



Perstorp Holding AB (Publ.)

Interim report, January-September 2015

Conference call November 5th, 2015

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Important notice

- ➔ Unless otherwise stated, the financial information presented in this document represents the Group's continuing operations, i.e. excluding:
 - 15% stake in Vencorex (the former Coating Additives business unit, 51% divested in May 2012 and 34% divested in August 2014)
 - Singapore legal units (transferred to Financière Forêt S.à.r.l. in March 2013)
 - Formox legal units (divested to Johnson Matthey in March 2013)

- ➔ The Board of Directors decided to realign Perstorp's organizational structure as part of its transformation. The biofuel business will be operated and managed in a separate and new business area – BioProducts. At the same time the business area Intermediate & Derivatives changed name to Advanced Chemicals & Derivatives. Therefore, beginning in the second quarter 2015, Perstorp will report its financial performance based on the three reportable segments Specialties & Solutions, Advanced Chemicals & Derivatives and BioProducts. As a consequence of this, historical segment numbers have been adjusted accordingly for comparative purposes



Business performance



Jan Secher
President & CEO

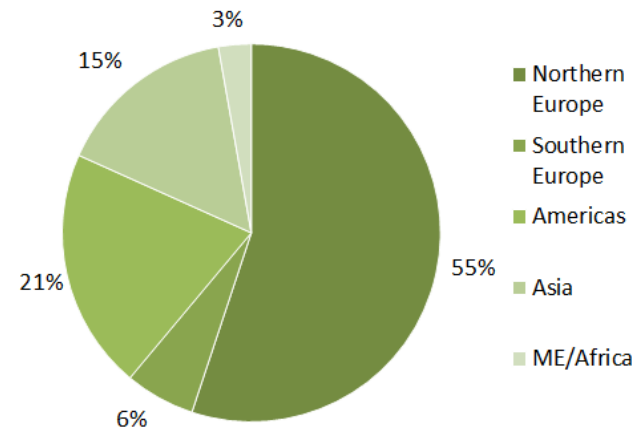
Executive summary

- ➔ Q3 sales amounted to SEK 2,778 m, an 2% decrease over last year which recorded sales of SEK 2,839 m. Net sales adjusted for the scheduled maintenance shutdown increased about 4%
- ➔ Organic volume-based sales growth was -3% vs. Q3 2014. Adjusted for the scheduled maintenance shutdown in Stenungsund, the organic volume-based sales growth increased about 3%
- ➔ EBITDA excluding non-recurring items amounted to SEK 422 m in Q3/15 compared to SEK 386 m last year, the 9th consecutive quarter of y-o-y improvement despite negative effects from the scheduled maintenance shutdown in Stenungsund
- ➔ In July, Perstorp acquired the Penta, Di-Penta and sodium formate businesses, related technology and certain assets from Koei Chemical Company Ltd., a Japanese chemicals producer. As a part of the business transfer, Koei will act as Perstorp's agent in Japan
- ➔ In September, Perstorp announced the intention to acquire a biofuel plant in Fredrikstad, Norway. The transaction is expected to close in Q4/2015

Market overview

- ➔ The third quarter was marked by changes in raw material prices, firstly a general decrease and secondly an extended decrease in Asia resulting in a shift in competitiveness in some of our markets. This has impacted purchasing behavior and resulted in a degree of restraint, since customers have made an assessment that lower prices will be possible to negotiate moving forward. We view the underlying demand in most product groups and regions to remain robust
- ➔ Sales in EMEA were 6% lower than the corresponding period last year primarily following lower sales prices and negative effect from the scheduled maintenance shutdown in Stenungsund. Volumes were more or less in line with last year despite the scheduled maintenance shutdown effects
- ➔ Sales in Americas were 2% above Q3 last year following the stronger USD. Volumes were weaker than the third quarter last year following postponed purchases from customers during the latter part of the quarter
- ➔ Sales in APAC were 5% above Q3 last year primarily following favorable FX-rates. Volumes were somewhat below the third quarter last year mainly due to a longer market for one of our product lines

