




Perstorp Holding AB (Publ.)

Year end report 1 January - 31 December 2017

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ProPhorce™ SR offers unrivaled butyric acid power. It drives gut health and performance in swine and poultry.

¹⁾ Perstorp Continuing operations excludes the divested unit Perstorp Oxo Belgium AB

Year end report 1 January - 31 December 2017

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 1,600 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, 2017

- ➔ Net sales, for continuing operations increased 17% to SEK 3,602 m (3,088). As in previous quarters during 2017, sales prices in the fourth quarter were higher than the corresponding quarter last year, linked to strengthened pricing and higher raw material prices for most product lines. Organic volume-based sales growth, for continuing operations was 6% year-on-year.
- ➔ EBITDA excluding non-recurring items, for continuing operations amounted to SEK 485 m in the quarter compared to SEK 461 m in the corresponding period last year.
- ➔ EBITDA-margin excluding non-recurring items for continuing operations was 13.5% (14.9).
- ➔ On December 14th the refinancing of part of the capital structure was successfully completed.
- ➔ The divestment of Perstorp Oxo Belgium AB in the first quarter of 2017 is treated as discontinued operations and historical financial statements have been restated.

Key figures in summary, continuing operations

SEK m unless otherwise stated	Quarter 4		Full year	
	2017	2016	2017	2016
Net sales	3,602	3,088	13,592	11,075
EBITDA	462	423	2,096	1,716
% of net sales	12.8	13.7	15.4	15.5
EBITDA excluding non-recurring items ¹⁾	485	461	2,133	1,781
% of net sales	13.5	14.9	15.7	16.1
Operating earnings (EBIT)	315	264	1,369	1,129
% of net sales	8.7	8.5	10.1	10.2
Net earnings/loss	-360	-360	-95	-1,132
Free Cash flow	722	406	1,275	1,300

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



President's Comments

"We have reached a historical record of a full year EBITDA amounting to SEK 2,133 m"

Another good quarter

The fourth quarter of 2017 has been satisfactory with continuous high growth in all three geographical areas. Perstorp sets a historical record with a full year EBITDA amounting to SEK 2,133 m. An important milestone has been reached! EBITDA for the fourth quarter amounted to SEK 485 m (461), the fifth quarter in row with improved year-on-year EBITDA. The EBITDA margin for the fourth quarter, excluding BioProducts, amounted to 15.0% (16.0%). Year-on-year organic volume-based sales growth was 6,4%.

Business Area Specialties & Solutions has continued to deliver a solid EBITDA, this quarter SEK 188 (122) m. Organic volume-based sales grew by 29%, mainly driven by strong volume growth of our caprolactone business. The supply constraints of the general caprolactone market experienced in the third quarter continued also in the fourth quarter. This market situation is transitional and Perstorp has been able to demonstrate strong market leadership.

Business Area Advanced Chemicals & Derivatives also delivered a solid EBITDA, this quarter amounting to SEK 326 (322) m. Unit margins remained in general on a stable level, while there is a gradual normalization of the supply & demand situation for Neo in China. The Oxo business has performed well both in terms of volumes and margins, but also here we foresee a normalization of the supply situation.

For Business Area BioProducts, we start to see a positive trend. There is an increasing interest among customers to convert back from HVO to high blend RME. The new Swedish tax legislation may also lead to somewhat higher future margins.

On December 14th, we successfully closed our refinancing and secured a renewed long-term capital structure with a substantially lower interest rate on the floating rate notes.

We have during the fourth quarter incorporated Polialcoli Srl from Polioli SpA, into our current business platform.

Outlook

General demand continues to be high and coherent across all three regions – EMEA, Americas and APAC, but the supply situations are expected to return to levels that are more balanced. Increasing raw material prices requires continued focus on proactive pricing, enabling us to defend and build margins.

Clear path forward for Profitable Growth

The "Care 365" initiative for health and safety continues to roll out and we have started to see a positive safety trend. Our focus is long-term.

Now having reached an EBITDA of 2 bn+, we have passed a very important milestone and springboard for the next coming years. With our new positioning and strategy, we have a clear path forward for Profitable Growth!

Sustainability has always been close to our hearts. We can see an increased demand for renewable, low carbon footprint solutions among our customers. In 2017 we launched world's first renewable portfolio of the essential polyols Penta, TMP and Neo. We have now also set a clear direction in our ambition to become Finite Material Neutral 2030. It will be a challenge but we are committed and I'm convinced we can make it.

Malmö, February 2018

Jan Secher
President and CEO

Financial overview October - December 2017

Net sales and earnings, continuing operations

For continuing operations net sales amounted to SEK 3,602 m during the fourth quarter 2017, an increase of SEK 514 m or 17%. Volumes increased 10% compared to last year with improved volumes for most of our product lines. Organic volume based sales growth was 6% in the fourth quarter 2017. Sales prices were 10% higher than last year linked to price increases, product mix and favorable supply & demand balance, although at a lower pace than previous quarters in 2017.

