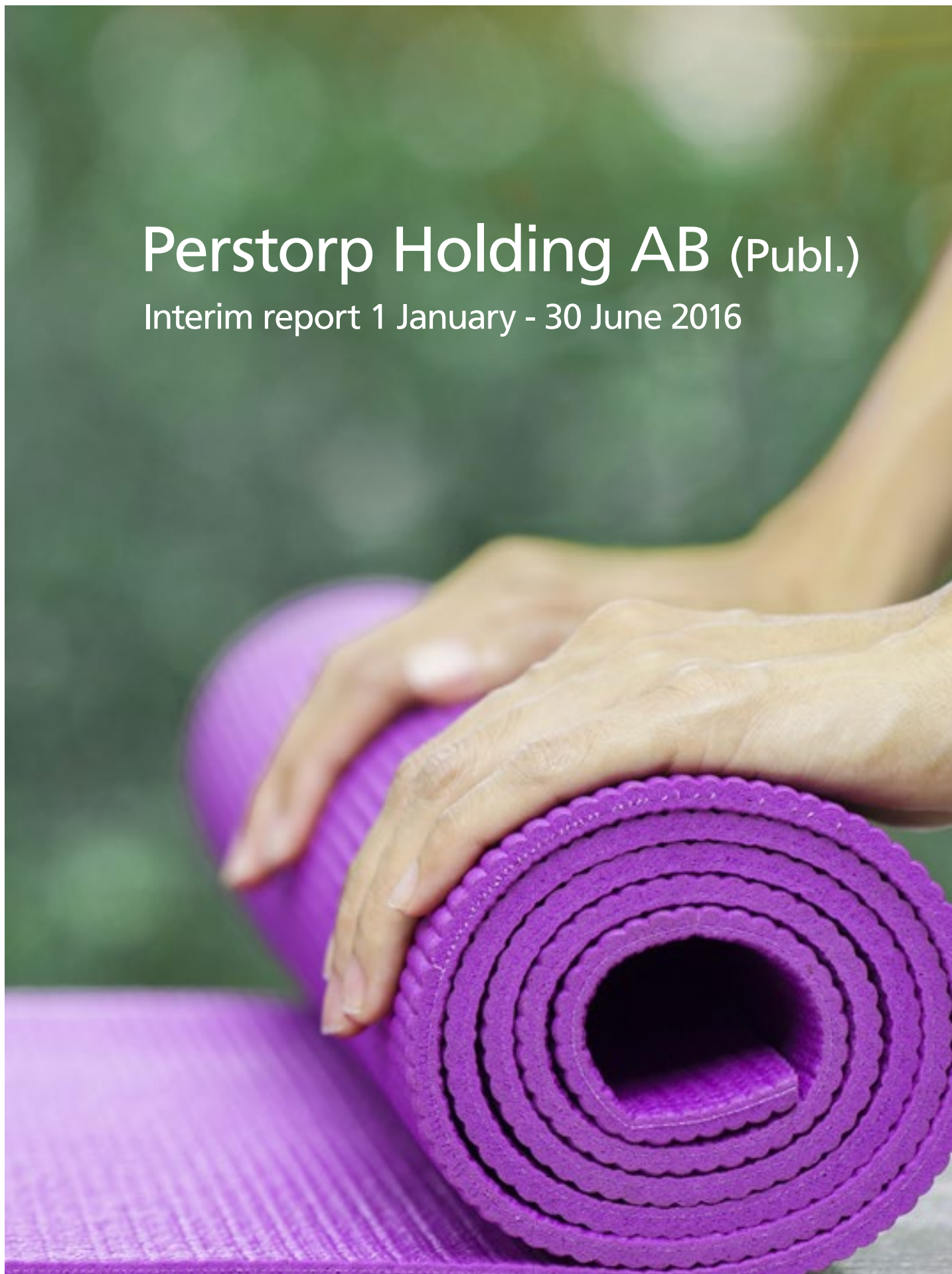


# Perstorp Holding AB (Publ.)

Interim report 1 January - 30 June 2016



## TABLE OF CONTENTS

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Page

Key figures in summary	3
President's comments	4
Financial overview	5-7
Specialties & Solutions	8
Advanced Chemicals & Derivatives	9
BioProducts	10
Consolidated Income statement	11
Consolidated Balance sheet	12
Consolidated statement of changes in Equity	13
Consolidated Cash flow statement	14
Parent company income statement and balance sheet	15
Key figures and FX-rates	16
Notes	17-18
About Perstorp	19

# Interim report 1 January - 30 June 2016

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

### April 1 – June 30, 2016

- ➔ Net sales decreased 9% to SEK 2,730 m (2,991). The lower price on Brent Dated has pushed down the prices on many oil-related raw materials, which have had a negative effect on general sales prices. Prices have also to some extent been negatively affected by a more competitive market sentiment for some product lines. Despite lower sales prices, margins have remained on a healthy level for the main part of our businesses.
- ➔ Organic volume-based sales growth was 5% year-on-year. Improved volumes in the majority of our core businesses was partly offset by lower volumes in our BioProducts business. Excluding the BioProducts business, organic volume-based sales growth was 6% year-on-year.
- ➔ EBITDA-margin excluding non-recurring items was 16.1% (15.9). EBITDA excluding non-recurring items amounted to SEK 439 m in the second quarter compared to SEK 476 m in the corresponding period last year. The decrease in earnings was primarily attributable to slightly lower margins and negative timing effects linked to especially inventory, partly offset by stronger volumes and positive FX effects.

