



Perstorp Holding AB (Publ.)

Interim report, January-June 2018
Conference call July 18, 2018

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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:
 - All shares, 100%, in Perstorp Oxo Belgium AB (site Gent), divested in March 2017
 - The stake in Vencorex (the former Coating Additives business unit)

Agenda

- Business performance
- Financial review
- Summary
- Q&A



Business performance



Jan Secher
President & CEO

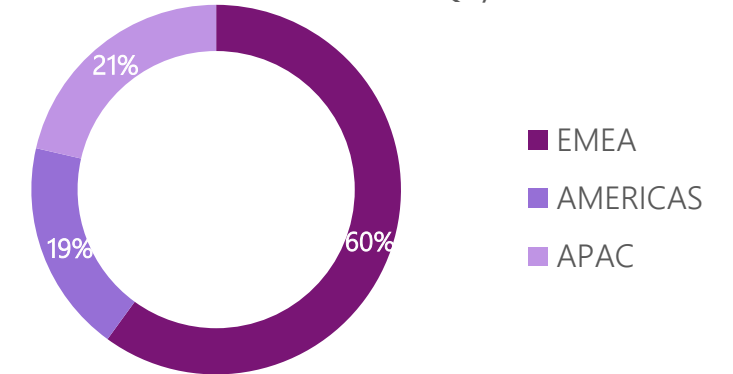
Executive summary

- Continued solid demand across all three regions balanced by a more normalized market supply situation
- Organic volume based sales growth was 5% vs. Q2/17
- Q2 sales amounted to SEK 3,949 m, a 20% increase over last year, resulting from higher selling prices and improved volumes for the majority of our product lines together with positive exchange rates impact
- EBITDA excluding non-recurring items amounted to SEK 623 m in Q2/18 compared to SEK 502 m in Q2/17. Year-on-year, the second quarter was characterized by higher volumes, improved unit margins for some product lines and positive exchange rate impact
- Q2 EBITDA margin amounted to 15.8% (15.3%). Excluding BioProducts, EBITDA margin amounted to 17.2% (17.7%)
- Free Cash flow amounted to SEK 356 m in Q2 which was SEK 5 m higher compared to the same period last year. Improved earnings and slightly lower capital expenditure was partly offset by higher working capital and exchange rate impact
- Net Debt/LTM EBITDA amounted to 5.8x in Q2/18 versus 6.0x in Q2/17. Leverage using the same exchange rates for Net Debt and EBITDA would be materially lower
- We see increased traction and understanding in our Care 365 initiative as well as improved KPI's

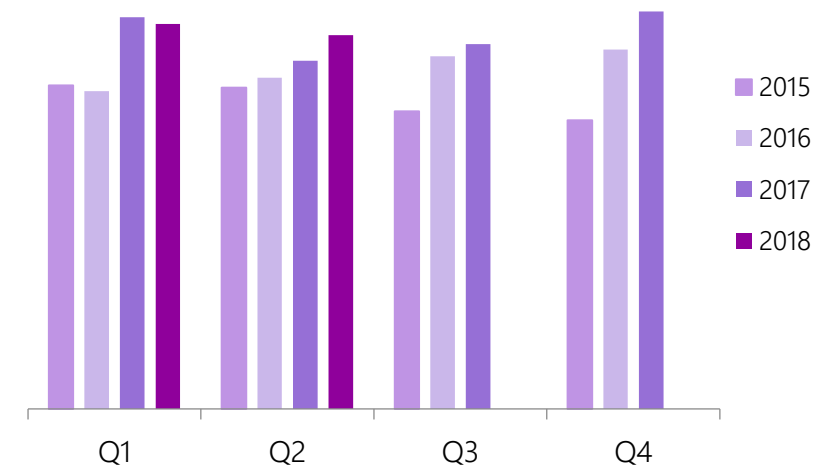
Market overview

- Continued good demand in all three geographical regions
- Higher selling prices in local currencies vs. the same quarter last year linked to higher raw material prices and improved pricing
- Volumes in EMEA were up 9% compared to Q2 last year with strong growth for the majority of the product lines
- Volumes in Americas were up 3% compared to Q2 last year mainly driven by AC&D product lines.
- Volumes in APAC increased by 16% compared to Q2 last year with double digit growth for the majority of the product lines

