

A close-up photograph of a person's hand holding a skateboard. The hand is wearing a black wristband. The skateboard has white wheels and a green deck with a graphic design. The background is a solid green color.

# Perstorp Holding AB (Publ.)

Interim report 1 January – 30 September  
Conference call November 27, 2012

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## Important notice

- ➔ Unless otherwise stated, the financial information presented in this document represents the Group's future scope following the treatment of the Singapore entities (the former PIA business unit) as an unrestricted subsidiary; it also excludes the results of our remaining 49% stake in Vencorex (the former Coating Additives business unit). Financials of historical periods have been adjusted accordingly for comparative purposes. Please refer to the appendix for further detail



# Business performance



**Martin Lundin**  
*President & CEO*



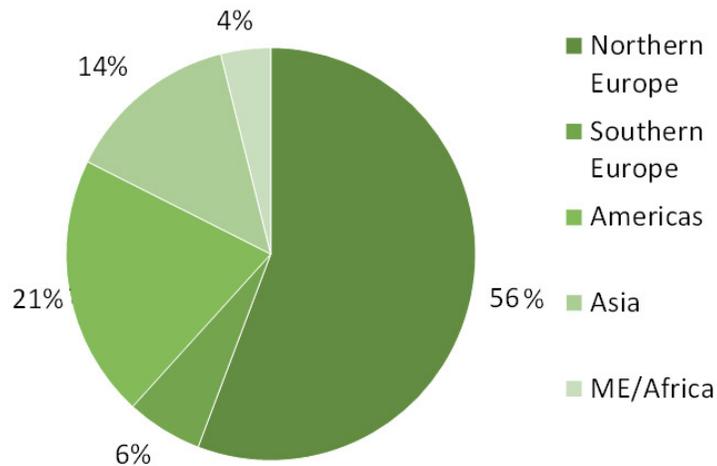
# Executive summary

- ➔ Decent performance against an increasingly difficult macroeconomic environment
- ➔ YTD Sept. 2012 Sales of SEK 8 142m and Adjusted EBITDA of SEK 1 219m, essentially unchanged vs. prior year period. LTM Adjusted EBITDA at SEK 1 469m, within the range communicated earlier
- ➔ Q3 2012 with relatively stable volume development despite scheduled maintenance shutdown of Oxo facility. However, SEK appreciation, shutdown costs and higher raw material prices in combination with a somewhat softer business environment weighed on quarterly profitability
- ➔ Continued strong cash conversion even as strategic investments in new Neo capacity and Valeraldehyde (“Valerox” project) continue
- ➔ Capital structure well termed out following successful issuance of bonds and extension of existing mezzanine in November 2012
- ➔ As anticipated, softer fourth quarter affected by seasonality and subdued market demand to year end