## Key figures in summary

SEK m unless otherwise stated	Quarter 2		Quarter 1-2		Latest 12 months	Full year 2015
	2016	2015	2016	2015		
Net sales	2,730	2,991	5,346	5,940	10,555	11,149
EBITDA	427	481	870	1,006	1,517	1,653
% of net sales	15.6%	16.1%	16.3%	16.9%	14.4%	14.8%
EBITDA excluding non-recurring items <sup>1)</sup>	439	476	896	1,007	1,556	1,667
% of net sales	16.1%	15.9%	16.8%	17.0%	14.7%	15.0%
Operating earnings (EBIT)	283	290	580	637	914	971
% of net sales	10.4%	9.7%	10.8%	10.7%	8.7%	8.7%
Net earnings/loss	-395	109	-474	-181	-953	-660
Free cash flow <sup>2)</sup>	254	477	573	812	888	1,127

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

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



# President's Comments

**"Successful margin management strengthens us in dynamic market conditions"**

## Demand continues to be solid and volumes are increasing

Demand continued to hold steady through the second quarter of 2016. Organic volume-based sales growth during the second quarter was 5% vs. the same period last year. From a regional point of view, both the Americas and APAC showed strong growth numbers while Europe was flat. During the second quarter we have concluded a number of minor scheduled maintenance shutdowns. The objectives with the shutdowns have been completed without any incidents, on time and budget.

Our Specialties & Solutions business delivered a solid improvement vs. the same period last year. All our specialty products contributed to the improved earnings. I'm particularly pleased to see the strong volume growth in our business units Capa and Feed & Food. The stable growth in our Feed & Food business were positively impacted by the introduction of products less bound to seasons.

Within Advanced Chemicals & Derivatives, the fragmented picture we saw in the first quarter continued. Improved earnings for our Penta and TMP business were more than offset by less favorable market conditions for our Oxo alcohols and plasticizers.

We continue to see progressively improved traction for sales volumes of our Valerox related products, Emoltene™ 100, Valeric acid and 2PH. However, we continue to implement production efficiency measures related to the Valerox platform. Going forward, with our second Valeraldehyde reactor fully up and running, we are confident we'll achieve our targeted productivity and cost situation.

## Financial progress

We were able to improve our marginal contribution from 32% in the second quarter last year to 34% this year. We started our commercial excellence program some two years ago with focus on margin management and sales training supporting our recently implemented business models with the three business areas. Based on this we see that we have a better ability to weathering volatile market conditions today and our margins remain healthy.

Overall we reported strong earnings for the second quarter 2016. Our EBITDA amounted to SEK 439 million compared to SEK 476 million during the same period last year. The earnings during the second quarter 2016 were negatively impacted by timing effects related to overhead in inventory and headwind on especially Oxo margins.

## Outlook

Overall, we don't expect any major changes in the demand for our main product lines in the third quarter of 2016 and we expect free cash flow to remain positive. At the same time, we continue to experience a competitive market sentiment for our Oxo alcohols.

## Prepared for more uncertain times

When we put our ear to the ground, surveying our customers about their likelihood of reaching their targets, we naturally find slight uncertainty in some areas related to global issues such as Brexit and the US elections. With these effects coming in the second half of the year, there will be an increased complexity when foreseeing the market conditions. We'll have to work hard for our results. With the intense work over the last couple of years to move from Good to GREAT, we are better prepared to handle these type of challenges. We will continue to focus on what we can influence and keep a strong focus on growing our business, cost control and cash flow generation. I'm confident our employees will continue to take Perstorp from strength to strength.

Malmö, August 2016

Jan Secher  
President and CEO

# Financial overview April-June 2016

## Net sales and earnings

Net sales amounted to SEK 2,730 m during the period April to June 2016, a decrease of SEK 261 m or 9%. Volumes increased 4% compared to last year following stable market conditions with a clear uptick in our Asian business. Organic volume-based sales growth was 5% in the second quarter. Sales prices were 13% lower than last year, primarily attributable to the lower raw material prices, but to some extent also a more competitive market sentiment for some product lines.

Average Dated Brent oil price in the second quarter increased by c. 30% vs. the first quarter in 2016 but was c. 25% lower than corresponding period last year. The higher price on Dated Brent oil has also impacted pricing on downstream derivatives like propylene, ethylene and benzene during the second quarter 2016.

FX rates were volatile during also the second quarter and especially after the British referendum. The USD appreciated during the end of the quarter after depreciating earlier in the quarter. The Euro gained strength vs. both the USD and the SEK during the quarter. Average rates for the quarter were slightly lower than Q2 2015, especially the USD, which resulted in a small negative FX-effects on sales, -1%.

EBITDA excluding non-recurring items, earnings amounted to SEK 439 m (476), corresponding to an EBITDA margin of 16.1% (15.9). Earnings decreased slightly vs. the same quarter last year. The decrease in earnings of SEK 37 m was primarily attributable to slightly lower margins and negative timing effects linked to especially inventory, partly offset by stronger volumes and positive FX effects, following revaluation effects of net receivables.

Income statement		
SEK m	Quarter 2	
	2016	2015
<b>Net sales</b>	<b>2,730</b>	<b>2,991</b>
Cost of goods sold	-2,240	-2,487
<b>Gross earnings</b>	<b>490</b>	<b>504</b>
<b>Operating earnings (EBIT)</b>	<b>283</b>	<b>290</b>
Exchange-rate effects on net debt	-272	224
Other financial income and expenses	-396	-400
<b>Earnings/loss before tax</b>	<b>-385</b>	<b>114</b>
Tax	-10	-5
<b>Net earnings/loss</b>	<b>-395</b>	<b>109</b>

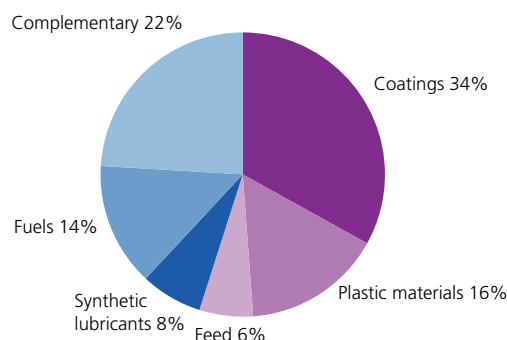
<b>EBITDA</b>	<b>427</b>	<b>481</b>
<b>EBITDA excl. non-recurring items</b>	<b>439</b>	<b>476</b>

EBIT amounted to SEK 283 m (290) during the period. Depreciation amounted to SEK 143 m compared to SEK 191 m for the corresponding period 2015. The decrease in depreciation can primarily be attributable to the change in depreciation period of tangible assets, this change was implemented during Q3 2015.

