



Perstorp Holding AB (Publ.)

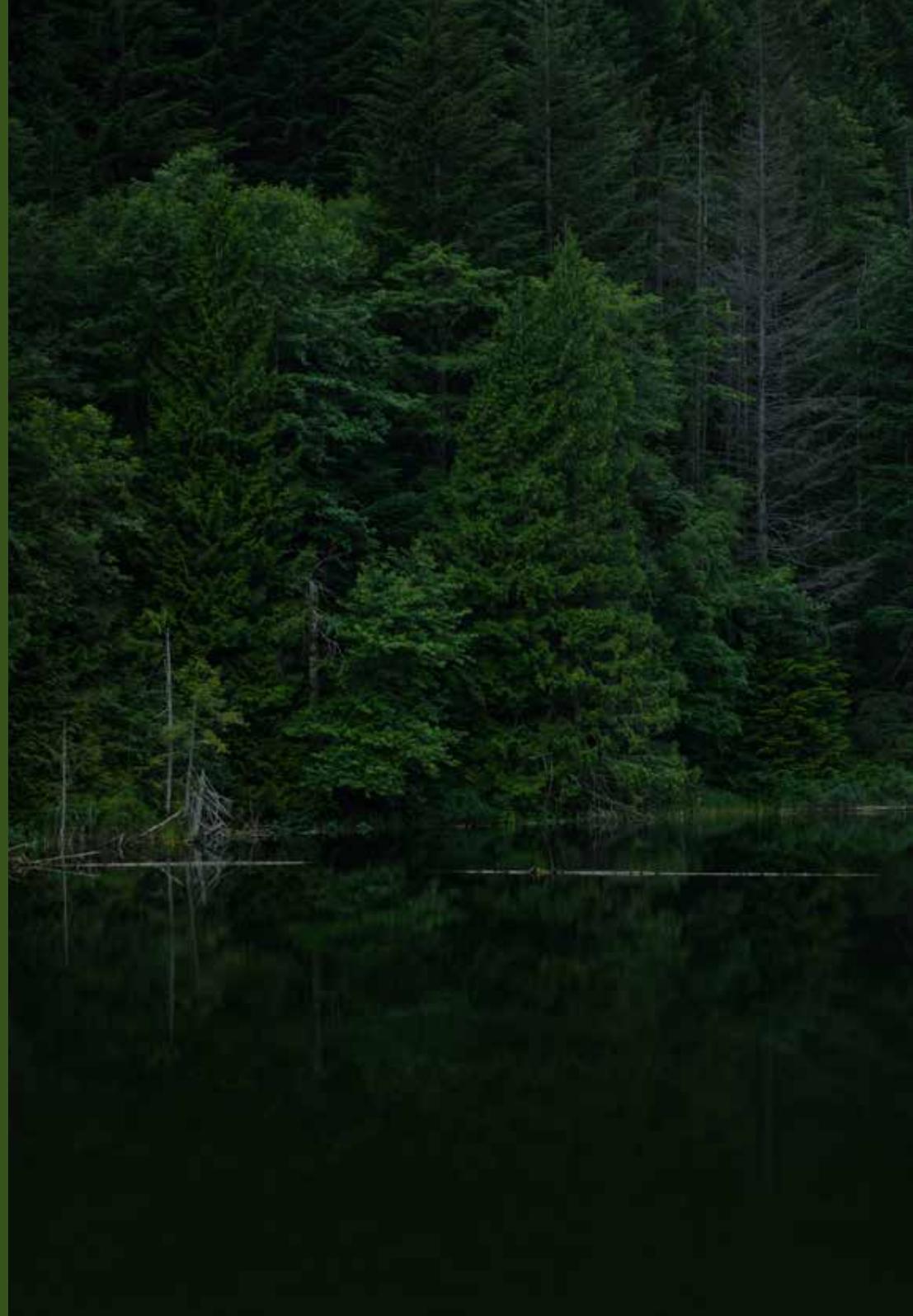
Interim report 1 January - 30 September 2018

TABLE OF CONTENTS

Page

Perstorp continuing operations¹⁾	4-11
Key figures in summary	4
President's comments	5
Financial overview	6-8
Specialties & Solutions	9
Advanced Chemicals & Derivatives	10
BioProducts	11
Perstorp consolidated Group	12-21
Consolidated income statement	12-13
Consolidated balance sheet	14
Consolidated statement of changes in equity	15
Consolidated cash flow statement	16
Parent company income statement and balance sheet	17
Key figures and FX-rates	18
Notes	19-20
About Perstorp	21

¹⁾ Perstorp Continuing operations excludes the divested unit Perstorp Oxo Belgium AB in Q1 2017.



Perstorp announces new investors to accelerate the next stage of growth

Perstorp will be transferred from PAI Europe IV fund to a new fund managed by PAI Partners with Landmark Partners as lead investor, alongside other co-investors. Landmark Partners and its co-investors have committed c. EUR 130 million to Perstorp for growth opportunities.

PAI Partners announced in the end of the third quarter the transfer of their interest in Perstorp, a global leader in specialty chemicals, from PAI Europe IV to a new fund managed by PAI Partners and backed by Landmark Partners and other co-investors. As a part of the deal, the investors of the new fund have agreed to commit c. EUR 130 million for investment activities to further advance Perstorp's growth strategy. The terms of the transaction were not disclosed.

Perstorp is a world leader in specialty chemicals and for over 135 years, this expertise has been used to pioneer the development of highly innovative products that advance everyday life across the globe.

Perstorp employs around 1,500 people across manufacturing units in Asia, Europe and North America. In 2017, the Company's sales amounted to SEK 13,592 million, and EBITDA excluding non-recurring items increased by 20 percent to record-high SEK 2,133 million. The positive development continued in 2018, with LTM EBITDA as at 30 September 2018 amounting to SEK 2,281 million.

Charles Tingue from Landmark Partners commented: "Perstorp is an outstanding company with strong market positions, solid growth prospects and an excellent management team. This is an exciting opportunity and we are committed to supporting the growth strategy together with PAI Partners and the dedicated management team at Perstorp."
Fabrice Fouletier at PAI Partners commented:

"This transaction represents a new phase of the development of Perstorp, with additional financial means to support its future development. We are excited to remain a shareholder in Perstorp and help the company reach a new stage of its development alongside its management team."

Jan Secher, President and CEO of Perstorp, commented: "We are delighted that our focus on commercial and operational excellence has delivered strong results, attracting new quality investors. We have progressively enhanced profitability and deleveraging, resulting in the recent upgrade by S&P, and we are now ready to take the next step. We look forward to capturing future growth opportunities to advance our position as a global leader in specialty chemicals."