NET SALES BY REGION Q2/18



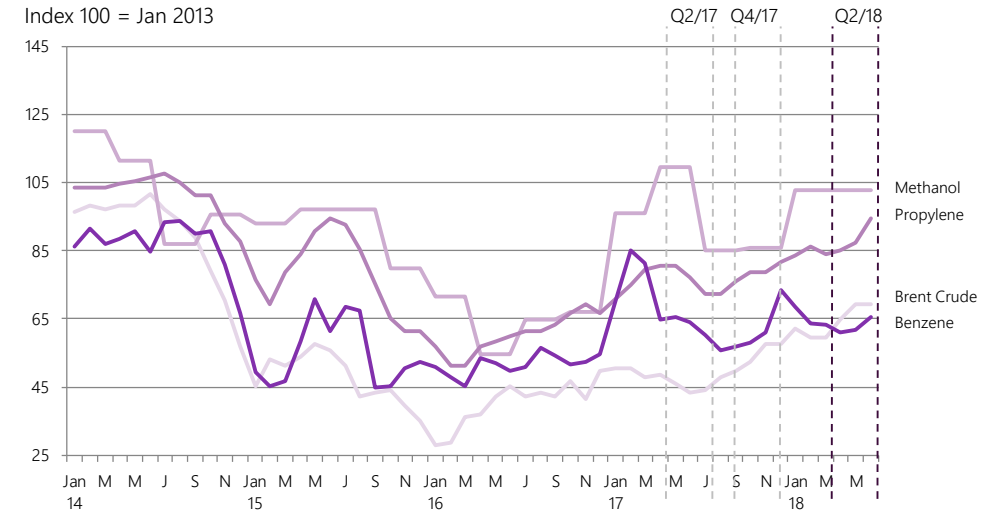
VOLUMES BY QUARTER



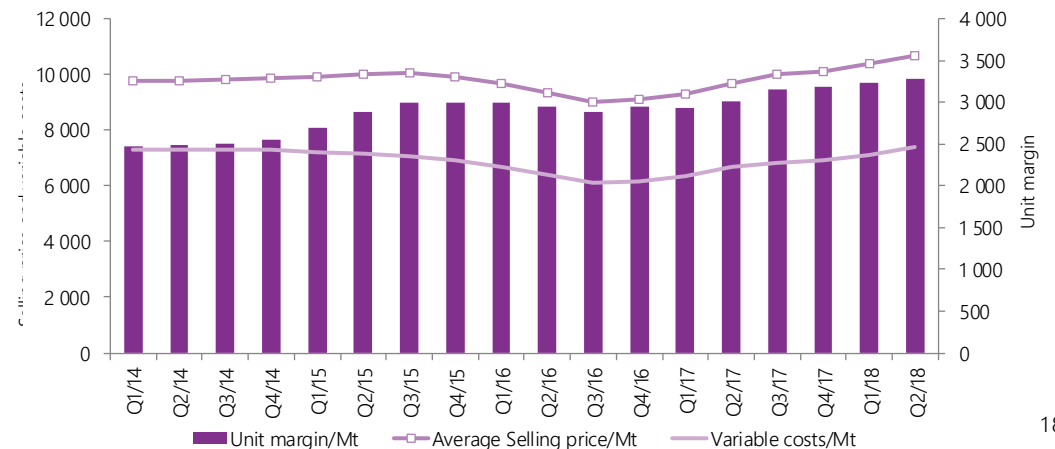
Raw materials and unit margins

- Compared to both Q2/17 and Q1/18 all key raw material prices except Methanol and Benzene increased
 - Average price for Brent crude oil increased by 48% in Q2/18 vs Q2/17 and was 12% higher than in Q1/18
 - Benzene decreased 3% in Q2/18 vs. Q2/17 (-4% vs Q1/18)
 - Methanol decreased 6% in Q2/18 vs. Q2/17 (+/-0% vs Q1/18)
 - Propylene increased 12% in Q2/18 vs. Q2/17 (5% vs Q1/18)
- Improved unit margins vs. Q2/17 driven by improved margins within S&S
 - Unit margins in Specialties & Solutions improved due to strengthened pricing, improved product mix and positive exchange rates impact
 - Advanced Chemicals & Derivatives unit margins were hampered by higher raw material prices and negative product mix impact offset by positive exchange rates impact

Raw material prices



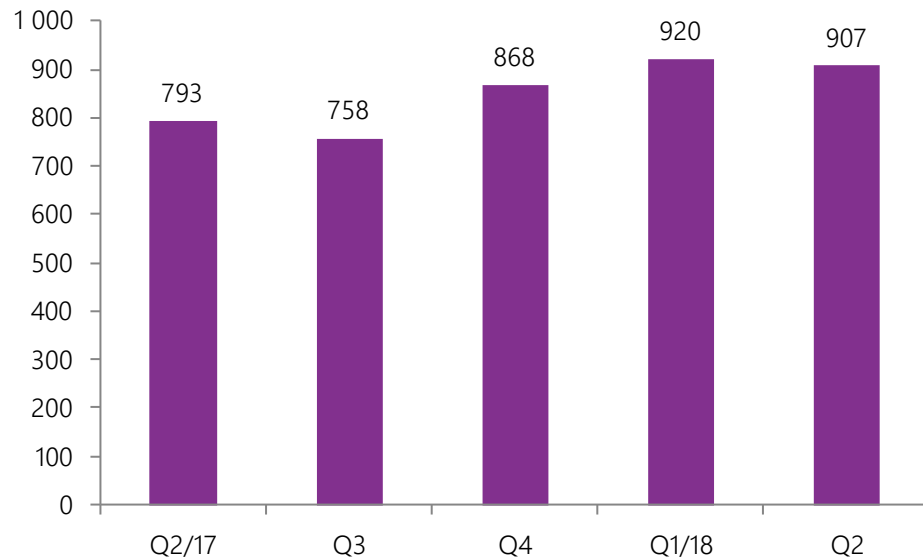
Margins LTM



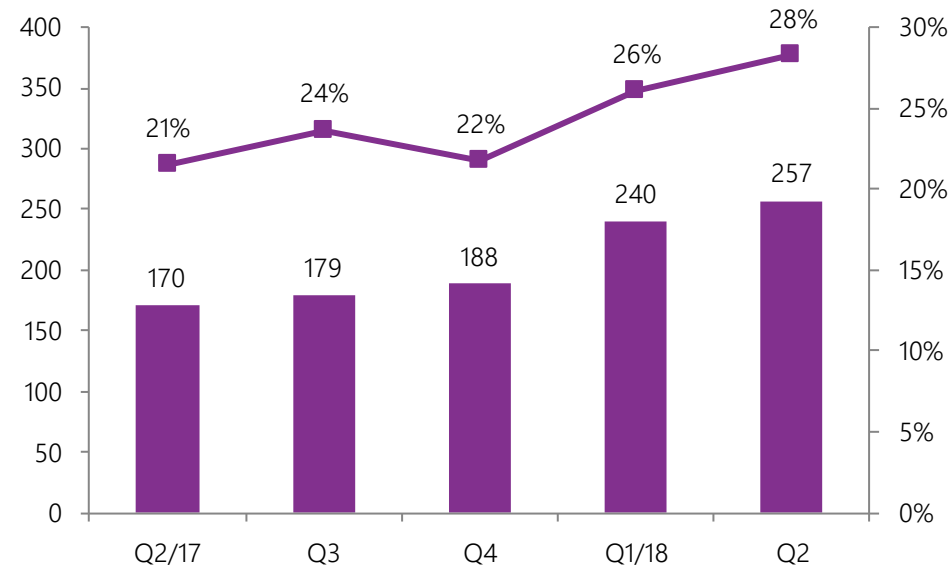
Specialities & Solutions

- Improved unit margins and positive mix effects
 - Organic volume-based sales growth was -1% vs. Q2/17, growth limited by availability for most product lines, especially within Feed & Food
 - Q2/18 net sales amounted to SEK 907 m, 14% higher than Q2/17, linked to a favorable product mix with higher sales volumes for some product lines, increased selling prices and positive exchange rate impact
 - EBITDA amounted to SEK 257 m, corresponding to an EBITDA margin of 28% vs. 21% in Q2/17 due to a combination of improved unit margins, favorable product mix and positive exchange rate impact

