

# Perstorp Holding AB (Publ.)

Year end report 1 January - 31 December 2016

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# Year end report 1 January - 31 December 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

### October 1 – December 31, 2016

- ➔ Net sales increased 29% to SEK 3,125 m (2,431). General sales prices were in line with the corresponding quarter last year. Margins have improved slightly and have been on a healthy level for the main part of our businesses.
- ➔ Organic volume-based sales growth was 24% year-on-year. Volumes improved in most of our businesses and were also to some extent helped by lower comparisons in the fourth quarter last year due to the scheduled maintenance shutdown in Stenungsund. Adjusting for the scheduled shutdown in Stenungsund, organic volume-based sales growth was around 20% year-on-year.
- ➔ EBITDA-margin excluding non-recurring items improved to 15.3% (9.8). EBITDA excluding non-recurring items amounted to SEK 477 m in the fourth quarter compared to SEK 238 m in the corresponding period last year. The increase in earnings was primarily attributable to higher volumes, due to the scheduled shutdown in Stenungsund last year, higher unit margins and positive FX effects.

## Key figures in summary

SEK m unless otherwise stated	Quarter 4		Full year	
	2016	2015	2016	2015
Net sales	3,125	2,431	11,305	11,149
EBITDA	439	227	1,800	1,653
% of net sales	14.0%	9.3%	15.9%	14.8%
EBITDA excluding non-recurring items <sup>1)</sup>	477	238	1,865	1,667
% of net sales	15.3%	9.8%	16.5%	15.0%
Operating earnings (EBIT)	278	66	1,206	971
% of net sales	8.9%	2.7%	10.7%	8.7%
Net earnings/loss	-428	-227	-1,132	-660
Free Cash flow <sup>2)</sup>	413	206	1,370	1,127

<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, excluding exchange rate effects, provisions and investments.



Certain grades of Capa™ are food safety compliant and an excellent choice for disposable packaging



## President's Comments

**"We continue to see healthy demand for our main products lines. Volumes improved in most of our businesses and marginal contribution continues to increase"**

### Improved volumes in most of our businesses

A solid underlying demand helped us to deliver a strong business result for the fourth quarter, where the year-on-year organic volume-based sales growth was 24%. Volumes were improved in most of our businesses.

Business Area Specialties & Solutions has continued to deliver a solid development with a year-on-year organic sales increase of 25%. The Capa™, SPP0 and Feed & Food businesses continue to show healthy growth.

We have seen a more solid improvement for Business Area Advanced Chemicals & Derivatives during the fourth quarter. Neo shows a favorable trend with a new sales record. Penta and TMP businesses continue to perform, both with regards to sales and marginal contribution. Market conditions for plasticizers have improved slightly while the market sentiments for alcohols are still tough.

BioFuels showed a strong volume growth with increased prices, however the political landscape remains uncertain.

### Marginal contribution has slightly improved

We have been able to slightly improve our overall marginal contribution to 31% compared with 29% in the fourth quarter last year. This is mainly driven by improved unit margins for some product lines but also to some extent change in product mix. We continue to focus our efforts on the Commercial Excellence program where margin management is one of our main focus areas; i.e. to get the right offering at the right time with the right conditions to every single customer.

The EBITDA margin in the fourth quarter amounted to 15.3% with EBITDA at a historically high level of SEK 477 m. This is a substantial improvement compared with the same period last year and attributable to higher volumes, slightly higher unit margins, positive FX effects as well as the scheduled shutdown in Stenungsund last year.

### Outlook

We continue to see healthy demand for our main products lines. We expect the first quarter 2017 to remain strong, despite several uncertainties and lack of predictability in the world economy.

### Transformation shifts focus to leadership

On November 17<sup>th</sup> we successfully closed our refinancing and secured a renewed long term capital structure which is a sound platform for continued focus on our businesses and further strengthening our market position in the coming years.

We have reached mid-term in transforming Perstorp from a Good to a GREAT company. In the last few years we have been allowed to make substantial investments. We have also spent considerable amount of time and effort to build a solid foundation in terms of process and tools to make sure our market driven structure and approach will function in an optimal way to meet our customer needs. It is now time to harvest the benefits and enter a period in 2017 where we consolidate and deliver. We will continue to focus on our customers, our markets and to be able to act even faster on new or changed conditions. There is a new structure in place in our sales organization, which we believe will better serve our customers' needs and in operations, we are striving at optimizing the produced volumes. We see that time is right to take the next step in the transformation to a truly GREAT company by focusing on leadership. I am confident and excited about the coming year and what we, as an organization, will be able to deliver.

