

Perstorp Holding AB (Publ.)

Year End Report 1 January - 31 December 2015

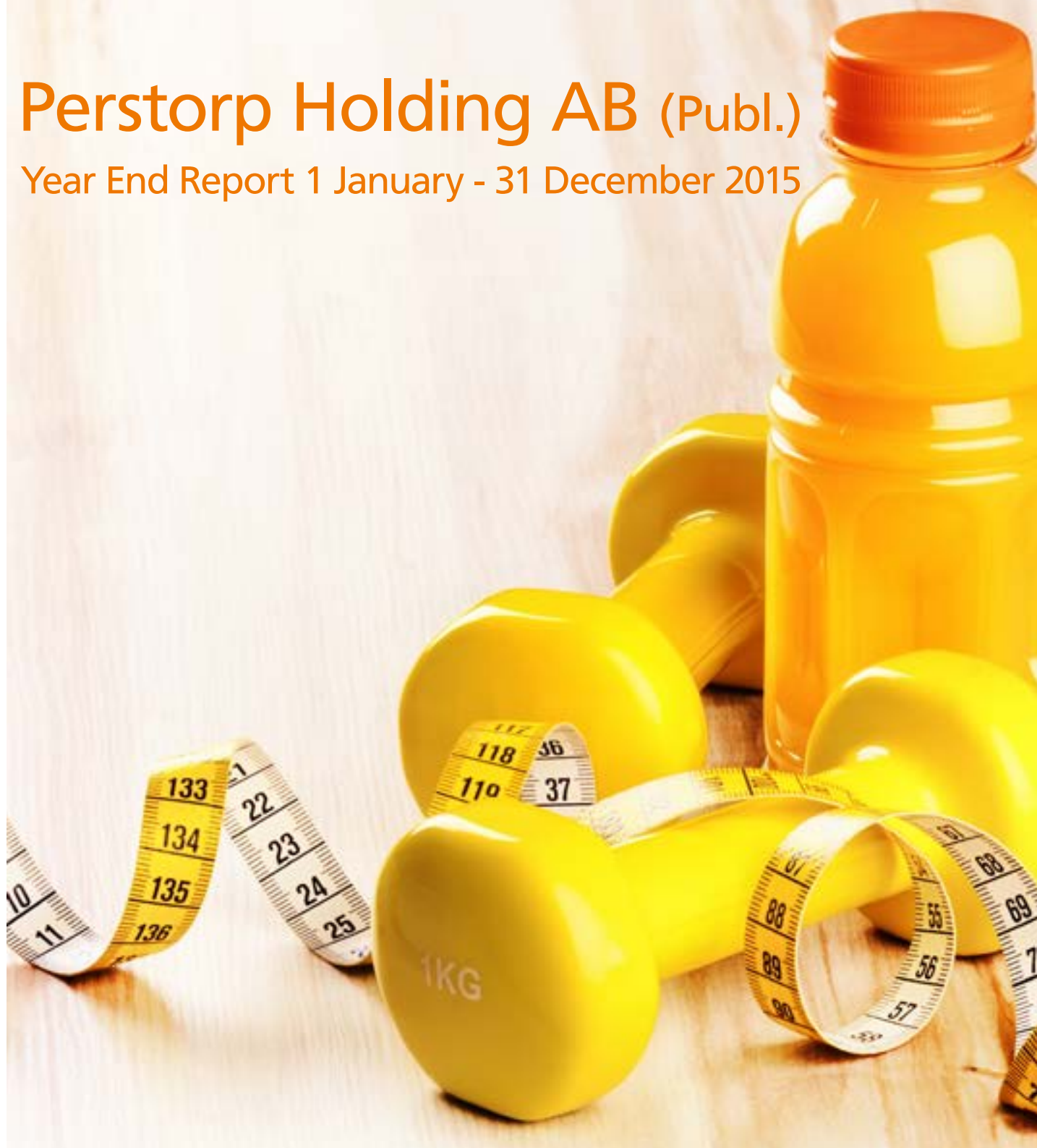


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Year End Report 1 January - 31 December 2015

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, 2015

- ➔ Net sales decreased with 7% to SEK 2,431 m (2,606). Excluding FX effects net sales decreased with 10%.
- ➔ Adjusted for the effects from the scheduled maintenance shutdown in Stenungsund the organic volume-based sales growth was about 2%.
- ➔ EBITDA excluding non-recurring items amounted to SEK 238 m (279). The decrease was primarily due to negative effects from the scheduled maintenance shutdown in Stenungsund, partly offset by improved margins.
- ➔ EBITDA-margin excluding non-recurring items was 9.8% (10.7).
- ➔ Free cash flow amounted to SEK 206 m (494).

January 1 – December 31, 2015

- ➔ Net sales rose with 1% to SEK 11,149 m (11,084). Excluding exchange-rate effects net sales decreased with 8%.
- ➔ Adjusted for the scheduled maintenance shutdown organic volume-based sales growth was about 3%.
- ➔ EBITDA excluding non-recurring items rose 26% to SEK 1,667 (1,318).
- ➔ EBITDA-margin excluding non-recurring items was 15.0% (11.9).
- ➔ Free cash flow amounted to SEK 1,127 m (1,201).

Key figures in summary

SEK m unless otherwise stated	Quarter 4		Full year	
	2015	2014	2015	2014
Net sales	2,431	2,606	11,149	11,084
EBITDA	227	291	1,653	1,269
% of net sales	9.3	11.2	14.8	11.4
EBITDA excluding non-recurring items	238	279	1,667	1,318 ²⁾
% of net sales	9.8	10.7	15.0	11.9
Operating earnings (EBIT)	66	132	971	633
% of net sales	2.7	5.1	8.7	5.7
Net earnings/loss	-227	-801	-660	-1,786
Adjusted EBIT ¹⁾	130	162	1,154	867
% of net sales	5.3	6.2	10.4	7.8
Free cash flow	206	494	1,127	1,201
Number of full-time employees, end of period	1,479	1,455	1,479	1,455

¹⁾ Adjusted for non-recurring items, amortization and depreciation and impairment of assets related to PAI's acquisition of Perstorp.