Net sales development



EBITDA¹ and margin development



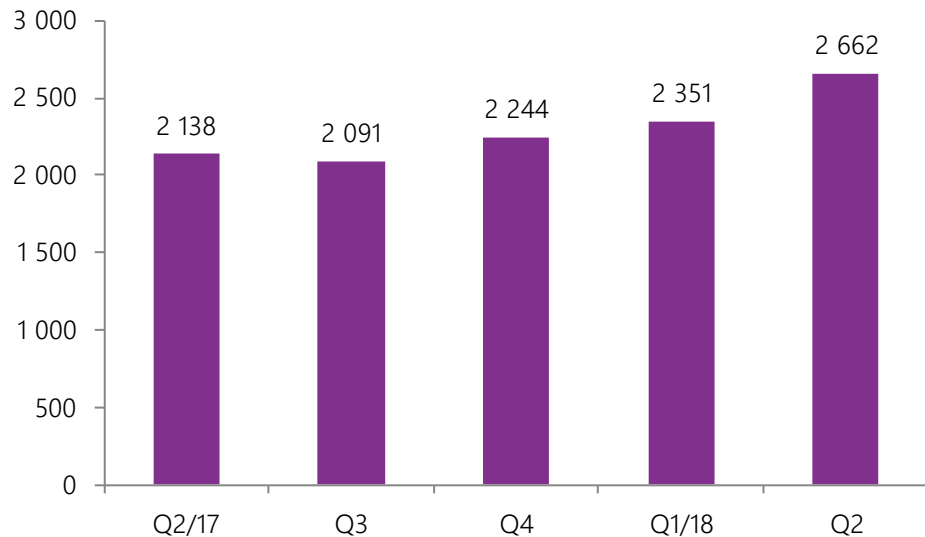
¹ EBITDA excluding non recurring items



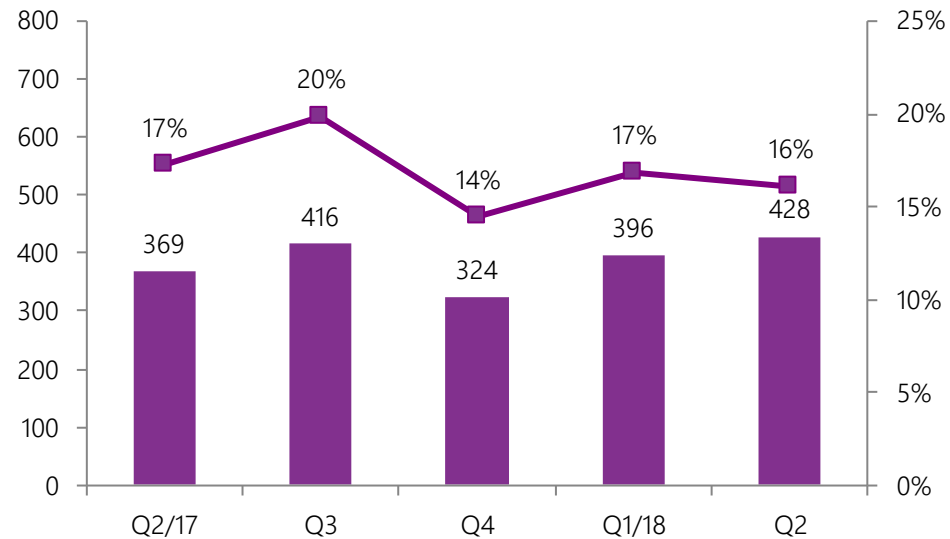
Advanced Chemicals and Derivatives

- Solid organic volume-based sales growth
 - Organic volume-based sales growth was 7% vs. Q2/17, with higher volumes from all large product lines
 - Q2/18 net sales amounted to SEK 2,662 m, an increase of 24% compared to Q2/17 linked to higher selling prices and volumes. Exchange rate impact was positive
 - Q2/18 EBITDA increased by SEK 59 m to SEK 428 from Q2/17, corresponding to an EBITDA margin of 16% (17%). The increase was mainly linked to higher volumes and positive exchange rate impact, balanced to some extent by negative impact from higher raw material costs and a more normalized supply situation