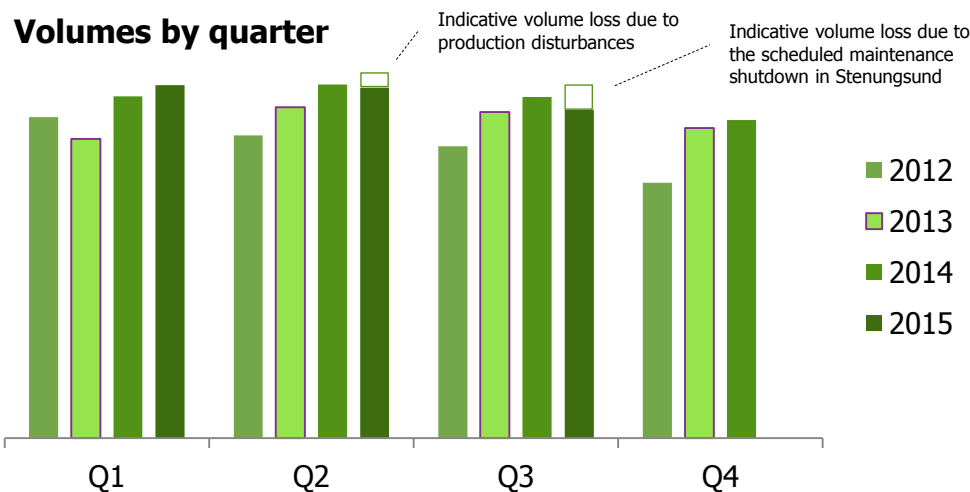
Q3/2015, Net Sales by region, %



Key net sales drivers during Q3

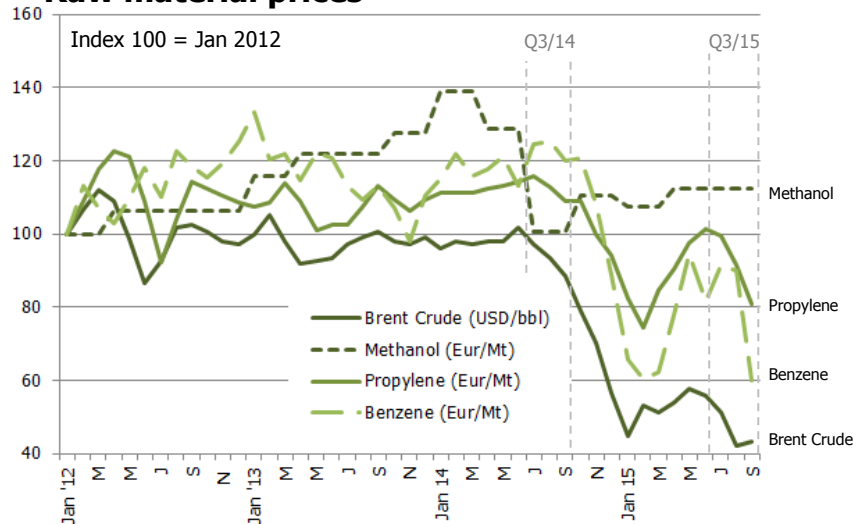
- ➔ Continued good underlying volume development
 - Organic volume-based sales growth amounted to -3% year-on-year. Excluding the scheduled maintenance shutdown in Stenungsund, the organic volume-based sales growth was about +3%
 - Reported volumes were 4% below Q3/2014 and were negatively affected by the scheduled maintenance shutdown in Stenungsund

- ➔ Average selling prices in SEK increased year-on-year
 - Prices in SEK increased slightly year-on-year
 - FX-effects had a positive effect on net sales with 7%
 - Prices in local currency were c. 6% lower than in Q3/14 mainly following lower raw material prices



Raw materials and margins

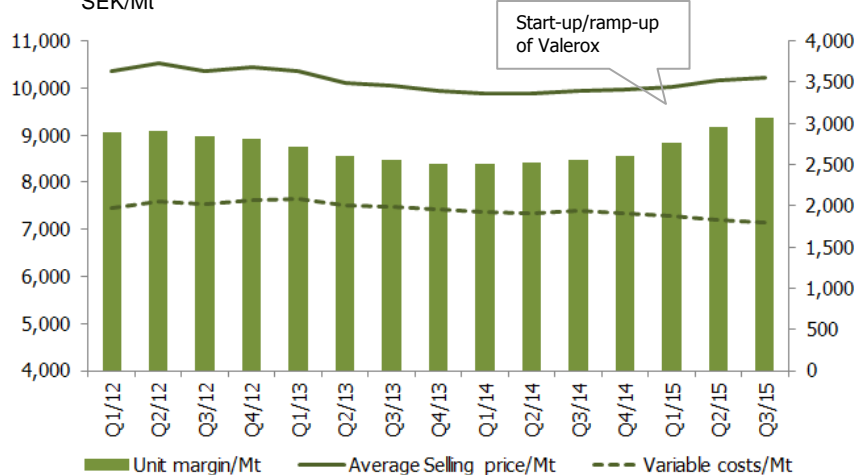
Raw material prices



- ➔ Key raw material prices decreased during the quarter
 - Average price for Brent crude oil decreased by 18% in Q3/15 vs Q2/15 and was c. 50% lower than Q3/14
 - Propylene decreased 6% in Q3/15
 - Benzene decreased 5% in Q3/15
 - Methanol was stable

Margins LTM

SEK/Mt



- ➔ Year-on-year unit margins improved substantially due to positive FX-effects and successful margin management as well as the Valerox start-up. Continuous focus on pricing excellence in combination with lower raw material prices have enabled enhanced margins

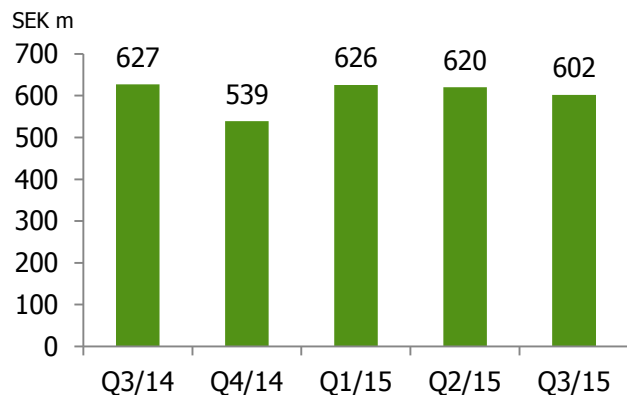
- ➔ Margins achieved in Q3/15 were stable vs. Q2/15 whereas LTM margins continued to improve

Specialties & Solutions

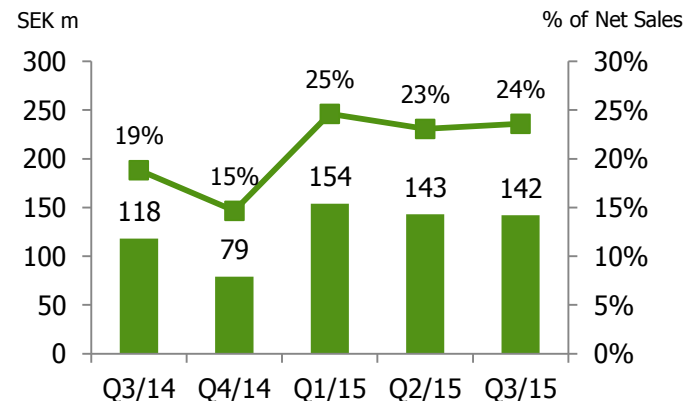
➔ Stronger unit margins offsetting decreased sales