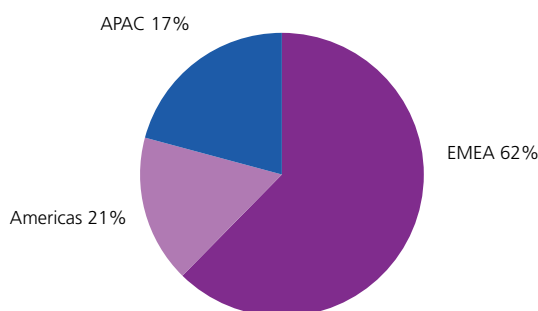
Net financial expenses, including exchange rate effects on net debt, increased from SEK -176 m in Q2 2015 to SEK -668 m in Q2 2016, primarily due to less favorable FX-effects on net debt. Other financial income and expenses decreased SEK 4 m compared to the corresponding period last year.

Tax amounted to SEK -10 m (-5) in the second quarter of 2016 and net result amounted to SEK -395 m (109).

## Net sales by market segments, last twelve months



## Net sales by geography, last twelve months



# Financial overview April-June 2016

## Cash flow

Free cash flow amounted to SEK 254 m (477) for the period. The lower cash flow was primarily affected by less favorable development in working capital in combination with slightly lower earnings. Investments were slightly lower in 2016 compared to the same period last year. Working capital was helped by an increased utilization of the factoring program during the second quarter 2015, which explains the majority of the deviation.

Cash flow from investment activities amounted to SEK -114 m (-122) during the second quarter. Strategic investments includes selective capacity expansions and smaller debottlenecking investments in our key platforms.

At the end of the second quarter 2016, around EUR 105 m (116) of the long-term trade receivables program was utilized compared to EUR 101 m by the end of the first quarter 2016. The corresponding amount has reduced account receivables.

Free cash flow analysis		
SEK m unless otherwise stated	Quarter 2	
	2016	2015
EBITDA excl non-recurring items	439	476
Change in Working Capital	-71	123
Maintenance Capex	-64	-60
<b>Free Cash Flow before strategic capex</b>	<b>304</b>	<b>539</b>
% of EBITDA excluding non-recurring items	69%	113%
Strategic Capex	-50	-62
<b>Free Cash Flow</b>	<b>254</b>	<b>477</b>
% of EBITDA excluding non-recurring items	58%	100%

## Net debt and leverage

The Group's available funds, liquid funds and unutilized credit facilities, were SEK 897 m at the end of the period, compared with SEK 896 m at the end of Q1 2016.

Net debt increased by SEK 384 m during the period, following slightly negative cash flow after financial net and negative translation effects from FX rates. Leverage increased from 7.1x in the first quarter to 7.6x in the second quarter 2016. The increase was explained by a combination of higher net debt and somewhat lower earnings. In the corresponding quarter last year, leverage was at 6.5x.

Available funds and net debt			
SEK m unless otherwise stated	June 30, 2016	June 30, 2015	Dec 31, 2015
Available funds	897	1,246	934
Net debt	12,227	11,273	11,609
Net debt excl. Parent company loan and pension liabilities	11,766	10,799	11,196
Leverage <sup>1)</sup>	7.6x	6.5x	6.7x

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

# Financial overview January - June 2016

## Net sales and earnings

Net sales amounted to SEK 5,346 m during the period January to June 2016, a decrease of SEK 594 m or 10% compared to the same period last year. Volumes increased 1% compared to the same period last year following a stronger second quarter primarily related to improved sales in the Asian market. Organic volume-based sales growth was 2% in the first six months. Sales prices were 12% lower than last year, primarily attributable to the lower raw material prices, but to some extent also a more competitive market sentiment for some product lines. Average FX-rates for the period were slightly lower than 2015, which resulted in a small negative FX-effects on sales, -1%.

EBITDA excluding non-recurring items, earnings amounted to SEK 896 m (1,007), corresponding to an EBITDA margin of 16.8% (16.9). Earnings decreased 11% compared to the first six months 2015. The decrease in earnings of SEK 111 m was primarily attributable to price pressure in specific product lines but also negative Fx-effects and negative timing effects linked to inventory. The negative deviations were partly offset by stronger volumes in most businesses.

Income statement		
SEK m	Quarter 1-2	
	2016	2015
<b>Net sales</b>	<b>5,346</b>	<b>5,940</b>
Cost of goods sold	-4,330	-4,935
<b>Gross earnings</b>	<b>1,016</b>	<b>1,005</b>
<b>Operating earnings (EBIT)</b>	<b>580</b>	<b>637</b>
Exchange-rate effects on net debt	-259	-39
Other financial income and expenses	-776	-801
<b>Earnings/loss before tax</b>	<b>-455</b>	<b>-203</b>
Tax	-19	22
<b>Net earnings/loss</b>	<b>-474</b>	<b>-181</b>

<b>EBITDA</b>	<b>870</b>	<b>1,006</b>
<b>EBITDA excl. non-recurring items</b>	<b>896</b>	<b>1,007</b>

Free cash flow analysis				
SEK m unless otherwise stated	Quarter 1-2		Latest 12 months	Full year 2015
	2016	2015		
EBITDA excl non-recurring items	896	1,007	1,556	1,667
Change in Working Capital <sup>2)</sup>	-110	32	-22	120
Maintenance Capex	-103	-101	-320	-318
<b>Free Cash Flow before strategic capex</b>	<b>683</b>	<b>938</b>	<b>1,214</b>	<b>1,469</b>
% of EBITDA excluding non-recurring items	76%	93%	78%	88%
Strategic Capex	-110	-126	-326	-342
<b>Free Cash Flow</b>	<b>573</b>	<b>812</b>	<b>888</b>	<b>1,127</b>
% of EBITDA excluding non-recurring items	64%	81%	57%	68%

EBIT amounted to SEK 580 m (637) during the period.