Net sales development



EBITDA¹ and margin development



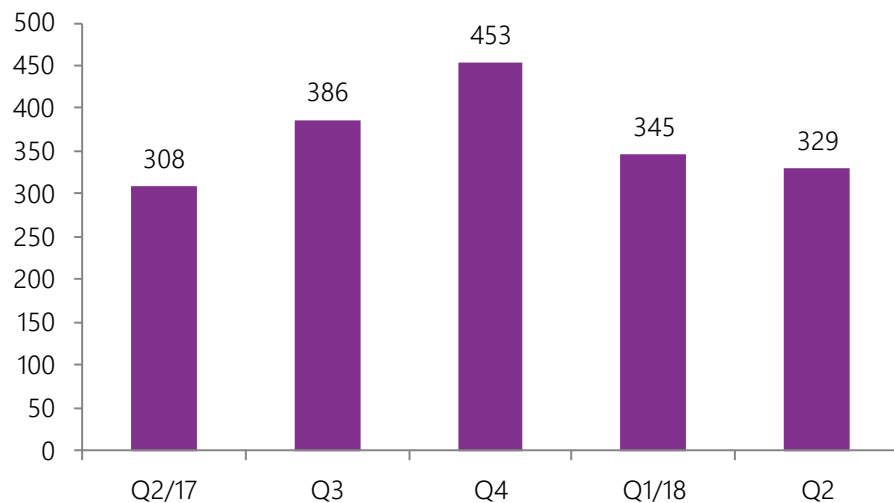
¹= EBITDA excluding non recurring items



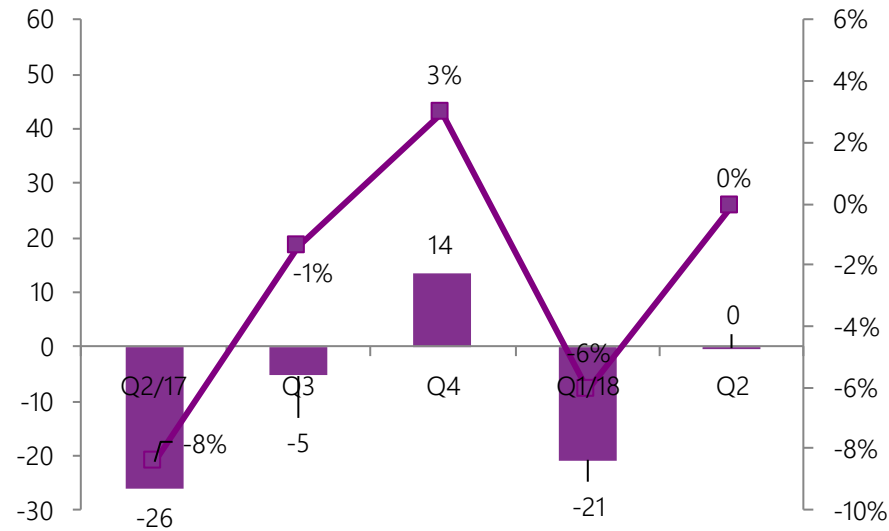
BioProducts

- Improved market conditions and volume growth
 - Organic volume-based sales growth was 10% compared to Q2/17
 - Q2/18 net sales amounted to SEK 329 m, an increase by 6% vs. Q2/17. The increase in sales was mainly linked to volume growth
 - Q2/18 EBITDA amounted to SEK 0 m compared to SEK -26 m in Q2/17, earnings were positively affected by stronger unit margins
 - Perstorp is currently reviewing strategic options for this business

Net sales development



EBITDA¹ and margin development



¹= EBITDA excluding non recurring items



Financial review



Magnus Heimborg
CFO

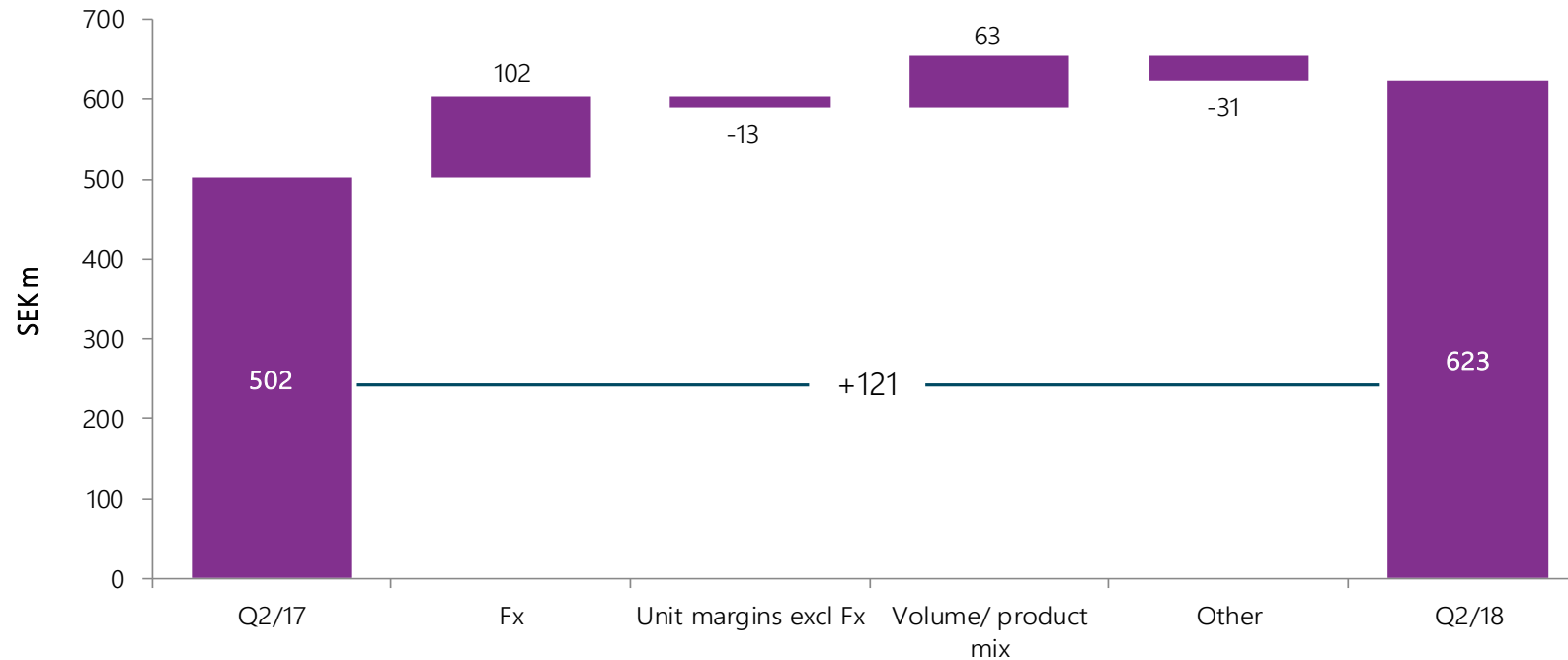
Financial highlights Q2 2018

Continuing operations (i.e. excluding Gent)

SEK m	Q2-18	Q2-17	YTD Q2-18	YTD Q2-17	LTM Q2-18	LTM Q2-17	Q1-18
Net Sales	3,949	3,288	7,629	6,701	14,520	12,573	3,680
% growth (y-o-y)	+20.1%	+23.9%	+13.8%	+28.8%	+15.5%	+22.0%	+7.8%
% organic volume based sales growth (y-o-y)	+5.3%	+6.7%	+2.1%	+14.6%	+4.0%	+16.2%	-0.8%
Marginal Contribution	1,166	1,038	2,267	2,099	4,453	3,913	1,101
% of sales	29.5%	31.6%	29.7%	31.3%	30.7%	31.1%	29.9%
EBITDA, reported	615	502	1,219	1,063	2,252	1,960	604
% of sales	15.6%	15.3%	16.0%	15.9%	15.5%	15.6%	16.4%
EBITDA, excl. non recurring items	623	502	1,230	1,073	2,290	2,010	607
% of sales	15.8%	15.3%	16.1%	16.0%	15.8%	16.0%	16.5%