- Q3/15 net sales amounted to SEK 602 m, 4% lower than Q3/14 impacted by lower volumes and lower sales prices partly offset by positive FX-effects
- Q3/15 EBITDA amounted to SEK 142 m, an increase of 20% compared to Q3/14, impacted by stronger unit margins due to successful margin management when raw material prices declined and favorable FX-effects
- YTD net sales amounted to SEK 1,848 m, 3% higher than last year
- YTD EBITDA amounted to SEK 439 m (323) corresponding to an EBITDA margin of 23.8%

Net sales development



EBITDA¹ and margin development



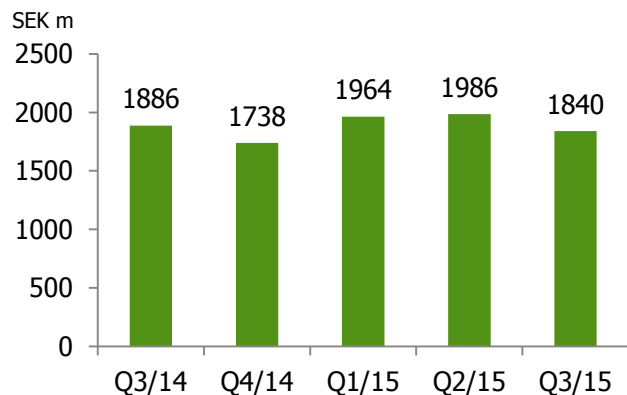
1= EBITDA excluding non recurring items

Advanced Chemicals & Derivatives

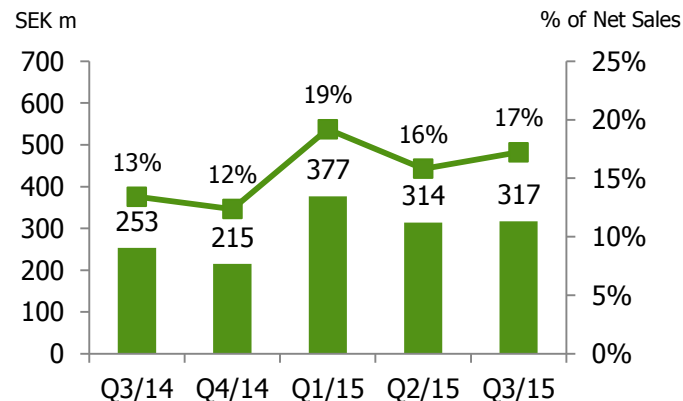
➔ Stronger unit margins offsetting decreased sales

- Q3/15 net sales amounted to SEK 1,840 m, 2% lower than Q3/14 impacted by slightly lower volumes following negative effects from the scheduled maintenance shutdown, and lower sales prices partly offset by positive FX-effects
- Q3/15 EBITDA amounted to SEK 317 m, an increase of 26% compared to Q3/14, impacted by stronger unit margins due to successful margin management when raw material prices declined and favorable FX-effects and sales of emission rights
- YTD net sales amounted to SEK 5,790 m, 3% higher than last year
- YTD EBITDA amounted to SEK 1,008 m (684) corresponding to an EBITDA margin of 17.4%

Net sales development



EBITDA¹ and margin development

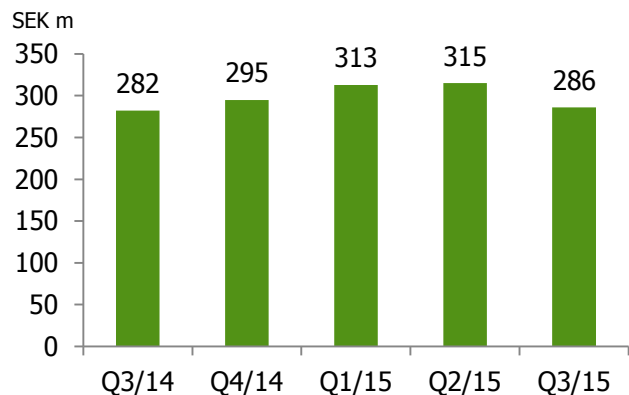


1= EBITDA excluding non recurring items

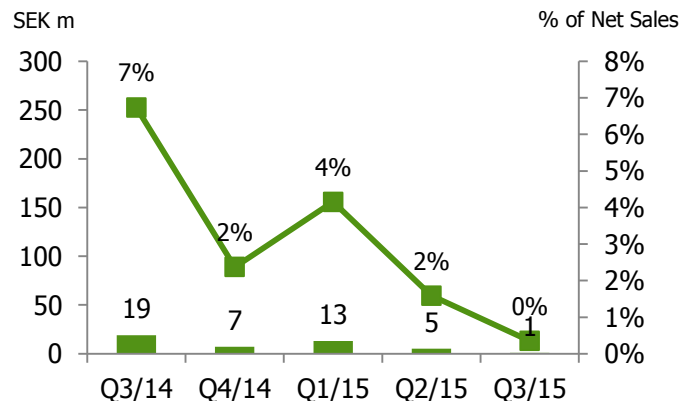
BioProducts

- ➔ Weaker unit margins and negative effects from scheduled shutdown
 - Q3/15 net sales amounted to SEK 284 m, 1% higher than Q3/14 impacted by higher sales prices and positive FX-effects, offset by negative effects from the scheduled maintenance shutdown
 - Q3/15 EBITDA amounted to SEK 1 m (19), impacted by a decline in unit margins and one-off costs linked to the scheduled maintenance shutdown
 - YTD net sales amounted to SEK 914 m, 1% higher than last year
 - YTD EBITDA amounted to SEK 19 m (53) corresponding to an EBITDA margin of 2%
- ➔ Acquisition of biodiesel plant in Fredrikstad increasing capacity
 - Almost double the production capacity
 - Opens up a new market

