

Perstorp Holding AB (Publ.)

Interim report, January-June 2013

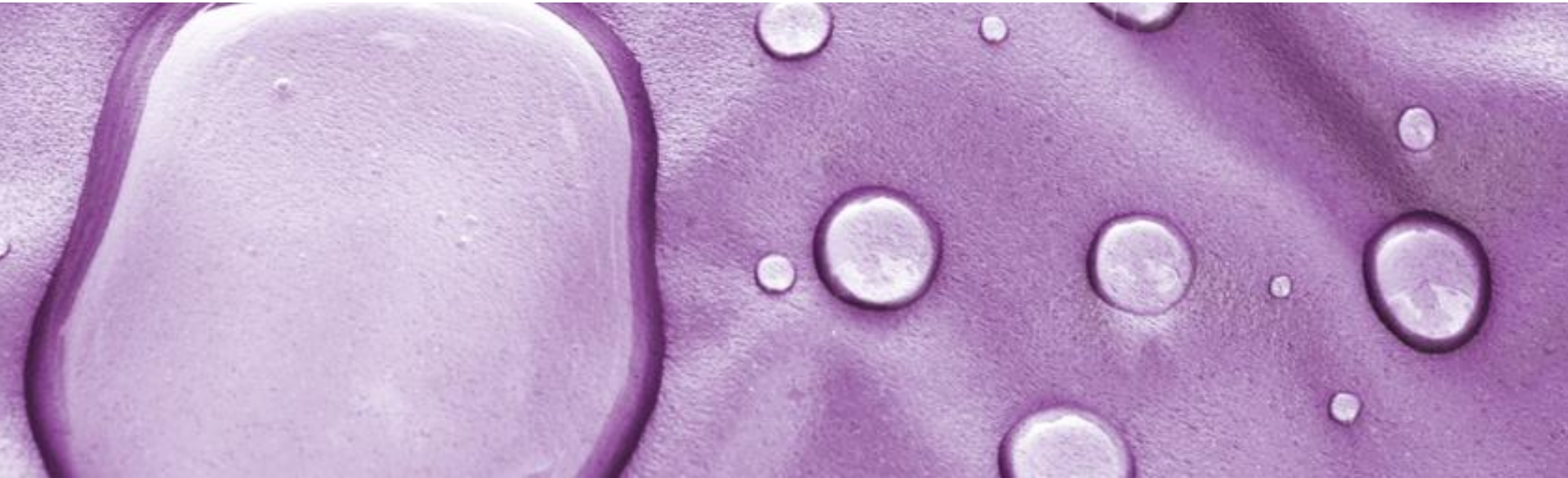
Conference call August 15th, 2013

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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:
 - 49% stake in Vencorex (the former Coating Additives business unit, divested in May 2012).
 - Singapore legal units (transferred to Financière Forêt S.á.r.l. in March)
 - Formox legal units (divested to Johnson Matthey Mar 27th)
- ➔ Financials of historical periods have been adjusted accordingly for comparative purposes



Business performance



Martin Lundin

President & CEO



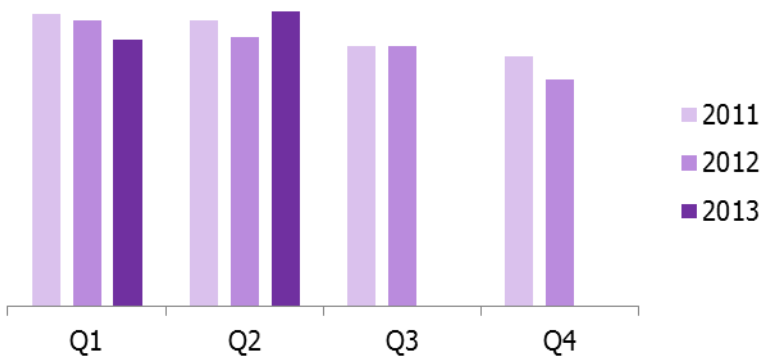
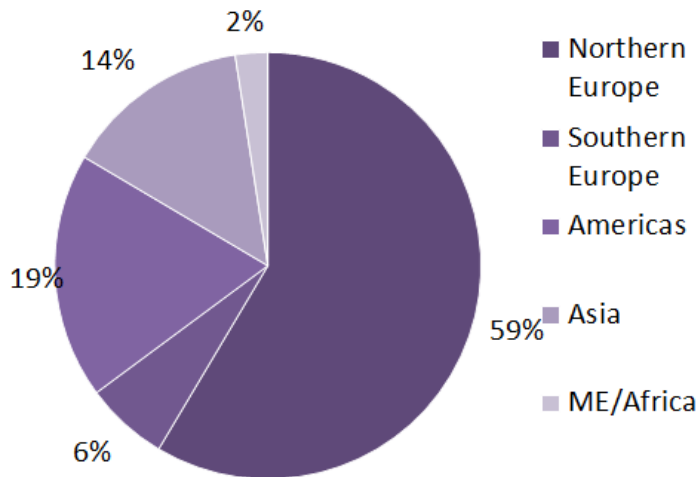
Executive summary

