



Perstorp Holding AB (Publ.)

Interim report, January-March 2017

Conference call May 10, 2017

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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
 - 15% stake in Vencorex (the former Coating Additives business unit, 51% divested in May 2012 and 34% divested in August 2014)



Agenda

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



Business performance



Jan Secher
President & CEO



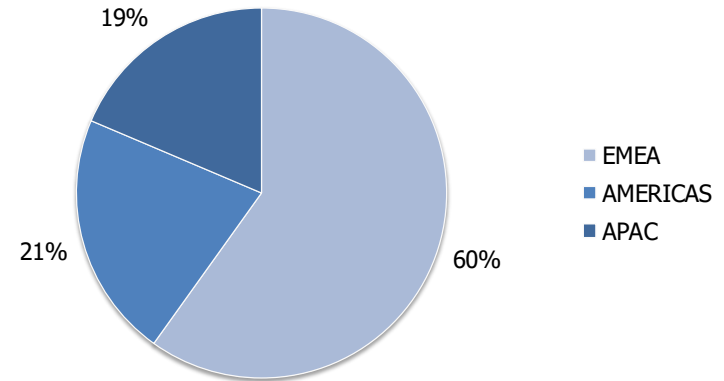
Executive summary

- ➔ Organic volume-based sales growth was +23% vs. Q1 2016
- ➔ Q1 sales amounted to SEK 3,413 m (all-time high), a 34% increase over last year, mainly due to stronger volumes and higher sales unit prices
- ➔ EBITDA excluding non-recurring items reached SEK 571 m (all-time high) in Q1/17 compared to SEK 435 m Q1/16 and SEK 461 m in Q4/16. The first quarter this year was in particular marked by stronger volumes and in addition benefited from positive FX effects and higher unit margins. EBITDA increased by 31% compared to Q1/16
- ➔ Q1 EBITDA margin amounted to 16.7% (17.1%) driven by a solid performance for all business units. Q1 EBITDA margin, excluding BioProducts, amounted to 19.2% (18.9%)
- ➔ Free Cash flow amounted to SEK 68 m in Q1 which was SEK 246 m lower than Q1 last year linked to build up of working capital
- ➔ The legal company located at site Gent in Belgium and its associated business was sold to Synthomer plc for EUR 78 m. Main products in Gent were NX795 and BEPD
- ➔ Leverage ratio decreased in the quarter from 7.0x to 6.4x

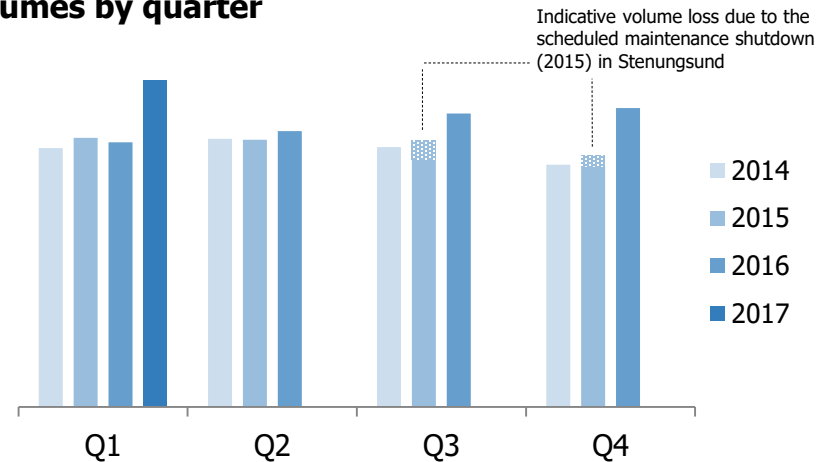
Market overview

- ➔ Overall demand for Perstorp products was continued strong in all major markets and regions, which resulted in all-time high sales volume for a single quarter. Year-on-year organic volume-based sales growth was 23%
- ➔ General sales prices were higher in local currencies than the corresponding quarter last year linked to higher raw material prices and strengthened pricing in some product lines
- ➔ Volumes in EMEA were up 23% compared to Q1 last year following solid growth in all businesses. Sales were 32% higher than Q1 last year
- ➔ Volumes in Americas were 49% higher than last year primarily linked to our Oxo and Formate business. Sales were 32% above Q1 last year
- ➔ Volumes increased in APAC by 7% compared to last year, lower increase than the other regions linked to a higher allocation of volumes to the other regions. Sales were 41% higher than Q1 last year, partly related to strong demand in China and leading to higher sales prices for some products