Net sales development



EBITDA¹ and margin development



1= EBITDA excluding non recurring items

Update – shutdown at Stenungsund

Key facts:

- ➔ 400 contractors during high peak period
- ➔ 228 # of inspections on pressure vessels
- ➔ 5 # of compressor overhauls
- ➔ 4 # of catalyst exchanges

Status:

- ➔ Safety: 1 OSHA¹
- ➔ The completion of the shutdown was somewhat delayed vs. plan
 - C2/C3 minor delay in start-up
 - C4 delayed due to Borealis Cracker delay
 - RME minor delay in start-up

Project	Description
Shutdown 2015	Regulatory inspections, Cleaning of equipment, Catalyst exchange, Compressor overhauls, repairs that needs shutdown
RME energy	Major energy recovery project in RME plant
Valerox expansion	Installation of 2nd Valeraldehyde reactor
Syngas expansion	Expansion of syngas unit to deliver on increased need
2-EH expansion	Expansion of 2-EH capacity following close of Butanol production
Tie-in projects	Isomer Valeric acid column, Valeric Acid plant, H2 compressor
Natural gas compressors	Revamp of natural gas compressors to increase capacity and save energy

1= Safety KPI



Financial review



Magnus Heimburg
CFO

Financial highlights

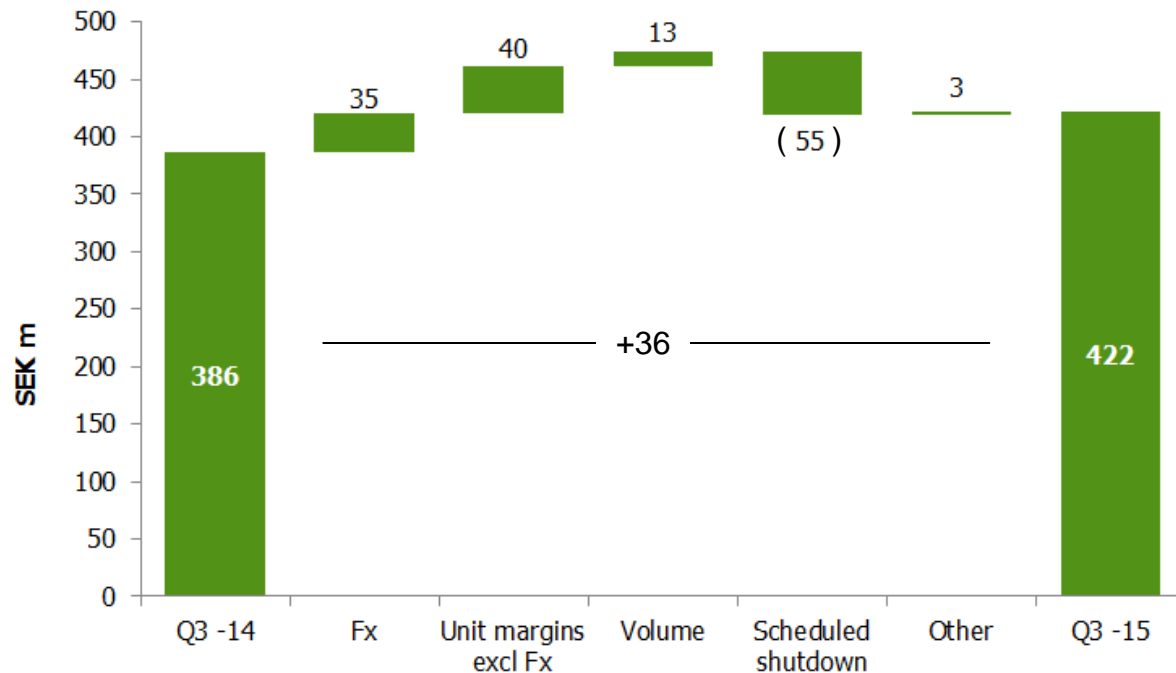
Q3 2015

SEK m	Q3 -15	Q3 -14	YTD Q3 -15	YTD Q3 -14	LTM Q3-15	FY 2014
Net Sales	2,778	2,838	8,718	8,478	11,324	11,084
% growth (y-o-y)	-2,1%		2.8%		3.0%	
Marginal Contribution	851	755	2,717	2,205	3,409	2,898
% of sales	30.6%	26.6%	31.2%	26.0%	30.1%	26.1%
EBITDA, reported	420	385	1,426	978	1,717	1,269
% of sales	15.1%	13.6%	16.4%	11.5%	15.2%	11.4%
EBITDA, excl non recurring items	422	386	1,429	1,039	1,708	1,318
% of sales	15.2%	13.6%	16.4%	12.3%	15.1%	11.9%

- ➔ Net sales decreased 2% in the third quarter compared to last year. Despite lower sales, earnings improved 9% - a result of positive effects from successful margin management and FX-effects, partly offset by lower volumes following the maintenance shutdown in Stenungsund