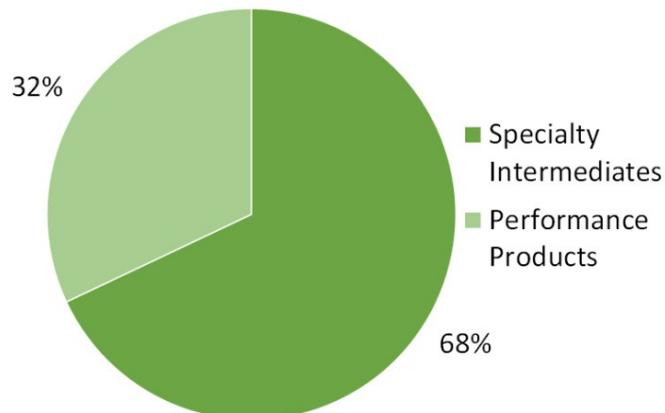


# Revenue overview

**Q3/ 2012, Revenue by region, %**



**Q3/ 2012, Revenue by Business Group, %**

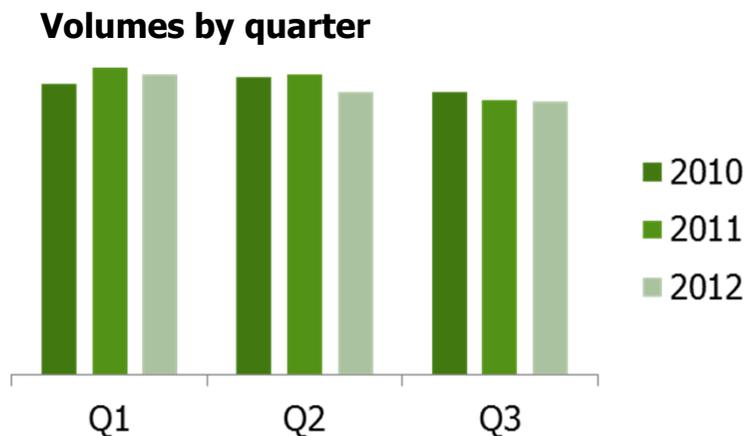


- ➔ In line with strategy, increasing share of sales from the Americas and Asia despite generally softer environment in Asia
  - New organizational set-up with greater focus on regional sales starting to generate benefits
- ➔ Both business groups showed revenues very close to last year, although Specialty Intermediates negatively affected by the scheduled Oxo shutdown (due every third year)



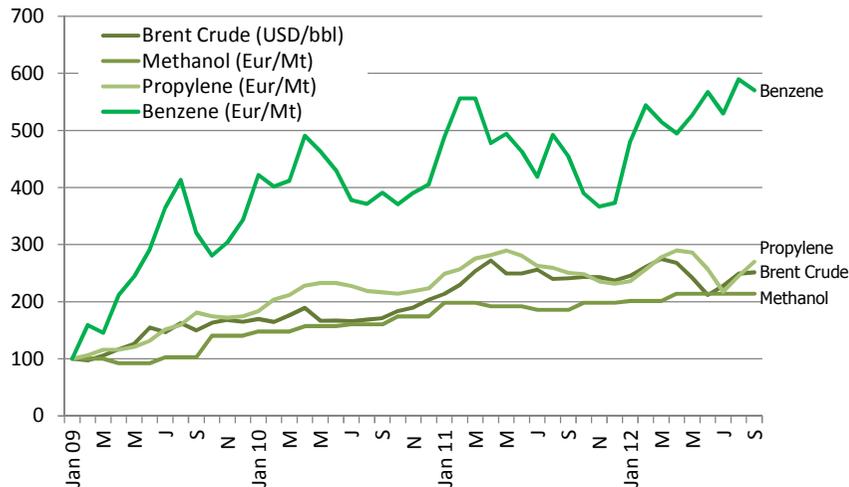
# Key revenue drivers

- ➔ Volumes in Q3/2012 on same level as in prior year
  - Stronger sales of specialty polyols, formox products, caprolactones (gradual utilization of new capacity) and performance additives offsetting weaker sales in particular in Oxo due to scheduled maintenance shutdown of facility in September
- ➔ Average selling prices approx. 4% lower primarily due to FX effects (SEK appreciation)
  - Prices in local currencies have held up better although decreasing approx. 1-2% following a softer market situation
- ➔ Most market segments show stable volumes compared to Q3/2011
  - Coatings and resins are slightly lower, partly explained by the Oxo shutdown, whereas our other strategic growth segments hold up well



