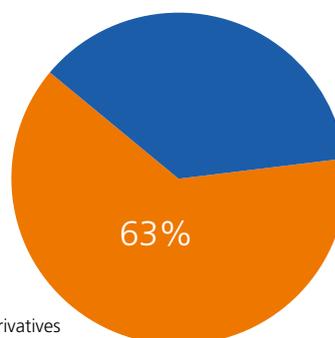
## January-March 2017

During the first quarter 2017 net sales amounted to SEK 2,136 m, which was 36% higher than the same period in 2016. The deviation can be assigned to organic volume-based sales growth 21%, FX effects 3% and higher sales prices, 12% linked to an increase in raw material prices and improved unit margins for specific product lines, most importantly Neo and plasticizers. EBITDA in the first quarter increased to SEK 412 m (242), corresponding to an EBITDA margin of 19.3% (15.4). The improved EBITDA was assignable to higher volumes, stronger unit margins and positive FX effects.

Advanced Chemicals & Derivatives				
SEK m	Quarter 1		Latest	Full year
	2017	2016 <sup>1)</sup>	12 months <sup>1)</sup>	2016 <sup>1)</sup>
Net sales	2,136	1,565	7,461	6,890
EBITDA	412	242	1,273	1,103
EBITDA excluding non-recurring items	416	242	1,282	1,108

<sup>1)</sup> Historical number has been restated due to the divestment of the legal unit Perstorp Oxo Belgium AB.

Share of Group net sales, quarterly



Our complete neopolyol platform gives the opportunity to drive innovation and continuous performance enhancements, such as durability

# BioProducts

**BioProducts** consists of the Business Unit BioProducts.

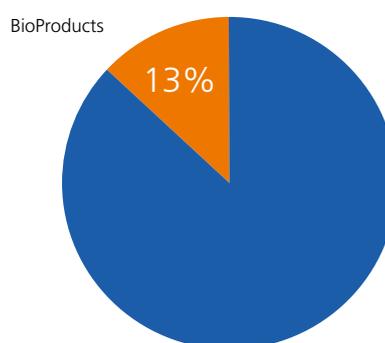
## January - March 2017

During the first quarter 2017, Business Area BioProducts net sales amounted to SEK 431 m, which was 59% higher than the corresponding period in 2016. The increase in sales was assignable to organic volume-based sales growth of 48%, higher sales prices of 8% and FX effects of 3%.

BioProducts EBITDA in the first quarter 2017 amounted to SEK -1 m (4), corresponding to an EBITDA margin of -0.3% (1.3%). The decrease in earnings can primarily be assignable to weaker unit margins.

BioProducts				
SEK m	Quarter 1		Latest 12 months	Full year 2016
	2017	2016		
Net sales	431	270	1,538	1,377
EBITDA	-1	4	45	50
EBITDA excluding non-recurring items	-1	4	46	51

Share of Group net sales, quarterly



Perstorp is a leading player, in Scandinavia, in bio-diesels based on RME (Rapeseed Methyl Ester)

# Consolidated Income statement

Income statement, consolidated group					
SEK m	Note	Quarter 1		Latest	Full year
		2017	2016	12 months	2016
<i>Continuing operations</i>					
<b>Net sales</b>	<b>6</b>	<b>3,413</b>	<b>2,549</b>	<b>11,939</b>	<b>11,075</b>
Cost of goods sold		-2,753	-2,048	-9,789	-9,084
<b>Gross earnings</b>		<b>660</b>	<b>501</b>	<b>2,150</b>	<b>1,991</b>
Selling, administration and R&D costs		-198	-211	-828	-841
Other operating income and expenses <sup>1)</sup>		-41	-14	-41	-14
Write-down of assets		0	0	-10	-10
Result from participations in associated companies		1	2	2	3
<b>Operating earnings (EBIT)</b>		<b>422</b>	<b>278</b>	<b>1,273</b>	<b>1,129</b>
Exchange-rate effects on net debt		89	12	-572	-649
Other financial income and expenses		-393	-381	-1,711	-1,699
Group contribution <sup>2)</sup>	6	0	0	85	85
<b>Earnings/loss before tax</b>		<b>118</b>	<b>-91</b>	<b>-925</b>	<b>-1,134</b>
Tax		-18	-9	-7	2
<b>Net earnings/loss</b>		<b>100</b>	<b>-100</b>	<b>-932</b>	<b>-1,132</b>
<i>Discontinued operation</i>					
Net sales	6	-	67	163	230
Operating earnings (EBIT)		605	20	662	77
Earnings/loss before tax <sup>3)</sup>	7	605	21	584	0
Tax		0	0	0	0
<b>Net earnings/loss</b>		<b>605</b>	<b>21</b>	<b>584</b>	<b>0</b>
<i>Group, total</i>					
Net sales		3,413	2,616	12,102	11,305
Operating earnings (EBIT)		1,027	297	1,936	1,206
Earnings/loss before tax		723	-70	-341	-1,134
Tax		-17	-9	-6	2
<b>Net earnings/loss</b>		<b>706</b>	<b>-79</b>	<b>-347</b>	<b>-1,132</b>