Malmö, February 2017

Jan Secher  
President and CEO

# Financial overview October-December 2016

## Net sales and earning

Net sales amounted to SEK 3,125 m during the period October to December 2016, an increase of SEK 694 m or 29%. Volumes increased c. 25% compared to last year following solid general demand and lower comparisons in the fourth quarter last year due to the triennial scheduled maintenance shutdown in Stenungsund. Organic volume-based sales growth was 24% in the fourth quarter. Sales prices were 1% lower than last year. Average Dated Brent oil price increased in the fourth quarter vs. the third quarter in 2016 and was c. 15% higher than the corresponding period last year. Average prices on downstream derivatives like ethylene, benzene and methanol were in line with the third quarter, but propylene increased 9%.

The Swedish krona depreciated against both the USD and EUR during the quarter and also compared to the corresponding quarter 2015. This resulted in a positive FX-effects on sales with c. 5%.

EBITDA excluding non-recurring items, amounted to SEK 477 m (238), corresponding to an EBITDA margin of 15.3% (9.8). The increase in earnings vs last year of SEK 239 m was primarily attributable to higher volumes, the scheduled shutdown in Stenungsund last year, slightly higher unit margins and positive FX-effects.

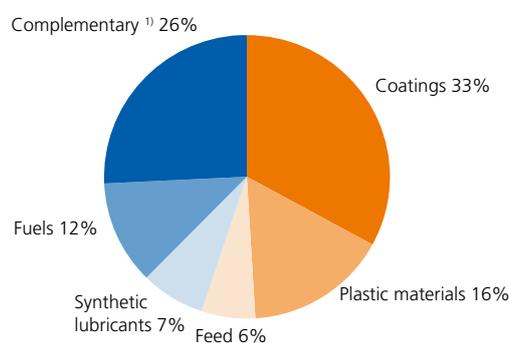
EBIT amounted to SEK 278 m (66) during the period. Depreciation amounted to SEK 161 m (161).

Income statement		
SEK m	Quarter 4	
	2016	2015
<b>Net sales</b>	<b>3,125</b>	<b>2,431</b>
Cost of goods sold	-2,593	-2,197
<b>Gross earnings</b>	<b>532</b>	<b>234</b>
<b>Operating earnings (EBIT)</b>	<b>278</b>	<b>66</b>
Exchange-rate effects on net debt	-191	130
Other financial income and expenses	-541	-376
<b>Earnings/loss before tax</b>	<b>-454</b>	<b>-180</b>
Tax	26	-47
<b>Net earnings/loss</b>	<b>-428</b>	<b>-227</b>

<b>EBITDA</b>	<b>439</b>	<b>227</b>
<b>EBITDA excl. non-recurring items</b>	<b>477</b>	<b>238</b>

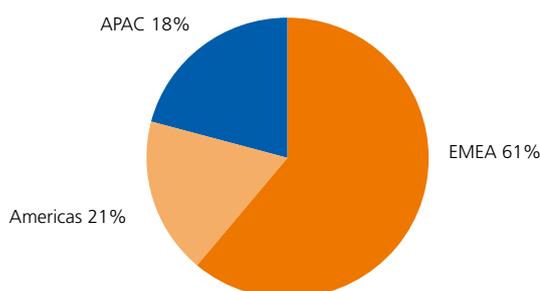
Net financial expenses, including exchange rate effects on net debt, increased from SEK -246 m in Q4 2015 to SEK -732 m in Q4 2016, mainly due to unfavorable FX-effects on net debt and the refinancing. Tax amounted to SEK 26 m (-47) in the fourth quarter of 2016. The change compared to the same period 2015 is primarily attributable to re-valuation of deferred tax assets, related to tax losses carry forward. Net result amounted to SEK -428 m (-227).

## Net sales by market segments, last twelve months



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

## Net sales by geography, last twelve months



# Financial overview October-December 2016

## Free Cash flow

Free Cash flow amounted to SEK 413 m (206) for the period. The higher cash flow was primarily affected by improved earnings which were partly offset by less favorable development in working capital. Utilization of the factoring program increased with around SEK 40 m during the fourth quarter 2016 and the utilization of the long-term trade receivables program was EUR 100 m (89). Cash flow from investment activities amounted to SEK -241 m (-245) during the fourth quarter.