# Successful pass-through of raw material prices

**Raw material prices**

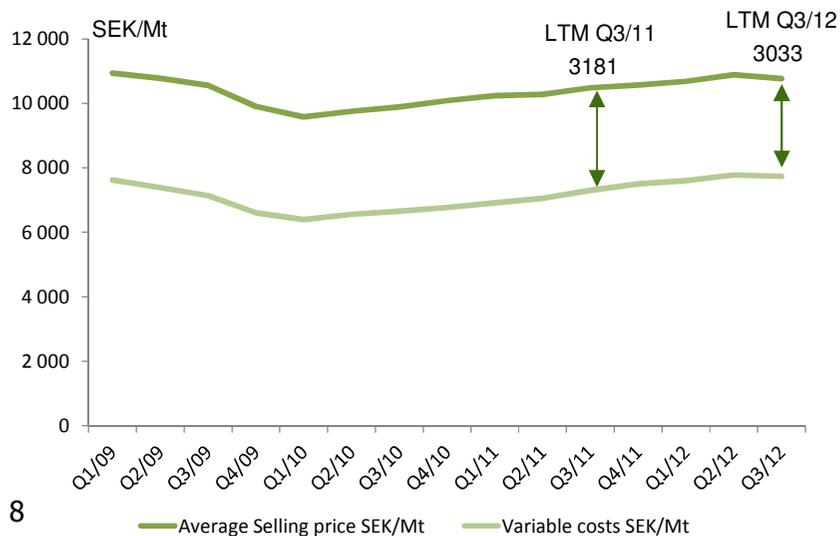


- ➔ Raw material prices continue to be volatile and in an upward trend
  - Propylene up 24% Jul/12 to Sep/12
  - Benzene up 8% Jul/12 to Sep/12

- ➔ Continued successful pass-through of raw material price fluctuations even in more difficult environment

- ➔ Unit margins declining slightly primarily due to a combination of negative Fx effects and the Oxo shutdown

**Margins**



# Financial review



**Johan Malmqvist**  
*CFO*



# Financial highlights

## Q3

SEK m	Q3 -12	Q2 -12	Q3 -11
Net Sales	2 524	2 791	2 658
% growth (y-o-y)	-5%		
Marginal Contribution	710	773	790
% of sales	28.1%	27.7%	29.7%
Adjusted EBITDA	323	397	421
% of sales	12.7%	14.2%	15.8%

- ➔ Year over year net sales development strongly influenced by appreciation of SEK, in particular vs. the EUR
- ➔ Underlying volume development satisfactory in light of difficult operating environment
- ➔ Marginal contribution, and in turn EBITDA, in addition impacted by scheduled maintenance shutdown of Oxo plant



# Financial highlights

## Q3 – YTD and LTM

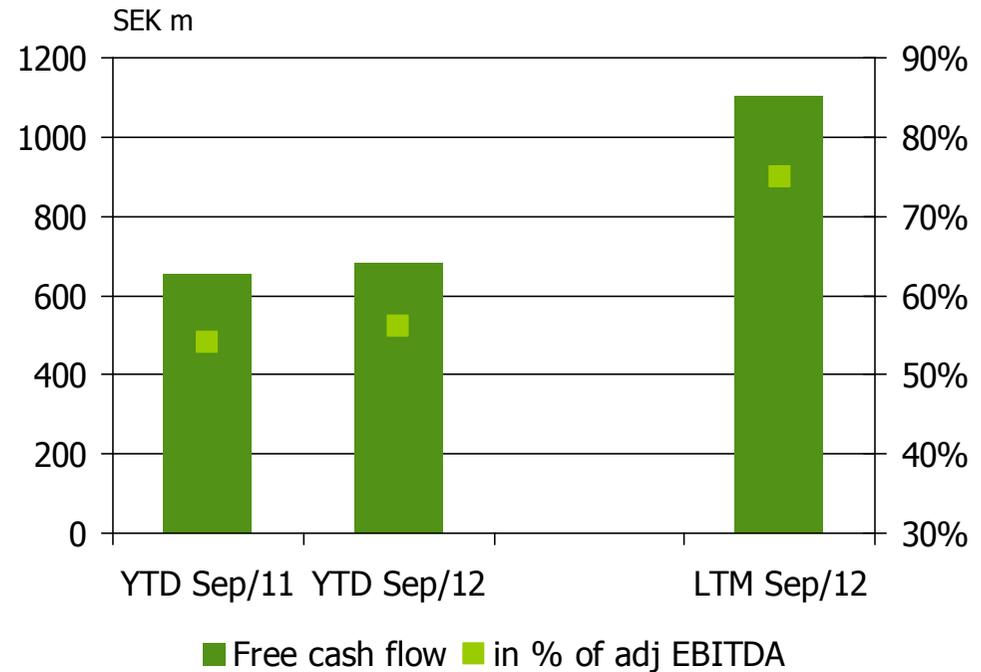
SEK m	YTD Q3 -12	YTD Q3 -11	LTM Q3 -12
Net Sales	8 142	8 189	10 593
% growth (y-o-y)	-1%		
Marginal Contribution	2 308	2 418	2 983
% of sales	28.3%	29.5%	28.2%
Adjusted EBITDA	1 219	1 222	1 469
% of sales	15.0%	14.9%	13.8%