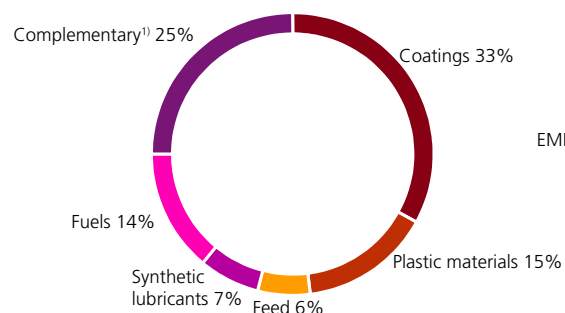
Average Dated Brent oil price increased 22% in the fourth quarter 2017 compared to the corresponding quarter last year and was 18% higher than in the third quarter 2017. The higher price on Dated Brent oil has impacted pricing on downstream derivatives like propylene and ethylene during the fourth quarter of 2017.

Compared to the corresponding quarter last year, the Swedish krona strengthened against the USD and weakened moderately against the EUR, while compared to the previous quarter the SEK weakened against both the USD and EUR.

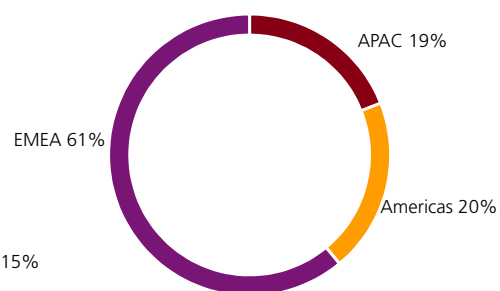
Compared to our historically strong fourth quarter 2016, our EBITDA excluding non-recurring items increased by SEK 24 m to SEK 485 m. The increase in EBITDA was attributable to both higher sales volumes and improved unit margins for most of the product lines. This corresponds to an EBITDA margin of 13.5% (14.9%), the decrease is explained by negative currency effects and somewhat higher fixed costs.

Depreciation and amortization amounted to SEK 152 m (150) and EBIT amounted to SEK 315 m (264) for the period. Net financial expenses, including currency effects on net debt, amounted to SEK 739 m compared to SEK 735 m for the corresponding period in 2016. Tax amounted to SEK 64 m (26). The change compared to the same period 2016 is primarily attributable to revaluation of deferred tax assets related to tax losses carry forward. The net result amounted to SEK -360 m (-360).

Net sales by market segments, last twelve months



Net sales by geography, last twelve months



¹⁾ Subsegments within complementary consists of bleaching, runway de-icer, oil drilling and completion fluids, pharmaceuticals and API, surfactants and detergents, tanning and other

Income statement, continuing operations

SEK m	Quarter 4	
	2017	2016
Net sales	3,602	3,088
Cost of goods sold	-3,002	-2,572
Gross earnings	600	516
Operating earnings (EBIT)	315	264
Exchange-rate effects on net debt	-179	-193
Other financial income and expenses	-560	-542
Group contribution ¹⁾	-	85
Earnings/loss before tax	-424	-386
Tax	64	26
Net earnings/loss	-360	-360

EBITDA	462	423
EBITDA excluding non-recurring items	485	461

¹⁾ Group contribution received from divested unit, Perstorp Oxo Belgium AB.



Holtac™ - enables the manufacture of lead-free PVC heat-stabilizers without compromising performance, improves the lifelong color stability of PVC and supports the growth of efficient environmentally friendly products.

Financial overview October - December 2017

Free cash flow

Free Cash flow amounted to SEK 722 m (406) for the period. The improved free cash flow was related to improved earnings, lower investment and favorable development of working capital. Cash flow from investment activities amounted to SEK -146 m (-237) during the fourth quarter. Utilization of the factoring program at December 31, 2017 amounted to EUR 114m (100).

Free cash flow analysis, Continuing operations ¹⁾		
SEK m	Quarter 4	
	2017	2016
EBITDA excluding non-recurring items	485	461
Change in Working Capital ²⁾	383	182
Maintenance capex	-86	-97
Free Cash Flow before strategic capex	782	546
% of EBITDA excluding non-recurring items	161	118
Strategic Capex	-60	-140
Free Cash Flow	722	406
% of EBITDA excluding non-recurring items	149	88

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

²⁾ Excluding currency transaction effects and provisions.

Net debt and leverage

The Group's available funds, liquid funds and unutilized credit facilities, were SEK 1,220 m at the end of the period, compared with SEK 983 m at the end of the fourth quarter 2016. Net debt excluding parent company loan and pension liabilities increased by SEK 340 m during the quarter. The increase was mainly related to a weaker SEK, primarily against the EUR. Leverage was 5.7x at the end of the fourth quarter 2017 compared to 7.0x at the end of the fourth quarter 2016.

Available funds and net debt		
SEK m	Dec 31, 2017	Dec 31, 2016
Available funds	1,220	983
Net debt	12,496	13,424
Net debt excl Parent company loans and pension liabilities	12,056	12,964
Leverage ¹⁾	5.7x	7.0x

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



Capa™ Thermoplastic is a plastic material, which provides a two-in-one solution with adhesion and durability for shoe counters and toe puffs

Financial overview January - December 2017

Net sales and earnings, continuing operations

For continuing operations net sales amounted to SEK 13 592 m during the period January to December 2017, an increase of SEK 2,517 or 23% compared to the same period last year. Volumes increased by 10% compared to the same period last year primarily resulting from the stronger volumes in the first and fourth quarter. Organic volume based sales growth was 10%. Sales prices were 11% higher than last year following both improved pricing and raw material prices. Average FX-rates for the period were higher than 2016, which resulted in positive FX-effects on sales of +1%.