Interim report 1 January - 30 September 2018

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

July-September 2018

- Net sales, for continuing operations increased 13% to SEK 3,729 m (3,289).
- Sales prices in the third quarter were higher than the corresponding quarter last year mainly linked to higher raw material prices for most product lines .
- Organic volume-based sales growth, for continuing operations was -4 % year-on-year. Adjusted for the scheduled maintenance shutdown in Stenungsund the organic volume-based sales growth was about 1 % ,affected by some production issues.
- EBITDA excluding non-recurring items, for continuing operations amounted to SEK 566 m in the third quarter compared to SEK 575 m in the corresponding period last year. The scheduled maintenance turnaround at the Stenungsund site, which takes place every third year, has impacted the financial result negatively by approximately SEK 50 m.
- EBITDA-margin excluding non-recurring items for continuing operations was 15.2% (17.5). Excluding BioProducts, the EBITDA margin was 17.1% (20.0).

Key figures in summary, continuing operations

SEK m unless otherwise stated	Quarter 3		Quarter 1-3		Latest 12 months	Full year 2017
	2018	2017	2018	2017		
Net sales	3,729	3,289	11,358	9,990	14,960	13,592
EBITDA	524	571	1,743	1,634	2,205	2,096
% of net sales	14,1	17,4	15,3	16,4	14,7	15,4
EBITDA excluding non-recurring items ¹⁾	566	575	1,796	1,648	2,281	2,133
% of net sales	15,2	17,5	15,8	16,5	15,2	15,7
Operating earnings (EBIT)	377	272	1,253	1,054	1,568	1,369
% of net sales	10,1	8,3	11,0	10,6	10,5	10,1
Net earnings/loss	77	50	-57	265	-417	-95
Free cash flow	222	134	717	553	1,439	1,275

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



President's Comments

"There is confidence from our owners in our strategic way forward which is very reassuring. We are humble yet confident about what we are expected to accomplish. We see signs of weakening in the certain marketplaces, which means caution, and should govern what to do and not to do in the near future."

After several quarters of solid demand in all geographical regions, the third quarter 2018 saw increased volatility in certain markets. In EMEA we experienced somewhat lower demand, in particular within the coatings segment. Overall the demand in APAC remained good, however we have seen volatility in specific product areas resulting in weaker demand in parts of our polyol portfolio. The ongoing trade dispute between the US and China has created uncertainty in the region which may, along with other geopolitical uncertainties, lead to a mixed market situation in the coming quarters.

During the third quarter we initiated our scheduled maintenance shutdown at our Oxo site in Stenungsund. This is done every third year for regulatory and inspection requirements. In the third quarter we estimate the financial impact from the shutdown to be around SEK 50 million. In addition, during the quarter we also experienced some production disturbances at some of our Polyol sites. The disturbances had a negative financial impact on both available volumes as well as production costs.

However, on a comparable basis, adjusting for the shutdown, the EBITDA for the quarter and YTD increased with 7% and 12% vs the previous period resulting in a record high EBITDA on an LTM basis.

Organic volume based sales growth for the period was -4% compared to the third quarter 2017. This was primarily due to the scheduled maintenance shutdown of the production facility in Stenungsund and from competitor outages during the corresponding period 2017, which had a positive impact on Perstorp in the third quarter 2017 and not in this quarter. In addition, we experienced somewhat lower demand in certain markets. Excluded for the scheduled maintenance shutdown in Stenungsund the organic volume based sales growth was 1%.

Mixed performance within our business areas

Unit margins in Specialties & Solutions continued to improve during the quarter, linked to strengthened pricing and positive exchange rate impact with an EBITDA amounting to SEK 247 (179) m. Capa™ delivered a strong performance with increased volumes and margins in most markets. In the Feed area, our basic business delivered a solid performance, whilst we made rapid progress within the formulated area in line with our projected growth plans. Currently, we are ramping-up our regional sales teams in this area, adding further experience and expertise from the agricultural sector.

In Advanced Chemicals & Derivatives, the scheduled maintenance turnaround at the Stenungsund site together with production disturbances has impacted the financial result negatively. In addition, unit margins were reduced due to higher raw material prices, somewhat offset by higher sales prices and by a positive exchange rate effect. Overall this resulted in an EBITDA of SEK 293 (416) m.

For the BioProducts Business Area, improved market conditions for the RME business contributed to organic based sales growth of 8% and an EBITDA of SEK 4 (-5) m. Perstorp is currently reviewing the strategic options for this business.

Leading important development and change

Perstorp has previously this year decided to terminate its own production at site Vercelli, Italy, but has now entered into an exclusive tolling agreement regarding Oxo and Polyol based products with the company Alcoplast Srl. based in Vercelli. The agreement includes a substantial increase in capacity of non-phthalate plasticizer Pevalen™. The upgrade of our Capa™ caprolactone monomer plant in Warrington, United Kingdom proceeds according to plan, and further major milestones have now been passed.

Our relentless work to become best in class with regards to safety has come into a new phase. We have just concluded a deep-dive in certain areas of safety within Operations, Supply Chain and Innovation, leading to detailed action plans. Leadership has proven itself to be imperative in driving improvements across all levels of the business and will continue to strengthen the business for the future.

As a company, we must remain mindful of external market dynamics, and ensure investment is thoughtful and focused to deliver the greatest value. Whilst we see signs of weakening in certain marketplaces, which means we must be cautious, we remain confident in our transformation plan and the initiatives taking place across the company.

Malmö, October 2018

Jan Secher
President and CEO

Financial overview July-September 2018

Net sales and earnings, continuing operations

Net sales for continuing operations during the third quarter amounted SEK 3,729 m (3,289), which is an increase of SEK 440 m or 13%. Volumes decreased by 3% compared to the same period last year following negative effects from the scheduled maintenance shutdown in Stenungsund, lower availability for some product lines, some production issues and somewhat softened demand at the end of the quarter. The same quarter previous year was also positively affected by outages at some major competitors. Organic volume based sales growth was -4% in the third quarter 2018. Adjusted for the scheduled maintenance shutdown in Stenungsund the organic volume-based sales growth was about 1%.