Q1/2017, Net Sales by region, %

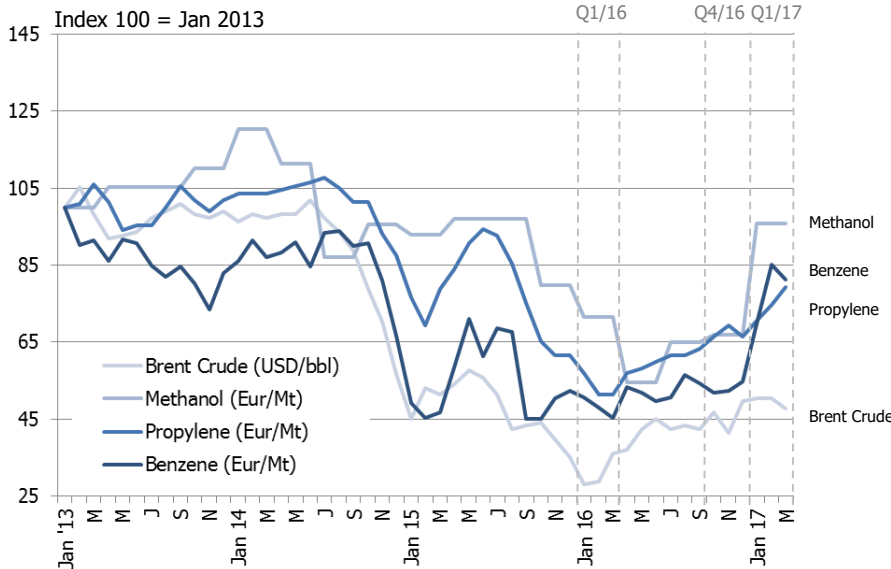


Volumes by quarter



Raw materials and unit margins

Raw material prices

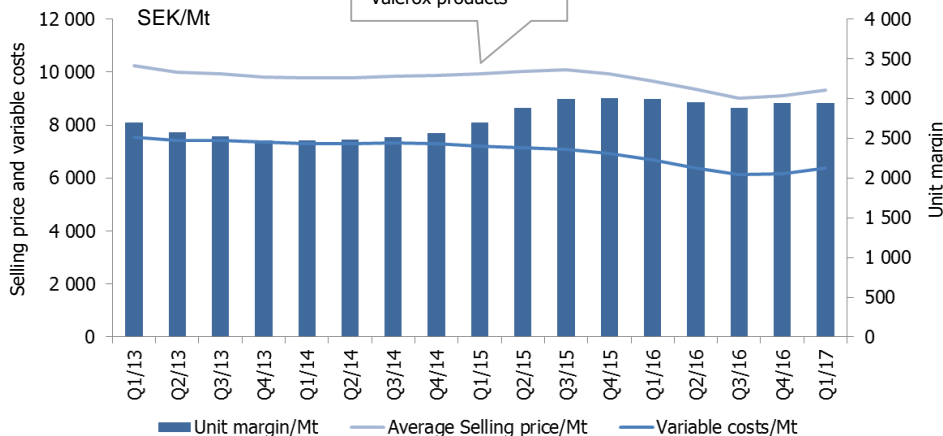


- ➔ During first quarter all key raw material prices increased compared to previous quarter as well as Q1 last year
 - Average price for Brent crude oil increased by 8% in Q1/17 vs Q4/16 and was 60% higher than in Q1/16
 - Benzene increased 49% in Q1/17 (+64% vs LY)
 - Methanol increased 43% in Q1/17 (+34% vs LY)
 - Propylene increased 11% in Q1/17 (+41% vs LY)

➔ Margins were in line with Q4/16 and Q1/16

- Advanced Chemicals & Derivatives unit margins were stronger than Q4/16 and Q1/16 thanks to improved supply-demand balance for specific product lines and successful price increases
- Unit margins in Specialties & Solutions and BioProducts weakened vs. Q1/16 linked to the raw material cost increases (in particular Benzene) and a negative product and customers mix. Unit margins strengthened slightly vs. Q4/16 in Specialties & Solutions but weakened in BioProducts.
- Price increases in Specialties and Solution and Advanced Chemicals & Derivatives have been announced for Q2

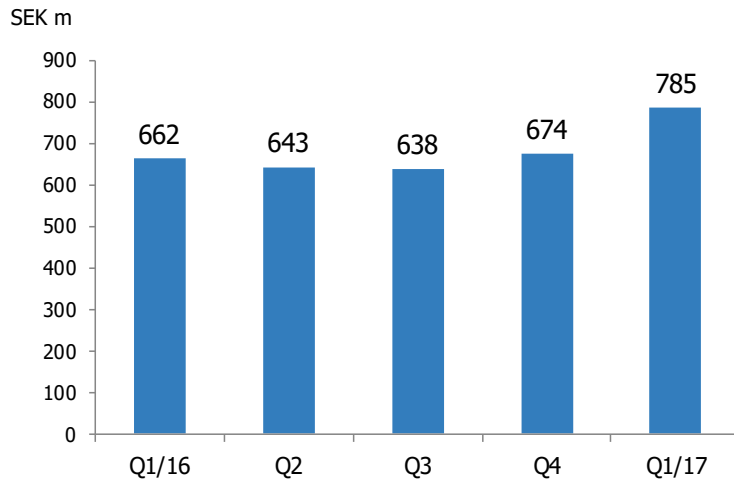
Margins LTM



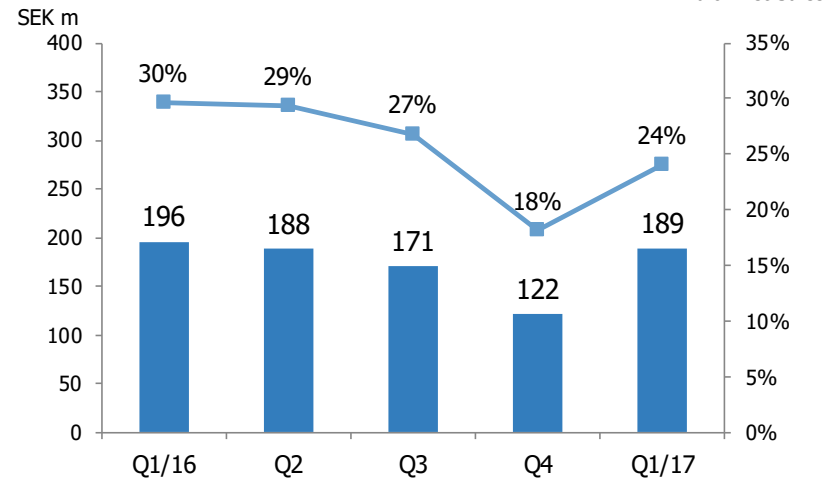
Specialties & Solutions

- ➔ Stronger volumes was dampened by higher raw material prices
 - Organic volume-based sales growth was 18% vs. Q1/16 driven by DeIcer and Feed & Food products
 - Q1/17 net sales amounted to SEK 785 m, 19% higher than previous year, positively impacted by higher volumes (18%) and stronger SEK (2%), partly offset by a negative product and customer mix (-1%)
 - Q1/17 EBITDA amounted to SEK 189 m (EBITDA margin of 24%), which was slightly below Q1/16. Higher volumes contributed positively to earnings but unit margins weakened linked to raw material costs (Benzene increased 64% vs. Q1/16) and the product and customer mix
 - Price increases have been announced for Capa from April