Depreciation amounted to SEK 289 m compared to SEK 369 m for the corresponding period 2015. The decrease in depreciation can primarily be attributable to the change in depreciation period of tangible assets, this change was implemented during Q3 2015.

Net financial expenses, including exchange rate effects on net debt, increased from SEK -840 m in the first six months 2015 to SEK -1,035 m in 2016, primarily due to less favorable FX-effects on net debt. Other financial income and expenses decreased SEK 25 m compared to the corresponding period last year.

Tax amounted to SEK -19 m (22) in the first six months 2016 and net result amounted to SEK -474 m (-181).

## Cash flow

Free cash flow amounted to SEK 573 m (812) for the period. The deviation can be explained by a combination of lower earnings and less favorable development of working capital. Working capital was helped by a larger increase in utilization of the factoring program during the first six months 2015, which explains the majority of the deviation.

Cash flow from investment activities amounted to SEK -213 m (-227) during the first six months. Strategic investments reflected the finalization of the expanded capacity in Stenungsund as well as selective capacity expansions and smaller debottlenecking investments in our key platforms.

At the end of the second quarter 2016, around EUR 105 m (116) of the long-term trade receivables program was utilized compared to EUR 89 m by the end of December 2015 and EUR 79 m by the end of December 2014. The corresponding amount has reduced account receivables.

# Specialties & Solutions

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

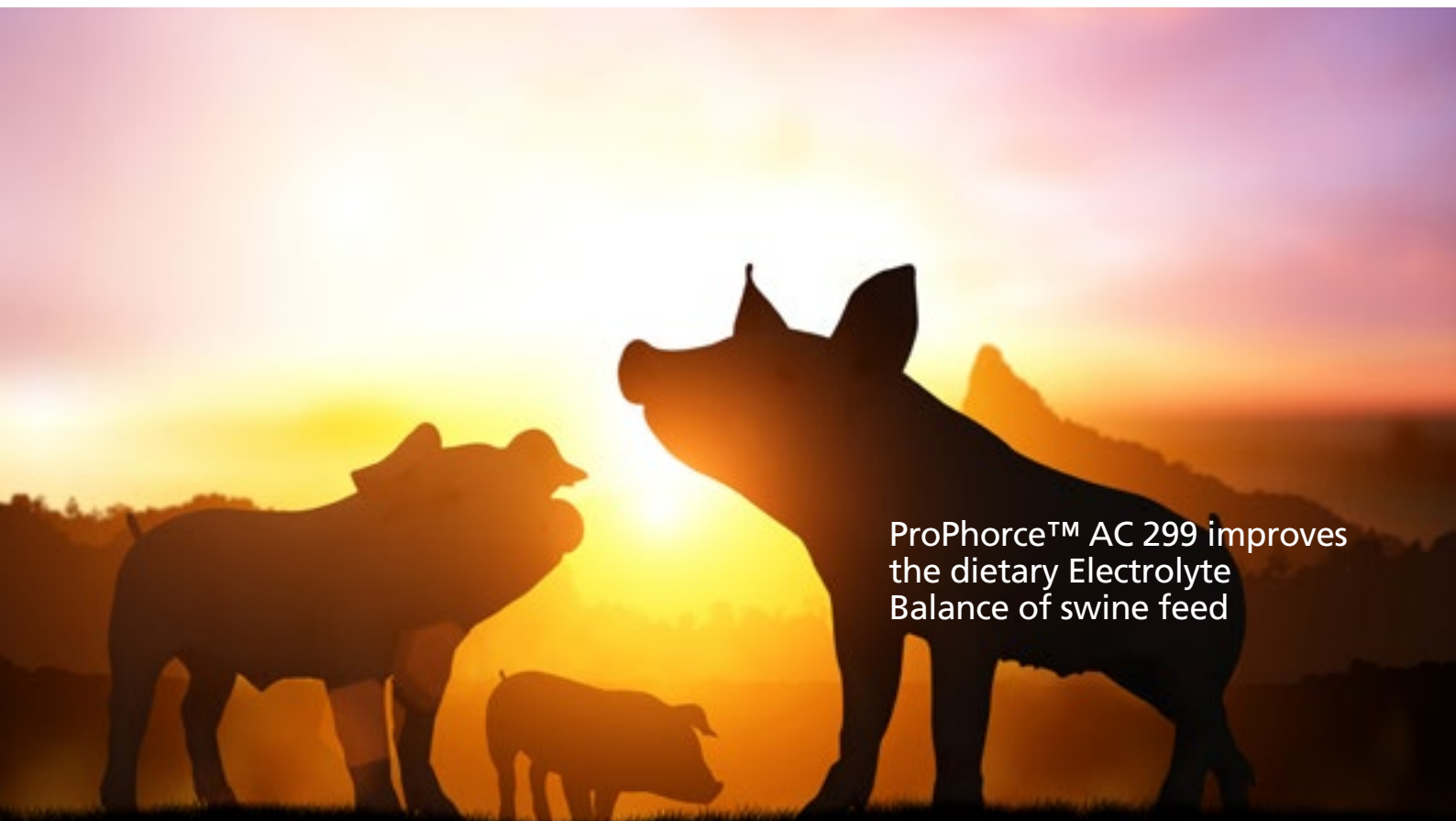
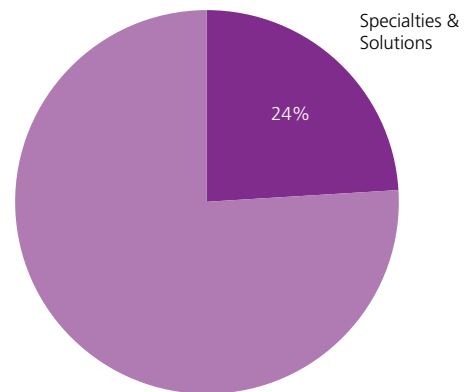
## April-June 2016