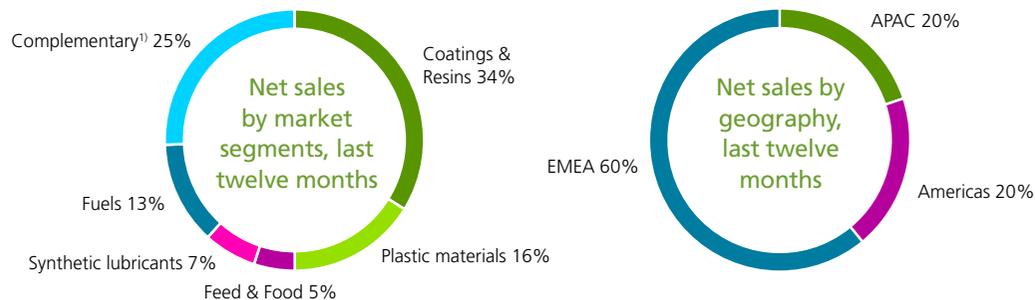
Sales prices were 7% higher than last year mainly linked higher raw material costs.

Average Dated Brent oil price increased 45% in the third quarter 2018 compared to the corresponding quarter last year and was 1% higher than in the second quarter 2018. The higher price on Dated Brent oil has also impacted pricing on downstream derivatives like propylene and ethylene during the third quarter of 2018.

The Swedish krona weakened against both the USD and the EUR compared to the previous quarter. Also compared to the corresponding quarter 2017, average FX-rates for the period were higher than 2017, which resulted in positive FX-effects on sales, 10%.

EBITDA excluding non-recurring items amounted to SEK 566 m (575) corresponding to an EBITDA margin of 15.2% (17.5). The lowered EBITDA was attributable to negative impact from the scheduled maintenance shutdown in Stenungsund and higher raw material prices, partly offset by improved unit margins for some product lines and positive exchange rate impact. Excluding Bioproducts the EBITDA margin was 17.1% (20.0).

Depreciation and amortization amounted to SEK 147 m (299) during the third quarter, 2018. The corresponding quarter in 2017 was affected by an impairment of approximately SEK 160 m related to business area BioProducts. EBIT amounted to SEK 377 m (272) for the period. Net financial expenses, including exchange rate effects on net debt, amounted to SEK 267 m compared to SEK 199 m for the corresponding period in 2017. The deviation is mainly related to a relative stronger SEK, primarily against the USD, in the third quarter 2017 compared to the same period 2018. This was to some extent offset by lower interest rates following the refinancing of the floating rate notes in the end of 2017. Tax amounted to SEK -33 m (-23). The net result amounted to SEK 77 m (50).



¹⁾ Subsegments Bleaching, runway de-icer, oil drilling & completion fluids, pharmaceuticals & API, surfactants & detergents, tanning and other

Income statement, continuing operations			
SEK m	Note	Quarter 3	
		2018	2017
Net sales		3,729	3,289
Cost of goods sold		-3,125	-2,613
Gross earnings		604	676
Operating earnings (EBIT)	9	377	272
Exchange rate effects on net debt		102	186
Other financial income and expenses		-369	-385
Earnings/loss before tax		110	73
Tax	7	-33	-23
Net earnings/loss		77	50
EBITDA			
		524	571
EBITDA excluding non-recurring items			
		566	575



Pure Innovation. Pure Performance.
Advanced science and technology to keep you ahead.

Financial overview July - September 2018

Free cash flow

Free Cash flow in the third quarter increased compared to the corresponding quarter 2017 and amounted to SEK 222 m (134). Earnings was slightly lower and counterbalanced by more favorable development of working capital. Cash flow from investment activities amounted to SEK -167 m (-243). Utilization of the factoring program as of September 30, 2018 amounted to EUR 115m (115).

Free cash flow analysis, continuing operations ¹⁾		
SEK m	Quarter 3	
	2018	2017
EBITDA excluding non-recurring items	566	575
Change in Working Capital ²⁾	-178	-198
Maintenance capex	-134	-85
Free Cash Flow before strategic capex	254	292
% of EBITDA excluding non-recurring items	45%	51%
Strategic Capex	-33	-158
Free Cash Flow	222	134
% of EBITDA excluding non-recurring items	39%	23%

¹⁾ For further details on total cash flow, please see page 15.

²⁾ Excluding exchange rate effects and provisions.

Net debt and leverage

The Group's available funds, unrestricted cash and unutilized credit facilities, were SEK 1,119 m (1,022) at the end of the period, compared with SEK 1,220 m at the end of the fourth quarter 2017. Net debt, excluding shareholder loan and pension liability decreased with SEK 211 m during the third quarter 2018, mainly related to a stronger SEK, primarily against USD and EUR. Leverage was 5.7x at the end of the third quarter 2018 compared to 5.8x at the end of the second quarter 2018.

Available funds and net debt			
SEK m	Sept 30, 2018	Sept 30, 2017	Dec 31, 2017
Available funds	1,119	1,022 ²⁾	1,220
Net debt	13,407	12,152	12,496
Net debt excl Parent company loans and pension liabilities	13,018	11,716	12,056
Leverage ¹⁾	5.7x	5.6x	5.7x

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

²⁾ Excludes cash proceeds from sale of Perstorp Oxo Belgium AB amounting to SEK 558 m and includes SEK 66 m that was transferred to escrow account in July, related to the Vencorex earn-out.



Pevalen™
Our phtalate free Plasticizer
for close to consumer applications

Financial overview January - September 2018

Net sales and earnings, continuing operations

For continuing operations net sales amounted to SEK 11,358 m (9,990) during the period January to September 2018, an increase of SEK 1,368 m or 14% compared to the same period last year. Volumes increased 1% compared to the same period last year and was negatively affected by the scheduled maintenance shutdown in Stenungsund and some production issues. Organic volume based sales growth was 0%. Adjusted for the scheduled maintenance shutdown in Stenungsund the organic volume-based sales growth was about 3%. Sales prices were 6% higher than last year following both higher raw material prices and improved pricing. Average FX-rates for the period were higher than 2017, which resulted in positive FX-effects on sales of 4%.

EBITDA excluding non-recurring items, amounted to SEK 1,796 m (1,648), corresponding to an EBITDA margin of 15.8% (16.5). The increase in earnings vs last year of SEK 148 m was attributable to positive FX-effects and strengthened unit margins for some product lines partly offset by higher raw material prices and negative impact from the scheduled maintenance shutdown in Stenungsund. Excluding BioProducts, the EBITDA margin was 17.7% (19.0).