Bridge EBITDA excl. non recurring items

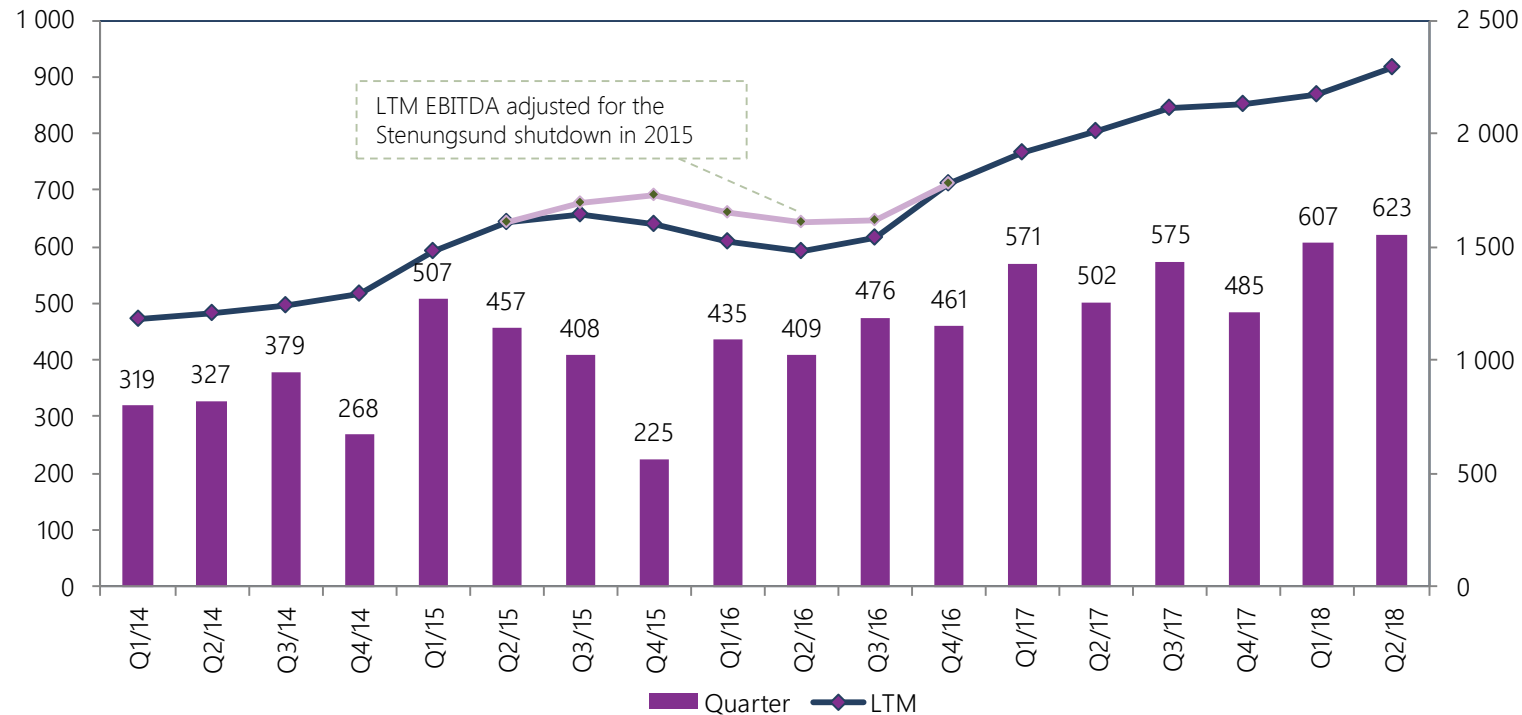
Q2 2018 vs. Q2 2017



- Improved EBITDA with SEK 121 m year-on-year, driven by higher volumes and favorable product mix. Some product lines are showing improvement in unit margins although the total effect is somewhat negative due to impact from higher raw material costs
- Positive exchange rates impact from revaluation of net receivables and on units margins

LTM Development EBITDA¹⁾

Q1 2014 to Q2 2018



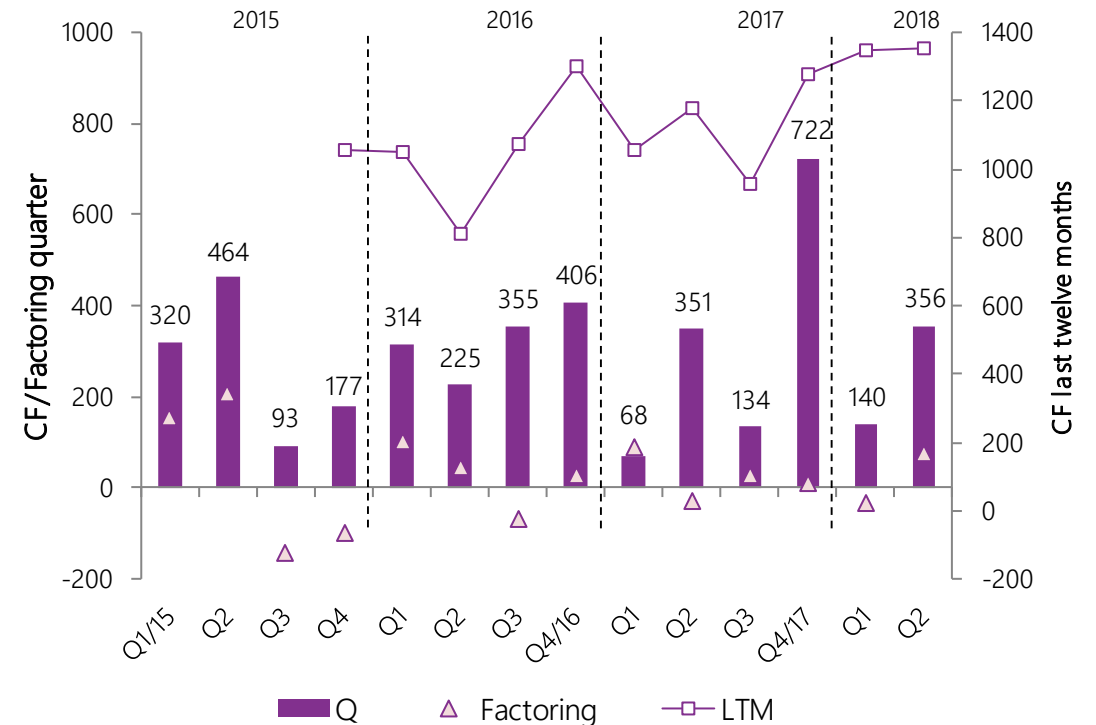
- Record high quarterly (SEK 623 m) and LTM EBITDA (SEK 2,290 m)
- Historical EBITDA figures are adjusted for the divestment of Gent operation