Free Cash flow analysis <sup>1)</sup>		
SEK m unless otherwise stated	Quarter 4	
	2016	2015
EBITDA excl non-recurring items	477	238
Change in Working Capital <sup>2)</sup>	177	213
Maintenance Capex	-101	-119
<b>Free Cash Flow before strategic capex</b>	<b>553</b>	<b>332</b>
% of EBITDA excluding non-recurring items	116%	139%
Strategic Capex	-140	-126
<b>Free Cash Flow</b>	<b>413</b>	<b>206</b>
% of EBITDA excluding non-recurring items	87%	87%

<sup>1)</sup> For further details on total cash flow, please see page 14.

<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 983 m at the end of the period, compared with SEK 928 m at the end of Q3 2016. Net debt increased by SEK 977 m during the period. The increase was related to a combination a weaker SEK against EUR and USD as well as the refinancing. The higher net debt was somewhat counterbalanced by higher earnings. Leverage was 7.0x at the end of the fourth quarter 2016 compared to 6.7x at the end of 2015.

Available funds and net debt		
SEK m unless otherwise stated	Quarter 4	
	2016	2015
Available funds	983	934
Net debt	13,424	11,609
Net debt excl. Parent company loan and pension liabilities	12,964	11,196
Leverage <sup>1)</sup>	7.0x	6.7x

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

# Financial overview January - December 2016

## Net sales and earnings

Net sales amounted to SEK 11,305 m during the period January to December 2016, an increase of SEK 156 m or 1% compared to the same period last year. Volumes increased 11% compared to the same period last year following a stronger third and fourth quarter related to higher sales in all main regions. The third and fourth quarter in 2015 was affected by the triennial scheduled maintenance shutdown. Organic volume-based sales growth was 10% in the year. Sales prices were 10% lower than last year, primarily attributable to the lower raw material prices. The SEK was on average slightly weaker against the USD and the EUR than in 2015, which resulted in a small positive FX-effects on sales, 1%. EBITDA excluding non-recurring items, amounted to SEK 1,865 m (1,667), corresponding to an EBITDA margin of 16.5% (15.0). Earnings increased 12% compared to 2015. The increase in earnings of SEK 198 m was primarily attributable to higher volumes in most businesses but also positive FX effects partly offset by price pressure in specific product lines, mainly in the first half of 2016. EBIT amounted to SEK 1,206 m (971) during the period. Depreciation amounted to SEK 584 m compared to SEK 682 m

for the corresponding period 2015. The decrease in depreciation can primarily be attributable to the change in depreciation period of tangible assets, since this change was implemented during Q3 2015. Net financial expenses, including exchange rate effects on net debt, amounted to SEK -2,340 in 2016, compared to SEK -1,623 m for 2015. The increase is primarily due to less favorable FX-effects on net debt which amounts to SEK - 641 m (-80) for 2016. Tax amounted to SEK 2 m (-8) for the full year 2016 and net result amounted to SEK -1,132 m (-660).

## Free Cash flow

Free Cash flow amounted to SEK 1,370 m (1,127) for the period. The improvement can be explained by higher earnings and lower investments. Cash flow from investment activities amounted to SEK -553 m (-660) during the year. At the end of the fourth quarter 2016, around EUR 100 m (89) of the long-term trade receivables program was utilized and has reduced account receivables.

Income statement		
SEK m	Full year	
	2016	2015
<b>Net sales</b>	<b>11,305</b>	<b>11,149</b>
Cost of goods sold	-9,220	-9,464
<b>Gross earnings</b>	<b>2,085</b>	<b>1,685</b>
<b>Operating earnings (EBIT)</b>	<b>1,206</b>	<b>971</b>
Exchange-rate effects on net debt	-641	-80
Other financial income and expenses	-1,699	-1,543
<b>Earnings/loss before tax</b>	<b>-1,134</b>	<b>-652</b>
Tax	2	-8
<b>Net earnings/loss</b>	<b>-1,132</b>	<b>-660</b>

<b>EBITDA</b>	<b>1,800</b>	<b>1,653</b>
<b>EBITDA excl. non-recurring items</b>	<b>1,865</b>	<b>1,667</b>

Free Cash flow analysis <sup>1)</sup>		
SEK m unless otherwise stated	Full year	
	2016	2015
EBITDA excl non-recurring items	1,865	1,667
Change in Working Capital <sup>2)</sup>	58	120
Maintenance Capex	-243	-318
<b>Free Cash Flow before strategic capex</b>	<b>1,680</b>	<b>1,469</b>
% of EBITDA excluding non-recurring items	90%	88%
Strategic Capex	-310	-342
<b>Free Cash Flow</b>	<b>1,370</b>	<b>1,127</b>
% of EBITDA excluding non-recurring items	73%	68%

<sup>1)</sup> For further details on total cash flow, please see page 14.