## Consolidated Group

<b>EBITDA</b>	<b>6</b>	<b>1,166</b>	<b>443</b>	<b>2,523</b>	<b>1,800</b>
<b>EBITDA excl. non-recurring items</b>	<b>6</b>	<b>571</b>	<b>457</b>	<b>1,979</b>	<b>1,865</b>

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

<sup>2)</sup> Group contribution received from divested unit.

<sup>3)</sup> Including group contribution transferred to Continuing operations.

Comprehensive income report				
SEK m	Quarter 1		Latest	Full year
	2017	2016	12 months	2016
<b>Net result for the period</b>	<b>706</b>	<b>-79</b>	<b>-347</b>	<b>-1,132</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of defined benefit plan	-	-	-36	-36
<i>Items that may be subsequently reclassified to profit or loss</i>				
Currency translation effect	21	9	-65	-77
<b>Other comprehensive income net after tax</b>	<b>21</b>	<b>9</b>	<b>-101</b>	<b>-113</b>
<b>Total comprehensive income</b>	<b>727</b>	<b>-70</b>	<b>-448</b>	<b>-1,245</b>
<b>Attributable to:</b>				
Parent company's shareholder	712	-69	-485	-1,266
Non controlling interest	15	-1	37	21

# Consolidated Balance sheet

Balance sheet				
SEK m	Note	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
Tangible fixed assets		4,941	4,922	5,006
Intangible fixed assets		4,863	4,916	4,915
Participation in associated companies		65	63	64
Other non-current assets		830	711	787
Inventories		1,407	1,314	1,370
Other current assets		1,232	942	1,069
Cash & cash equivalents, incl. short-term investments		1,046	702	434
<b>Total assets</b>		<b>14,384</b>	<b>13,570</b>	<b>13,645</b>
Total equity	3	-2,264	-1,816	-2,991
Loan from parent company		20	5	20
Pension liability, others		409	405	441
Other non-current liabilities		13,869	12,965	13,832
Current liabilities		2,350	2,011	2,343
<b>Total equity &amp; liabilities</b>		<b>14,384</b>	<b>13,570</b>	<b>13,645</b>
Working capital		837	670	500
Net debt		12,671	11,792	13,424
Net debt excl. parent company loan and pension liabilities		12,242	11,382	12,964
Capital employed		11,156	10,702	10,550
Number of full-time employees, end of period		1,456	1,494	1,505
Contingent liabilities		533	500	530
Assets pledged		8,785	8,474	7,945

Working Capital			
SEK m	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
Inventories	1,407	1,269	1,315
Accounts receivable	899	574	714
Other current assets	312	289	293
Accounts payable	845	779	986
Other current liabilities	936	761	908
<b>Working capital, continuing operations</b>	<b>837</b>	<b>592</b>	<b>428</b>
Discontinuing operation	-	78	72
<b>Working capital, consolidated group</b>	<b>837</b>	<b>670</b>	<b>500</b>



Holtac™ enables the manufacture of lead-free PVC heat-stabilizers without compromising on performance

# Consolidated statement of changes in Equity

Total equity, 2017			
SEK m	Equity attributable to owners of the parent	Non controlling interest	Total equity
<b>Opening balance, January 1, 2017</b>	<b>-3,080</b>	<b>89</b>	<b>-2,991</b>
Total comprehensive income	712	15	727
<b>Closing balance, March 31, 2017</b>	<b>-2,368</b>	<b>104</b>	<b>-2,264</b>