EBITDA excluding non-recurring items, amounted to SEK 2,133 m (1,781), corresponding to an EBITDA margin of 15,7% (16.1). The increase in earnings vs last year of SEK 352 m was attributable to higher volumes and strengthened unit margins.

Depreciation and amortization amounted to SEK 727 m (587) including an impairment of approximately SEK 160 m in the third quarter, related to business area BioProducts. EBIT amounted to SEK 1,369 m (1,129) during the period. Net financial expenses, including exchange rate effects on net debt, amounted to SEK -1,454 m in 2017, compared to SEK -2,347 m for the same period 2016. The decrease is primarily due to more favorable FX-effects on net debt which amounts to SEK 226 m (-649) for 2017. Tax amounted to SEK -10 m (2) and net result amounted to SEK -95 m (-1,132).

Free Cash flow

Free Cash flow amounted to SEK 1,275 m (1,300) for the period. Improved earnings was partly off set by higher capital expenditures and increased working capital. Cash flow from investment activities amounted to SEK -651 m (-547) during the period. Utilization of the factoring program at December 31, 2017 amounted to EUR 114 m (100).

Free cash flow analysis, Continuing operations ¹⁾		
SEK m	Full year	
	2017	2016
EBITDA excluding non-recurring items	2,133	1,781
Change in Working Capital ²⁾	-207	66
Maintenance capex	-306	-237
Free Cash Flow before strategic capex	1,620	1,610
% of EBITDA excluding non-recurring items	76	90
Strategic Capex	-345	-310
Free Cash Flow	1,275	1,300
% of EBITDA excluding non-recurring items	60	73

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

²⁾ Excluding currency transaction effects and provisions.

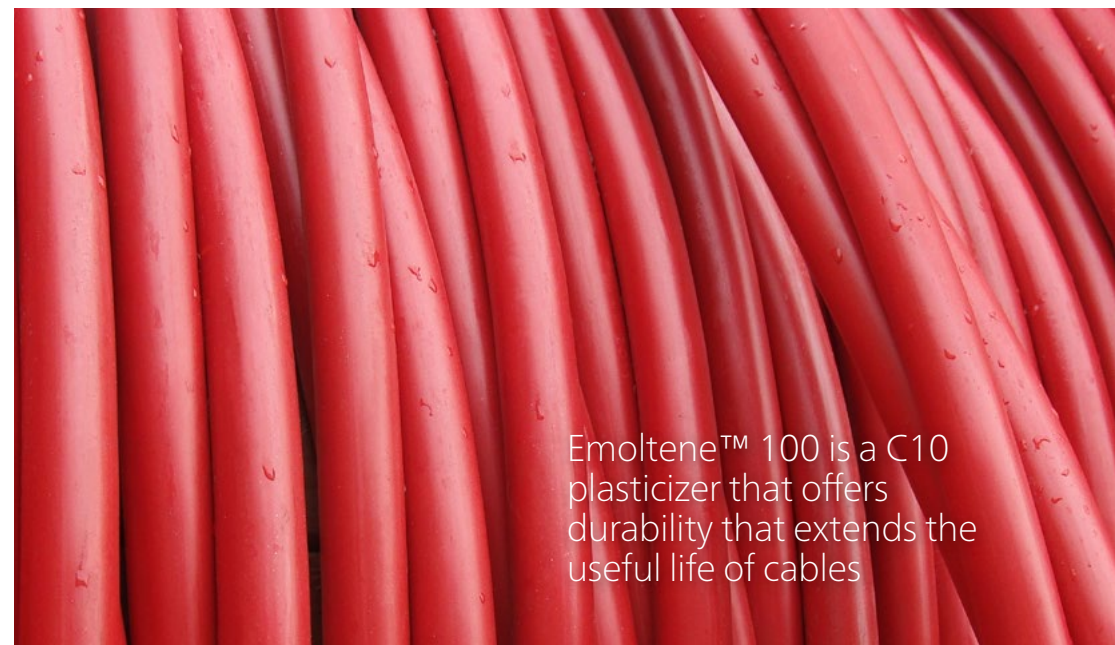
Income statement, continuing operations

SEK m	Full year	
	2017	2016
Net sales	13,592	11,075
Cost of goods sold	-11,048	-9,084
Gross earnings	2,544	1,911
Operating earnings (EBIT)¹⁾	1,369	1,129
Exchange rate effects on net debt	226	-649
Other financial income and expenses	-1,680	-1,699
Group contribution ²⁾	0	85
Earnings/loss before tax	-85	-1,134
Tax	-10	2
Net earnings/loss	-95	-1,132

EBITDA	2,096	1,716
EBITDA excl non-recurring items.	2,133	1,781

¹⁾ Including an impairment amounting to approximately SEK 160 m (-) related to business area BioProducts.

²⁾ Group contribution received from divested unit, Perstorp Oxo Belgium AB.