²⁾ Non-recurring items are mainly attributable to restructuring costs.



President's Comments

"Our strategy remains focused on cash generative growth"

Financial progress

The last quarter of the year is normally our weakest due to seasonal variations. The fourth quarter financial performance was marked by the scheduled maintenance shutdown at our site in Stenungsund as well as decreasing raw material prices.

The maintenance shutdown was initiated in September. This is performed every third year in order to perform maintenance and productivity improving investments and normally means a production close down for a period of four to six weeks. For our ethylene- and propylene-based facilities, the shutdown lasted for five weeks and was completed in mid-October, slightly behind plan. The restart of our Valerox related facilities was delayed until the end of November due to a lack of raw material supply from Borealis' cracker complex in Stenungsund, affecting volumes and earnings negatively. We have been producing Emoltene™100 at reduced speed based on purchased 2-PH to minimize the impact for our customers but have lost volumes and margin contribution.

Decreasing raw material prices has, to some extent, impacted our customers purchasing behavior and resulted in a degree of restraint. We have noted similar market dynamics before and have no reason to reevaluate the long-term underlying demand for our products or our leading position within global niche segments. Instead we view this as a question of timing.

The scheduled maintenance shutdown has had a negative impact on our reported earnings in the last two quarters by SEK 130 m. EBITDA adjusted for negative effects from the shutdown was around SEK 310 m in quarter four and close to SEK 1,800 m for the full year, to be compared with SEK 1,318 m in 2014. The improvement in earnings was attributable to a combination of successful margin management, our focus on operational excellence, which has delivered the desired result, along with continued favorable currency effects.

Adjusted for the scheduled maintenance shutdown we posted our tenth consecutive quarter with increased operating earnings.

Continuous investments

During the shutdown period in Stenungsund, we have invested in further capacity for the valeraldehyde production by installing a second reactor, which will be used primarily for additional production of valeric acid and 2-PH. This means that we now have a facility in place that can address new application areas such as lubricants and the pharmaceutical industry. During the coming months we will focus on ramping up the production and optimizing our processes in this facility.

During the fourth quarter, Perstorp finalized the acquisition of a biodiesel plant in Fredrikstad in Norway. This opportunistic acquisition will give us the possibility to enter the Norwegian market as well as other application areas such as the non-mobile segment. The integration of the Japanese Penta, Di-Penta and sodium formate businesses, acquired in July 2015, runs according to plan.

We continuously evaluate complementary acquisitions, as the recent ones, that strengthen our position and contribute to profitable growth over time.

Leading change

To sum up, we have strong production platforms with a competitive cost base, a healthy pipeline of new applications, committed and market-oriented employees and a broad customer base.

Furthermore, we are well positioned towards several mega-trends. This, together with our market-oriented approach, gives us the right conditions to outgrow GDP in selected niches.

Our strategy remains focused on cash generative growth. We will leverage our current platforms and maximize value along the value chain, enforce our global leadership position via selective bolt-on acquisitions, and create new niches through technology development that further derivatives the product tree.

Malmö, February 2016

Jan Secher
President and CEO

Financial overview

Net sales and earnings October-December 2015

Net sales amounted to SEK 2,431 m during the period October to December 2015, compared with SEK 2,606 m for the same period in 2014, a decrease of 7%. Volumes decreased 1% compared to last year following negative effects from the scheduled maintenance shutdown in Stenungsund. Organic volume-based sales growth was flat in the fourth quarter. Adjusted for the scheduled maintenance shutdown the organic volume-based sales growth was about 2%.

The scheduled maintenance shutdown in Stenungsund, which takes place every third year, comprises the Oxo and BioProducts facilities and usually lasts for a period of four to six weeks depending on production facility. The shutdown was completed mid October for most of our facilities, slightly behind plan. The restart of our Valerox-related facilities was delayed until the end of November due to lack of raw material supply from Borealis' cracker complex in Stenungsund, affecting volumes and earnings negatively.

Sales prices were 10% lower than last year, attributable to the lower raw material prices. The lower raw material prices contributed positively to the strengthening of the unit margin. Dated Brent price was approximately 40% lower during the fourth quarter 2015 compared to the corresponding period last year, which has led to lower prices of downstream derivatives like propylene, ethylene, benzene and methanol.

The depreciation of the Swedish krona, mainly vs the USD, positively affected net sales, compared to the corresponding quarter last year. Average rates for USD in the fourth quarter 2015 was 15% higher compared to the same period last year, whereas the EUR was almost flat. This has led to a positive effect on net sales of around 4% compared to last year.

EBITDA excluding non-recurring items, earnings amounted to SEK 238 m (279), corresponding to an EBITDA margin of 9.8% (10.7). Earnings were negatively affected by the scheduled maintenance shutdown in Stenungsund, Adjusted for the negative effects from the scheduled maintenance shutdown in Stenungsund of SEK 75 m, this was the 10th consecutive quarter of growth in operating earnings.

Currency effects on EBITDA amounts to approximately SEK -7 m during the fourth quarter relating to both translational and transactional effects from flows in USD and EUR.

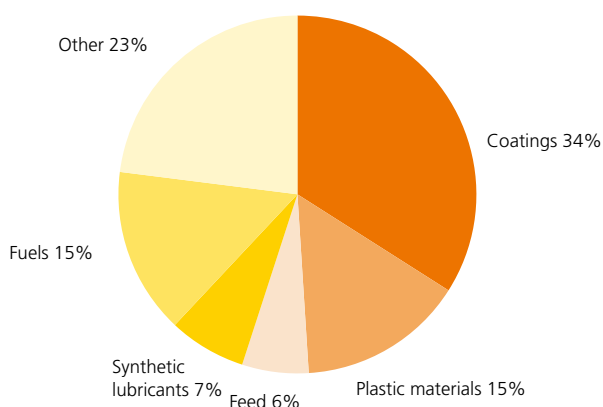
Non-recurring items included in the result in the fourth quarter 2015 amounted to SEK -11 m (12).