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

# Specialties & Solutions

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

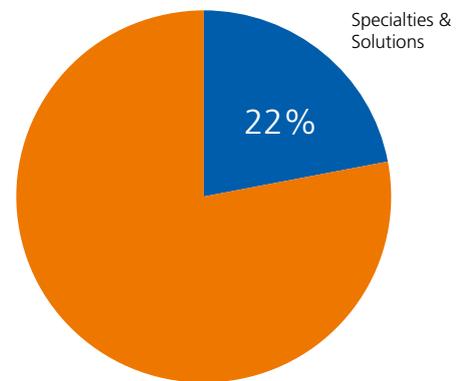
## October-December 2016

During the fourth quarter 2016 net sales amounted to SEK 675 m, which was 28% higher compared to the same period in 2015. Net sales were impacted by an organic volume-based sales growth of 25%. Sales prices were 3% lower than in the corresponding period of last year, primarily linked to the product mix while FX had a positive impact of 6% of total sales growth. 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 Q4 was 21 %.

EBITDA in the fourth quarter 2016 improved to SEK 117 m (85), corresponding to an EBITDA margin of 17.4 % (16.1). The underlying improvement, compared to last year, was a result of stronger volumes and positive FX effects partly offset by a negative sales mix.

Specialties & Solutions				
SEK m	Quarter 4		Full year	
	2016	2015	2016	2015
Net sales	675	528	2,618	2,376
EBITDA	117	85	672	524
EBITDA excluding non-recurring items	122	85	678	524

Share of Group net sales, quarterly



Extend your 1k or 2k coating life with Capa™

# Advanced Chemicals & Derivatives

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

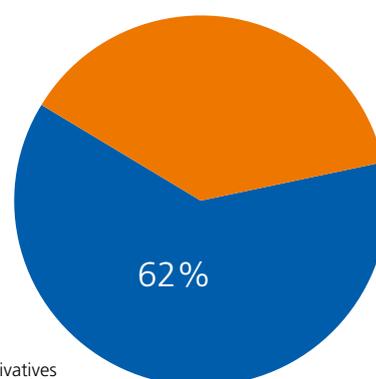
## October-December 2016

During the fourth quarter 2016 net sales amounted to SEK 1,949 m, which was 31% higher than the same period in 2015. The deviation can be assigned to organic volume-based sales growth 30%, FX effects 6% and lower sales prices, -3% linked to a decrease in raw material prices. In 2016, one product line has been transferred to Business Area Specialty & Solutions but it had only small impact on the organic volume-based sales growth in the quarter.