Net sales development



EBITDA² and margin development

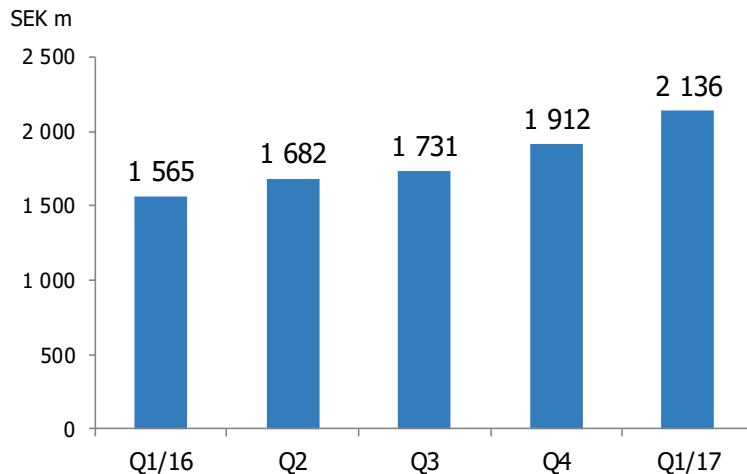


²= EBITDA excluding non recurring items

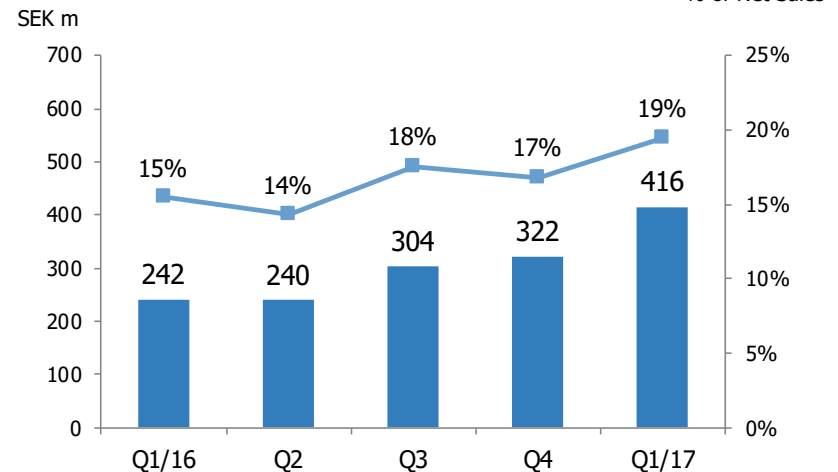
Advanced Chemicals & Derivatives

- ➔ Strong EBITDA margin development following higher volumes and unit margins
 - Organic volume-based sales growth was +21% vs. Q1/16 assigned to all product lines
 - Q1/17 net sales amounted to SEK 2,136 m, 36% higher than Q1/16 primarily assignable to higher volumes (21%) and improved sales prices (12%). Positive impact from FX also contributed (3%)
 - Valerox related volumes increased 35% vs. Q1/16 and production efficiency measures have been successfully implemented
 - Q1/17 EBITDA amounted to SEK 416 m, corresponding to a EBITDA margin of 19%. Earnings primarily increased vs. Q1/16 due to higher volumes and improved unit margins, positively impacted by a more favorable supply-demand situation for some product lines, partly linked to competitor outages. Most product lines showed a solid EBITDA improvement in the quarter, especially Neo, TMP and Plasticizers.

Net sales development



EBITDA² and margin development

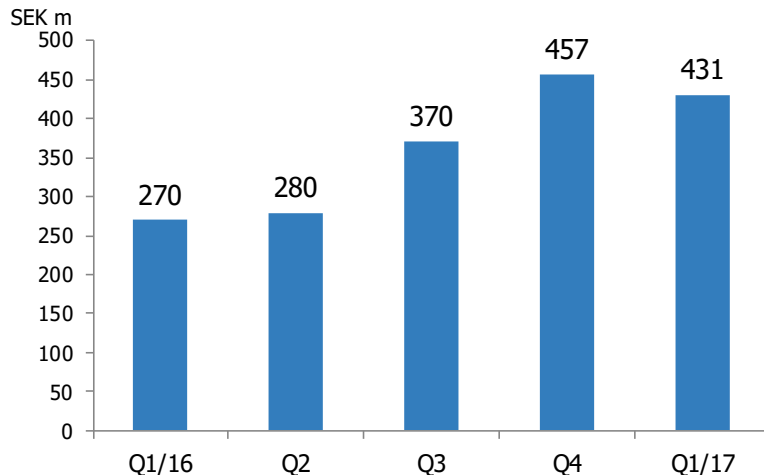


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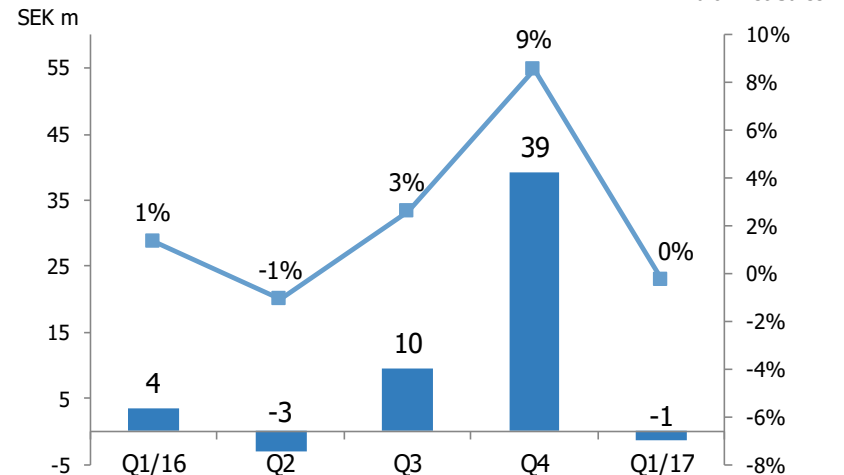
BioProducts