1) Excluding non-recurring items

Free cash flow

- Free cash flow in Q2/18 was SEK 356 m compared to SEK 351 m in Q2/17
- Improved earnings and somewhat lower capital expenditures were partly offset by increased working capital following higher sales and exchange rate impact
- Utilization of the trade receivable program amounted to € 116 m (€ 109 m Q2/17) per end of Q2/18
- Free cash flow in Q3/18 expected to be positive

Free cash flow SEK m



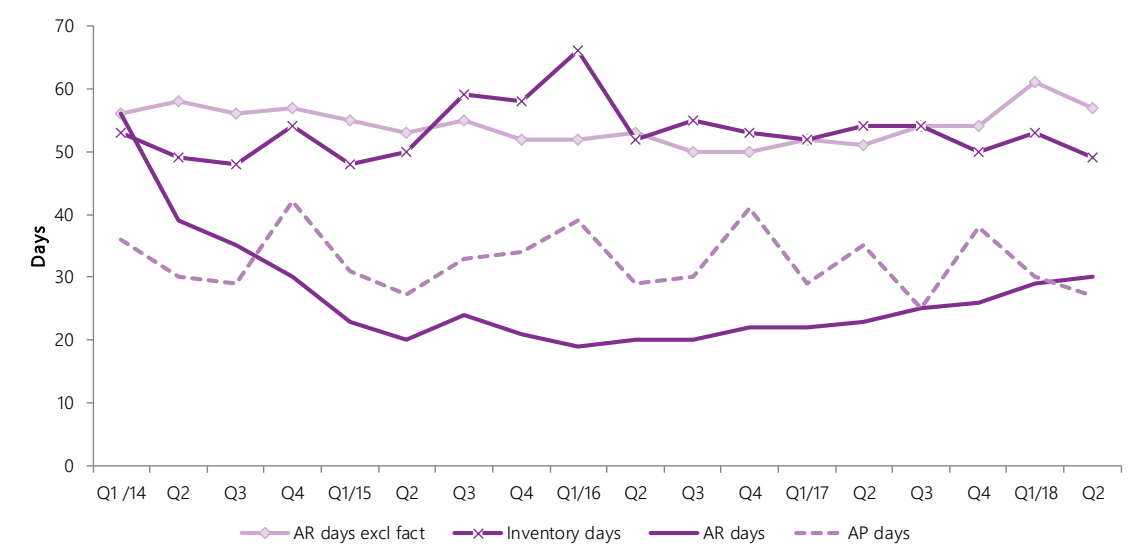
Working capital

- Reported working capital increased SEK 150 m during Q2/18 vs. Q1/18
- Accounts receivables increased SEK 133 m from Q1/18 following higher sales
- Accounts payable decreased SEK 40 m vs. Q1/18, mainly due to timing impact
- Inventory value increased SEK 43 m vs Q1/18, mainly linked to exchange rates impact