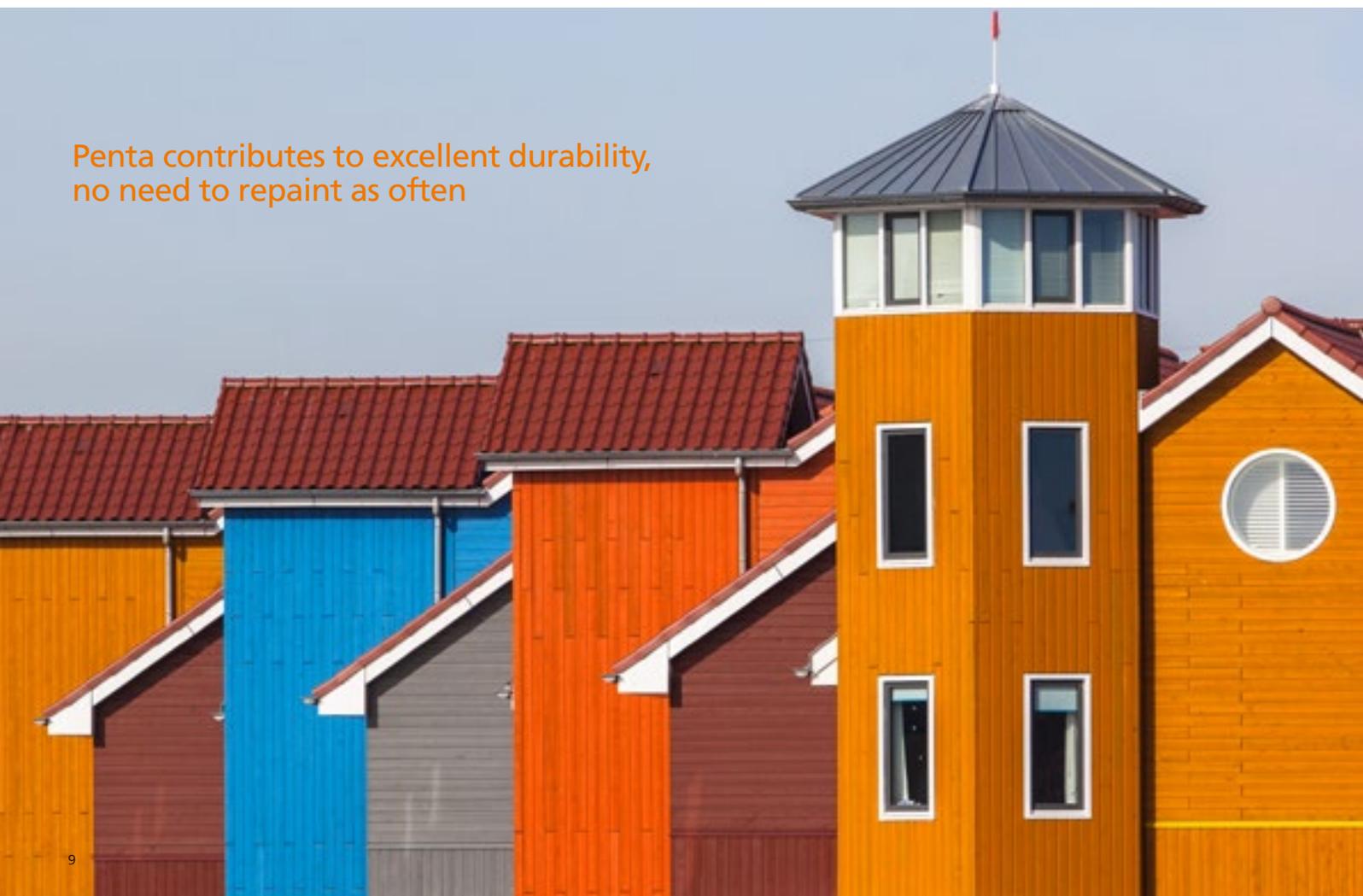
EBITDA in the fourth quarter increased to SEK 340 m (133), corresponding to an EBITDA margin of 17.5% (8.9). The improved EBITDA can primarily be assignable to higher volumes, unit margin and positive FX effects. The net sales and EBITDA in the fourth quarter 2015 was negatively impacted by the triennial scheduled maintenance shutdown in Stenungsund.

Advanced Chemicals & Derivatives				
SEK m	Quarter 4		Full year	
	2016	2015	2016	2015
Net sales	1,949	1,486	7,120	7,276
EBITDA	340	133	1,201	1,141
EBITDA excluding non-recurring items	341	133	1,206	1,141

Share of Group net sales, quarterly



**Penta contributes to excellent durability, no need to repaint as often**



# BioProducts

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

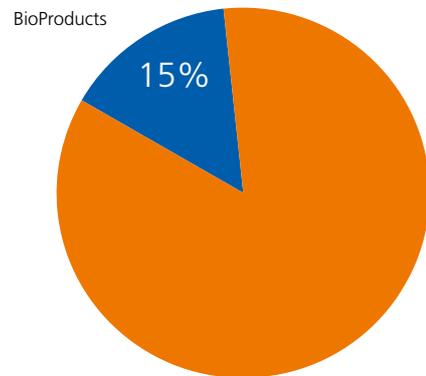
## October-December 2016

During the fourth quarter 2016 net sales amounted to SEK 457 m, which was 25% higher than the corresponding period in 2015. The increase in sales was assignable to higher sales prices of 12%, organic volume-based sales growth of 8%, and FX effects of 5%.

EBITDA in the fourth quarter 2016 amounted to SEK 39 m (-3), corresponding to an EBITDA margin of 8.6% (-0.9%). The increase in earnings can primarily be assigned to higher unit margin and increased sales volumes.