- ➔ EBITDA negatively impacted by falling spot prices for rapeseed products
 - Organic volume-based sales growth was 48% compared to Q1/16
 - Q1/17 net sales amounted to SEK 431 m, 59% higher than Q1/16, impacted by higher sales volumes for all Bio products (48%), increased sales prices (8%) and positive FX effects (3%)
 - Q1/17 EBITDA amounted to SEK -1 m compared to SEK +4 m in Q1/16. Earnings were primarily impacted by weakened unit margins due to falling spot prices for rape seed products, partly offset by higher volumes

Net sales development



EBITDA² and margin development



²= EBITDA excluding non recurring items

Financial review



Magnus Heimburg

CFO



Financial highlights

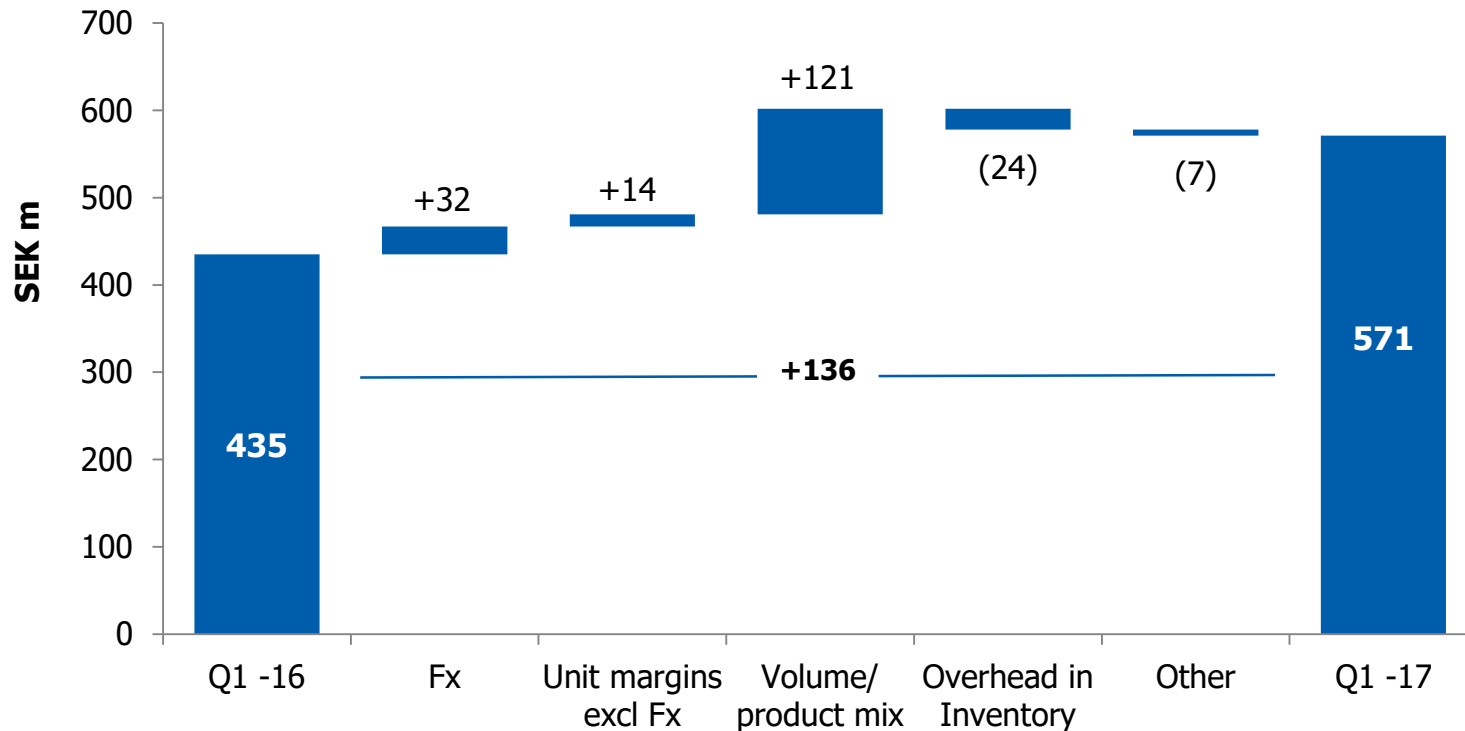
Q1 2017

SEK m	Q1 -17	Q1 -16	LTM Q1-17	Q4 -16
Net Sales	3,413	2,549	11,939	3,088
% growth (y-o-y)	+33.9%			
% organic volume based sales growth (y-o-y)	+22.9%			
Marginal Contribution	1,061	873	3,767	929
% of sales	31.1%	34.2%	31.6%	30.1%
EBITDA, reported	561	422	1,855	423
% of sales	16.4%	16.6%	15.5%	13.7%
EBITDA, excluding non recurring items	571	435	1,917	461
% of sales	16.7%	17.1%	16.1%	14.9%