Emoltene™ 100 is a C10 plasticizer that offers durability that extends the useful life of cables



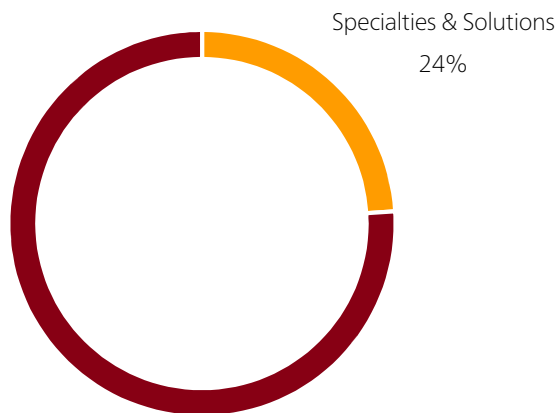
Specialties & Solutions

Specialties & Solutions consists of Business Units Caprolactones, Feed & Food, Specialty Polyols and Business Development.

October-December 2017

During the fourth quarter 2017 net sales amounted to SEK 868 m which was 29% higher than the same period in 2016. The positive deviation can mainly be assigned to stronger organic volume-based sales growth in all business units and in particular in business unit Caprolactones. Unit margins increased somewhat following a positive product mix. EBITDA in the fourth quarter 2017 was SEK 188 m (122), corresponding to an EBITDA margin of 22% (18).

Share of Group net sales, quarterly



Akestra™ 110 has top-rated classification of fire safety for building & construction according to EN13501-1

Specialties & Solutions				
SEK m	Quarter 4		Full year	
	2017	2016 ¹⁾	2017	2016 ¹⁾
Net sales	868	674	3,204	2,617
EBITDA	187	117	725	672
EBITDA excluding non-recurring items	188	122	726	677

¹⁾ Historical number has been restated due to the divestment of the legal unit Perstorp Oxo Belgium AB.





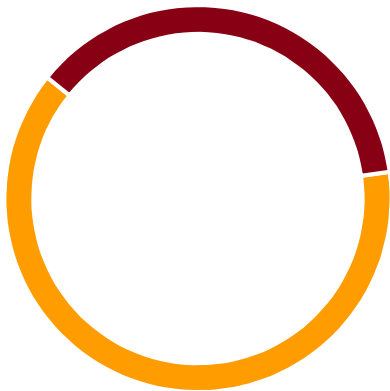
Advanced Chemicals & Derivatives

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

October-December 2017

During the fourth quarter 2017 net sales amounted to SEK 2,250 m (1,912), which was 18% higher than the corresponding period in 2016. The deviation can be assigned to higher sales prices and higher volumes, to some extent offset by negative foreign exchange rate effects. Unit margins improved by continued favorable supply & demand balance and price increases, to some extent offset by negative foreign exchange rate effects. EBITDA for the quarter amounted to SEK 326 m (322), corresponding to an EBITDA margin of 14% (17).

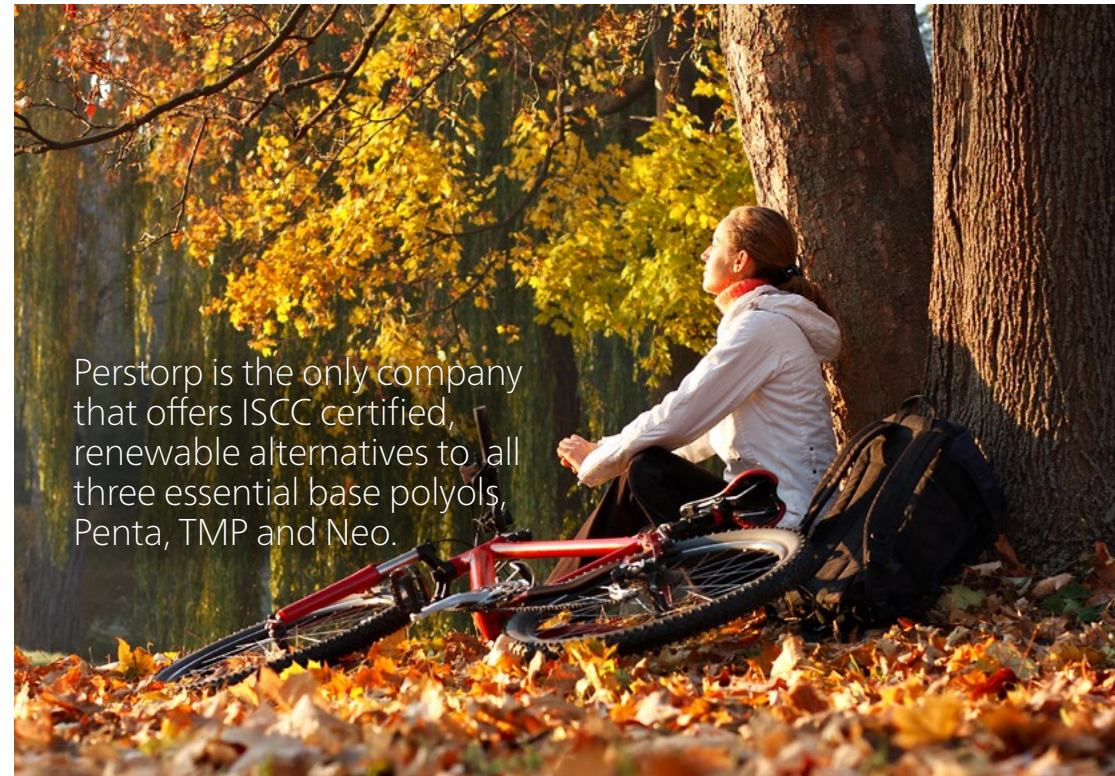
Share of Group net sales, quarterly



Advanced Chemicals & Derivatives
62%

Advanced Chemicals & Derivatives				
SEK m	Quarter 4		Full year	
	2017	2016 ¹⁾	2017	2016 ¹⁾
Net sales	2,250	1,912	8,623	6,890
EBITDA	324	321	1,520	1,103
EBITDA excluding non-recurring items	326	322	1,525	1,108