Depreciation and amortization amounted to SEK 490 m, including an impairment of approximately SEK 57 m related to fixed assets in Perstorp Polialcoli S.r.l., Italy. Depreciation and amortization for the corresponding period 2017 amounted to SEK 580, including an impairment of approximately SEK 160 m related to business area BioProducts. EBIT amounted to SEK 1,253 m (1,054) for the period. Net financial expenses, including exchange rate effects on net debt, amounted to SEK 1,553 m compared to SEK 715 m for the corresponding period in 2017. The

Income statement, continuing operations			
SEK m	Note	Quarter 1-3	
		2018	2017
Net sales		11,358	9,990
Cost of goods sold		-9,394	-8,046
Gross earnings		1,964	1,944
Operating earnings (EBIT)	9	1,253	1,054
Exchange rate effects on net debt		-466	405
Other financial income and expenses		-1,087	-1,120
Earnings/loss before tax		-300	339
Tax	7	243	-74
Net earnings/loss		-57	265

EBITDA		1,743	1,634
EBITDA excl non-recurring items		1,796	1,648

deviation is mainly related to a weakening of the SEK against the USD and EUR during 2018, compared to a strengthening of the SEK primarily against the USD during 2017. This was to some extent counterbalanced by lower interest rate following the refinancing of the floating rate notes at the end of 2017. Tax amounted to SEK 243 m (-74), were change in deferred tax due to the new tax rules in Sweden has positively affected the result with SEK 338 m. The net result amounted to SEK -57 m (265).

Free cash flow

Free Cash flow improved for the first nine month compared to the same period 2017 and amounted to SEK 717 m (553). The improved earnings was counterbalanced by less favorable development of working capital, primarily related to a combination of higher account receivables and inventories due to weakening of the SEK and increased sales for the nine month 2018. Cash flow from investment activities was lower compared to the corresponding period 2017 and amounted to SEK 420 m (505). Utilization of the factoring program as of September 30, 2018 amounted to EUR 115m (115).

Free cash flow analysis, continuing operations ¹⁾				
SEK m	Quarter 1-3		Latest 12 months	Full year 2017
	2018	2017		
EBITDA excluding non-recurring items	1,796	1,648	2,281	2,133
Change in Working Capital ²⁾	-659	-590	-276	-207
Maintenance capex	-303	-220	-389	-306
Free Cash Flow before strategic capex	834	838	1,616	1,620
% of EBITDA excluding non-recurring items	46%	51%	71%	76%
Strategic Capex	-117	-285	-177	-345
Free Cash Flow	717	553	1,439	1,275
% of EBITDA excluding non-recurring items	40%	34%	63%	60%

¹⁾ For further details on total cash flow, please see page 15.

²⁾ Excluding exchange rate and provisions.

Business Area Specialties & Solutions

Specialties & Solutions consists of Business Units Caprolactones, Feed & Food, Specialty Polyols and De-icers/Oil drilling.

July-September 2018

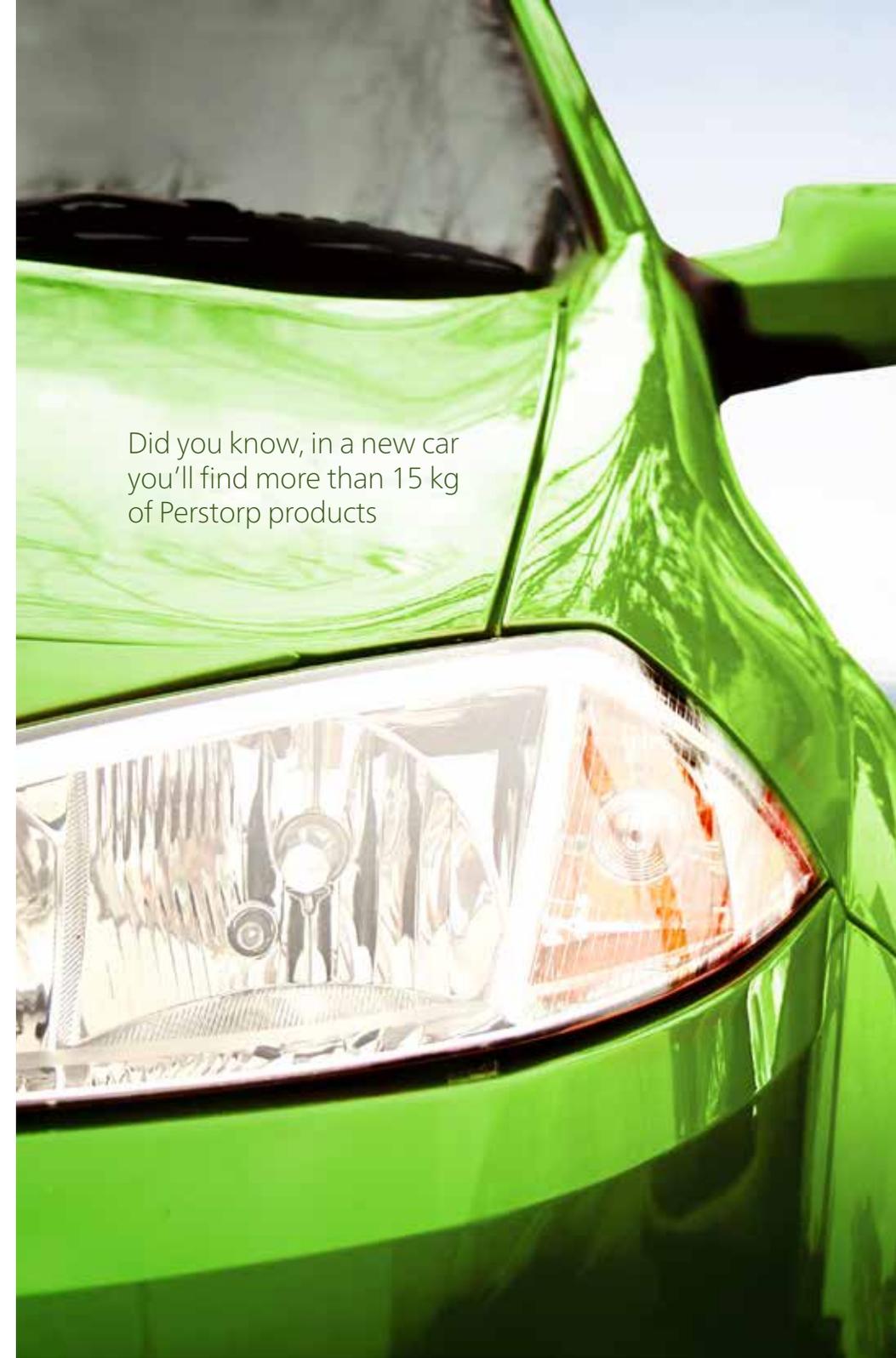
During the third quarter 2018 net sales amounted to SEK 876 m (758) which was 16% higher than the corresponding quarter 2017. The positive development can mainly be assigned to higher sales prices in combination with positive exchange rate effects. Organic volume-based sales growth was negative, 5%, due to lower availability as a result of the scheduled maintenance shutdown in Stenungssund and low inventories, counterbalanced by a very strong improvements of the unit margins. Market has been tight for the most key products which has driven up both sales prices and margins, especially within our Feed & Food business.