- ➔ Net sales increased 34% compared to Q1/16 driven by stronger volumes and higher raw material costs
- ➔ Marginal contribution improved SEK 188 m vs. Q1/16 mainly due to higher volumes. Sales margin decreased slightly to 31.1% due to higher raw materials and a negative product and customer mix
- ➔ EBITDA excluding non recurring items amounted to SEK 571 m vs. 435 m Q1/16, mainly as a consequence of higher sales volumes

Bridge EBITDA excl. non recurring items

Q1 2017 vs. Q1 2016

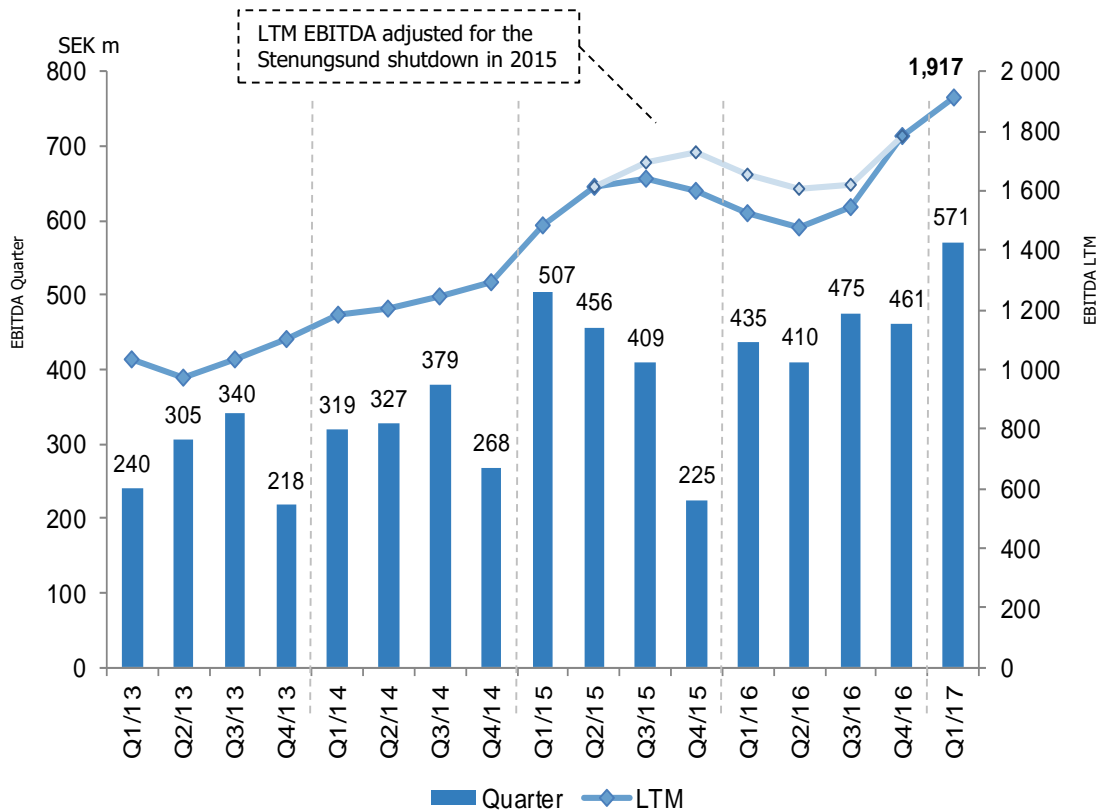


- ➔ Q1/17 EBITDA excluding non recurring items increased with SEK 136 m year-on-year, driven primarily by increased volumes
- ➔ Unit margins excl. FX strengthened thanks to Advanced Chemicals & Derivatives, partly offset by Specialties & Solutions and BioProducts

LTM development

Q1 2013 to Q1 2017

EBITDA excluding non recurring items

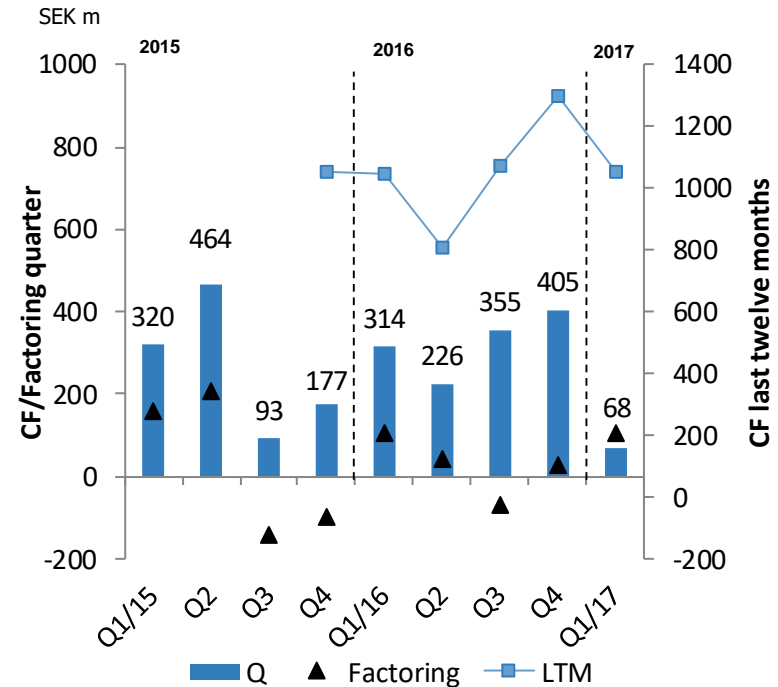


- ➔ LTM EBITDA amounts to SEK 1,917 m
- ➔ New all-time high LTM EBITDA
- ➔ Historical EBITDA figures are adjusted for the divestment of Gent operation