BioProducts				
SEK m	Quarter 4		Full year	
	2016	2015	2016	2015
Net sales	457	365	1,377	1,279
EBITDA	39	-3	50	16
EBITDA excluding non-recurring items	39	-3	51	16

Share of Group net sales, quarterly



Verdis Polaris™ benefits the climate by enabling carbon reduction of over 60%

# Consolidated Income statement

Income statement					
SEK m	Note	Quarter 4		Full year	
		2016	2015	2016	2015
<b>Net sales</b>	<b>6</b>	<b>3,125</b>	<b>2,431</b>	<b>11,305</b>	<b>11,149</b>
Cost of goods sold		-2,593	-2,197	-9,220	-9,464
<b>Gross earnings</b>		<b>532</b>	<b>234</b>	<b>2,085</b>	<b>1,685</b>
Selling, administration and R&D costs		-228	-225	-845	-825
Other operating income and expenses <sup>1)</sup>		-13	56	-27	104
Write-down of assets		-10	0	-10	0
Result from participations in associated companies		-3	1	3	7
<b>Operating earnings (EBIT)</b>		<b>278</b>	<b>66</b>	<b>1,206</b>	<b>971</b>
Exchange-rate effects on net debt		-191	130	-641	-80
Other financial income and expenses		-541	-376	-1,699	-1,543
<b>Earnings/loss before tax</b>		<b>-454</b>	<b>-180</b>	<b>-1,134</b>	<b>-652</b>
Tax		26	-47	2	-8
<b>Net earnings/loss</b>		<b>-428</b>	<b>-227</b>	<b>-1,132</b>	<b>-660</b>
Earnings/loss per share, SEK		-8.56	-4.54	-22.64	-13.20

<b>EBITDA</b>	<b>6</b>	<b>439</b>	<b>227</b>	<b>1,800</b>	<b>1,653</b>
<b>EBITDA excl. non-recurring items</b>	<b>6</b>	<b>477</b>	<b>238</b>	<b>1,865</b>	<b>1,667</b>

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

Comprehensive income report					
SEK m		Quarter 4		Full year	
		2016	2015	2016	2015
<b>Net result for the period</b>		<b>-428</b>	<b>-227</b>	<b>-1,132</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		-3	38	-36	22
<i>Items that may be subsequently reclassified to profit or loss</i>					
Currency translation effect		-58	-16	-77	-64
Market valuation of currency hedge		0	0	0	0
Market valuation of forward contracts		0	1	0	6
<b>Other comprehensive income net after tax</b>		<b>-61</b>	<b>23</b>	<b>-113</b>	<b>-36</b>
<b>Total comprehensive income</b>		<b>-489</b>	<b>-204</b>	<b>-1,245</b>	<b>-696</b>
<b>Attributable to:</b>					
Parent company's shareholder		-502	-206	-1,266	-702
Non controlling interest		13	2	21	6

# Consolidated Balance sheet

Balance sheet			
SEK m	Note	Dec 31, 2016	Dec 31, 2015
Tangible fixed assets		5,006	4,993
Intangible fixed assets		4,915	4,963
Participation in associated companies		64	61
Other non-current assets		787	731
Inventories		1,370	1,215
Other current assets		1,069	895
Cash & cash equivalents, incl. short-term investments		434	742
<b>Total assets</b>		<b>13,645</b>	<b>13,600</b>
Total equity	3	-2,991	-1,746
Loan from parent company		20	5
Pension liability, others		441	409
Other non-current liabilities	5	13,832	12,818
Current liabilities		2,343	2,114
<b>Total equity &amp; liabilities</b>		<b>13,645</b>	<b>13,600</b>
Working capital		500	619
Net debt		13,424	11,609
Net debt excl. parent company loan and pension liabilities		12,964	11,196
Capital employed		10,550	10,623
Number of full-time employees, end of period		1,505	1,479
Contingent liabilities		530	472
Assets pledged		7,945	7,917

Working Capital		
SEK m	Dec 31, 2016	Dec 31, 2015
Inventories	1,370	1,215
Accounts receivable	760	563
Other current assets	286	296
Accounts payable	996	670
Other current liabilities	920	784
<b>Total Working capital</b>	<b>500</b>	<b>619</b>
Provisions, exchange rate effects and other	105	44
<b>Working capital for cash flow</b>	<b>605</b>	<b>663</b>

Pevalen™ is a true non-phthalate plasticizer used in artificial leather

# 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	-1,266	21	-1,245
<b>Closing balance, December 31, 2016</b>	<b>-3,080</b>	<b>89</b>	<b>-2,991</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	-702	6	-696
<b>Closing balance, December 31, 2015</b>	<b>-1,814</b>	<b>68</b>	<b>-1,746</b>