Total equity, 2016			
SEK m	Equity attributable to owners of the parent	Non controlling interest	Total equity
<b>Opening balance, January 1, 2016</b>	<b>-1,814</b>	<b>68</b>	<b>-1,746</b>
Total comprehensive income	-69	-1	-70
<b>Closing balance, March 31, 2016</b>	<b>-1,883</b>	<b>67</b>	<b>-1,816</b>

With our wide range of paint additives, we can offer customized solutions to best suit your business



# Consolidated Cash flow statement

Cash Flow analysis, Consolidated Group				
SEK m	Quarter 1		Latest 12 months	Full year 2016
	2017	2016		
<i>Operating activities</i>				
Operating earnings	422	278	1,273	1,129
Adjustments:				
Depreciation and write-down	139	144	582	587
Other	-22	-13	32	41
Operating activities in discontinued operations	0	21	63	84
Interest received and other financial items	2	1	7	6
Interest paid and other financial items	-80	-307	-1,187	-1,414
Income tax paid	-17	-13	-27	-23
<b>Cash flow from operating activities before change in working capital</b>	<b>444</b>	<b>111</b>	<b>743</b>	<b>410</b>
Changes in working capital				
Increase (+) Decrease (-) in net working capital <sup>1)</sup>	-403	-23	-314	66
Change in working capital in discontinued operations	0	-16	8	-8
<b>Cash flow from operating activities</b>	<b>41</b>	<b>72</b>	<b>437</b>	<b>468</b>
<i>Investing activities</i>				
Investments in other participations	-	-	-23	-23
Acquisition of tangible and intangible fixed assets	-100	-98	-549	-547
Sale of net assets, subsidiaries	723	-	723	-
Change in financial assets, external	-55	0	-55	0
Discontinuing operations	0	-1	-5	-6
<b>Cash flow from investing activities</b>	<b>568</b>	<b>-99</b>	<b>91</b>	<b>-576</b>
<i>Financing activities</i>				
New loans external	-	-	11,581	11,581
Amortization of loans external	-	-	-11,436	-11,436
Change in credit utilization	-1	-12	-346	-357
<b>Cash flow from financing activities</b>	<b>-1</b>	<b>-12</b>	<b>-201</b>	<b>-212</b>
<b>Change in liquid funds, incl. short-term investments</b>	<b>608</b>	<b>-39</b>	<b>327</b>	<b>-320</b>
Liquid fund opening balance, incl. short-term investments	434	742	702	742
Translation difference in liquid funds	4	-1	17	12
<b>Liquid funds, end of period</b>	<b>1,046</b>	<b>702</b>	<b>1,046</b>	<b>434</b>

<sup>1)</sup> Including trade receivable financing program.

Capa™ keeps wheels rolling longer



# Parent company

Perstorp Holding AB (publ.) is wholly owned by Financière Forêt S.à.r.l and is the parent company of the Perstorp Holding Group. Perstorp Holding AB (publ.) had no external sales. Shareholder

equity at March 31, 2017 amounted to SEK 1,415 m (1,175) compared to SEK 1,595 m at December 31, 2016.

Income statement				
SEK m	Quarter 1		Latest 12 months	Full year 2016
	2017	2016		
<b>Net sales</b>	<b>24</b>	<b>21</b>	<b>55</b>	<b>52</b>
Cost of goods sold	-	-	-	-
<b>Gross earnings</b>	<b>24</b>	<b>21</b>	<b>55</b>	<b>52</b>
Sales, marketing and admin costs	-48	-49	-146	-147
Other operating income and expenses	-2	-12	-11	-21
<b>Operating earnings (EBIT)</b>	<b>-26</b>	<b>-40</b>	<b>-102</b>	<b>-116</b>
Financial income and expenses <sup>1)</sup>	-154	-196	342	300
<b>Earnings/loss before tax</b>	<b>-180</b>	<b>-236</b>	<b>240</b>	<b>184</b>
Tax	-	-	-	-
<b>Net earnings/loss <sup>2)</sup></b>	<b>-180</b>	<b>-236</b>	<b>240</b>	<b>184</b>

<sup>1)</sup> Including dividends from subsidiaries - - 1,832 1,832

<sup>2)</sup> Comprehensive income equals Net earnings/loss for the year.