During the second quarter 2016, Business Area Specialties & Solutions net sales amounted to SEK 643 m, which was 4% higher than the corresponding period of 2015. Net sales were impacted by an organic volume-based sales growth of 4%. In the first quarter 2016 one product line was transferred from Business Area Advanced Chemicals & Derivatives. Adjusted for this, the organic volume-based sales growth in Q2 was 3%. The higher volumes were primarily attributable to Business Unit Caprolactones, mainly within the UV-segment and to Business Unit Feed & Food, mainly within the Feed Preservation segment.

Specialties & Solutions EBITDA in the second quarter 2016 improved to SEK 188 m (143), corresponding to an EBITDA margin of 29.2% (23.1). The underlying improvement, compared with last year, was mainly a result of stronger unit margins, due to successful margin management coupled with declines in raw material prices, and stronger volumes.

Specialties & Solutions				
SEK m	Quarter 2		Latest 12 months	Full year 2015
	2016	2015		
Net sales	643	620	2,435	2,376
EBITDA	188	143	611	524
EBITDA excluding non-recurring items	189	143	612	524

Share of Group net sales





# Advanced Chemicals & Derivatives

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

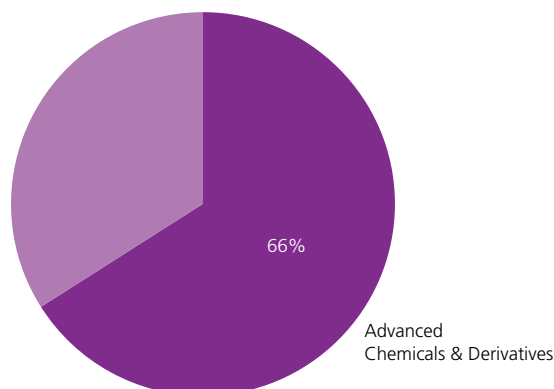
## April-June 2016

During the second quarter 2016, Business Area Advanced Chemicals & Derivatives net sales amounted to SEK 1,758 m, which was 12% lower than the same period in 2015. The deviation can be assignable to lower sales prices, -19%, primarily linked to a decrease in raw material prices, and negative FX-effects -1%. Organic volume-based sales growth was 9% in the second quarter. In 2016, one product line has been transferred to Business Area Specialty & Solutions but it had very small impact on the organic volume-based sales growth in the second quarter.

Advanced Chemicals & Derivatives EBITDA in the second quarter decreased to SEK 270 m (314), corresponding to an EBITDA margin of 15.4% (15.8). The decrease compared with the second quarter last year was due to less favorable market situation on Formates, Oxo-alcohols and Plasticizers.

Advanced Chemicals & Derivatives				
SEK m	Quarter 2		Latest	Full year
	2016	2015	12 months	2015
Net sales	1,758	1,986	6,716	7,276
EBITDA	270	314	986	1,141
EBITDA excluding non-recurring items	274	314	990	1,141

Share of Group net sales



Emoltene™ 100 plasticizer is perfect for tough outdoor applications, such as cables and roofing membranes



# BioProducts

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

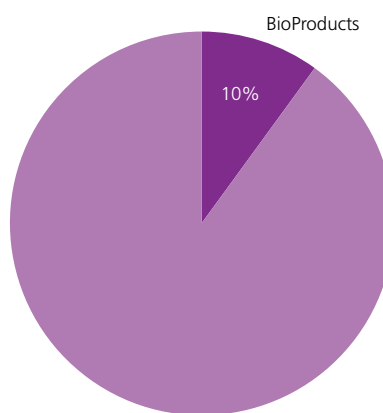
## April-June 2016

During the second quarter 2016, Business Area BioProducts net sales amounted to SEK 280 m, which was 11% lower than the corresponding period in 2015. The decrease in sales was assignable to organic volume-based sales growth of -7% and lower sales prices of -4%.

BioProducts EBITDA in the second quarter 2016 amounted to SEK -3 m (5), corresponding to an EBITDA-margin of -0,9% (1,6%). The decline in earnings can primarily be assignable to lower volumes in relation to installed capacity.

BioProducts				
SEK m	Quarter 2		Latest 12 months	Full year
	2016	2015		
Net sales	280	315	1,201	1,279
EBITDA	-3	5	-1	16
EBITDA excluding non-recurring items	-2	5	0	16

Share of Group net sales



Biodiesel Verdis Polaris™  
from Perstorp is developed to  
perform in tough Nordic winter  
conditions