Butyric acid naturally occurs in cheese.  
It is also the key ingredient in ProPhorce™ SR

# Consolidated Cash flow statement

Cash Flow analysis, Consolidated Group				
SEK m	Quarter 4		Full year	
	2016	2015	2016	2015
<i>Operating activities</i>				
Operating earnings	278	66	1,206	971
Adjustments:				
Depreciation and write-down	161	160	594	682
Other	22	-30	41	-84
Interest received	1	2	6	6
Interest paid	-490	-268	-1,414	-1,196
Income tax paid	-5	7	-23	-18
<b>Cash flow from operating activities before change in working capital</b>	<b>-33</b>	<b>-63</b>	<b>410</b>	<b>361</b>
<i>Changes in working capital</i>				
Increase (-) Decrease (+) in net working capital <sup>1)</sup>	177	213	58	120
<b>Cash flow from operating activities</b>	<b>144</b>	<b>150</b>	<b>468</b>	<b>481</b>
<i>Investing activities</i>				
Investments in other participations	-	-28	-23	-89
Acquisition of tangible and intangible fixed assets	-241	-244	-553	-659
Sale of shares in non-controlling interests	-	-	-	17
Change in financial assets, external	-	-1	-	-1
<b>Cash flow from investing activities</b>	<b>-241</b>	<b>-273</b>	<b>-576</b>	<b>-732</b>
<i>Financing activities</i>				
New loans external	11,581	-	11,581	-
Amortization of loans external	-11,436	-	-11,436	-
Change in credit utilization	-342	-13	-357	-26
<b>Cash flow from financing activities</b>	<b>-197</b>	<b>-13</b>	<b>-212</b>	<b>-26</b>
<b>Change in liquid funds, incl. short-term investments</b>	<b>-294</b>	<b>-136</b>	<b>-320</b>	<b>-277</b>
Liquid fund opening balance, incl. short-term investments	726	880	742	1,019
Translation difference in liquid funds	2	-2	12	0
<b>Liquid funds, end of period</b>	<b>434</b>	<b>742</b>	<b>434</b>	<b>742</b>

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

Unique resilience gives a greater bounce from a polyurethane floor with Capa™

# 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. During 2016,

dividend from subsidiaries was received with SEK 1,832 m (450). Shareholder equity at December 31, 2016 amounted to SEK 1,595 m compared to SEK 1,411 m at December 31, 2015.

Income statement				
SEK m	Quarter 4		Full year	
	2016	2015	2016	2015
<b>Net sales</b>	<b>10</b>	<b>9</b>	<b>52</b>	<b>51</b>
Cost of goods sold	-	-	-	-
<b>Gross earnings</b>	<b>10</b>	<b>9</b>	<b>52</b>	<b>51</b>
Sales, marketing and admin costs	-35	-46	-147	-162
Other operating income and expenses	-2	-4	-21	-20
<b>Operating earnings (EBIT)</b>	<b>-27</b>	<b>-41</b>	<b>-116</b>	<b>-131</b>
Financial income and expenses <sup>1,2)</sup>	1,066	-116	300	231
<b>Earnings/loss before tax</b>	<b>1,039</b>	<b>-157</b>	<b>184</b>	<b>100</b>
Appropriations	-	350	-	350
Tax	-	-1	-	-1
<b>Net earnings/loss <sup>3)</sup></b>	<b>1,039</b>	<b>192</b>	<b>184</b>	<b>449</b>

<sup>1)</sup> Including dividend from subsidiaries 1,554 - 1,832 450

<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	Dec 31, 2016	Dec 31, 2015
Tangible fixed assets		4	5
Intangible fixed assets		4	5
Shares in group companies		7,715	7,715
Long term receivables, group		-	5,452
Other non-current assets		577	531
Short term receivables group		5,788	-
Other current assets		1,418	473
Cash & cash equivalents		63	86
<b>Total assets</b>		<b>15,569</b>	<b>14,267</b>
Total equity		1,595	1,411
Loan from parent company		20	5
Other non-current liabilities	5	12,795	11,885
Current liabilities		1,159	966
<b>Total equity &amp; liabilities</b>		<b>15,569</b>	<b>14,267</b>