EBIT amounted to SEK 66 m (132) in the fourth quarter of 2015. Depreciation amounted to SEK 161 m compared to SEK 159 m for the corresponding period 2014.

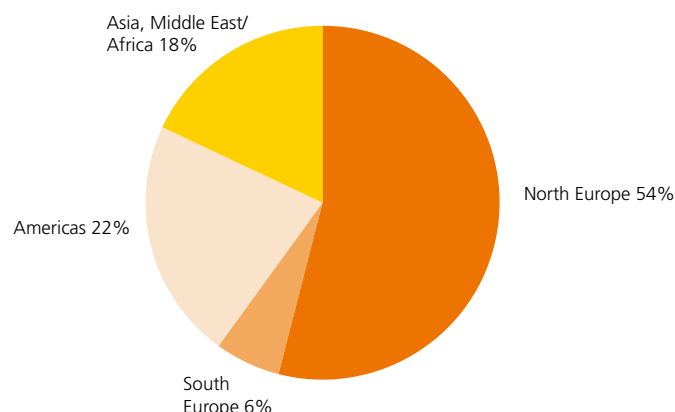
Net financial expenses, including FX effects and result from participation in associated companies, amounted to SEK -246 m (-867). Earnings before tax amounted to SEK -180 m (-735). The improvement is mainly attributable to positive FX effects on net debt.

Tax amounted to SEK -47 m in the fourth quarter of 2015 compared to SEK -66 m for the corresponding period 2014. Net result for the fourth quarter amounted to SEK -227 m (-801).

Net sales by market segments, last twelve months



Net sales by geography, last twelve months

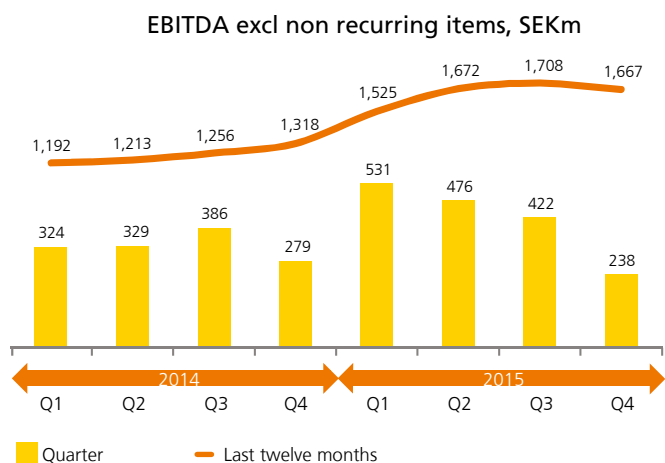
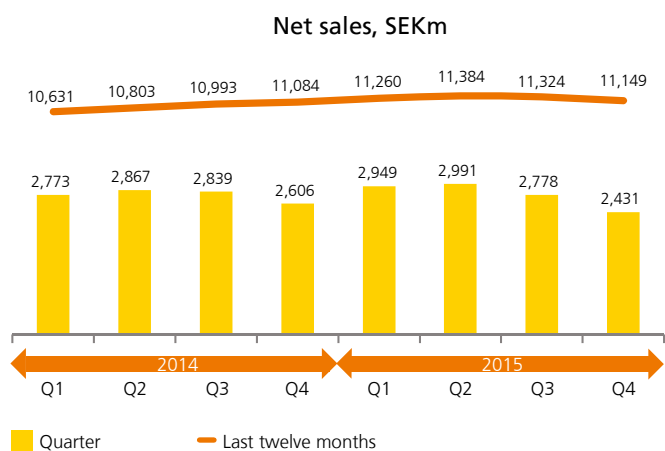


Financial overview

Net sales and earnings January-December 2015

Net sales amounted to SEK 11,149 m during the period January to December 2015, compared with SEK 11,084 m for the same period in 2014, an increase of 1%. Organic volume-based sales growth amounted to 1% for the period January to December compared to the same period last year. The organic volume-based sales growth have been negatively affected by both the production issue in the second quarter as well as the scheduled maintenance shutdown in Stenungsund in the third and fourth quarter. Adjusted for the scheduled maintenance shutdown the organic volume-based sales growth was about 3%.

Sales prices were 8% lower than last year, attributable to lower raw material prices, although the low raw material prices contributed positively to the strengthened unit margin. Dated Brent price was approximately 47% lower during 2015 than 2014, which has decreased prices of downstream derivatives like propylene, ethylene, methanol and benzene.



Average rates for the USD and EUR were 23% and 3% higher respectively, when comparing full year 2015 with 2014. This has led to a positive effect on net sales of around 8% compared to last year.

EBITDA excluding non-recurring items, earnings amounted to SEK 1,667 m (1,318), corresponding to an EBITDA margin of 15.0% (11.9). The improved earnings compared to last year have primarily been the result of a combination of positive effects from improved margins and positive currency effects. However, earnings have been negatively affected by the scheduled maintenance shutdown in Stenungsund of approximately SEK 130 m.

The depreciation of the SEK positively affected results when comparing with last year. Currency effects on EBITDA amounts to around SEK 200 m relating to both translational and transactional effects from flows in USD and EUR.

Non-recurring items included in the result in 2015 amounted to SEK -14 m (-49), where the proceeds from the divestment of the remaining part of Polygiene AB was offset by a combination of some extra ordinary costs and a settlement in connection to a supplier dispute.

EBIT amounted to SEK 971 m (633) for the full year of 2015. Depreciation amounts to SEK 682 m compared to SEK 636 m for 2014. Depreciation increased compared to last year mainly explained by the depreciations of the Valerox project and the change in currency rate effects. This was to some extent offset by the change in depreciation period of fixed assets during the third quarter.