Bridge EBITDA excl. non recurring items

Q3 -15 vs. Q3 -14

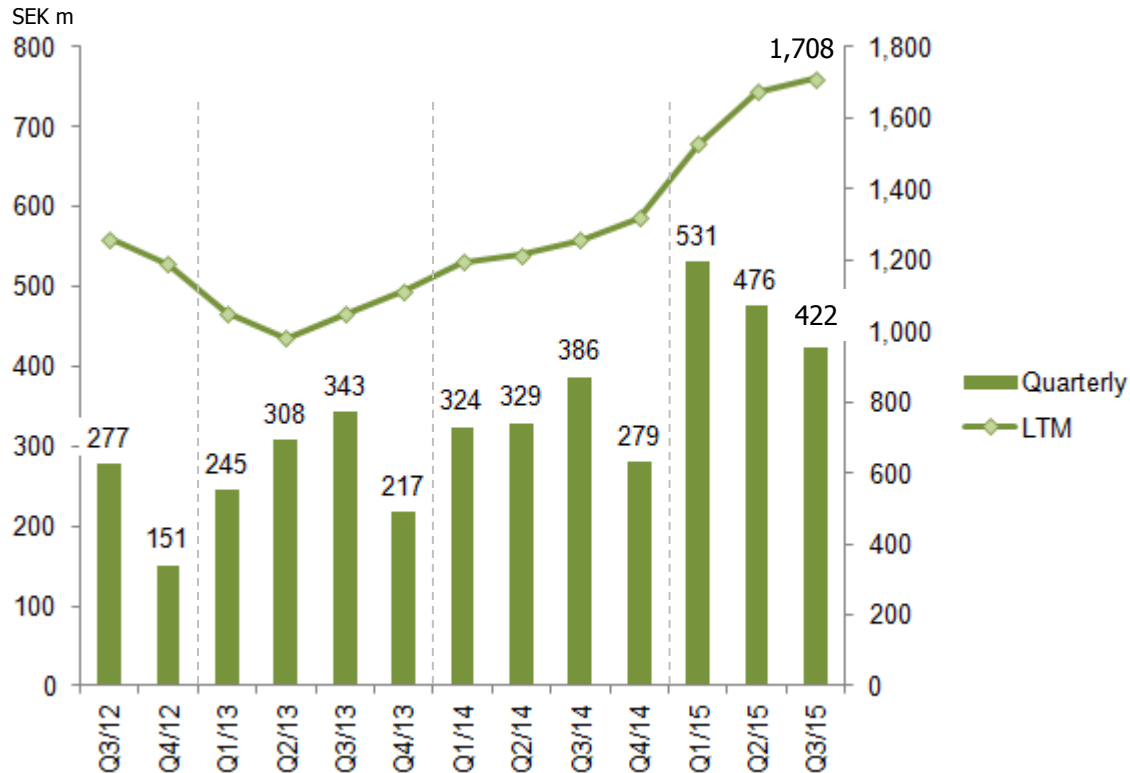


- ➔ Q3/15 EBITDA excluding non recurring items improved SEK 36 m year-on-year, despite the scheduled shutdown in Stenungsund
- ➔ The improved earnings was primarily driven by improved unit margins and positive FX-effects

Positive LTM development

Q3/12 to Q3/15

EBITDA excluding non recurring items

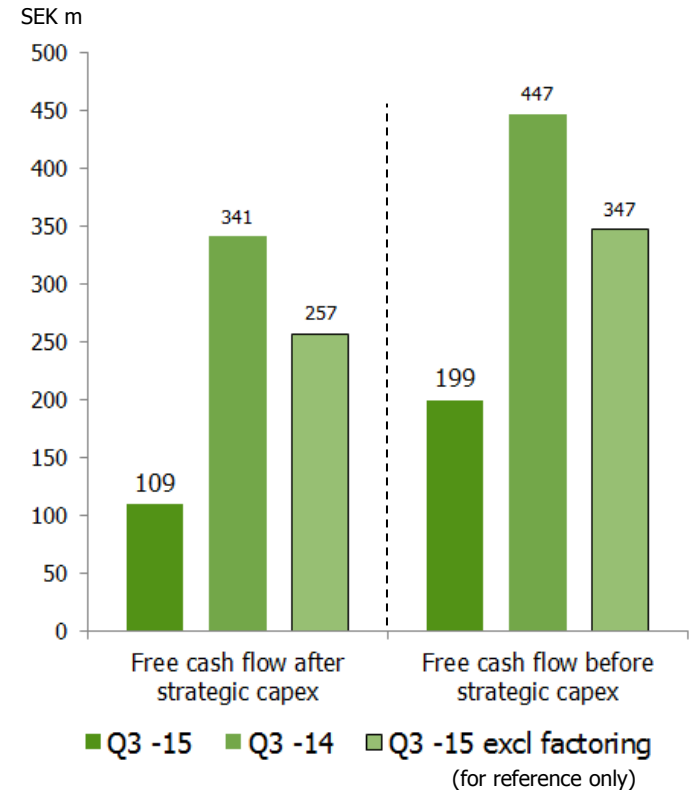


- ➔ LTM EBITDA continues to improve for the 9th consecutive quarter, despite negative effects from the scheduled maintenance shutdown in Stenungsund