# Key figures and FX-rates

Key figures								
SEK m unless otherwise stated	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	3,125	2,834	2,730	2,616	2,431	2,778	2,991	2,949
Organic volume-based sales growth,%	24%	14%	5%	0%	0%	-3%	2%	3%
Marginal contribution	956	917	938	910	698	851	946	920
EBITDA excluding non-recurring items	477	492	439	457	238	422	476	531
% of net sales	15.3%	17.4%	16.1%	17.5%	9.8%	15.2%	15.9%	18.0%
Adjusted EBIT	305	354	318	323	130	317	320	388
% of net sales	9.8%	12.5%	11.7%	12.3%	5.3%	11.4%	10.7%	13.2%
Net earnings/loss	-428	-230	-395	-79	-227	-252	109	-290
Earnings, per share, diluted, SEK	-8.56	-4.60	-7.90	-1.58	-4.54	-5.03	2.17	-5.80
Adjusted ROCE	22.1%	18.4	17.6	17.5	19.3	18.8	18.0	15.9
Cash conversion, % of EBITDA excluding non-recurring items	87%	78%	58%	70%	87%	26%	100%	63%
Net debt excluding pension liabilities and shareholder loans	12,964	11,971	11,766	11,382	11,196	11,261	10,798	11,250
Leverage <sup>1)</sup>	7.0x	7.4x	7.6x	7.1x	6.7x	6.6x	6.5x	7.4x

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

Currency rates								
Closing rate								
USD	9.10	8.62	8.48	8.15	8.35	8.39	8.24	8.62
EUR	9.57	9.63	9.42	9.23	9.14	9.41	9.22	9.29
GBP	11.18	11.17	11.39	11.69	12.38	12.70	12.95	12.74
Average rate								
USD	9.04	8.52	8.21	8.46	8.50	8.48	8.42	8.34
EUR	9.76	9.51	9.27	9.32	9.31	9.43	9.30	9.38
GBP	11.23	11.19	11.79	12.10	12.91	13.15	12.89	12.62

Perstorp has a range of additives for lead-free PVC heat stabilizers



# 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 December 2016 equity for the parent company, Perstorp Holding AB, amounts to SEK 1,595 m (1,411).

Consolidated equity for the Perstorp Group amounts to SEK -2,991 m (-1,746).

## 4. Transactions with related parties

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

## 5. Current liabilities

During the fourth quarter 2016 Perstorp refinanced its existing senior secured notes, second lien notes and its outstanding mezzanine loans.



Akestra™ has a heat resistance superior to PET making it excellent in for example hot food service and hot fill applications

# Notes

## 6. Segment information

Segment data <sup>1)</sup>				
SEK m	Quarter 4		Full year	
	2016	2015	2016	2015
<b>Net sales</b>				
Specialties & Solutions	675	528	2,618	2,376
Advanced Chemicals & Derivatives	1,949	1,486	7,120	7,276
BioProducts	457	365	1,377	1,279
<i>Internal sales</i>				
Specialties & Solutions	-2	-3	-5	-4
Advanced Chemicals & Derivatives	-16	-9	-64	-47
Other/eliminations	62	64	259	269
<b>Total Group</b>	<b>3,125</b>	<b>2,431</b>	<b>11,305</b>	<b>11,149</b>
<b>EBITDA</b>				
Specialties & Solutions	117	85	672	524
Advanced Chemicals & Derivatives	340	133	1,201	1,141
BioProducts	39	-3	50	16
Other/eliminations	-57	12	-123	-28
<b>Total Group</b>	<b>439</b>	<b>227</b>	<b>1,800</b>	<b>1,653</b>
<i>Non allocated items</i>				
Depreciation, Amortization and write-down	-161	-161	-594	-682
<b>Operating earnings (EBIT)</b>	<b>278</b>	<b>66</b>	<b>1,206</b>	<b>971</b>
Financial income and expenses	-732	-246	-2,340	-1,623
<b>Earnings/loss before tax</b>	<b>-454</b>	<b>-180</b>	<b>-1,134</b>	<b>-652</b>
Tax	26	-47	2	-8
<b>Net result</b>	<b>-428</b>	<b>-227</b>	<b>-1,132</b>	<b>-660</b>
<b>EBITDA excluding non-recurring items</b>				
Specialties & Solutions	122	85	678	524
Advanced Chemicals & Derivatives	341	133	1,206	1,141
BioProducts	39	-3	51	16
Other/eliminations	-25	23	-70	-14
<b>Total Group</b>	<b>477</b>	<b>238</b>	<b>1,865</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.

## 7. Risk and uncertainty

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

## 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 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, February 13, 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.

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