# Consolidated income statement

Income statement							
SEK m	Note	Quarter 2		Quarter 1-2		Latest	Full year
		2016	2015	2016	2015	12 months	2015
<b>Net sales</b>	<b>7</b>	<b>2,730</b>	<b>2,991</b>	<b>5,346</b>	<b>5,940</b>	<b>10,555</b>	<b>11,149</b>
Cost of goods sold		-2,240	-2,487	-4,330	-4,935	-8,859	-9,464
<b>Gross earnings</b>		<b>490</b>	<b>504</b>	<b>1,016</b>	<b>1,005</b>	<b>1,696</b>	<b>1,685</b>
Selling, administration and R&D costs		-213	-204	-425	-402	-848	-825
Other operating income and expenses <sup>1)</sup>		4	-12	-15	30	59	104
Write-down of assets		0	0	0	0	0	0
Result from participations in associated companies		2	2	4	4	7	7
<b>Operating earnings (EBIT)</b>		<b>283</b>	<b>290</b>	<b>580</b>	<b>637</b>	<b>914</b>	<b>971</b>
Exchange-rate effects on net debt		-272	224	-259	-39	-300	-80
Other financial income and expenses		-396	-400	-776	-801	-1,518	-1,543
<b>Earnings/loss before tax</b>		<b>-385</b>	<b>114</b>	<b>-455</b>	<b>-203</b>	<b>-904</b>	<b>-652</b>
Tax		-10	-5	-19	22	-49	-8
<b>Net earnings/loss</b>		<b>-395</b>	<b>109</b>	<b>-474</b>	<b>-181</b>	<b>-953</b>	<b>-660</b>
Earnings/loss per share, SEK		-3,950	1,087	-4,740	-1,813	-9,525	-6,598

<b>EBITDA</b>	<b>7</b>	<b>427</b>	<b>481</b>	<b>870</b>	<b>1,006</b>	<b>1,517</b>	<b>1,653</b>
<b>EBITDA excl. non-recurring items</b>	<b>7</b>	<b>439</b>	<b>476</b>	<b>896</b>	<b>1,007</b>	<b>1,556</b>	<b>1,667</b>

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

Comprehensive income report						
SEK m	Quarter 2		Quarter 1-2		Latest	Full year
	2016	2015	2016	2015	12 months	2015
<b>Net result for the period</b>	<b>-395</b>	<b>109</b>	<b>-474</b>	<b>-181</b>	<b>-953</b>	<b>-660</b>
<b>Other comprehensive income</b>						
<i>Items that will not be reclassified to profit or loss</i>						
Remeasurements of defined benefit plan	-22	0	-22	-16	16	22
<i>Items that may be subsequently reclassified to profit or loss</i>						
Currency translation effect	-27	28	-18	-22	-60	-64
Market valuation of currency hedge	-	1	-	4	-4	0
Market valuation of forward contracts	-	1	-	3	3	6
<b>Other comprehensive income net after tax</b>	<b>-49</b>	<b>30</b>	<b>-40</b>	<b>-31</b>	<b>-45</b>	<b>-36</b>
<b>Total comprehensive income</b>	<b>-444</b>	<b>139</b>	<b>-514</b>	<b>-212</b>	<b>-998</b>	<b>-696</b>
<b>Attributable to:</b>						
Parent company's shareholder	-448	144	-517	-215	-1,004	-702
Non controlling interest	4	-5	3	3	6	6

# Consolidated Balance sheet

Balance sheet				
SEK m	Note	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
Tangible fixed assets		4,932	4,837	4,993
Intangible fixed assets		4,908	5,007	4,963
Participation in associated companies		64	58	61
Other non-current assets		761	739	731
Inventories		1,163	1,239	1,215
Other current assets		1,004	1,076	895
Cash & cash equivalents, incl. short-term investments		691	1,100	742
<b>Total assets</b>		<b>13,523</b>	<b>14,056</b>	<b>13,600</b>
Total equity	3	-2,260	-1,262	-1,746
Loan from parent company		19	5	5
Pension liability, others		442	470	409
Other non-current liabilities	6	7,604	12,733	12,818
Current liabilities	6	7,718	2,110	2,114
<b>Total equity &amp; liabilities</b>		<b>13,523</b>	<b>14,056</b>	<b>13,600</b>
Working capital		750	696	619
Net debt		12,227	11,273	11,609
Net debt excl. parent company loan and pension liabilities		11,766	10,798	11,196
Capital employed		10,691	11,089	10,623
Number of full-time employees, end of period		1,507	1,477	1,479
Contingent liabilities		510	435	472
Assets pledged		8,088	8,709	7,917

Working Capital			
SEK m	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
<b>Working Capital</b>			
Inventories	1,163	1,239	1,215
Accounts receivable	680	751	563
Other current assets	303	286	296
Accounts payable	634	681	670
Other current liabilities	761	899	784
<b>Total Working capital</b>	<b>750</b>	<b>696</b>	<b>619</b>
Provisions, exchange rate effects and other	23	58	44
<b>Working capital for cash flow</b>	<b>773</b>	<b>754</b>	<b>663</b>

# Consolidated statement of changes in Equity

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	-517	3	-514
<b>Closing balance, June 30, 2016</b>	<b>-2,331</b>	<b>71</b>	<b>-2,260</b>

Total equity, 2015			
SEK m	Equity attributable to owners of the parent	Non controlling interest	Total equity
<b>Opening balance, January 1, 2015</b>	<b>-1,112</b>	<b>62</b>	<b>-1,050</b>
Total comprehensive income	-215	3	-212
<b>Closing balance, June 30, 2015</b>	<b>-1,327</b>	<b>65</b>	<b>-1,262</b>




Perstorp produces intermediates used in the manufacturing of high performing synthetic lubricants