EBITDA amounted to SEK 247 m (179), corresponding to an EBITDA margin of 28% (24), mainly resulting from a combination of improved unit margins and positive exchange rate effects.

Specialties & Solutions				
SEK m	Quarter 3		Latest 12 months	Full year 2017
	2018	2017		
Net sales	876	758	3,571	3,204
EBITDA	247	179	930	725
EBITDA excluding non-recurring items	247	179	932	726



Specialties & Solutions, 23%



Did you know, in a new car you'll find more than 15 kg of Perstorp products

Business Area Advanced Chemicals & Derivatives

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

July-September 2018

During the third quarter 2018 net sales amounted to SEK 2,356 m (2,091) which was 11% higher than the corresponding quarter 2017. The positive development can mainly be assigned to a combination of higher sales prices and positive exchange rate effects, partly offset by lower volumes. Organic volume-based sales growth was -7%, mainly due to the scheduled maintenance shut down in Stenungsund. Adjusted for the shutdown, volumes of most product lines were in line with the corresponding quarter previous year.

EBITDA amounted to SEK 293 m (416), corresponding to an EBITDA margin of 12% (20). The decrease in EBITDA was negatively impacted by the scheduled maintenance shut down, production disturbances and less favorable market situation for some products lines.

Advanced Chemicals & Derivatives				
SEK m	Quarter 3		Latest	Full year
	2018	2017 ¹⁾	12 months	2017 ¹⁾
Net sales	2,356	2,091	9,613	8,602
EBITDA	290	415	1,435	1,518
EBITDA excluding non-recurring items	293	416	1,441	1,523

¹⁾ During the first quarter 2017, one product line has been transferred to Business Area BioProducts. The amount is minor and historical numbers have been restated.



Advanced Chemicals & Derivatives, 63%



Clean and tough
performance delivered
with Swedish care

Business Area BioProducts

BioProducts consists of the Business Unit BioProducts.

July-September 2018

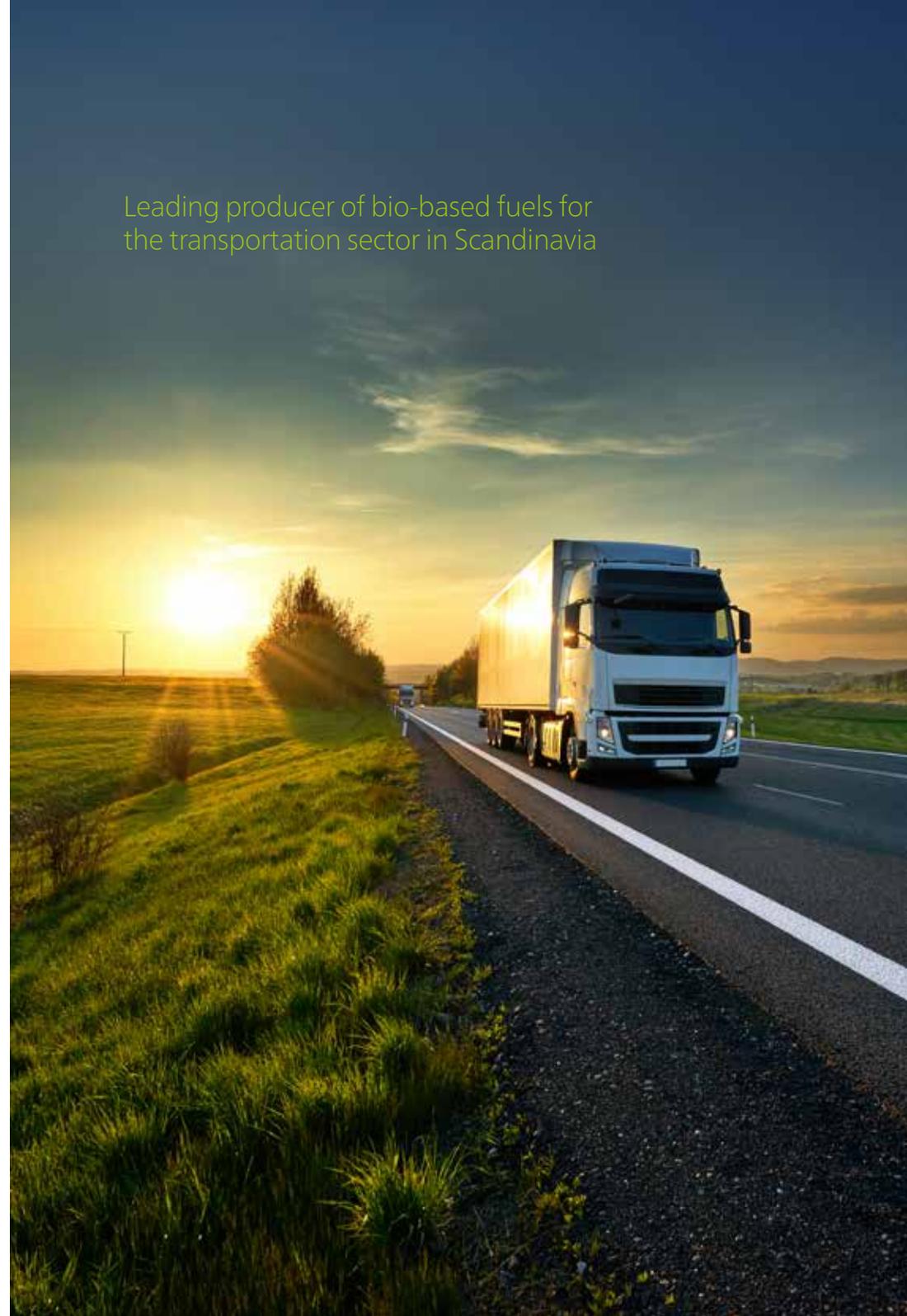
During the third quarter 2018, Business Area BioProducts net sales amounted to SEK 442 m (386), which was 15% higher than the corresponding quarter 2017. The increase in sales was mainly linked to higher volumes and positive exchange rate effects. Organic volume-based sales growth was 8%. EBITDA amounted to SEK 4 m (-5). The increase in earnings can primarily be assignable to stronger unit margins, improved volumes and positive exchange rate effects.