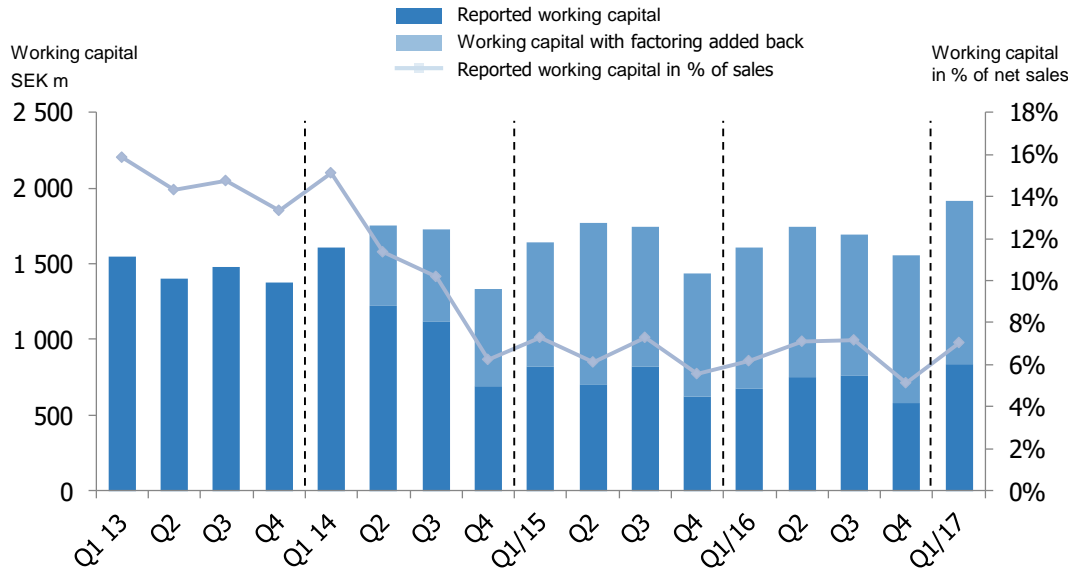
Free cash flow

- ➔ Free cash flow in Q1/17 was SEK 68 m compared to SEK 314 m in Q1/16
- ➔ The lower cash flow, despite strong earnings, was entirely linked to the build up of working capital
- ➔ Utilization of the trade receivable program amounted to €112 m per end of Q1/17, with credit approval amounting to €125 m
- ➔ Free cash flow in Q2/17 expected to be positive thanks to continued solid earnings