# Consolidated cash flow statement

Cash Flow analysis, Consolidated Group						
SEK m	Quarter 2		Quarter 1-2		Latest	Full year
	2016	2015	2016	2015	12 months	2015
<i>Operating activities</i>						
Operating earnings	283	290	580	637	914	971
Adjustments:						
Depreciation and write-down	143	191	289	369	602	682
Other	35	-49	22	-52	-10	-84
Interest received	5	1	6	3	9	6
Interest paid	-273	-309	-580	-637	-1,139	-1,196
Income tax paid	4	-2	-9	-21	-6	-18
<b>Cash flow from operating activities before change in working capital</b>	<b>197</b>	<b>122</b>	<b>308</b>	<b>299</b>	<b>370</b>	<b>361</b>
<i>Changes in working capital</i>						
Increase (-) Decrease (+) in net working capital <sup>1)</sup>	-71	125	-110	32	-22	120
<b>Cash flow from operating activities</b>	<b>126</b>	<b>247</b>	<b>198</b>	<b>331</b>	<b>348</b>	<b>481</b>
<i>Investing activities</i>						
Investments in other participations	-23	-	-23	-33	-79	-89
Acquisition of tangible and intangible fixed assets	-114	-122	-213	-227	-645	-659
Sale of shares in non-controlling interests	-	17	-	17	0	17
Change in financial assets, external	-	-	-	-	-1	-1
<b>Cash flow from investing activities</b>	<b>-137</b>	<b>-105</b>	<b>-236</b>	<b>-243</b>	<b>-725</b>	<b>-732</b>
<i>Financing activities</i>						
Change in credit utilization	-1	-5	-13	-12	-27	-26
<b>Cash flow from financing activities</b>	<b>-1</b>	<b>-5</b>	<b>-13</b>	<b>-12</b>	<b>-27</b>	<b>-26</b>
<b>Change in liquid funds, incl. short-term investments</b>	<b>-12</b>	<b>137</b>	<b>-51</b>	<b>76</b>	<b>-404</b>	<b>-277</b>
Liquid fund opening balance, incl. short-term investments	702	969	742	1,019	1,100	1,019
Translation difference in liquid funds	1	-6	0	5	-5	0
<b>Liquid funds, end of period</b>	<b>691</b>	<b>1,100</b>	<b>691</b>	<b>1,100</b>	<b>691</b>	<b>742</b>

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



Perstorp is a world leader in the supply and development of building blocks for resins

# Parent company

Perstorp Holding AB (publ.) is wholly owned by Financière Forêt S.á.r.l and is the parent company of the Perstorp Holding Group. Perstorp Holding AB (publ.) had no external sales. During the period dividend from subsidiaries was received with SEK 278 m

(450). Shareholder equity at June 30, 2016 amounted to SEK 967 m compared to SEK 872 m for the same period 2015. At December 31, 2015 the Shareholders equity amounted to SEK 1,411 m.

Income statement						
SEK m	Quarter 2		Quarter 1-2		Latest 12 months	Full year 2015
	2016	2015	2016	2015		
<b>Net sales</b>	<b>14</b>	<b>11</b>	<b>35</b>	<b>31</b>	<b>55</b>	<b>51</b>
Cost of goods sold	-	-	-	-	-	-
<b>Gross earnings</b>	<b>14</b>	<b>11</b>	<b>35</b>	<b>31</b>	<b>55</b>	<b>51</b>
Sales, marketing and admin costs	-37	-35	-86	-81	-167	-162
Other operating income and expenses	-4	-2	-16	-2	-34	-20
<b>Operating earnings (EBIT)</b>	<b>-27</b>	<b>-26</b>	<b>-67</b>	<b>-52</b>	<b>-146</b>	<b>-131</b>
Financial income and expenses <sup>1,2)</sup>	-181	403	-377	-38	-108	231
<b>Earnings/loss before tax</b>	<b>-208</b>	<b>377</b>	<b>-444</b>	<b>-90</b>	<b>-254</b>	<b>100</b>
Appropriations	-	-	-	-	350	350
Tax	-	-	-	-	-1	-1
<b>Net earnings/loss <sup>3)</sup></b>	<b>-208</b>	<b>377</b>	<b>-444</b>	<b>-90</b>	<b>95</b>	<b>449</b>

<sup>1)</sup> Including dividend from subsidiaries 278 450 278 450 278 450

<sup>2)</sup> Including reversal of write-down of shares in subsidiaries - - - - 768 768

<sup>3)</sup> Comprehensive income equals Net earnings/loss for the year.

Balance sheet				
SEK m	Notes	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
Tangible fixed assets		4	5	5
Intangible fixed assets		5	5	5
Shares in group companies		7,715	6,947	7,715
Long term receivables, group		-	5,423	5,452
Other non-current assets		566	478	531
Short term receivables, group		5,542	-	-
Other current assets		114	110	473
Cash & cash equivalents		66	170	86
<b>Total assets</b>		<b>14,012</b>	<b>13,138</b>	<b>14,267</b>
Total equity		967	872	1,411
Loan from parent company		19	5	5
Other non-current liabilities	6	6,681	11,793	11,885
Current liabilities	6	6,345	468	966
<b>Total equity &amp; liabilities</b>		<b>14,012</b>	<b>13,138</b>	<b>14,267</b>

# Key figures and FX-rates

Key figures								
SEK m	2016			2015			2014	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net Sales	2,730	2,616	2,431	2,778	2,991	2,949	2,606	2,838
Organic volume-based sales growth,%	5%	0%	0%	-3%	2%	3%	0%	5%
Marginal contribution	938	910	698	851	946	920	692	755
EBITDA excluding non-recurring items	439	457	238	422	476	531	279	386
% of net sales	16.1%	17.5%	9.8%	15.2%	15.9%	18.0%	10.7%	13.6%
Adjusted EBIT	318	323	130	317	320	388	162	276
% of net sales	11.7%	12.3%	5.3%	11.4%	10.7%	13.2%	6.2%	9.7%
Net earnings/loss	-395	-79	-227	-252	109	-290	-801	-372
Earnings, per share, diluted, SEK	-3,950	-790	-2,272	-2,513	1,087	-2,900	-8,008	-3,719
Adjusted ROCE	17.6	17.5	19.3	18.8	18.0	15.9	13.5	11.9
Cash conversion, % of EBITDA excluding non-recurring items	58%	70%	87%	26%	100%	63%	177%	88%
Net debt excluding pension liabilities and shareholder loans	11,766	11,382	11,196	11,261	10,798	11,250	10,515	10,067
Leverage <sup>1)</sup>	7.6x	7.1x	6.7x	6.6x	6.5x	7.4x	8.0x	8.0x