- ➔ Stronger market conditions through Q2 2012. Customer demand held up relatively well over the summer months with weaker macro conditions in Q3
- ➔ EBITDA margin of LTM figure impacted by weak Q4/2011

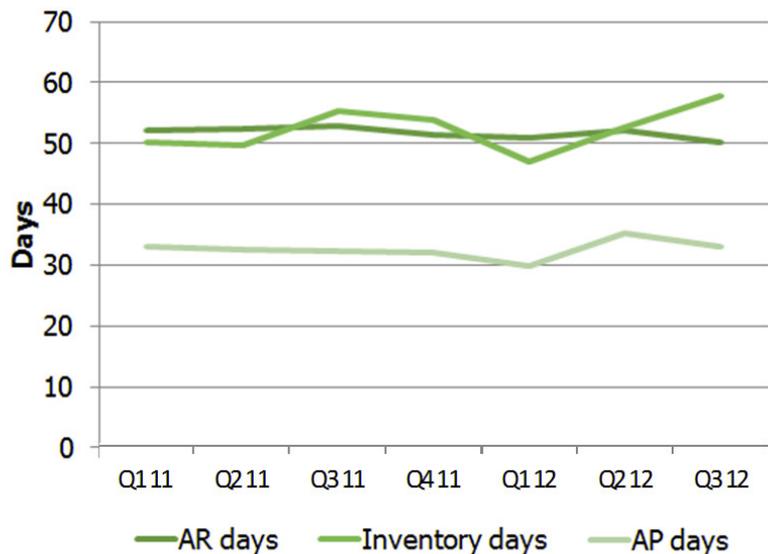
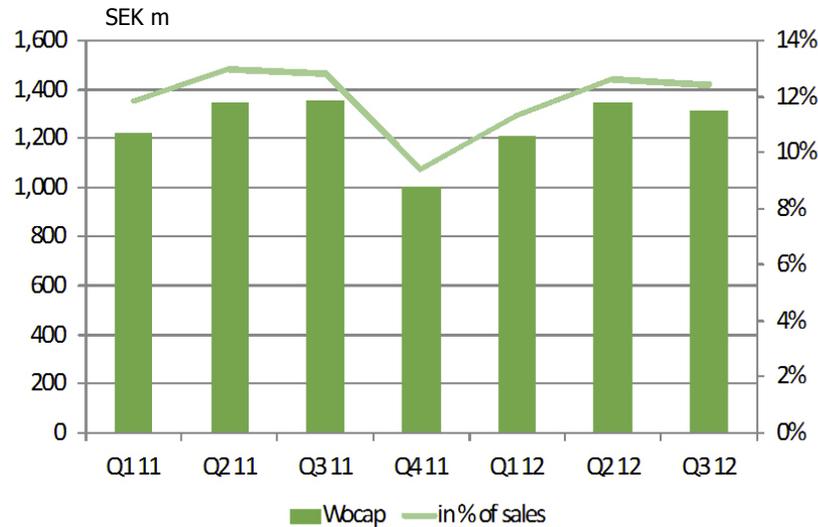


# Free cash flow

- ➔ Free cash flow slightly higher than in prior year period given a better development of working capital
- ➔ Continued strong cash conversion also in more challenging environment
- ➔ Positive cash flow expected for Q4, despite expectations of somewhat softer demand