Balance sheet			
SEK m	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
Tangible fixed assets	3	4	4
Intangible fixed assets	4	5	4
Shares in group companies	7,715	7,715	7,715
Long term receivables, group	-	5,393	-
Other non-current assets	576	535	577
Short term receivables group	5,724	-	5,788
Other current assets	1,578	157	1,418
Cash & cash equivalents	785	86	63
<b>Total assets</b>	<b>16,385</b>	<b>13,895</b>	<b>15,569</b>
Total equity	1,415	1,175	1,595
Loan from parent company	20	5	20
Other non-current liabilities	13,250	12,056	12,795
Current liabilities	1,700	659	1,159
<b>Total equity &amp; liabilities</b>	<b>16,385</b>	<b>13,895</b>	<b>15,569</b>

# Key figures and FX-rates

Key figures								
SEK m unless otherwise stated	2017	2016				2015		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<i>Continuing operations</i>								
Net Sales	3,413	3,088	2,784	2,654	2,549	2,393	2,712	2 930
Organic volume-based sales growth,%	23%	27%	13%	6%	-1%	0%	-4%	2%
Marginal contribution	1,061	929	885	892	873	673	824	910
EBITDA excluding non-recurring items	571	461	476	409	435	225	408	457
% of net sales	16.7%	14.9%	17.1%	15.4%	17.1%	9.4%	15.0%	15.6%
Cash conversion, % of EBITDA excluding non-recurring items	12%	88%	75%	55%	72%	79%	23%	102%
<i>Consolidated group</i>								
Net earnings/loss	706	-428	-230	-395	-79	-227	-252	109
Earnings, per share, diluted, SEK	14,11	-8,56	-4,60	-7,90	-1,58	-4,54	-5,03	2,17
Net debt excluding pension liabilities and shareholder loans	12,242	12,964	11,971	11,766	11,382	11,196	11,261	10,798
Leverage <sup>1)</sup>	6.4x	7.0x	7.4x	7.6x	7.1x	6.7x	6.6x	6.5x

<sup>1)</sup> Net debt excluding pension liabilities and shareholder loans/EBITDA excluding non-recurring items.

Currency rates								
Closing rate								
USD	8,93	9,10	8,62	8,48	8,15	8,35	8,39	8,24
EUR	9,55	9,57	9,63	9,42	9,23	9,14	9,41	9,22
GBP	11,13	11,18	11,17	11,39	11,69	12,38	12,70	12,95
Average rate								
USD	8,92	9,04	8,52	8,21	8,46	8,50	8,48	8,42
EUR	9,51	9,76	9,51	9,27	9,32	9,31	9,43	9,30
GBP	11,05	11,23	11,19	11,79	12,10	12,91	13,15	12,89

We bring our core value of responsibility to every aspect of our business, everywhere we do business



# Notes

## 1. Accounting & valuation principles

The consolidated financial statements for Perstorp Holding AB have been prepared in accordance with IAS 34, Interim Financial Reporting, and the applicable regulations of the Swedish Annual Accounts Act. The Interim Report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act's chapter 9, Interim Reporting.

The same accounting principles and calculation methods used in the interim reports were used in the annual accounts for 2016. The accounting principles of the Group and parent company are stated in Note 2 of the 2016 Annual Report.

## 2. Definitions non IFRS measures

"Marginal contribution" is calculated as the difference between net sales and the variable elements of the Group's cost of goods sold, being variable production and distribution cost, freight and commission costs.

"EBITDA" represents the Group's operating earnings (or loss) (EBIT) before depreciation and amortization.

"EBITDA margin (adjusted for non-recurring items)" is calculated as EBITDA (adjusted for non-recurring items) divided by net sales.

"EBIT" is calculated as the Group's reported operating earnings (loss).

"Free cash flow" is calculated as EBITDA (excluding non-recurring items) less change in working capital excluding exchange rate effects and provisions and investments.

"Cash conversion" is calculated as free cash flow divided by EBITDA (adjusted for non-recurring items).

"Organic volume-based sales growth" is defined as change in organic production volume sold (i.e., sold production volume times product price) between successive periods assuming a constant price over the relevant period and excluding foreign exchange effects and the impact of acquisitions.

## 3. Equity

At the end of March 2017 equity for the parent company, Perstorp Holding AB, amounts to SEK 1,415 m (1,175). Consolidated equity for the Perstorp Group amounts to SEK -2,264 m (-1,816).

## 4. Transactions with related parties

The net amount borrowed from the Luxembourg-based parent company Financière Forêt S.à.r.l. amounted to SEK 20 (5) million.