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

Currency rates								
Closing rate								
USD	8.48	8.15	8.35	8.39	8.24	8.62	7.81	7.24
EUR	9.42	9.23	9.14	9.41	9.22	9.29	9.52	9.18
GBP	11.39	11.69	12.38	12.70	12.95	12.74	12.14	11.77
Average rate								
USD	8.21	8.46	8.50	8.48	8.42	8.34	7.41	6.95
EUR	9.27	9.32	9.31	9.43	9.30	9.38	9.26	9.21
GBP	11.79	12.10	12.91	13.15	12.89	12.62	11.74	11.60



Capa™ enhances the properties and adds durability to the end products



# 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 2015. The accounting principles of the Group and parent company are stated in Note 2 of the 2015 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).

**"Adjusted EBIT"** represents reported EBIT adjusted for non-recurring items, amortization and depreciation and impairment of assets related to PAI's acquisition of Perstorp.

**"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).

**"Adjusted capital employed"** is calculated as reported capital employed adjusted for net assets related to PAI's acquisition of Perstorp and assets related to the Valerox Facilities.

**"Adjusted return on capital employed" ("ROCE")** is calculated as Adjusted EBIT divided by average adjusted capital employed, adjusted for assets and liabilities related to PAI's acquisition of Perstorp.

**"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 June 2016, consolidated equity for the Perstorp Group amounts to SEK -2,331 m (-1,327) excluding non-controlling interest. Consolidated equity, including non-controlling interest, amounts to SEK - 2,260 m (-1,262).

## 4. Transactions with related parties

The net amount borrowed from the Luxembourg-based parent company Financière Forêt S.à.r.l. amounted to SEK 19 m (5).

## 5. Risk and uncertainty

Perstorp is exposed to a number of risks and uncertainty factors, which are reviewed in the Annual Report for 2015.

## 6. Current liabilities

During the period the Senior Secured notes, amounting to SEK 5,765 m, has been reclassified from other non-current liabilities to current liabilities since they will fall due within the coming 12 months.

Capa™ for bioplastics is food contact approved in Europe and supports the development of many bioplastic products e.g. drinking bottles



# Notes

## 7. Segments information

Segment data <sup>1)</sup>						
	Quarter 2		Quarter 1-2		Latest	Full year
	2016	2015	2016	2015	12 months	2015
<b>Net sales</b>						
Specialties & Solutions	643	620	1,305	1,246	2,435	2,376
Advanced Chemicals & Derivatives	1,758	1,986 <sup>2)</sup>	3,390	3,950 <sup>2)</sup>	6,716	7,276
BioProducts	280	315 <sup>2)</sup>	550	628 <sup>2)</sup>	1,201	1,279
<i>Internal sales</i>						
Specialties & Solutions	-1	0	-2	0	-6	-4
Advanced Chemicals & Derivatives	-16	-14	-34	-28	-53	-47
Other/eliminations	66	84	137	144	262	269
<b>Total Group</b>	<b>2,730</b>	<b>2,991</b>	<b>5,346</b>	<b>5,940</b>	<b>10,555</b>	<b>11,149</b>
<b>EBITDA</b>						
Specialties & Solutions	188	143	384	297	611	524
Advanced Chemicals & Derivatives	270	314 <sup>2)</sup>	536	691 <sup>2)</sup>	986	1,141
BioProducts	-3	5 <sup>2)</sup>	1	18 <sup>2)</sup>	-1	16
Other/eliminations	-28	19	-51	0	-79	-28
<b>Total Group</b>	<b>427</b>	<b>481</b>	<b>870</b>	<b>1,006</b>	<b>1,517</b>	<b>1,653</b>
<i>Non allocated items</i>						
Depreciation, Amortization and write-down	-144	-191	-290	-369	-603	-682
<b>Operating earnings (EBIT)</b>	<b>283</b>	<b>290</b>	<b>580</b>	<b>637</b>	<b>914</b>	<b>971</b>
Financial income and expenses	-668	-176	-1,035	-840	-1,818	-1,623
<b>Earnings/loss before tax</b>	<b>-385</b>	<b>114</b>	<b>-455</b>	<b>-203</b>	<b>-904</b>	<b>-652</b>
Tax	-10	-5	-19	22	-49	-8
<b>Net result</b>	<b>-395</b>	<b>109</b>	<b>-474</b>	<b>-181</b>	<b>-953</b>	<b>-660</b>
<b>EBITDA excluding non-recurring items</b>						
Specialties & Solutions	189	143	385	297	612	524
Advanced Chemicals & Derivatives	274	314	540	691	990	1,141
BioProducts	-2	5	2	18	0	16
Other/eliminations	-22	14	-31	1	-46	-14
<b>Total Group</b>	<b>439</b>	<b>476</b>	<b>896</b>	<b>1,007</b>	<b>1,556</b>	<b>1,667</b>

<sup>1)</sup> The Group is domiciled in Sweden. The result of its net sales from external customers in Sweden is 15% (16), and the total of net sales from external customers from other countries is 85% (84%). No sales above 10% derived from a single external customer.

<sup>2)</sup> Restated according to new segment structure

## 8. Other information

Following the Company's positive development, Perstorp, together with its shareholders, is assessing a range of strategic options for the business, including a potential stock exchange listing or a refinancing of the capital structure.

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

Perstorp's financial information comprises interim reports and an annual & social responsibility 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, August 24, 2016



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.

Discover your winning formula at [www.perstorp.com](http://www.perstorp.com)