¹⁾ Historical number has been restated due to the divestment of the legal unit Perstorp Oxo Belgium AB.



Perstorp is the only company that offers ISCC certified, renewable alternatives to all three essential base polyols, Penta, TMP and Neo.



BioProducts

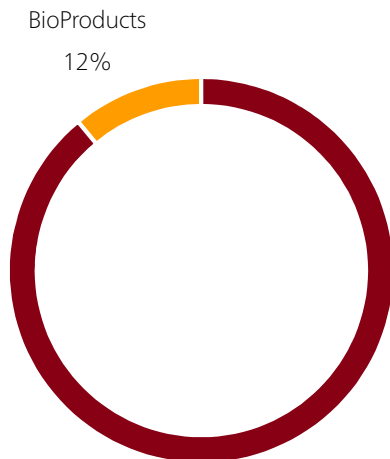
BioProducts consists of the Business Unit BioProducts.

October-December 2017

During the fourth quarter 2017, Business Area BioProducts net sales amounted to SEK 447 m, which was 2% lower than the corresponding period in 2016. The decrease in sales was linked to lower sales prices following lower market prices and raw material prices, partly offset by good organic volume-based sales growth. EBITDA amounted to SEK 13 m (39), corresponding to an EBITDA margin of 3% (9%). The decrease in earnings can primarily be assignable to weaker unit margins.

BioProducts				
SEK m	Quarter 4		Full year	
	2017	2016	2017	2016
Net sales	447	457	1,563	1,377
EBITDA	13	39	-19	50
EBITDA excluding non-recurring items	13	39	-19	51

Share of Group net sales, quarterly



Perstorp has an extensive experience in producing BioFuels and we are today a leading supplier in Scandinavia

Consolidated Income statement

Income statement, consolidated group					
SEK m	Note	Quarter 4		Full year	
		2017	2016	2017	2016
<i>Continuing operations</i>					
Net sales	2	3,602	3,088	13,592	11,075
Cost of goods sold		-3,002	-2,572	-11,048	-9,084
Gross earnings		600	516	2,544	1,991
Selling, administration and R&D costs		-260	-227	-918	-841
Other operating income and expenses ¹⁾		-30	-12	-102	-14
Write-down of assets	9	5	-10	-159	-10
Result from participations in associated companies		0	-3	4	3
Operating earnings (EBIT)		315	264	1,369	1,129
Exchange-rate effects on net debt		-179	-193	226	-649
Other financial income and expenses		-560	-542	-1,680	-1,699
Group contribution ²⁾	2	-	85	-	85
Earnings/loss before tax		-424	-386	-85	-1,134
Tax		64	26	-10	2
Net earnings/loss		-360	-360	-95	-1,132
<i>Discontinued operation</i>					
Net sales	2	-	37	-	230
Operating earnings (EBIT)		-	14	604	77
Earnings/loss before tax ³⁾	8	-	-68	604	0
Tax		-	0	-	0
Net earnings/loss		-	-68	604	0
<i>Group, total</i>					
Net sales		3,602	3,125	13,592	11,305
Operating earnings (EBIT)		315	278	1,973	1,206
Earnings/loss before tax		-424	-454	520	-1,134
Tax		64	26	-10	2
Net earnings/loss		-360	-428	510	-1,132