Working capital

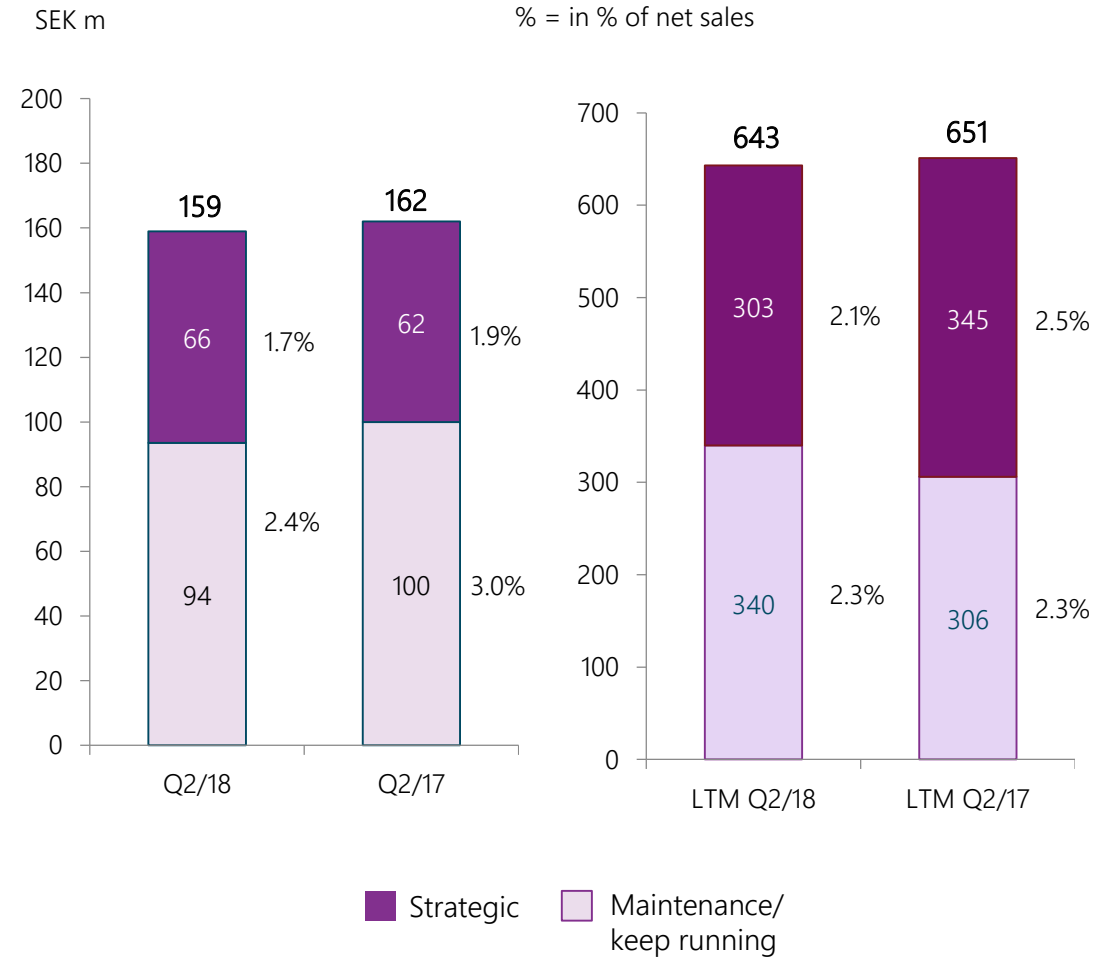


Days



Investments

- Total investments amounted to SEK 159 m in Q2/18 which was SEK 3 m lower than in Q2/17
- Maintenance investments amounted to SEK 94 m in Q2/18 compared to SEK 100 m in Q2/17
- Strategic investments include selective capacity expansions, smaller debottlenecking investments in our key platforms and acquisitions
- Total investment amount for 2018 is estimated to be around SEK 700-750 m



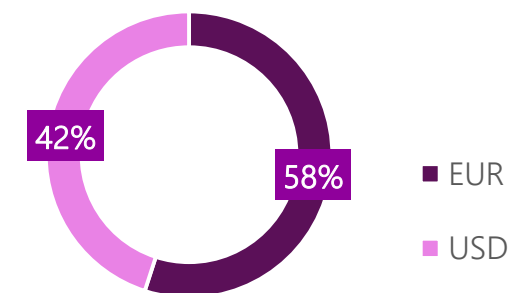
Indebtness

Current capital structure details

	USD m Equiv.	SEK m ¹⁾	x EBITDA excl non-rec. ²⁾
Cash on balance sheet	-71	-632	
Senior secured notes (€)	556	4,981	
Senior secured notes (\$)	220	1,971	
Net senior secured debt	705	6,320	2,8x
Second lien notes (\$)	420	3,763	
Net second lien debt	1,125	10,083	4,4x
Mezzanine loans (€)	322	2,886	
Other debt	29	260	
Net debt, excl. pensions and shareholder loan	1,476	13,229	5,8x

- Net debt, excluding shareholder loan and pension liability increased by SEK 783 m during Q2/18 mainly related to cash interest and capitalization of PIK interest together with a weaker SEK, primarily against USD, offset by positive operating cash flow
- Reported leverage was 5.8x compared to 6.0x at Q2/17
- Available funds per end of Q2/18 amounted to SEK 1,106 m