BioProducts				
SEK m	Quarter 3		Latest 12 months	Full year 2017 ¹⁾
	2018	2017 ¹⁾		
Net sales	442	386	1,569	1,584
EBITDA	4	-5	-3	-17
EBITDA excluding non-recurring items	4	-5	-3	-17

¹⁾ During the first quarter 2017, one product line has been transferred from Business Area Advanced Chemicals & Derivatives. The amount is minor and historical numbers have been restated.



Leading producer of bio-based fuels for the transportation sector in Scandinavia



Consolidated income statement

300km/h is the speed of the tip of the wing blades. Capa™ ensures that the coating withstands the toughest conditions

Income statement, consolidated group							
SEK m	Note	Quarter 3		Quarter 1-3		Latest	Full year
		2018	2017	2018	2017	12 months	2017
Continuing operations							
Net sales	2	3,729	3,289	11,358	9,990	14,960	13,592
Cost of goods sold		-3,125	-2,613	-9,394	-8,046	-12,396	-11,048
Gross earnings		604	676	1,964	1,944	2,564	2,544
Selling, administration and R&D costs		-220	-239	-682	-658	-942	-918
Other operating income and expenses ¹⁾		-5	-4	24	-72	-6	-102
Write-down of assets	9	-3	-162	-57	-164	-52	-159
Result from participations in associated companies		1	1	4	4	4	4
Operating earnings (EBIT)		377	272	1,253	1,054	1,568	1,369
Exchange-rate effects on net debt		102	186	-466	405	-645	226
Other financial income and expenses		-369	-385	-1,087	-1,120	-1,647	-1,680
Earnings/loss before tax		110	73	-300	339	-724	-85
Tax	7	-33	-23	243	-74	307	-10
Net earnings/loss		77	50	-57	265	-417	-95
<i>Discontinued operation</i>							
Net sales	2	-	-	-	-	-	-
Operating earnings (EBIT)		-	0	-	604	0	604
Earnings/loss before tax		-	-1	-	604	0	604
Tax		-	0	-	0	0	-
Net earnings/loss		-	-1	-	604	0	604
Group, total							
Net sales		3,729	3,289	11,358	9,990	14,960	13,592
Operating earnings (EBIT)		377	272	1,253	1,658	1,568	1,973
Earnings/loss before tax		110	73	-300	944	-724	520
Tax		-33	-24	243	-75	308	-10
Net earnings/loss		77	49	-57	869	-416	510

Consolidated Group

EBITDA	2	524	570	1,743	2,238	2,206	2,701
EBITDA excluding non-recurring items	2	566	575	1,796	1,648	2,281	2,133

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

Consolidated income statement

Comprehensive income report						
SEK m	Quarter 3		Quarter 1-3		Latest 12 months	Full year 2017
	2018	2017	2018	2017		
Net result for the period	77	49	-57	869	-416	510
Other comprehensive income						
<i>Items that will not be reclassified to profit or loss</i>						
Remeasurements of defined benefit plan	1	-	1	-	-4	-5
<i>Items that may be subsequently reclassified to profit or loss</i>						
Currency translation effect	-42	25	-33	84	-8	109
Other comprehensive income net after tax	-41	25	-32	84	-12	104
Total comprehensive income	36	74	-89	953	-428	614
Attributable to:						
Parent company's shareholder	31	58	-127	912	-486	553
Non controlling interest	5	16	38	41	58	61

We believe one molecule can change everything.
So we are here to lead change towards chemistry
that advances everyday life for the better.

With our origins deep in the Scandinavian woods,
we simply can't imagine anything else.

Consolidated balance sheet

Balance sheet, consolidated group				
SEK m	Note	Sept 30, 2018	Sept 30, 2017	Dec 31, 2017
Tangible fixed assets		5,076	4,912	4,981
Intangible fixed assets		4,840	4,802	4,835
Participation in associated companies		72	68	68
Other non-current assets	7	875	516	575
Inventories		1,586	1,416	1,434
Other current assets		1,436	1,240	1,296
Cash & cash equivalents, incl. short-term investments		385	1,157	621
Total assets		14,270	14,111	13,810
Total equity	4	-2,480	-2,044	-2,383
Loan from parent company		-	21	22
Pension liability, others		388	415	418
Other non-current liabilities		14,111	13,552	13,355
Current liabilities		2,251	2,167	2,398
Total equity & liabilities		14,270	14,111	13,810
Working capital		1,249	974	546
Net debt		13,407	12,152	12,496
Net debt excluding parent company loan and pension liabilities		13,018	11,716	12,056
Capital employed		11,203	11,011	10,562
Number of full-time employees, end of period		1,577	1,484	1,555
Contingent liabilities		238	349	228
Assets pledged		7,209	8,087	7,653

Working Capital, continuing operations			
SEK m	Sept 30, 2018	Sept 30, 2017	Dec 31, 2017
Inventories	1,586	1,416	1,434
Accounts receivable	1,072	911	1,004
Other current assets	347	313	282
Accounts payable	744	657	1,074
Other current liabilities	1,012	1,009	1,100
Total Working capital	1,249	974	546

Ambition

Finite Material Neutral

Becoming Finite Material Neutral to us means to switch from fossil resources to renewable, recycled or reused, supporting circular economy. This shift will not happen overnight and we are humble about our ambition. But we have to do it, because we've only got one planet.



Consolidated statement of changes in equity



The Purpose with Care 365

Health and safety are fundamental
to the way we do business at Perstorp

For everyone to come to work and
go home again healthy and safe for
Perstorp, for yourself, for the person
working next to you, and for the
people who love you.