# Working capital

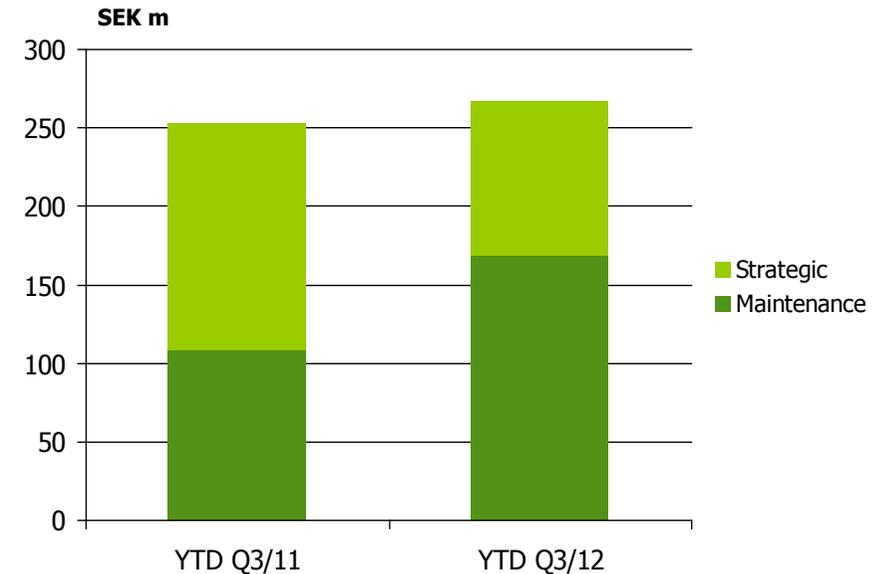


- ➔ Development followed ordinary cycle with build-up over the beginning of the year, expected to decrease towards end of the year
- ➔ Both working capital and working capital as a percentage of sales are very similar to Q3 2011
- ➔ Working capital days remained stable with slight increase in inventory days due to somewhat lower sales in the third quarter partly explained by the shutdown of the Oxo facility in Stenungsund



# Investments

- ➔ Valerox (valeraldehyde and derivatives in Sweden)
  - Process design ready, detailed engineering ongoing, field work ongoing
  - Estimated start-up 2015
  
- ➔ Neo expansion in China
  - Field construction is ongoing, most buildings completed, electrical installations ongoing
  - Estimated start-up Q1/2013



# Indebtedness

Terms	Senior Secured Notes	Second Lien Notes
Amounts	EUR Notes: €270m USD Notes: \$380m	\$370m
Ranking	First Priority Secured	Second Priority Secured
Maturity	May-2017	Aug-2017
Rating	Moody's: B2 S&P: B	Moody's: Caa2 S&P: CCC
Coupon	EUR Notes: 9.00% USD Notes: 8.75%	11.00%
Call Protection	2.5 years	2.5 years

- ➔ Balance sheet successfully refinanced beginning of November
- ➔ Raised ~\$1.1bn of bonds and a SEK 550m RCF
- ➔ Over 80% of existing mezzanine lenders agreed to extend
- ➔ Continued natural Fx hedge as bonds raised in EUR and USD
- ➔ Pro forma net leverage of 5.9x at issuance