Net financial expenses amounted to SEK 1,623 m compared to SEK 2,393 m for the corresponding period 2014. The change in net financial expenses is mainly explained by lower FX effects on net debt. Earnings before tax amounted to SEK -652 m (-1,760).

Tax amounted to SEK -8 m in 2015 compared to SEK -26 m in 2014.

For the full year of 2015, the net loss amounted to SEK -660 m, compared to SEK -1,786 m last year.

Financial overview

Cash flow and financing October-December 2015

Free cash flow amounted to SEK 206 m (494) for the period October to December 2015. The decrease in cash flow compared to the same period last year can primarily be explained by change in working capital. The lower cash flow effect from release of working capital can primarily be explained by a lower effect of the long term trade receivables program as the program was expanded with new legal entities in Q4 2014.

Cash flow from investment activities amounted to SEK -245 m (-241) during the fourth quarter. The investment amount in the fourth quarter 2015 reflects our scheduled maintenance shutdown in Stenungsund including expanded capacity and the finalization of the acquisition of a Biodiesel plant in Norway. During the fourth quarter last year the investment amount reflected the finalization of the Valerox project.

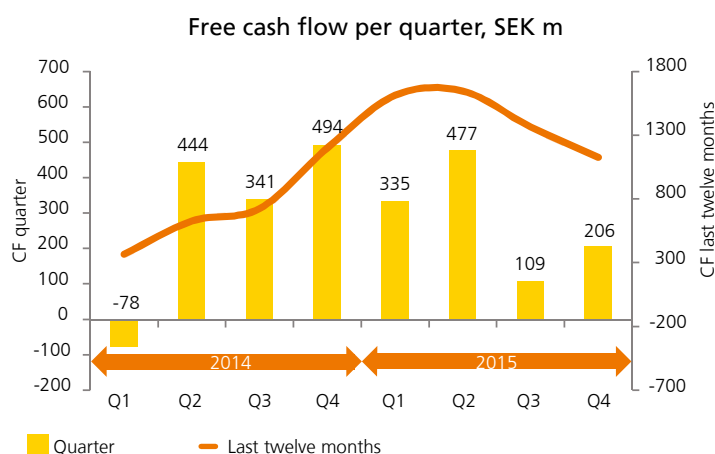
At the end of the fourth quarter 2015, around EUR 89 m (79) of the long-term trade receivables program was utilized compared to EUR 98 m (67) by the end of September 2015. The corresponding amount has reduced account receivables.

The Group's available funds, liquid funds and unutilized credit facilities, were SEK 934 m at the end of the period, compared with SEK 1,066 m at the end of Q3 2015 and SEK 1,119 m at the end of 2014.

Cash flow and financing January-December 2015

Free cash flow amounted to SEK 1,127 m (1,201) for the period January to December 2015. Cash flow have benefitted from higher earnings and lower strategic capex although offset by mainly changes in working capital as the effect from the trade receivable program have decreased.

Cash flow from investment activities amounted to SEK -660 m (-837) in 2015. The decrease compared to last year primarily reflects our reduced spending rate connected to the Valerox project in Stenungsund.



Free cash flow analysis ¹⁾				
SEK m	Quarter 4		Full year	
	2015	2014	2015	2014
EBITDA excl non-recurring items	238	279	1,667	1,318
Change in Working Capital ²⁾	213	456	120	720
Maintenance Capex	-119	-106	-318	-286
Free Cash Flow before strategic capex	332	629	1,469	1,752
% of EBITDA excluding non-recurring items	139	225	88	133
Strategic Capex	-126	-135	-342	-551
Free Cash Flow	206	494	1,127	1,201
% of EBITDA excluding non-recurring items	87	177	68	91

¹⁾ For further details on total cash flow, please see page 18.

²⁾ Excluding exchange rate effects and provisions.

Financial overview

Working capital October-December 2015

The change in working capital amounted to SEK -203 m (-427) during the fourth quarter 2015. Lower sales during the quarter affected the utilization rate of the trade receivables program negatively. Adjusted for the trade receivables program, the change in working capital amounted to SEK -313 m (-395). Change in working capital excluding exchange-rate effects and provisions was SEK 213 m (456) during the fourth quarter of 2015.

The change in accounts receivable and other current assets was SEK -106 m (-221) during the fourth quarter of 2015, due to lower sales in the quarter partly offset by lower utilization of the trade receivables program compared to end of September.

Accounts payable and other current liabilities increased SEK 55 m (248) during the fourth quarter of 2015, primarily higher investments and timing effects, partly offset by lower purchases following the scheduled maintenance shutdown in Stenungsund.

The change in inventory levels was SEK -41 m (41) during the fourth quarter to SEK 1,215m (1,205).

Working capital January-December 2015

The change in working capital amounted to SEK -72 m (-688) during 2015. Adjusted for the trade receivables program, working capital increased SEK 106 m (-49). Change in working capital excluding exchange rate effects and provisions amounted to SEK 120 m (720) during the year.

The change in accounts receivable and other current assets was SEK -354 m compared to December last year mainly due to lower sales in the fourth quarter and higher utilization of the trade receivables program.

The change in accounts payable and other current liabilities amounted to SEK -274 m during the year, mainly affected by lower investments, lower sales as a consequence of the shutdown in Stenungsund and timing effects.

Inventory levels increased with SEK 10 m compared to December 2014. Working capital amounted to SEK 619 m at the end of December 2015 compared to SEK 822 m at the end of September 2015 and SEK 691 m at the end of December 2014.

Equity

At the end of December 2015, consolidated equity amounts to SEK -1,814 m (-1,112) excluding non-controlling interest and Consolidated equity, including non-controlling interest, amounts to SEK -1,746 (-1,050) m.