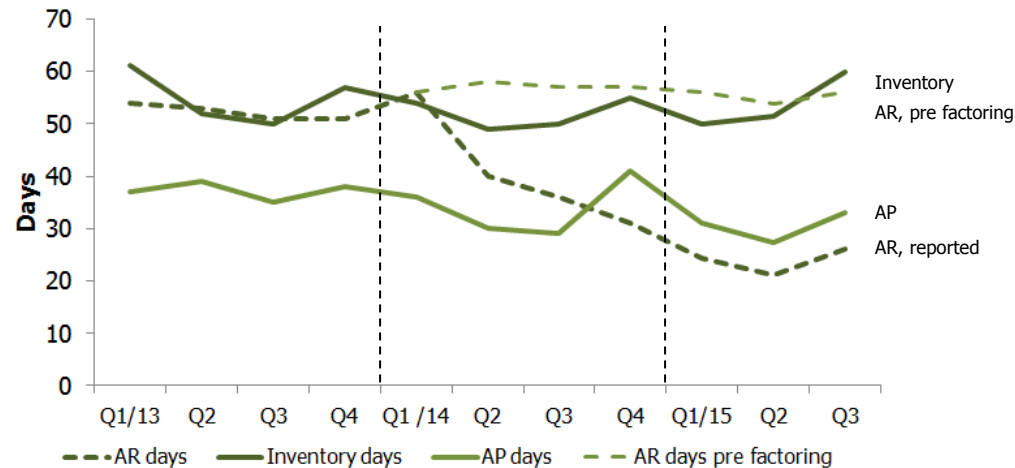
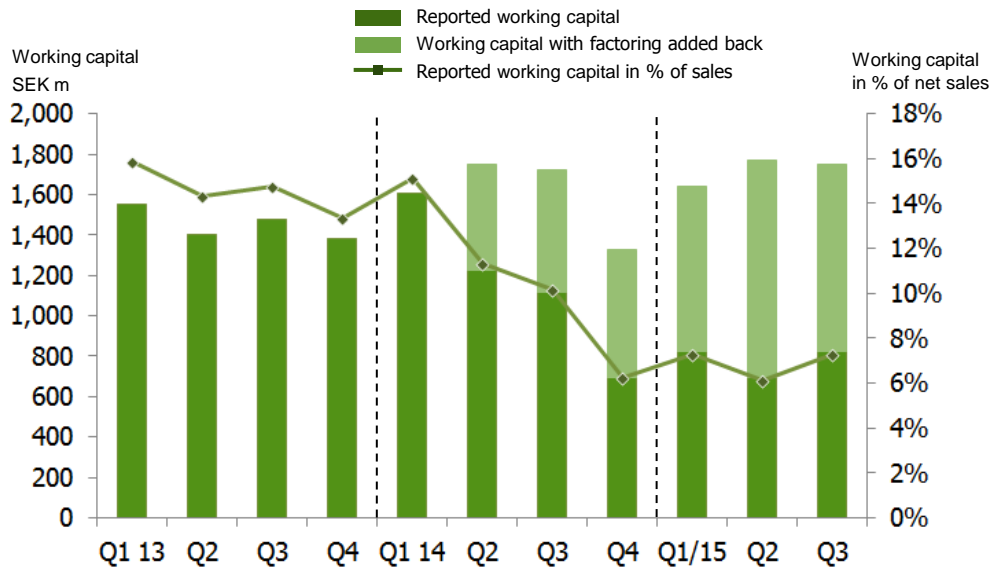
Free cash flow

- ➔ Free cash flow in Q3/15 was SEK 109 m compared to 341 m in Q3/14
- ➔ Cash flow in Q3/15 was substantially lower than Q3/14, negatively affected by lower utilization of the long term trade receivable program, -226 m
- ➔ Utilization of the trade receivable program amount to €98 m per end of Q3/15, with credit approval amounting to €125 m. No further expansion of the program is to be expected
- ➔ Free cash flow in Q4/15 is expected to be positive following a decrease in working capital due to seasonality effects and inventory reduction

Q3 cash flow



Working capital



- ➔ Reported working capital increased SEK 126 m during Q3, negatively affected by a lower utilization of the trade receivable program (SEK 148 m during the quarter) following lower sales primarily due to the scheduled maintenance shutdown
- ➔ Inventory value increased SEK 16 m during Q3/15 explained by lower sales in the latter part of the quarter
- ➔ The long term off-balance trade receivables financing program affect AR and working capital with around SEK 920 m (€ 98 m)
- ➔ Working capital is expected to decrease during Q4/15 following seasonal effects and planned reduction in inventory

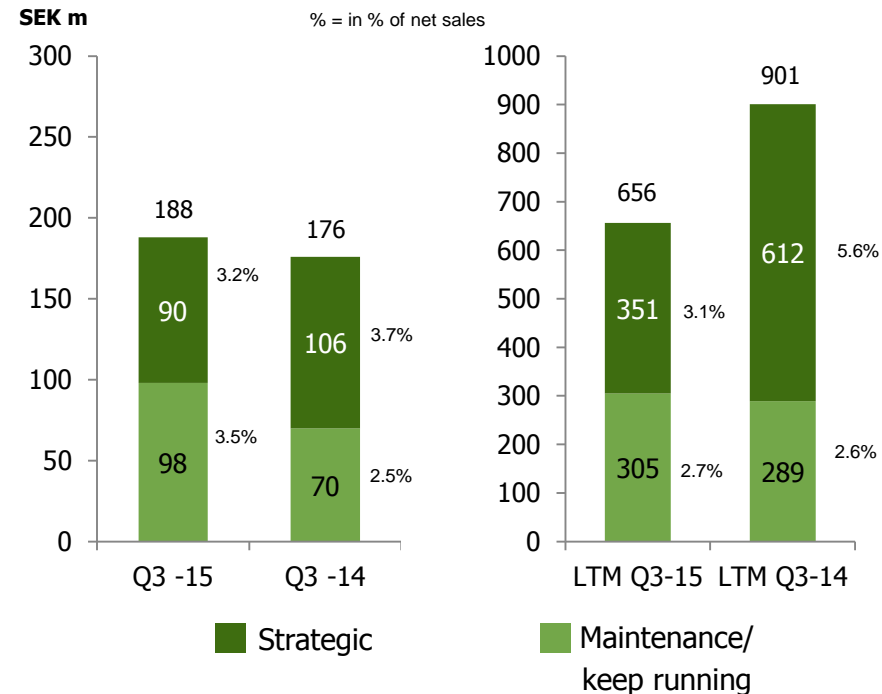
AR days is calculated as AR divided by sales in the most recent period

Inventory days is calculated as Inventory value divided by most recent COGS excluding depreciation