- ➔ While the macroeconomic environment continues to be challenging, our volumes improved during the second quarter compared to both Q1/13 and Q2/12. Raw material prices remain on a historically high level, but have flattened out
- ➔ Q2 sales for continuing operations amounted to SEK 2,694m, a 8% improvement over Q1/13 and on par with last year which recorded sales of SEK 2,685m
- ➔ EBITDA excluding non-recurring items amounted to SEK 308m in Q2/13 compared to SEK 245m in Q1/13 and 377m last year
- ➔ Q2 improved compared to preceding quarter primarily due to stronger volumes. The SEK depreciated during the second quarter which affected earnings positively, but the SEK is still stronger than during the same period last year
- ➔ Free cash flow developed positively on the back of working capital reduction. Funds available remain high



Revenue overview and key drivers

Q2/ 2013, Revenue by region, %



➔ Volumes up substantially compared to preceding quarters

- Volumes in Q2/13 were notably higher than in the preceding quarters; visible in most product lines
- The increased volumes mirrors an improved demand and our strategy to defend or in selective cases expand/recover our market shares

➔ Average selling prices slightly lower than last quarters

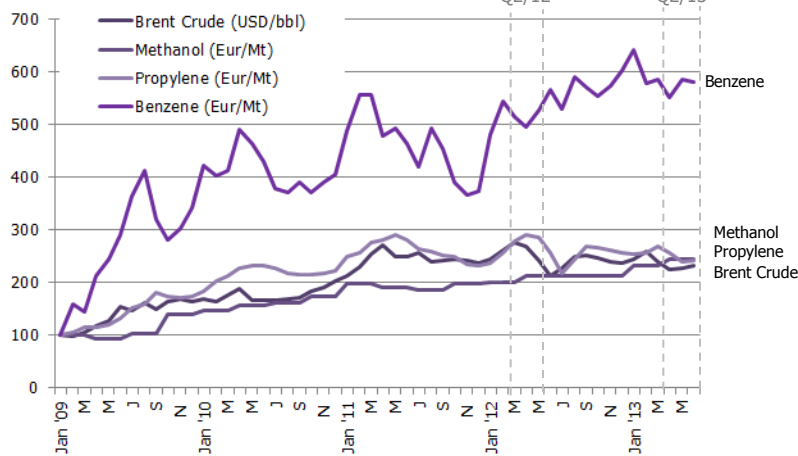
- Most products show stable prices vs. Q1 but average selling prices adversely affected by product mix
- Compared to last year, the appreciation of the Swedish krona has had a negative translation effect
- Business sentiment still challenging

➔ Continuous strong growth in our strategic segments

- Positive trend for segments like radcure resins, food & feed and synthetic lubricants

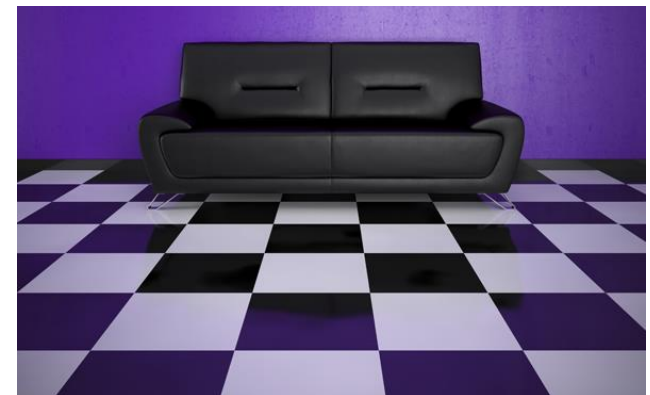
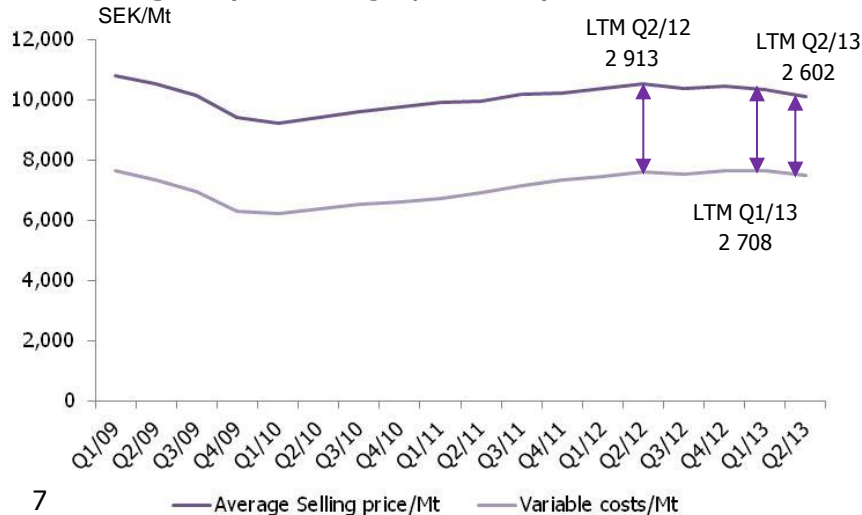
Raw materials and margins