Assets and Liabilities		
SEK m	Dec 31, 2015	Dec 31, 2014
Working Capital		
Inventories	1,215	1,205
Accounts receivable	563	859
Other current assets	296	354
Accounts payable	670	912
Other current liabilities	784	816
Total Working capital	619	691

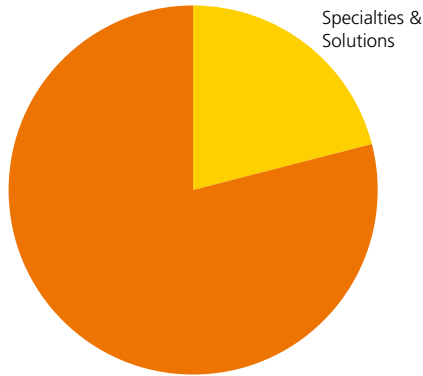
Capital employed		
Total assets	13,600	14,194
Deferred tax liability	831	908
Accounts payable	670	912
Other liabilities	1,475	1,456
Total capital employed	10,623	10,918

Other key figures		
Available funds	934	1,119
Net debt	11,609	10,970
Net debt excl. Parent company loan and pension liabilities	11,196	10,515

Specialties & Solutions

Specialties & Solutions consists of business units Caprolactones, Feed & Food and Specialty Polyols.

Share of Group net sales



October-December 2015

During the fourth quarter 2015, Business Area Specialties & Solutions net sales amounted to SEK 528 m, which was 2% lower than the corresponding period of 2014. Net sales were impacted by positive FX-effects of 4%, offset by an organic volume-based sales growth of -3% and lower sales prices of -3%, due to lower raw material prices and price pressure in APAC. The weaker volumes were primarily attributable to certain Caprolactone accounts, mainly within the shoe- and UV-segment.

Specialties & Solutions EBITDA in the fourth quarter 2015 improved to SEK 85 m (78), corresponding to an EBITDA margin of 16.1% (14.5). The underlying improvement, compared with last year, was a result of stronger unit margins due to successful margin management when raw material prices declined and a favorable currency development.

January-December 2015

During the period January to December of 2015, Specialties & Solutions net sales amounted to SEK 2,376 m, which was 2% higher than the corresponding period of 2014. Net sales were impacted by positive FX-effects, 8%, partly offset by an organic volume-based sales growth of -4% and lower sales prices due to decrease in raw material prices, -2%. The weaker volumes were primarily attributable to certain Caprolactone accounts, mainly within the shoe- and UV-segment.

During the period January to December of 2015, Specialties & Solutions EBITDA improved to SEK 524 m (401), corresponding to an EBITDA margin of 22.0% (17.2). The underlying improvement, compared with the corresponding period 2014, was a result of stronger unit margins due to successful margin management when raw material prices declined and positive FX-effects.

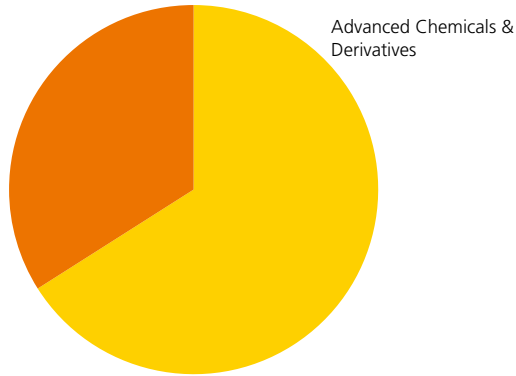
Perstorp is the one-stop-shop and the undisputed global leader in neopolyols for synthetic lubricants



Advanced Chemicals & Derivatives

Advanced Chemicals & Derivatives consists of the business units Penta, Oxo, TMP & Neo and Formates.

Share of Group net sales



October-December 2015

During the fourth quarter 2015, Business Area Advanced Chemicals & Derivatives net sales amounted to SEK 1,486 m, which was 14% lower than the same period of 2014. Net sales were positively impacted by a weaker Swedish krona 4%, but a negative organic volume-based sales growth, -1%, and lower sales prices, -17%, due to decrease in raw material prices. The negative organic growth was primarily attributable to the scheduled maintenance shutdown and production disturbances in Stenungsund.

Advanced Chemicals & Derivatives EBITDA in the fourth quarter decreased to SEK 133 m (215), corresponding to an EBITDA margin of 8.9% (12.4). The decrease compared with the fourth quarter last year was due to the scheduled maintenance shutdown and production disturbances in Stenungsund and less favorable market situation on formates and Oxo alcohols. The lower raw material prices had a small positive impact on unit margins.

January-December 2015

During the period January to December of 2015, Advanced Chemicals & Derivatives net sales amounted to SEK 7,276 m, which was 1% lower than the same period of 2014. Net sales were positively impacted by an organic volume-based sales growth of 2% and positive FX-effects, 9%, which was offset by lower sales prices, -12%, due to decrease in raw material prices.

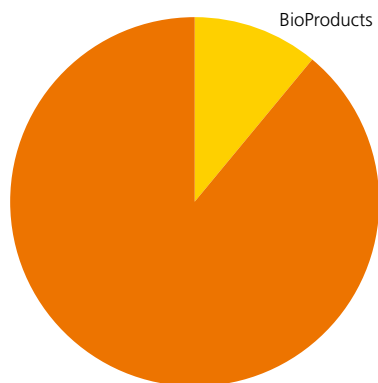
Advanced Chemicals & Derivatives EBITDA for the full year of 2015 improved to SEK 1,141 m (899), corresponding to an EBITDA margin of 15.7% (12.3). The underlying improvement compared with the full year of 2014 was a result of positive FX-effects and stronger unit margins, partly due to lower raw material prices.

Alkyd Resins contribute to ultimate wood protection

BioProducts

BioProducts consists of the business unit BioProducts.

Share of Group net sales



October-December 2015

During the fourth quarter 2015, Business Area BioProducts net sales amounted to SEK 365 m, which was 24% higher than the corresponding period of 2014. Organic volume-based sales growth amounted to 17%, higher sales prices 6% and positive FX-effects 1%. The higher volumes were due to timing effects on sales. The higher prices were mainly driven by the higher rape seed oil index in the quarter compared to same period of last year.