## 5. Risk and uncertainty

Perstorp is exposed to a number of risks and uncertainty factors, which are reviewed in the Annual Report for 2016.



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## 6. Segment information

Segment data <sup>1)</sup>				
SEK m	Quarter 1		Latest 12 months	Full year 2016
	2017	2016		
<b>Net Sales</b>				
Specialties & Solutions	785	662	2,740	2,617
Advanced Chemicals & Derivatives	2,136	1,565	7,461	6,890
BioProducts	431	270	1,538	1,377
<i>Internal sales</i>				
Specialties & Solutions	-3	-1	-7	-5
Advanced Chemicals & Derivatives	-30	-34	-143	-147
Other/eliminations	94	87	350	343
<b>Continuing operations</b>	<b>3,413</b>	<b>2,549</b>	<b>11,939</b>	<b>11,075</b>
Divested unit	0	92	266	358
Eliminations	0	-25	-103	-128
Discontinued operations	0	67	163	230
<b>TOTAL GROUP</b>	<b>3,413</b>	<b>2,616</b>	<b>12,102</b>	<b>11,305</b>
<b>EBITDA</b>				
Specialties & Solutions	189	196	665	672
Advanced Chemicals & Derivatives	412	242	1,273	1,103
BioProducts	-1	4	45	50
Other/eliminations	-39	-20	-128	-109
<b>Continuing operations</b>	<b>561</b>	<b>422</b>	<b>1,855</b>	<b>1,716</b>
Discontinued operations	605	22	667	84
<b>TOTAL GROUP</b>	<b>1,166</b>	<b>443</b>	<b>2,523</b>	<b>1,800</b>
<i>Non allocated items</i>				
Depreciation, Amortization and write down	-139	-146	-587	-594
<b>Operating earnings (EBIT)</b>	<b>1,027</b>	<b>297</b>	<b>1,936</b>	<b>1,206</b>
Financial income and expenses	-304	-367	-2,277	-2,340
<b>Earnings/loss before tax</b>	<b>723</b>	<b>-70</b>	<b>-341</b>	<b>-1,134</b>
Tax	-17	-9	-6	2
<b>Net result</b>	<b>706</b>	<b>-79</b>	<b>-347</b>	<b>-1,132</b>

<b>EBITDA excluding non-recurring items</b>				
Specialties & Solutions	189	196	670	677
Advanced Chemicals & Derivatives	416	242	1,282	1,108
BioProducts	-1	4	46	51
Other/eliminations	-33	-7	-81	-55
<b>Continuing operations</b>	<b>571</b>	<b>435</b>	<b>1,917</b>	<b>1,781</b>
Discontinued operations	0	22	62	84
<b>TOTAL GROUP</b>	<b>571</b>	<b>457</b>	<b>1,979</b>	<b>1,865</b>

<sup>1)</sup> The Group is domiciled in Sweden. The result of its net sales from external customers in Sweden is 13% (14), and the total of net sales from external customers from other countries is 87% (86). No sales above 10% derived from a single external customer.

## 7. Divestment

On the 6th of March 2017 Perstorp divested the additives activities primarily serving the paints and coatings industry produced at its facility in Gent Belgium, Perstorp Belgium (Perstorp Oxo Belgium AB) to Synthomer (Synthomer plc). The total consideration for the sale is €78 million (subject to certain adjustments). The divestment is in line with Perstorp's strategy to focus on and expand its core chemicals activities. The capital gain amounts to SEK 605 m and is reported as discontinuing operations.

## 8. Other information

No major events have occurred since the balance sheet date and up to the publication of this report.

Perstorp's financial information comprises of Interim-, Annual- and an Sustainability report. The complete Annual Report is available in English and can be ordered in print format. It can also be downloaded from the Group's website at [www.perstorp.com](http://www.perstorp.com).

Perstorp, May 10, 2017



Jan Secher, President and CEO

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



## A global leader in high growth niches

The Perstorp Group, a trusted world industrial leader, places focused and market-driven innovation at your fingertips. Our culture of performance builds on 135 years of experience and represents a complete chain of solutions in organic chemistry, process technology and application development.

As a global leader in high growth niches, such as powder and UV cured coatings, plasticizers, synthetic lubricants and grain preservation, we are committed to develop products providing essential properties to 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, economical effective and sustainable end-products for the automotive, construction, agriculture, packaging, transportation and consumer goods.

Our unique integrated production platforms are 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 end-products. 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.

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