Consolidated Group

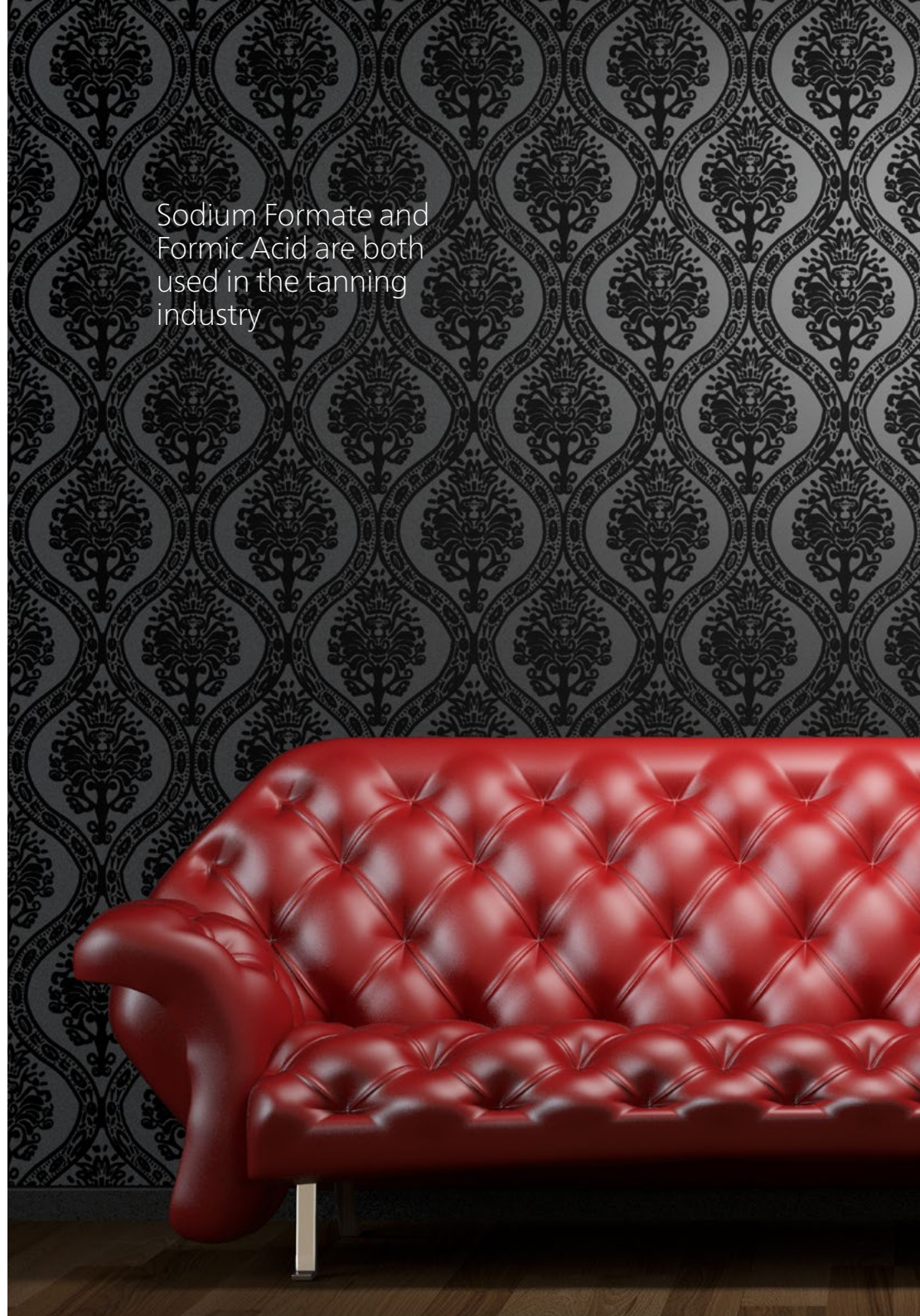
EBITDA	2	463	439	2,701	1,800
EBITDA excluding non-recurring items	2	485	477	2,133	1,865

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

²⁾ Group contribution received from divested unit.

³⁾ Including group contribution transferred to continuing operations.

Sodium Formate and Formic Acid are both used in the tanning industry



Consolidated Income statement

Comprehensive income report				
SEK m	Quarter 4		Full year	
	2017	2016	2017	2016
Net result for the period	-360	-428	510	-1,132
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of defined benefit plan	-5	-3	-5	-36
<i>Items that may be subsequently reclassified to profit or loss</i>				
Currency translation effect	26	-58	109	-77
Other comprehensive income net after tax	21	-61	104	-113
Total comprehensive income	-339	-489	614	-1,245
Attributable to:				
Parent company's shareholder	-359	-502	553	-1,266
Non controlling interest	20	13	61	21



Capa™ is used in high performance coatings, adding impact-, abrasion- and chemical resistance as well as extreme outdoor durability

Consolidated Balance sheet

Balance sheet, consolidated group			
SEK m	Note	Dec 31, 2017	Dec 31, 2016
Tangible fixed assets		4,981	5,006
Intangible fixed assets		4,835	4,915
Participation in associated companies		68	64
Other non-current assets		575	787
Inventories		1,434	1,370
Other current assets		1,296	1,069
Cash & cash equivalents, incl. short-term investments		621	434
Total assets		13,810	13,645
Total equity	4	-2,383	-2,991
Loan from parent company		22	20
Pension liability, others		398	441
Other non-current liabilities		13,375	13,832
Current liabilities		2,398	2,343
Total equity & liabilities		13,810	13,645
Working capital		546	500
Net debt		12,496	13,424
Net debt excluding parent company loan and pension liabilities		12,056	12,964
Capital employed		10,562	10,550
Number of full-time employees, end of period		1,555	1,505
Contingent liabilities		228	530
Assets pledged		7,653	7,945

Working Capital		
SEK m	Dec 31, 2017	Dec 31, 2016
Inventories	1,434	1,315
Accounts receivable	1,004	714
Other current assets	282	293
Accounts payable	1,074	986
Other current liabilities	1,100	908
Working capital, continuing operations	546	428
Discontinued operation	-	72
Working capital, consolidated group	546	500

As the world's largest producer of the key raw material for high-end aviation turbine oils, Perstorp can ensure short lead times and security of supply.