BioProducts EBITDA in the fourth quarter 2015 amounted to SEK -3 m (7), corresponding to an EBITDA-margin of -0,8% (2,5%). The deterioration compared to the fourth quarter last year was a result of weaker unit margins due to lower oil prices and increased competition.

January-December 2015

During the period January to December of 2015, BioProducts net sales amounted to SEK 1,279 m, which was 7% higher than the corresponding period of 2014. Net sales was positively affected by an organic volume-based sales growth of 5% and positive FX-effects, 3%, partly offset by lower sales prices, -1%.

BioProducts EBITDA for the full year of 2015 ended at SEK 16 m (60), corresponding to an EBITDA margin of 1% (5). The deterioration compared with last year was mainly a result of weaker unit margins but also the scheduled maintenance shutdown in September 2015.


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Segment information

Segment data				
SEK m	Quarter 4		Full year	
	2015	2014	2015	2014
Net sales				
Specialties & Solutions	528	539	2,376	2,338
Advanced Chemicals & Derivatives ²⁾	1,486	1,738	7,276	7,337
BioProducts ²⁾	365	295	1,279	1,179
<i>Internal sales</i>				
Specialties & Solutions	-3	-2	-4	-5
Advanced Chemicals & Derivatives	-9	-10	-47	-47
Other/eliminations	64	46	269	264
Total Group ¹⁾	2,431	2,606	11,149	11,084
EBITDA				
Specialties & Solutions	85	78	524	401
Advanced Chemicals & Derivatives ²⁾	133	215	1,141	899
BioProducts ²⁾	-3	7	16	60
Other/eliminations	12	-9	-28	-91
Total Group	227	291	1,653	1,269
EBITDA excluding non-recurring items				
Specialties & Solutions	85	79	524	401
Advanced Chemicals & Derivatives ²⁾	133	215	1,141	901
BioProducts ²⁾	-3	7	16	60
Other/eliminations	23	-22	-14	-44
Total Group	238	279	1,667	1,318

¹⁾ The Group is domiciled in Sweden. The result of its net sales from external customers in Sweden is 16% (15%), and the total of net sales from external customers from other countries is 84% (85%). No sales above 10% derived from a single external customer.

²⁾ Restated according to new segment structure.



Esters of butyric acid have a pleasant smell and are used in flavors and fragrances.

Consolidated income statement

Income statement				
SEK m	Quarter 4		Full year	
	2015	2014	2015	2014
Net sales	2,431	2,606	11,149	11,084
Cost of goods sold	-2,197	-2,339	-9,464	-9,791
Gross earnings	234	267	1,685	1,293
Selling, administration and R&D costs	-225	-182	-825	-723
Other operating income and expenses ¹⁾	56	46	104	56
Write-down of assets	0	0	0	0
Result from participations in associated companies	1	1	7	7
Operating earnings (EBIT)	66	132	971	633
Exchange-rate effects on net debt	130	-415	-80	-835
Other financial income and expenses	-376	-424	-1,543	-1,416
Result from participations in associated companies	0	-28	0	-142
Earnings/loss before tax	-180	-735	-652	-1,760
Tax	-47	-66 ²⁾	-8	-26
Net earnings/loss	-227	-801	-660	-1,786
Earnings/loss per share, SEK	-2,272	-8,008	-6,598	-17,859

EBITDA	227	291	1,653	1,269
EBITDA excl. non-recurring items	238	279	1,667	1,318

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

²⁾ Deferred tax assets relating to tax losses carry forward have been adjusted by SEK 141 m as of September 30, 2014. This write-down was performed during Q4 2014, but should have been done already in Q3 2014.

Comprehensive income report				
SEK m	Quarter 4		Full year	
	2015	2014	2015	2014
Net result for the period	-227	-801	-660	-1,786
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of defined benefit plan	38	-93	22	-93
<i>Items that may be subsequently reclassified to profit or loss</i>				
Currency translation effect	-16	-41	-64	-28
Market valuation of currency hedge	0	-	0	-
Market valuation of forward contracts	1	2	6	7
Other comprehensive income net after tax	23	-132	-36	-114
Total comprehensive income	-204	-933	-696	-1,900
Attributable to:				
Parent company's shareholder	-206	-938	-702	-1,916
Non controlling interest	2	5	6	16

Consolidated Balance sheet

Balance sheet		
SEK m	Dec 31, 2015	Dec 31, 2014
Tangible fixed assets	4,993	4,903
Intangible fixed assets	4,963	4,997
Participation in associated companies	61	56
Other non-current assets	731	736
Inventories	1,215	1,205
Other current assets	895	1,278
Cash & cash equivalents, incl. short-term investments	742	1,019
Total assets	13,600	14,194
Total equity	-1,746	-1,050
Loan from parent company	5	4
Pension liability, others	409	451
Other non-current liabilities	12,818	12,368
Current liabilities	2,114	2,421
Total equity & liabilities	13,600	14,194
Working capital	619	691
Net debt	11,609	10,970
Net debt excl. parent company loan and pension liabilities	11,196	10,515
Capital employed	10,623	10,918
Number of full-time employees, end of period	1,479	1,455
Contingent liabilities	472	274
Assets pledged	7,934	9,019

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Consolidated statement of changes in Equity

Total equity, 2015			
SEK m	Equity attributable to owners of the parent	Non controlling interest	Total equity
Opening balance, January 1, 2015	-1,112	62	-1,050
Total comprehensive income	-702	6	-696
Closing balance, December 31, 2015	-1,814	68	-1,746

Total equity, 2014			
SEK m	Equity attributable to owners of the parent	Non controlling interest	Total equity
Opening balance, January 1, 2014	171	46	217
Total comprehensive income	-1,916	16	-1,900
Shareholders contribution	633	-	633
Closing balance, December 31, 2014	-1,112	62	-1,050