AP days is calculated as AP divided by most recent COGS excluding depreciation

Investments

- ➔ Investments amounted to SEK 188 m in Q3/15 which was SEK 12 m more than in Q3/14
- ➔ Maintenance investments were slightly higher than Q3 last year primarily due to the scheduled maintenance shutdown in Stenungsund. Strategic investments amounted to SEK 90 m in Q3/15
- ➔ A second valeraldehyde reactor was successfully installed in the Valerox facilities during the scheduled maintenance shutdown, increasing the capacity by 50%
- ➔ The total investment amount for 2015 is estimated to SEK 650-675 m. Total investment in 2014 amounted to SEK 837 m



Indebtedness

Current capital structure detail

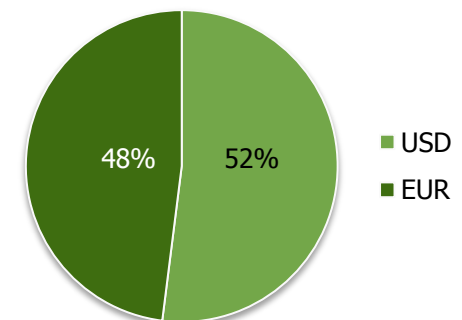
	USDm equiv.	SEKm	x EBITDA excl non-rec.
Cash on balance sheet	-105	-880	
Senior secured notes (€)	303	2,541	
Senior secured notes (\$)	380	3,188	
Net senior secured debt	578	4,849	2.8 x
Second lien notes (\$)	370	3,104	
Net second lien debt	948	7,953	4.7 x
Mezzanine loans (€)	389	3,263	
Other debt	5	46	
Net debt, excl. pensions and shareholder loan	1,342	11,262	6.6 x

- ➔ Net debt, excl. pensions and shareholder loan increased by SEK c. 460 m during Q3/15, mainly following negative translation effects from exchange rates and lower utilization of the factoring program
- ➔ Available funds per end of Q3/15 amount to SEK 1,066 m (undrawn RCF and cash, excl. restricted)
- ➔ The factoring credit line amounts to €125 m whereof €98 m was used at the end of Q3/15