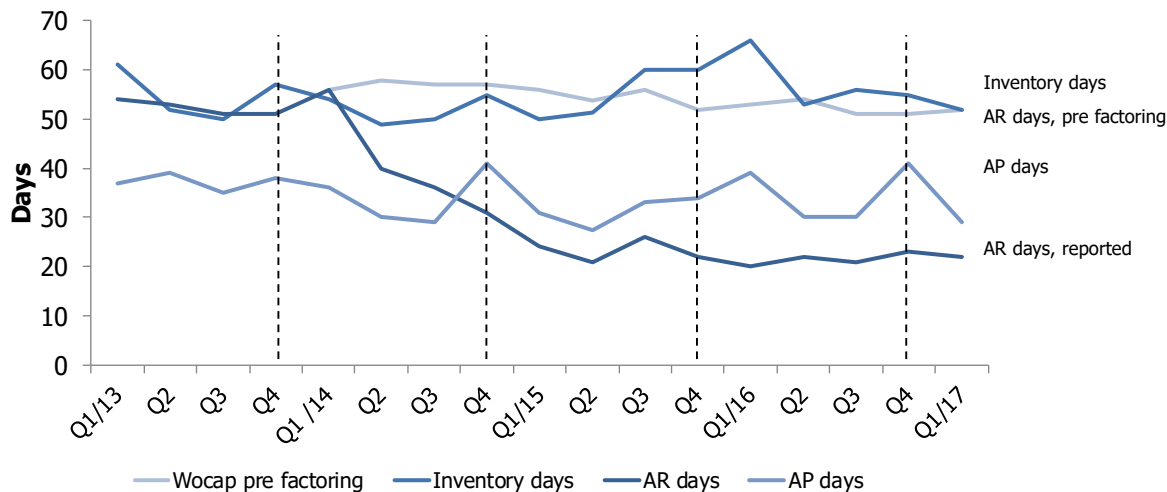
Free Cash flow



Working capital

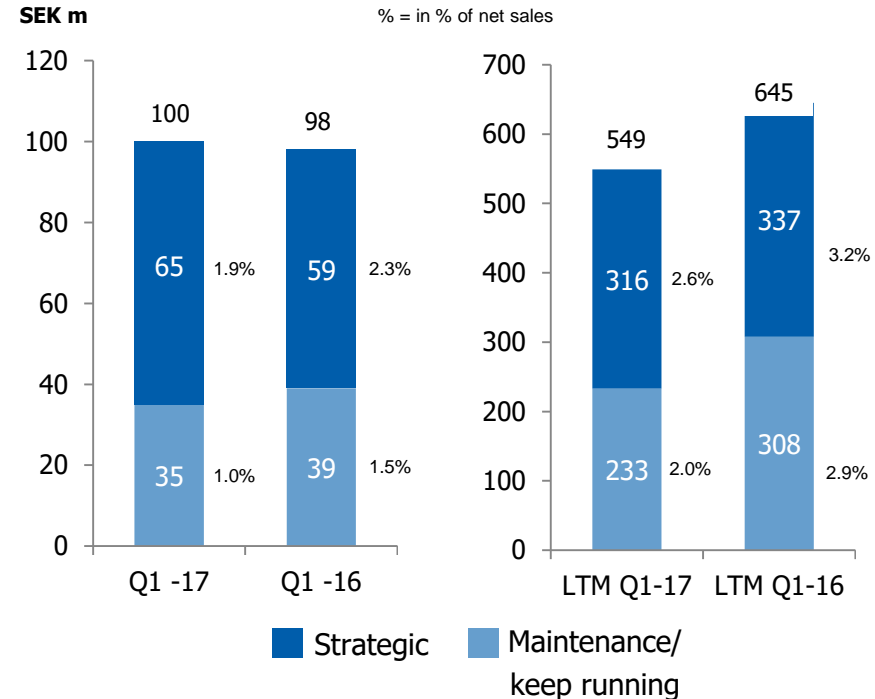


- ➔ Reported working capital increased SEK 409 m during Q1/17 vs Q4/16 mainly due to higher accounts receivables linked to higher sales
- ➔ Accounts payable decreased vs. Q4 due to timing effects by end of year 2016
- ➔ Inventory value increased SEK 92 m vs Q4/16. Volumes were on the same level while raw material prices have increased for major products



Investments

- ➔ Investments amounted to SEK 100 m in Q1/17 which was in line with investments in Q1/16
- ➔ Maintenance investments amounted to SEK 35 m in Q1/17 compared to SEK 39 m in Q1/16
- ➔ Strategic investments includes selective capacity expansions and smaller debottlenecking investments in our key platforms
- ➔ The total investment amount for 2017 is estimated to be around SEK 600-650 m



Indebtedness

Current capital structure details

	USDm equiv.	SEKm	x EBITDA excl non-rec.
Cash on balance sheet	-117	-1046	
Senior secured notes (€)	518	4,630	
Senior secured notes (\$)	275	2,457	
Net senior secured debt	676	6,041	3.2 x
Second lien notes (\$)	420	3,752	
Net second lien debt	1,096	9,793	5.1 x
Mezzanine loans (€)	262	2,339	
Other debt	12	110*	
Net debt, excl. pensions and shareholder loan	1,370	12,242	6.4 x

- ➔ Net debt, excluding pensions and shareholder loan decreased by SEK 722 m during Q1/17, mainly related to income from divestment of Perstorp Oxo Belgium AB and a stronger SEK, primarily vs. USD
- ➔ Reported leverage decreased to 6.4x
- ➔ Available funds per end of Q1/17 amounted to SEK 881 m¹

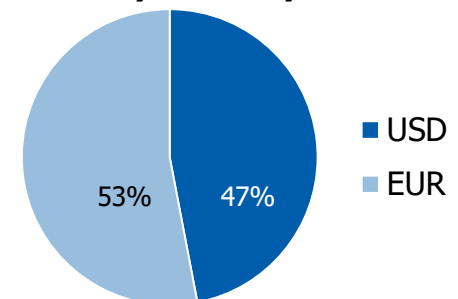
Fx rates; USD 8.93 and Euro 9.55

*Including drawn SSRFCF

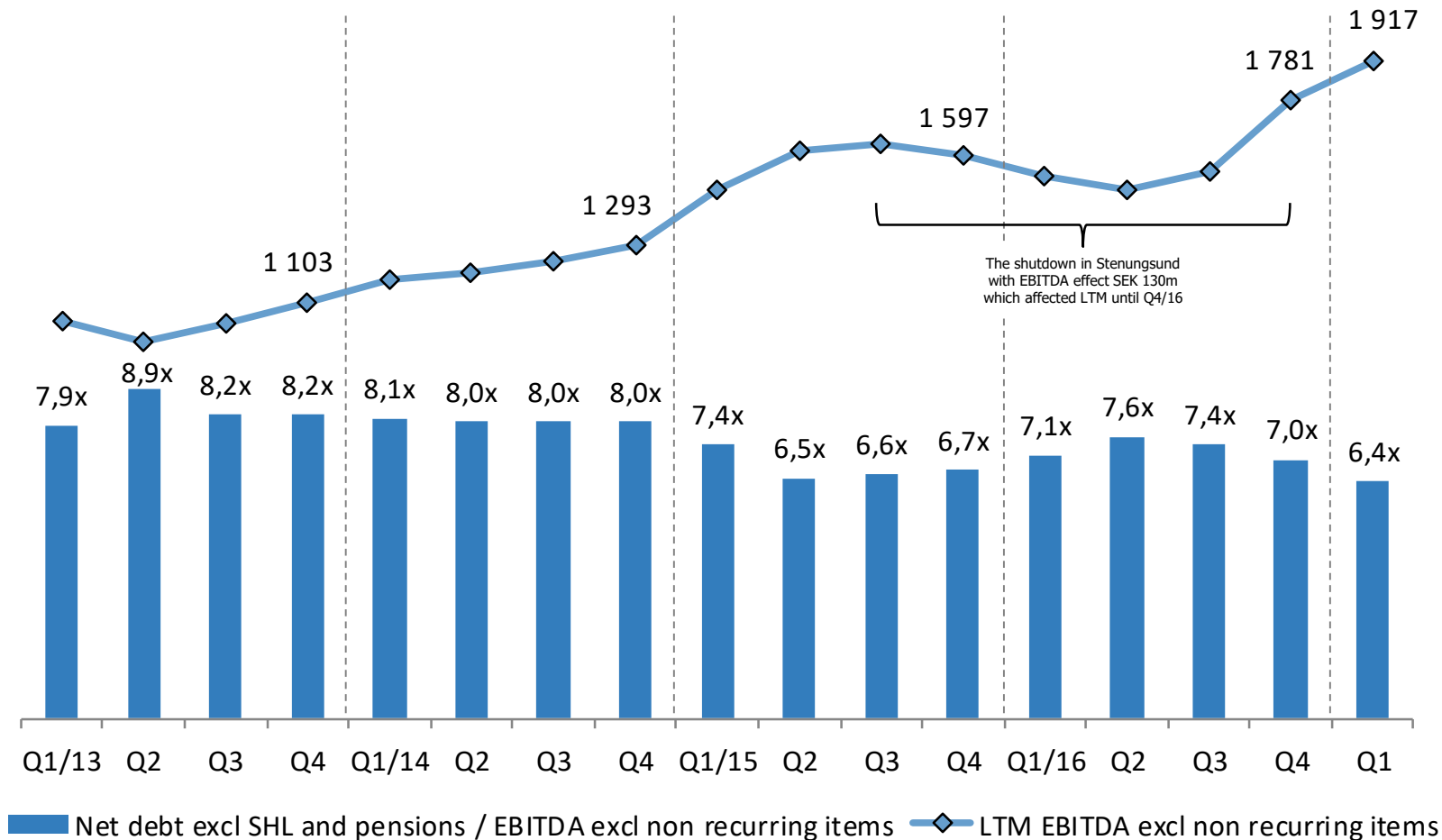
Based on EBITDA excluding non-recurring items of SEK 1,917 m