De-icers keep the air traffic flowing



Consolidated cash flow statement

Cash Flow analysis, Consolidated Group				
SEK m	Quarter 4		Full year	
	2015	2014	2015	2014
<i>Operating activities</i>				
Operating earnings	66	132	971	633
Adjustments:				
Depreciation and write-down	160	159	682	636
Other	-30	-8	-84	-5
Interest received	2	1	6	7
Interest paid	-268	-281	-1,196	-1,031
Income tax paid	7	0	-18	17
Cash flow from operating activities before change in working capital	-63	-3	361	257
<i>Changes in working capital</i>				
Increase (-) Decrease (+) in inventories	32	-18	0	93
Increase (-) Decrease (+) in current receivables ¹⁾	101	247	363	493
Increase (+) Decrease (-) in current liabilities	80	227	-243	134
Cash flow from operating activities	150	459	481	977
<i>Investing activities</i>				
Acquisition of shares in associated companies	-	-	-	27
Investments in other participations	-28	-	-89	-
Acquisition of tangible and intangible fixed assets ²⁾	-244	-241	-659	-837
Sale of tangible and intangible fixed assets	-	-	-	24
Sale of shares in non-controlling interests	-	-	17	-
Change in financial assets, external	-1	-9	-1	-4
Cash flow from investing activities	-273	-250	-732	-844
<i>Financing activities</i>				
Change in credit utilization	-13	-6	-26	-32
Cash flow from financing activities	-13	-6	-26	-32
Change in liquid funds, incl. short-term investments	-136	203	-277	101
Liquid fund opening balance, incl. short-term investments	880	811	1,019	905
Translation difference in liquid funds	-2	5	0	13
Liquid funds, end of period	742	1,019	742	1,019

¹⁾ Including trade receivable financing program.

²⁾ Whereof paid interest.

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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. Operating loss for the full year 2015 amounted to SEK -131 m compared to an operating loss of SEK -127 m for the same period in 2014. The earnings before appropriations and tax amounted to SEK 100 m (-1,880), including dividend from shares in subsidiaries of SEK 450

m (0), reversal of write-down of shares in subsidiaries of SEK 768 m and a write-down of SEK 16 m. Shareholder equity as of December 31, 2015 amounted to SEK 1,411 m compared to SEK 962 m for the same period 2014, including a shareholder contribution of SEK 0 m (633).

Income statement				
SEK m	Quarter 4		Full year	
	2015	2014	2015	2014
Net sales	9	9	51	49
Cost of goods sold	0	0	0	0
Gross earnings	9	9	51	49
Sales, marketing and admin costs	-46	-37	-162	-144
Other operating income and expenses	-4	-7	-20	-32
Operating earnings (EBIT)	-41	-35	-131	-127
Financial income and expenses	-116	-750	231 ¹⁾	-1,753
Earnings/loss before tax	-157	-785	100	-1,880
Appropriations	350	1,210	350	1,210
Tax	-1	1	-1	1
Net earnings/loss ²⁾	192	426	449	-669

¹⁾ Including reversal of write-down SEK 768 m and dividend from shares in subsidiaries of SEK 450 m.

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

Balance sheet		
SEK m	Dec 31, 2015	Dec 31, 2014
Tangible fixed assets	5	6
Intangible fixed assets	5	5
Participation in associated companies	-	-
Shares in group companies	7,715	6,947
Long term receivables, group	5,452	5,315
Other non-current assets	532	444
Other current assets	473	1,310
Cash & cash equivalents	86	179
Total assets	14,268	14,206
Total equity	1,411	962
Loan from parent company	5	4
Other non-current liabilities	11,885	11,385
Current liabilities	967	1,855
Total equity & liabilities	14,268	14,206

Key figures and FX-rates

Key figures								
SEK m	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	2,431	2,778	2,991	2,949	2,606	2,838	2,867	2,773
Organic Growth,%	0	-3	2	3	0	5	5	13
Marginal contribution	698	851	946	920	692	755	727	723
EBITDA excluding non-recurring items	238	422	476	531	279	386	329	324
% of net sales	9.8	15.2	15.9	18.0	10.7	13.6	11.5	11.7
Adjusted EBIT	130	317	320	388	162	276	217	212
% of net sales	5.3	11.4	10.7	13.2	6.2	9.7	7.6	7.6
Net earnings/loss	-227	-252	109	-290	-801	-372	-411	-202
Earnings, per share, diluted, SEK	-2,272	-2,513	1,087	-2,900	-8,008	-3,719	-4,115	-2,016
Adjusted ROCE	19.3	18.8	18.0	15.9	13.5	11.9	10.8	10.2
Cash conversion, % of EBITDA excluding non-recurring items	87	26	100	63	177	88	135	-24
Net debt excluding pension liabilities and shareholder loans	11,196	11,261	10,798	11,250	10,515	10,067	9,747	9,636
Net debt/EBITDA ¹⁾	7,0	6,8	6,7	7,7	8,6	8,8	8,9	8,8
Net debt/EBITDA ¹⁾ excluding pension liabilities and shareholder loans.	6,8	6,6	6,4	7,4	8,3	8,5	8,6	8,6

¹⁾ EBITDA reflects the latest twelve months.

Currency rates								
Closing rate								
USD	8.35	8.39	8.24	8.62	7.81	7.24	6.74	6.51
EUR	9.14	9.41	9.22	9.29	9.52	9.18	9.20	8.95
GBP	12.38	12.70	12.95	12.74	12.14	11.77	11.47	10.83
Average rate								
USD	8.50	8.48	8.42	8.34	7.41	6.95	6.60	6.46
EUR	9.31	9.43	9.30	9.38	9.26	9.21	9.05	8.86
GBP	12.91	13.15	12.89	12.62	11.74	11.60	11.10	10.70

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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 2014. The accounting principles of the Group and parent company are stated in Note 2 of the 2014 annual report.