Total equity, 2018			
SEK m	Equity attributable to owners of the parent	Non controlling interest	Total equity
Opening balance, January 1, 2018	-2,527	144	-2,383
Total comprehensive income	-127	38	-89
Dividend to non controlling interest	-	-35	-35
Transactions with owners, recognised directly in equity	25	2	27
Closing balance, September 30, 2018	-2,629	149	-2,480

Total equity, 2017			
SEK m	Equity attributable to owners of the parent	Non controlling interest	Total equity
Opening balance, January 1, 2017	-3,080	89	-2,991
Total comprehensive income	912	41	953
Dividend to non controlling interest	-	-6	-6
Closing balance, September 30, 2017	-2,168	124	-2,044

Consolidated cash flow statement

Cash Flow analysis, consolidated Group						
SEK m	Quarter 3		Quarter 1-3		Latest	Full year
	2018	2017	2018	2017	12 months	2017
Operating activities						
Operating earnings	377	272	1,253	1,054	1,568	1,369
Adjustments:						
Depreciation and write-down	147	299	490	580	637	727
Other	-28	-44	-41	-63	41	-27
Interest received and other financial items	2	1	6	4	8	6
Interest paid and other financial items	-49	-75	-630	-700	-1,251	-1,320
Income tax paid	-31	-26	-96	-69	-129	-102
Cash flow from operating activities before change in working capital	418	427	982	806	874	653
Changes in working capital						
Increase (-) Decrease (+) in net working capital ¹⁾	-178	-198	-659	-590	-276	-207
Cash flow from operating activities	240	229	323	216	598	446
<i>Investing activities</i>						
Acquisition of net assets, subsidiaries	-	-105	-5	-105	-5	-105
Acquisition of tangible and intangible fixed assets	-167	-138	-415	-400	-560	-546
Sale of net assets, subsidiaries	-	-	-	722	-46	722
Sale of tangible and intangible fixed assets	-	-	1	-	1	-
Sale of shares in other participations	-	-	-	290	0	290
Change in financial assets, external	-	57	-	0	0	0
Cash flow from investing activities	-167	-186	-419	507	-610	361
<i>Financing activities</i>						
Dividend paid to non-controlling interests in subsidiaries	-	-	-35	-6	-35	-6
New loans external	-	-	-	-	2,484	2,484
Amortization of loans external	-	-	-	-	-3,012	-3,012
Change in credit utilization	-307	-336	-107	20	-207	-80
Cash flow from financing activities	-307	-336	-142	14	-770	-614
Change in liquid funds, incl. short-term investments	-234	-293	-238	737	-782	193
Liquid fund opening balance, incl. short-term investments	632	1,456	621	434	1,157	434
Translation difference in liquid funds	-13	-6	2	-14	10	-6
Liquid funds, end of period²⁾	385	1,157	385	1,157	385	621

¹⁾ Including trade receivable financing program.

²⁾ Restricted and held on escrow

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One million plastic bags are used per minute globally. Many of them end up in our natural environment and stay there, but with Perstorp's Capa™ for bioplastics, those bags would biodegrade 100% in a compost



Parent company

Perstorp Holding AB (publ.) is fully owned by Financière Forêt S.à.r.l and is the parent company of the Perstorp Holding Group. Perstorp Holding AB (publ.) had no external sales. Shareholder's equity at September 30, 2018 amounted to 1,205 m (1,230) compared to SEK 817 m at December 31, 2017.

Income statement							
SEK m	Note	Quarter 3		Quarter 1-3		Latest 12 months	Full year 2017
		2018	2017	2018	2017		
Net sales		29	8	61	45	75	59
Cost of goods sold		-	-	-	-	-	-
Gross earnings		29	8	61	45	75	59
Sales, marketing and admin costs		-53	-38	-141	-126	-196	-181
Other operating income and expenses		-1	-2	-7	-14	-8	-15
Operating earnings (EBIT)		-25	-32	-87	-95	-129	-137
Financial income and expenses ¹⁾		-86	-40	132	-270	-420	-823
Appropriations		-	-	-	-	182	182
Earnings/loss before tax		-111	-72	45	-365	-367	-778
Tax	7	-	-	317	-	317	-
Net earnings/loss ²⁾		-111	-72	362	-365	-50	-778

¹⁾Including dividends from subsidiaries

²⁾Comprehensive income equals net earnings/loss for the year.

Balance sheet				
SEK m	Note	Sept 30, 2018	Sept 30, 2017	Dec 31, 2017
Tangible fixed assets		1	3	2
Intangible fixed assets		1	3	2
Shares in group companies		7,731	7,731	7,731
Long term receivables group		7,117	6,735	6,822
Other non-current assets	7	683	341	355
Short term financial receivables group		436	591	586
Other current assets		20	30	23
Cash & cash equivalents		0	618	0
Total assets		15,989	16,052	15,521
Total equity		1,205	1,230	817
Loan from parent company		-	21	22
Other non-current liabilities		13,192	12,316	12,297
Current liabilities		1,592	2,485	2,385
Total equity & liabilities		15,989	16,052	15,521



Key figures and FX-rates

Key figures								
SEK m unless otherwise stated	2018			2017				2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
<i>Continuing operations</i>								
Net Sales	3,729	3,949	3,680	3,602	3,289	3,288	3,413	3,088
Organic volume-based sales growth,%	-4%	5%	-1%	6%	7%	7%	23%	27%
Marginal contribution	1,046	1,166	1,101	1,086	1,100	1,038	1,061	929
EBITDA excluding non-recurring items	566	623	607	485	575	502	571	461
% of net sales	15,2%	15,8%	16,5%	13,5%	17,5%	15,3%	16,7%	14,9%
Cash conversion, % of EBITDA excluding non-recurring items	39%	57%	23%	149%	23%	70%	12%	88%
<i>Consolidated group</i>								
Net earnings/loss	77	57	-191	-360	49	114	706	-428
Earnings, per share, diluted, SEK	1,53	1,14	-3,81	-7,20	0,99	2,28	14,11	-8,56
Net debt excluding pension liabilities and shareholder loans	13,018	13,229	12,446	12,056	11,716	12,078	12,242	12,964
Leverage ¹⁾	5.7x	5.8x	5.7x	5.7x	5.6x	6.0x	6.4x	7.0x

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

Currency rates								
Closing rate								
USD	8,86	8,96	8,36	8,23	8,11	8,47	8,93	9,10
EUR	10,29	10,42	10,29	9,85	9,57	9,67	9,55	9,57
GBP	11,57	11,75	11,76	11,10	10,87	11,01	11,13	11,18
Average rate								
USD	8,95	8,67	8,11	8,32	8,14	8,80	8,92	9,04
EUR	10,41	10,33	9,96	9,79	9,56	9,69	9,51	9,76
GBP	11,66	11,79	11,28	11,04	10,64	11,26	11,05	11,23



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 2017. The accounting principles of the Group and parent company are stated in Note 2 of the 2017 Annual Report.

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers came into effect as of 1 January 2018. The implementation of IFRS 9 and IFRS 15 has no material effect on the Group's or segments' financial reporting.

Furthermore, IFRS 16 Leases will be implemented on 1 January 2019. The Group has started to analyze and evaluate the effects of this new standard on the Group's financial reporting. This work is in an early phase, and the preliminary conclusion is scheduled to be available during quarter 4, 2018.