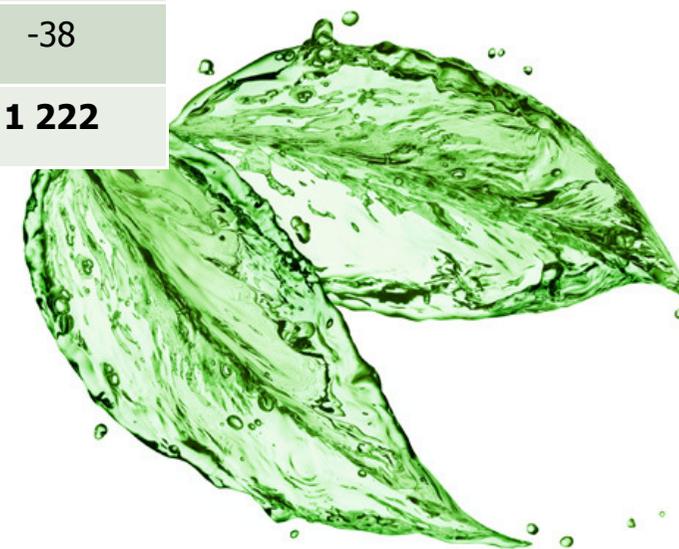
# Appendix



# Reconciliation Q3 reported to adjusted numbers

Continuing operations (i.e. excluding Vencorex)

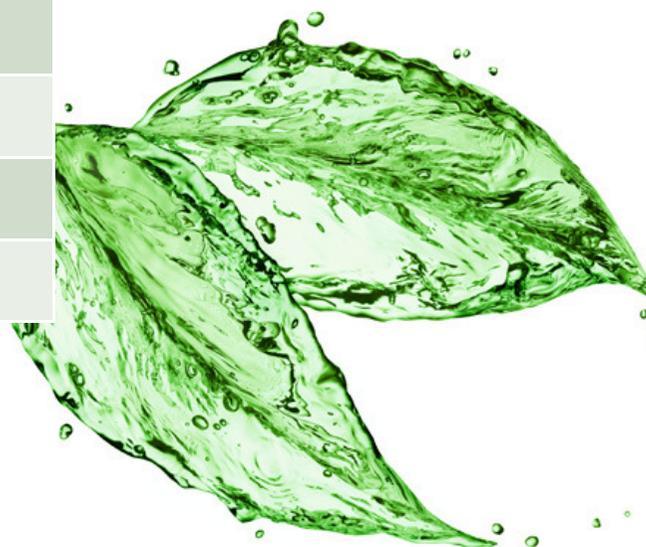
SEK m	Q3 2012	Q3 2011	YTD Sep 2012	YTD Sep 2011
EBIT	146	266	661	742
-Depr/amort/writedowns	157	158	482	517
EBITDA	303	424	1 143	1 259
- Singapore (entities)	14	14	56	1
- Non cash Fx	6	-18	20	-38
<b>Adjusted EBITDA</b>	<b>323</b>	<b>421</b>	<b>1 219</b>	<b>1 222</b>



# Free cash flow details

Continuing operations (i.e. excluding Vencorex and Singapore entities)

SEK m	YTD Sep 2012	YTD Sep 2011	LTM Q3 2012
Adjusted EBITDA	1 219	1 222	1 469
Change in working capital	-271	-315	15
Maintenance capex	-168	-109	-213
FCF before strategic capex	780	798	1 271
% of adj EBITDA	64%	65%	87%
Strategic capex	-99	-144	-169
<b>Free cash flow</b>	<b>681</b>	<b>654</b>	<b>1 102</b>
% of adj EBITDA	56%	54%	75%



# Segment reporting

Continuing operations (i.e. excluding Vencorex)

SEK m	YTD 2012	YTD 2011
Net Sales	8 603	8 694
Specialty Intermediates	5 542	5 648
Performance Products	3 140	3 118
Other/eliminations	-79	-72
EBITDA	1 143	1 259
Specialty Intermediates	737	894
Performance Products	265	385
Other/eliminations	141	-20
- Singapore (entities)	56	1
- Non Cash Fx	20	-38
Adjusted EBITDA	1 219	1 222



# Currency

## Period Average Exchange Rates

SEK per LOC	Q3 2012	Q3 2011	YTD Q3 2012	YTD Q3 2011	LTM Sep 2012	LTM Sep 2011
USD	6.74	6.48	6.81	6.41	6.80	6.50
Euro	8.43	9.15	8.73	9.01	8.82	9.06
GBP	10.65	10.43	10.75	10.34	10.72	10.44

## Period End Exchange Rates

SEK per LOC	Q3 2012	Q3 2011
USD	6.57	6.87
Euro	8.44	9.20
GBP	10.61	10.71