During the year, Perstorp realigned the organizational structure as part of its transformation. The biofuel business is 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 reported its financial performance based on the three reportable segments Specialties & Solutions, Advanced Chemicals & Derivatives and BioProducts. This change only impacts the previously reported Intermediate & Derivatives segment - our Specialties & Solutions segment remains unchanged. There is no change to the Group's reported total revenues, EBITDA, operating profit or net result. Previously published 2014 and 2015 financial information for the Group's Intermediate & Derivatives segment has been restated and presented under the Advanced Chemicals & Derivatives and BioProducts segments, please refer to page 11 and 12.

During the second quarter 2014, Perstorp implemented an off-balance, non-recourse, long-term trade receivables program. Trade receivables, for which substantially all risks and rewards have been transferred are de-recognized and excluded from the reported figures. This program was expanded during first six months of 2015, to also include legal entities in US, Germany and UK.

During the third quarter a review of the period that tangible fixed assets are depreciated over has been performed to better reflect the useful life of tangible fixed assets and also to adjust to the industry that Perstorp is active in. The updated useful life is affected from the 1st of July 2015.

During the end of the third quarter an impairment test was performed. This resulted for the Parent company, Perstorp Holding AB, resulted in a reversal of write-down of shares in of SEK 768 m. In addition, the company performs an annual impairment test for goodwill. This is based on estimates of future cash flow, in accordance with the strategic five-year plans that have been approved by Board of Directors. Cash flows beyond this five-year period are extrapolated using an estimated growth rate of 2% (2). The discount interest rate amounts to 11% (11%) after tax. No impairment has been identified.



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Notes

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 (adjusted for non-recurring items)**” represents reported EBITDA as adjusted to exclude restructuring costs, capital gains/losses on divestment of companies and disposal of fixed assets and other non-recurring income and cost.

”**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. Acquisitions 2015

During the third quarter Perstorp, acquired the Penta, Di-Penta and sodium formate businesses, related technology and certain

assets from Koei Chemical Company Ltd., a Japanese chemicals producer. The transaction is fully in line with the companies’ strategies going forward and adds a platform for investment in order to long term expand the Penta business. The assets arising from the acquisition is attributable to non-separable client relationships and synergies in the Asian market.

In order to meet the rapid development in the biofuel market and to be able to grow the business, Perstorp acquired a biodiesel plant in Fredrikstad, Norway. The demand for biofuels has increased in order to meet the global climate challenges and with the new facility, Perstorp can almost double the current production capacity. The plant in Fredrikstad produces biodiesel from rapeseed oil just like Perstorp’s current biofuel plant in Stenungsund, Sweden and the ambition is to be up and running at the end of 2015.

4. Divested units 2015

During the second quarter Perstorp sold its remaining part in Polygiene AB, approximately 30%. The divestment is in line with Perstorp’s strategy to focus on and expand its core specialty chemicals activities.

5. Transactions with related parties

The net amount borrowed from the Luxembourg-based parent company Financière Forêt S.à.r.l. amounted to SEK 5 (3) million.

6. Risk and uncertainty

Perstorp is exposed to a number of risks and uncertainty factors, which are reviewed in the Annual Report for 2014.

7. Financial instruments

During January-December 2015, put options equivalent to approximately 50% of the annual transaction exposure were purchased against the price risk of a weaker USD/SEK and EUR/SEK foreign exchange rate. The maximum cost for the hedge is approximately SEK 18 million. The strike price of the put options are 7.80 for USD/SEK and 9.30 for EUR/SEK.

Notes

8. Other information

Following the Company's positive development, Perstorp, together with its shareholders, is assessing a range of strategic options for the business, including a potential stock exchange listing.

The scheduled maintenance shutdown in Stenungsund was slightly behind plan and the start-up was further delayed due to a force majeure at our supplier Borealis. The full impact of the scheduled maintenance shutdown including delays are estimated to approximately SEK 130 m for the second half 2015.

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 will be available in English and can be ordered in print format. It can also be downloaded from the Group's website at www.perstorp.com.

Perstorp, February 18, 2016



Jan Secher, President and CEO

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

9. Segment data								
	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales								
Specialties & Solutions	528	602	620	626	539	627	611	561
Advanced Chemicals & Derivatives	1,486	1,840	1,986	1,964	1,738	1,886	1,890	1,823
BioProducts	365	286	315	313	295	282	305	315
<i>Internal sales</i>								
Specialties & Solutions	-3	-1	0	0	-2	-1	-1	-1
Advanced Chemicals & Derivatives	-9	-10	-14	-14	-10	-10	-14	-13
Other/eliminations	64	61	84	60	46	54	76	88
Total Group	2,431	2,778	2,991	2,949	2,606	2,838	2,867	2,773
EBITDA								
Specialties & Solutions	85	142	143	154	78	118	118	87
Advanced Chemicals & Derivatives	133	317	314	377	215	252	205	227
BioProducts	-3	1	5	13	7	19	20	14
Other/eliminations	12	-40	19	-19	-9	-4	-26	-52
Total Group	227	420	481	525	291	385	317	276
EBITDA excluding non-recurring items								
Specialties & Solutions	85	142	143	154	79	118	117	87
Advanced Chemicals & Derivatives	133	317	314	377	215	253	206	227
BioProducts	-3	1	5	13	7	19	20	14
Other/eliminations	23	-38	14	-13	-22	-4	-14	-4
Total Group	238	422	476	531	279	386	329	324
Depreciation, Amortization and write-down	-161	-152	-191	-178	-159	-162	-157	-158
Operating earnings (EBIT)	66	268	290	347	132	223	160	118
Financial income and expenses	-246	-537	-176	-664	-867	-601	-584	-341
Earnings/loss before tax	-180	-269	114	-317	-735	-378	-424	-223
Tax	-47	17	-5	27	-66	6	13	21
Net earnings/loss	-227	-252	109	-290	-801	-372	-411	-202



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 130 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