¹ = SEK 550 m of cash proceeds from Perstorp Oxo Belgium AB put in escrow account

Debt by currency



Financial performance and leverage



Summary



Jan Secher
President & CEO



Q1 conclusion and current trading

- ➔ Organic volume-based sales growth was +23% vs. Q1 last year
- ➔ This was the strongest quarter in recent history built on strong volumes, solid margin contribution growth and cost control in all three business areas
- ➔ EBITDA excluding non-recurring items reached SEK 571 m which was an all-time high for a single quarter
- ➔ Strong deleveraging in the period to 6.4x
- ➔ We continue to see healthy demand for our main products lines. We expect earnings in Q2 2017 to be well above the same period last year, despite several uncertainties and lack of predictability in the world economy

Q&A



Jan Secher
President & CEO



Magnus Heimburg
CFO



Appendix



Free cash flow details

Continuing operations (i.e. excluding Gent)

SEK m	Q1-17	Q1-16	LTM Q1-17	FY 16	Q4-16
EBITDA excl non-rec items	571	435	1,917	1,781	461
Change in working capital ¹	-403	-23	-314	66	182
Maintenance capex	-35	-39	-233	-237	-98
FCF before strategic capex	133	373	1,370	1,610	545
% of EBITDA excl non-rec.	23%	86%	71%	90%	118%
Strategic capex	-65	-59	-316	-310	-140
Free cash flow	68	314	1,054	1,300	405
% of EBITDA excl non-rec.	12%	72%	55%	73%	88%

¹= excluding exchange rate effects and provisions

Segment reporting

Continuing operations (i.e. excluding Gent)

SEK m	Q1-17	Q4-16	Q3-16	Q2-16	Q1-16	Q4-15	Q3-15	Q2-15	Q1-15
Net Sales	3,413	3,088	2,784	2,654	2,549	2,393	2,712	2,930	2,899
Specialties & Solutions	785	674	638	643	662	528	602	620	626
Advanced Chemicals & Derivatives	2,136	1,912	1,731	1,682	1,565	1,447	1,775	1,925	1,913
BioProducts	431	457	370	280	270	365	286	315	313
Other/eliminations	61	45	45	49	52	53	49	70	47
EBITDA, reported	561	423	474	397	422	214	407	462	501
Specialties & Solutions	189	117	171	188	196	85	142	143	154
Advanced Chemicals & Derivatives	412	321	304	236	242	116	302	291	351
BioProducts	-1	39	10	-3	4	-3	1	5	13
Other/eliminations	-39	-54	-11	-24	-20	16	-38	23	-17
EBITDA excl. non recurring items	571	461	476	409	435	225	408	457	507
Specialties & Solutions	189	122	171	188	196	85	142	143	154
Advanced Chemicals & Derivatives	416	322	304	240	242	116	302	291	351
BioProducts	-1	39	10	-2	4	-3	1	5	13
Other/eliminations	-33	-22	-9	-17	-7	27	-37	18	-11

Quarter on quarter development

Continuing operations (i.e. excluding Gent)

SEK m	Q1-17	Q4-16	Q3-16	Q2-16	Q1-16	Q4-15	Q3-15	Q2-15	Q1-15
Net Sales	3,413	3,088	2,784	2,654	2,549	2,393	2,712	2,930	2,899
Marginal Contribution	1,061	929	885	892	873	673	824	910	892
% of sales	31.1%	30.1%	31.8%	33.6%	34.2%	28.1%	30.4%	31.0%	30.8%
EBITDA, reported	561	423	474	397	422	214	407	462	501
% of sales	16.4%	13.7%	17.0%	15.0%	16.6%	8.9%	15.0%	15.8%	17.3%
EBITDA, excl. non- recurring items	571	461	476	409	435	225	408	457	507
% of sales	16.7%	14.9%	17.1%	15.4%	17.1%	9.4%	15.0%	15.6%	17.5%

Cash and Available funds

SEK m	Q1-17	SEK m	Q1-17
Unrestricted cash	275	Unrestricted cash	275
Restricted ¹ and escrowed cash ²	771	Unutilized committed credit facilities	606
Cash on Balance Sheet	1,046	Reported Available Funds	881

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 activities

Currency

Period average exchange rates

SEK per LOC	Q1 -17	Q1 -16	FY 16	LTM Q1-17	Q4 -16
USD	8.92	8.46	8.56	8.67	9.04
Euro	9.51	9.32	9.47	9.51	9.76
GBP	11.05	12.10	11.57	11.31	11.23

Period end exchange rates

SEK per LOC	Q1 -17	Q1 -16	Q4 -16
USD	8.93	8.15	9.10
Euro	9.55	9.23	9.57
GBP	11.13	11.69	11.18

Source: Swedish Central Bank, Riksbanken