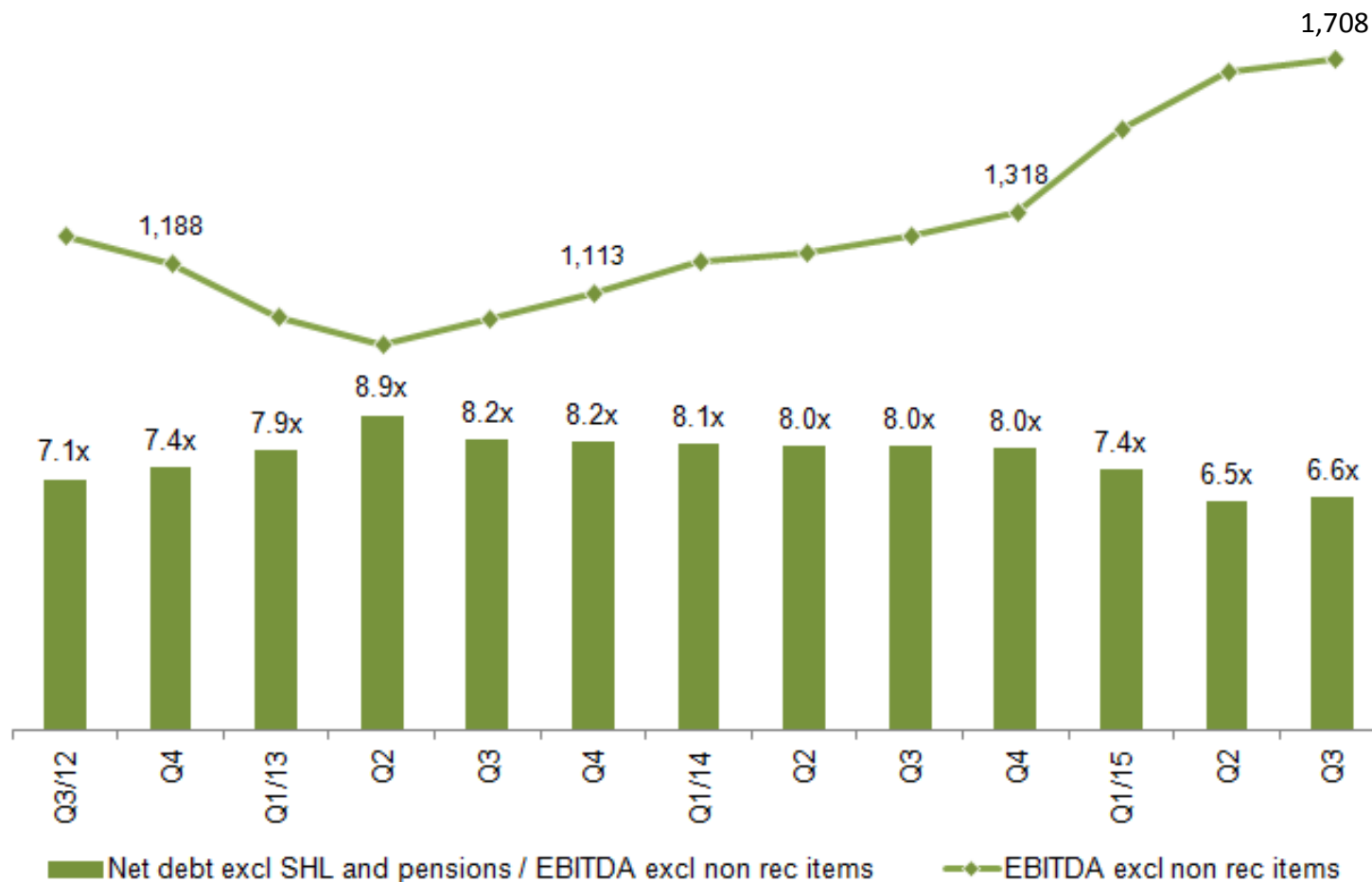
Fx rates; USD 8.39 and Euro 9.41

Based on EBITDA excluding non-recurring items of SEK 1,708 m

Debt by currency



Financial performance and leverage



Summary



Jan Secher
President & CEO

Q3 conclusion and current trading

- ➔ The quarter was marked by decreasing raw material prices that has impacted customers' purchasing behavior and resulted in a degree of restraint
- ➔ Volumes, adjusted for the scheduled maintenance shutdown, and successful margin management continue to improve year-on-year performance, resulting in the ninth consecutive quarter of increasing LTM EBITDA
- ➔ The scheduled maintenance shutdown in Stenungsund was scheduled for 4-6 weeks, but has been delayed primarily due to disturbances of start-up of Borealis cracker complex in Stenungsund, following their scheduled shutdown
- ➔ The fourth quarter is normally the weakest quarter in the year due to seasonality and will also be negatively impacted by the prolonged shutdown

The transformation of Perstorp from Good to Great is continuing with strong focus on professionalism and commercial excellence

Appendix



Free cash flow details

Continuing operations (i.e. excluding Vencorex, Singapore legal units and Formox legal units)

SEK m	Q3 -15	Q3 -14	YTDQ3 -15	YTD Q3 -14	LTM Q3-15
EBITDA excl non-rec items	422	386	1,429	1,039	1,708
Change in working capital ¹	-125	131	-93	264	363
Maintenance capex	-98	-70	-199	-180	-305
FCF before strategic capex	199	447	1,137	1,123	1,766
% of EBITDA excl non-rec.	47%	116%	80%	108%	103%
Strategic capex	-90	-106	-216	-416	-351
Free cash flow	109	341	921	707	1,415
% of EBITDA excl non-rec.	26%	88%	64%	68%	83%

¹= excluding exchange rate effects and provisions

Segment reporting

Continuing operations (i.e. excluding Vencorex, Singapore legal units and Formox legal units)

SEK m	Q3-15	Q3-14	YTDQ3 -15	YTDQ3 -14	LTM Q3-15
Net Sales	2,778	2,838	8,718	8,478	11,324
Specialties & Solutions	602	627	1,848	1,799	2,387
Advanced Chemicals & Derivatives	1,840	1,886	5,790	5,599	7,528
BioProducts	286	282	914	902	1,209
Other/eliminations	61	54	205	218	251
EBITDA, reported	420	385	1,426	978	1,717
Specialties & Solutions	142	118	439	323	517
Advanced Chemicals & Derivatives	317	252	1,008	684	1,223
BioProducts	1	19	19	53	26
Other/eliminations	-40	-4	-40	-82	-49

Restated segment reporting

Continuing operations (i.e. excluding Vencorex, Singapore legal units and Formox legal units)

SEK m	Q3-15	Q2-15	Q1-15	Q4-14	Q3-14	Q2-14	Q1-14
Net Sales	2,778	2,991	2,949	2,606	2,838	2,867	2,773
Specialties & Solutions	602	620	626	539	627	611	561
Advanced Chemicals & Derivatives	1,840	1,986	1,964	1,738	1,886	1,890	1,823
BioProducts	286	315	313	295	282	305	315
Other/eliminations	61	70	46	34	43	61	74
EBITDA, reported	420	481	525	291	385	317	276
Specialties & Solutions	142	143	154	78	118	118	87
Advanced Chemicals & Derivatives	317	314	377	215	252	205	227
BioProducts	1	5	13	7	19	20	14
Other/eliminations	-40	19	-19	-9	-4	-26	-52
EBITDA excl non recurring items	422	476	531	279	386	329	324
Specialties & Solutions	142	143	154	79	118	117	87
Advanced Chemicals & Derivatives	317	314	377	215	253	206	227
BioProducts	1	5	13	7	19	20	14
Other/eliminations	-38	14	-13	-22	-4	-14	-4

Quarter on quarter development

Continuing operations (i.e. excluding Vencorex, Singapore legal units and Formox legal units)

SEK m	Q3-15	Q2-15	Q1-15	Q4-14	Q3-14	Q2-14	Q1 -14
Net Sales	2,778	2,991	2,949	2,606	2,838	2,867	2,773
Marginal Contribution	851	946	920	692	755	727	723
% of sales	30.6%	31.6%	31,2%	26,6%	26.6%	25.4%	26.1%
EBITDA, reported	420	481	525	291	385	317	276
% of sales	15.1%	16.1%	17.8%	11.2%	13.6%	11.1%	10.0%
EBITDA, excl non-recurring items	422	476	531	279	386	329	324
% of sales	15.2%	15.9%	18.0%	10.7%	13.6%	11.5%	11.7%

Cash and Available funds

SEK m	Q3-15
Unrestricted cash	648
Restricted ¹ and escrowed cash ²	232
Cash on Balance Sheet	880

SEK m	Q3-15
Unrestricted cash	648
RCF not Drawn	418
Reported Available Funds	1,066

¹⁾ Cash in Perstorp accounts in countries where international movement of funds are restricted.

²⁾ Cash held in escrowed accounts as collateral for different business activities (including Vencorex)

Currency

Period average exchange rates

SEK per LOC	Q3 -15	Q3 -14	YTDQ3 -15	YTDQ3 -14	Q2 -15	LTM Q3-15
USD	8.48	6.95	8.41	6.68	8.42	8.16
Euro	9.43	9.21	9.37	9.04	9.30	9.35
GBP	13.15	11.60	12.89	11.14	12.89	12.61

Period end exchange rates

SEK per LOC	Q3 -15	Q3 -14	Q4 -14
USD	8.39	7.24	7.81
Euro	9.41	9.18	9.52
GBP	12.70	11.77	12.14

Source: Swedish Central Bank, Riksbanken