The proposal for new tax rules in Sweden was adopted on the 14th of June 2018. The new rules will enter into force from the 1st of January 2019. The areas that affects the accounting and reporting in this report are the change in the corporate tax rate and the general interest rate deduction rules. A change in the tax rate affects the valuation of deferred tax assets and deferred tax liabilities, while the interest-rate limitation rules can have an effect on the companies' ability to report deferred tax assets related to tax losses carry forward.

2. Segment information

Segment data ¹⁾						
SEK m	Quarter 3		Quarter 1-3		Latest	Full year
	2018	2017	2018	2017	12 months	2017
Net Sales						
Specialties & Solutions	876	758	2,703	2,336	3,571	3,204
Advanced Chemicals & Derivatives ²⁾	2,356	2,091	7,369	6,358	9,613	8,602
BioProducts ²⁾	442	386	1,116	1,131	1,569	1,584
Internal sales						
Specialties & Solutions	-4	-2	-10	-7	-12	-9
Advanced Chemicals & Derivatives	-10	-5	-50	-39	-92	-81
BioProducts	0	-1	-2	-2	0	0
Other/eliminations	69	62	232	213	311	292
Continuing operations	3,729	3,289	11,358	9,990	14,960	13,592
Discontinued operations	-	-	-	-	-	-
TOTAL GROUP	3,729	3,289	11,358	9,990	14,960	13,592
EBITDA						
Specialties & Solutions	247	179	743	538	930	725
Advanced Chemicals & Derivatives ²⁾	290	415	1,112	1,195	1,435	1,518
BioProducts ²⁾	4	-5	-17	-31	-3	-17
Other/eliminations	-17	-18	-95	-68	-157	-130
Continuing operations	524	571	1,743	1,634	2,205	2,096
Discontinued operations	-	-1	-	604	0	604
TOTAL GROUP	524	570	1,743	2,238	2,206	2,701
<i>Non allocated items</i>						
Depreciation, Amortization and write down	-147	-298	-490	-580	-638	-728
Operating earnings (EBIT)	377	272	1,253	1,658	1,568	1,973
Financial income and expenses	-267	-199	-1,553	-714	-2,292	-1,453
Earnings/loss before tax	110	73	-300	944	-724	520
Tax	-33	-24	243	-75	308	-10
Net result	77	49	-57	869	-416	510

EBITDA excluding non-recurring items						
Specialties & Solutions	247	179	744	538	932	726
Advanced Chemicals & Derivatives ²⁾	293	416	1,117	1,199	1,441	1,523
BioProducts ²⁾	4	-5	-17	-31	-3	-17
Other/eliminations	22	-15	-48	-58	-89	-99
Continuing operations	566	575	1,796	1,648	2,281	2,133
Discontinued operations	-	-	-	-	-	-
TOTAL GROUP	566	575	1,796	1,648	2,281	2,133

¹⁾ The Group is domiciled in Sweden. The result of its net sales from external customers in Sweden is 12% (12), and the total of net sales from external customers from other countries is 88% (88). No sales above 10% derived from a single external customer.

²⁾ During the first quarter 2017, one product line has been transferred from Business Area Advanced Chemicals and Derivatives to Business Area BioProducts. The amount is minor and historical numbers have been restated.

Notes

3. Definitions non IFRS measures

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

“EBITDA” represents the Group’s operating earnings (or loss) (EBIT) before depreciation and amortization.

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

“EBIT” is calculated as the Group’s reported operating earnings (loss).

“Free cash flow” is calculated as EBITDA (excluding nonrecurring items) less change in working capital excluding exchange rate effects and provisions and investments.

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

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

4. Equity

At the end of September 2018 equity for the parent company, Perstorp Holding AB, amounts to SEK 1,205 m (1,230), including a conversion of shareholder loan to equity, amounting to SEK 25 m. Consolidated equity, including non controlling interest, for the Perstorp Group amounts to SEK -2,480 m (-2,044).

5. Transactions with related parties

The net amount borrowed from the Luxembourg-based parent company Financière Forêt S.á.r.l. amounted to SEK - (21) m.

6. Risk and uncertainty

Perstorp is exposed to a number of risks and uncertainty factors, which are reviewed in the Annual Report for 2017.

7. Deferred tax

The decrease in the tax rate and the new interest-rate limitation rules, applicable from the 1st of January 2019, has affected the valuation of deferred tax assets and deferred tax liabilities for Perstorp Group with a net of SEK 338 whereof SEK 317 m is related to deferred tax assets on tax losses carry forward for Perstorp Holding AB.

8. Divestment

In the end of Q1 2017 Perstorp divested its facility in Gent Belgium, Perstorp Belgium (Perstorp Oxo Belgium AB) to Synthomer (Synthomer plc). The total consideration for the sale is €78 million (subject to certain adjustments). The divestment is in line with Perstorp’s strategy to focus on and expand its core chemicals activities. The capital gain amounts to SEK 604 m and is reported as discontinuing operations.

In the end of Q3 2018 Perstorp divested its share in Perstorp Polialcoli S.a.r.l.

9. Impairment

The financial development for the site in Site Vercelli has been challenging and during the second quarter 2018 a decision was made to cease the production. This resulted in a write down of fixed assets related to the Site, amounting to approximately a net of SEK 57 m. The write down had no impact on the Business Areas or the Group’s cash flow for 2018.

10. Other information

Perstorp will be transferred from PAI Europe IV fund to a new fund managed by PAI Partners with Landmark Partners as lead investor, alongside other co-investors. Landmark Partners and its co-investors have committed c. EUR 130 million to Perstorp for growth opportunities.

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

Perstorp’s financial information comprises of Interim-, Annual- and a Sustainability report. The complete Annual Report for the full year 2017, is available in English and can be ordered in print format and can also be downloaded from the Group’s website at www.perstorp.com.

Perstorp, October 22, 2018



Jan Secher, President and CEO

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

One molecule can change everything

Perstorp believes in improving everyday life – making it safer, more convenient and more environmentally sound for billions of people all over the world. As a world leading specialty chemicals company, our innovations provide essential properties for products used every day and everywhere. You'll find us all the way from your car and mobile phone to towering wind turbines and the local dairy farm. Simply put, we work to make good products even better, with a clear sustainability agenda.

Founded in Sweden in 1881, Perstorp's focused innovation builds on more than 135 years of experience, representing a complete chain of solutions in organic chemistry, process technology and application development. Perstorp has approximately 1,500 employees and manufacturing units in Asia, Europe and North America. Sales in 2017 amounted to 13.6 billion.

Learn more at www.perstorp.com