Consolidated statement of changes in Equity

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	553	61	614
Dividend to non controlling interest	-	-6	-6
Closing balance, December 31, 2017	-2,527	144	-2,383

Total equity, 2016			
SEK m	Equity attributable to owners of the parent	Non controlling interest	Total equity
Opening balance, January 1, 2016	-1,814	68	-1,746
Total comprehensive income	-1,266	21	-1,245
Closing balance, December 31, 2016	-3,080	89	-2,991

With Perstorp Penta/Voxtar™ you can produce waterborne alkyd resins with low carbon footprint, low VOC, renewable content and outstanding wood protection.



Consolidated Cash flow statement

Cash Flow analysis, Consolidated Group					
SEK m	Note	Quarter 4		Full year	
		2017	2016	2017	2016
Operating activities					
Operating earnings		315	264	1,369	1,129
Adjustments:					
Depreciation and write-down		147	159	727	587
Other		36	23	-27	41
Operating activities in discontinued operation		-	15	0	84
Interest received and other financial items		2	1	6	6
Interest paid and other financial items		-620	-490	-1,320	-1,414
Income tax paid		-33	-5	-102	-23
Cash flow from operating activities before change in working capital		-153	-33	653	410
Changes in working capital					
Increase (-) Decrease (+) in net working capital ¹⁾		383	182	-207	66
Change in working capital in discontinued operations		-	-5	-	-8
Cash flow from operating activities		230	144	446	468
<i>Investing activities</i>					
Acquisition of net assets, subsidiaries		-	-	-105	-
Investments in other participations		-	-	-	-23
Acquisition of tangible and intangible fixed assets		-146	-238	-546	-547
Sale of net assets, subsidiaries	8	-	-	722	-
Sale of shares in other participations	8	-	-	290	-
Change in financial assets, external		0	0	0	0
Discontinued operation		-	-3	-	-6
Cash flow from investing activities		-146	-241	361	-576
<i>Financing activities</i>					
Dividend paid to non-controlling interests in subsidiaries		-	-	-6	-
New loans external		2,484	11,581	2,484	11,581
Amortization of loans external		-3,012	-11,436	-3,012	-11,436
Change in credit utilization		-100	-342	-80	-357
Cash flow from financing activities		-628	-197	-614	-212
Change in liquid funds, incl,short-term investments		-544	-294	193	-320
Liquid fund opening balance, incl,short-term investments		1,157	726	434	742
Translation difference in liquid funds		8	2	-6	12
Liquid funds, end of period²⁾		621	434	621	434

¹⁾ Including trade receivable financing program.

²⁾ Restricted and held on escrow

164 206 164 206



Perstorp provides two of the core components needed to make PVB (Polyvinyl Butyral) interlayer film for laminated safety glass



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. Shareholder equity at December 31, 2017 amounted to SEK 817 m compared to SEK 1,595 m at December 31, 2016.

Income statement				
SEK m	Quarter 4		Full year	
	2017	2016	2017	2016
Net sales	14	10	59	52
Cost of goods sold	-	-	-	-
Gross earnings	14	10	59	52
Sales, marketing and admin costs	-55	-35	-181	-147
Other operating income and expenses	-1	-2	-15	-21
Operating earnings (EBIT)	-42	-27	-137	-116
Financial income and expenses ¹⁾	-553	1,066	-823	300
Earnings/loss before tax	-595	1,039	-960	184
Appropriations	182	-	182	-
Tax	-	-	-	-
Net earnings/loss²⁾	-413	1,039	-778	184

¹⁾ Including dividends from subsidiaries - 1,554 - 1,832

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

Balance sheet		
SEK m	Dec 31, 2017	Dec 31, 2016
Tangible fixed assets	2	4
Intangible fixed assets	2	4
Shares in group companies	7,731	7,715
Long term receivables, group ¹⁾	6,822	-
Other non-current assets	355	577
Short term receivables group ¹⁾	-	5,788
Other current assets	308	1,418
Cash & cash equivalents	301	63
Total assets	15,521	15,569
Total equity	817	1,595
Loan from parent company	22	20
Other non-current liabilities	12,297	12,795
Current liabilities	2,385	1,159
Total equity & liabilities	15,521	15,569

¹⁾ Internal financial receivables was extended and reclassified from short term to long term during Q2 2017.



Key figures and FX-rates

Key figures								
SEK m unless otherwise stated	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>Continuing operations</i>								
Net Sales	3,602	3,289	3,288	3,413	3,088	2,784	2,654	2,549
Organic volume-based sales growth,%	6%	7%	7%	23%	27%	13%	6%	-1%
Marginal contribution	1,086	1,100	1,038	1,061	929	885	892	873
EBITDA excluding non-recurring items	485	575	502	571	461	476	409	435
% of net sales	13.5%	17.5%	15.3%	16.7%	14.9%	17.1%	15.4%	17.1%
Cash conversion, % of EBITDA excluding non-recurring items	149%	23%	70%	12%	88%	75%	55%	72%
<i>Consolidated group</i>								
Net earnings/loss	-360	49	114	706	-428	-230	-395	-79
Earnings, per share, diluted, SEK	-7.20	0.99	2.28	14.11	-8.56	-4.60	-7.90	-1.58
Net debt excluding pension liabilities and shareholder loans	12,056	11,716	12,078	12,242	12,964	11,975	11,770	11,382
Leverage ¹⁾	5.7x	5.6x	6.0x	6.4x	7.0x	7.4x	7.6x	7.1x

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

Currency rates								
Closing rate								
USD	8.23	8.11	8.47	8.93	9.10	8.62	8.48	8.15
EUR	9.85	9.57	9.67	9.55	9.57	9.63	9.42	9.23
GBP	11.10	10.87	11.01	11.13	11.18	11.17	11.39	11.69
Average rate								
USD	8.32	8.14	8.80	8.92	9.04	8.52	8.21	8.46
EUR	9.79	9.56	9.69	9.51	9.76	9.51	9.27	9.32
GBP	11.04	10.64	11.26	11.05	11.23	11.19	11.79	12.10



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 2016. The accounting principles of the Group and parent company are stated in Note 2 of the 2016 Annual Report.