DEBT BY CURRENCY



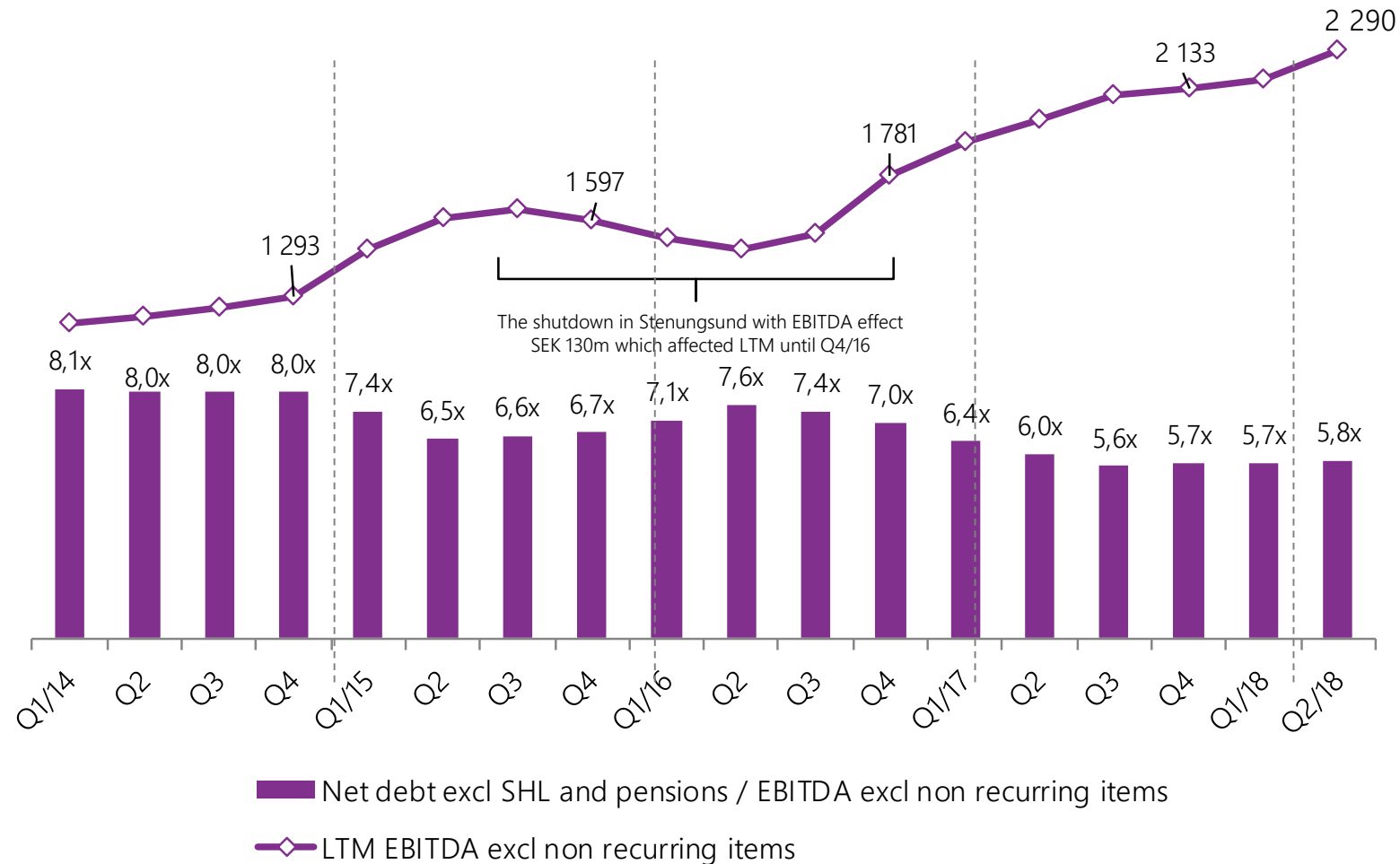
1) Fx rates; USD 8.96 and Euro 10.42

2) Based on EBITDA excl. non-recurring items of SEK 2,290 m

3) Including drawn SSRFC

Financial performance and leverage

Q1 2014 to Q2 2018



Summary



Jan Secher
President & CEO

Q2 conclusion and current trading

- Continued solid demand across all three regions balanced by a more normalized market supply situation
- Organic volume-based sales growth excluding BioProducts was 5% compared to Q2/17
- EBITDA excluding non-recurring items at record high SEK 623 m (SEK 502 m) in Q2/18 and SEK 2,290 m for the LTM period
- Increased earnings linked to higher volumes, favorable product mix with higher unit margins for some product lines together with positive exchange rate impact
- Free cash-flow SEK 356 m
- Deleveraging in the quarter to 5.8x compared to 6.0x during the same period last year. Leverage using the same exchange rates for Net Debt and EBITDA would be materially lower
- We expect demand in the third quarter 2018 to remain healthy across all regions for our main product lines. This year we also have a scheduled maintenance turnaround in our Stenungsund facility which will impact the financial result both Q3 and Q4

Appendix



Free cash flow details

Continuing operations (i.e. excluding Gent)

SEK m	Q2-18	Q2-17	LTM Q2-18	FULL YEAR-17	Q1-18
EBITDA excl non-rec items	623	502	2,290	2,133	607
Change in working capital ¹	-108	11	-296	-207	-373
Maintenance capex	-94	-100	-340	-306	-77
FCF before strategic capex	422	413	1,653	1,620	157
% of EBITDA excl non-rec.	68%	82%	72%	76%	26%
Strategic capex	-66	-62	-303	-345	-17
Free cash flow	356	351	1,352	1,275	140
% of EBITDA excl non-rec.	57%	70%	59%	60%	23%

1) excluding exchange rate effects and provisions

Segment reporting

Continuing operations (i.e. excluding Gent)

SEK m	Q2-18	Q1-18	Q4-17	Q3-17	Q2-17	Q1-17	Q4-16	Q3-16	Q2-16
Net Sales	3,949	3,680	3,602	3,289	3,288	3,413	3,088	2,784	2,654
Specialties & Solutions	907	920	868	758	793	785	674	638	643
Advanced Chemicals & Derivatives	2,662	2,351	2,244	2,091	2,138	2,129	1,905	1,723	1,675
BioProducts	329	345	453	386	308	437	464	379	286
Other/eliminations	51	64	37	54	49	62	45	44	50
EBITDA, reported	615	604	462	571	502	561	423	474	397
Specialties & Solutions	256	240	187	179	170	189	117	171	188
Advanced Chemicals & Derivatives	428	394	323	415	369	411	321	302	235
BioProducts	0	-21	14	-5	-26	0	39	12	-1
Other/eliminations	-69	-9	-62	-18	-11	-39	-54	-11	-25
EBITDA excl. non recurring items	623	607	485	575	502	571	461	476	409
Specialties & Solutions	257	240	188	179	170	189	122	170	189
Advanced Chemicals & Derivatives	428	396	324	416	369	414	322	302	239
BioProducts	0	-21	14	-5	-26	0	39	12	0
Other/eliminations	-62	-8	-41	-15	-11	-32	-22	-8	-19

Quarter on quarter development

Continuing operations (i.e. excluding Gent)

SEK m	Q2-18	Q1-18	Q4-17	Q3-17	Q2-17	Q1-17	Q4-16	Q3-16	Q2-16
Net Sales	3,949	3,680	3,602	3,289	3,288	3,413	3,088	2,784	2,654
Marginal Contribution	1,166	1,101	1,086	1,100	1,038	1,061	929	885	892
% of sales	29.5%	29.9%	30.1%	33.5%	31.6%	31.1%	30.1%	31.8%	33.6%
EBITDA, reported	615	604	462	571	502	561	423	474	397
% of sales	15.6%	16.4%	12.8%	17.4%	15.3%	16.4%	13.7%	17.0%	15.0%
EBITDA, excl. non- recurring items	623	607	485	575	502	571	461	476	409
% of sales	15.8%	16.5%	13.5%	17.5%	15.3%	16.7%	14.9%	17.1%	15.4%

Cash and available funds

SEK m	Q2-18
Unrestricted cash	535
Restricted ¹⁾ and escrowed cash ²⁾	97
Cash on Balance Sheet	632

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 and financial activities

SEK m	Q2-18
Unrestricted cash	535
Unutilized committed credit facilities	571
Reported Available Funds	1106

Currency

Period average exchange rates

SEK per LOC	Q2-18	Q2-17	FY-17	LTM Q2-18	LTM Q2-17	Q1-18
USD	8.67	8.80	8.54	8.30	8.82	8.11
Euro	10.33	9.69	9.63	9.90	9.61	9.96
GBP	11.79	11.26	10.99	11.18	11.18	11.28

Period end exchange rates

SEK per LOC	Q2-18	Q2-17	Q1-18
USD	8.96	8.47	8.36
Euro	10.42	9.67	10.29
GBP	11.75	11.01	11.76

Source: Swedish Central Bank, Riksbanken