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers came into effect on 1 January 2018. During 2017, the Group initiated a project to evaluate the effects of the adoption of these new accounting standards. This project is completed and the Group's conclusion is that the new accounting standards do not have any material effect on the Group's or segment's financial reporting.

¹⁾ The Group is domiciled in Sweden. The result of its net sales from external customers in Sweden is 12% (15), and the total of net sales from external customers from other countries is 88% (85). No sales above 10% derived from a single external customer.

2. Segment information

Segment data ¹⁾						
SEK m	Note	Quarter 4		Full year		
		2017	2016	2017	2016	
Net Sales						
Specialties & Solutions		868	674	3,204	2,617	
Advanced Chemicals & Derivatives		2,250	1,912	8,623	6,890	
BioProducts		447	457	1,563	1,377	
Internal sales						
Specialties & Solutions		-2	-2	-9	-5	
Advanced Chemicals & Derivatives		-40	-41	-81	-147	
Other/eliminations		79	88	292	343	
Continuing operations		3,602	3,088	13,592	11,075	
Divested unit		-	73	-	358	
Eliminations		-	-36	-	-128	
Discontinued operations		-	37	-	230	
TOTAL GROUP		3,602	3,125	13,592	11,305	
EBITDA						
Specialties & Solutions		187	117	725	672	
Advanced Chemicals & Derivatives		324	321	1,520	1,103	
BioProducts		13	39	-19	50	
Other/eliminations		-62	-54	-130	-109	
Continuing operations		462	423	2,096	1,716	
Discontinued operations		-	16	604	84	
TOTAL GROUP		462	439	2,701	1,800	
<i>Non allocated items</i>						
Depreciation, Amortization and write down	9	-147	-161	-728	-594	
Operating earnings (EBIT)		315	278	1,973	1,206	
Financial income and expenses		-739	-732	-1,453	-2,340	
Earnings/loss before tax		-424	-454	520	-1,134	
Tax		64	26	-10	2	
Net result		-360	-428	510	-1,132	
EBITDA excluding non-recurring items						
Specialties & Solutions		188	122	726	677	
Advanced Chemicals & Derivatives		326	322	1,525	1,108	
BioProducts		13	39	-19	51	
Other/eliminations		-42	-22	-99	-55	
Continuing operations		485	461	2,133	1,781	
Discontinued operations		-	16	-	84	
TOTAL GROUP		485	477	2,133	1,865	

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 December 2017 equity for the parent company, Perstorp Holding AB, amounts to SEK 817 m (1,595). Consolidated equity, including non controlling interest, for the Perstorp Group amounts to SEK -2,383 m (-2,991).

5. Transactions with related parties

The net amount borrowed from the Luxembourg-based parent company Financière Forêt S.à.r.l. amounted to SEK 22 (20) m.

6. Risk and uncertainty

Perstorp is exposed to a number of risks and uncertainty factors, which are reviewed in the Annual Report for 2016.

7. Acquisition

At the end of the third quarter Perstorp acquired 100% of the shares in Perstorp Polialcoli S.r.l. from Polioli SPA. The business consist of Neo, TMP and TMPDE as well as the associated Formate businesses located at the Vercelli site in Italy. The operational result due to the acquisition is included in the consolidated accounts from October 2017. The acquisition is in line with Perstorp's strategy to maintain its leading market position.

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.

During the end of Q2 2017 the earn-out from the divestment of Perstorps 34% shares in Vencorex in 2014, was settled. The earn-out amounted to approximately EUR 30 m.

9. Impairment

The financial development for the Business Area Bioproducts continue to be challenging and during the third quarter a write-down was made amounting to SEK 160 m. This impairment test is based on a valuation of a discounted future cash flows, where several factors, such as current financial performance, financial forecasts and market data, is reflected. The write down has no impact on the other Business Areas or the Group's cash flow for 2017.

10. Other non-current liabilities

At the end of the fourth quarter Perstorp Holding AB (publ.) refinanced the floating rate senior secured notes and increased the amount to EUR 250 m with lower interest rate. In addition the Company also partly redeemed the fixed senior secured notes with EUR 57 m and USD 55 m.

11. Other information

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

Perstorp, February 16, 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, better, more convenient and more environmentally sound for millions of people all over the world. As a trusted world industrial leader, our innovations provide essential properties for products used every day at home and work. You'll find us everywhere 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.

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. Manufacturing is based in Asia, Europe and North America, with sales and support in all major markets. The Perstorp Group is controlled by funds managed and advised by the European private equity company PAI partners.

For more information, visit perstorp.com