Raw material prices



- ➔ Raw material prices have flattened out during Q2, but remain on a historically high level
- ➔ Quarterly margins only slightly lower than preceding quarters and LTM margin pushed down due to strong Q2/12
- ➔ Unit margins affected by a combination of a negative product mix and a strong Swedish krona

Margins (continuing operations)



Financial review



Johan Malmqvist
CFO



Financial highlights

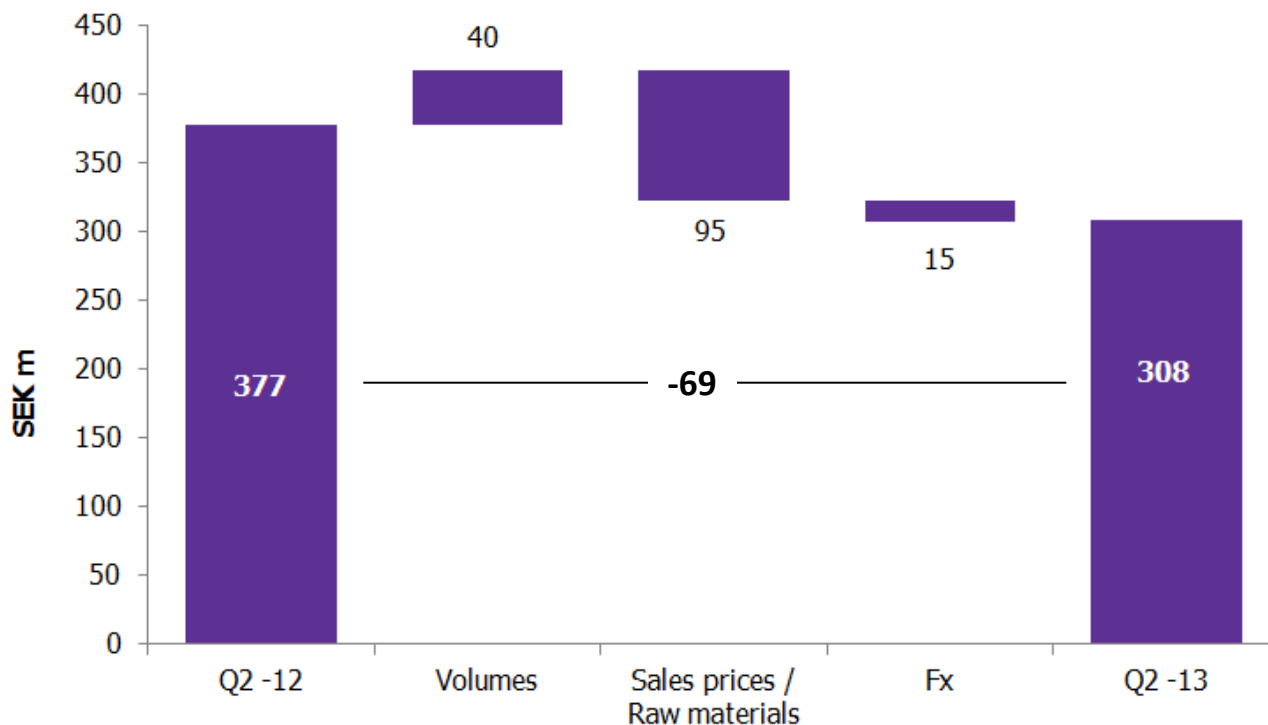
Q2 2013

SEK m	Q2 -13	Q2 -12	Q1 -13
Net Sales	2,694	2,685	2,485
% growth (y-o-y)	0.3%		
Marginal Contribution	674	713	635
% of sales	25%	27%	26%
EBITDA, reported	315	365	244
% of sales	11.7%	13.6%	9.8%
EBITDA, excl non- recurring items	308	377	245
% of sales	11.4%	14.0%	9.9%

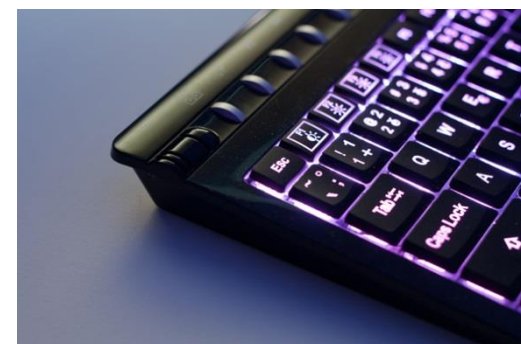


- ➔ Q2 sales and EBITDA improved from Q1/13 following primarily stronger volumes, but earnings are below Q2 last year
- ➔ Compared to the same period last year, the drop in earnings can primarily be explained by a continued challenging market in combination with a negative product mix and a strong Swedish krona
- ➔ Order intake shows an improved trend for Q3/13 vs Q3/12

Bridge EBITDA excl non recurring items Q2 -13 vs. Q2 -12



- ➔ Volumes higher but sales price primarily lower due to product mix and strategy to gain market share for pre-marketed products



Financial highlights

Q2 – YTD and LTM

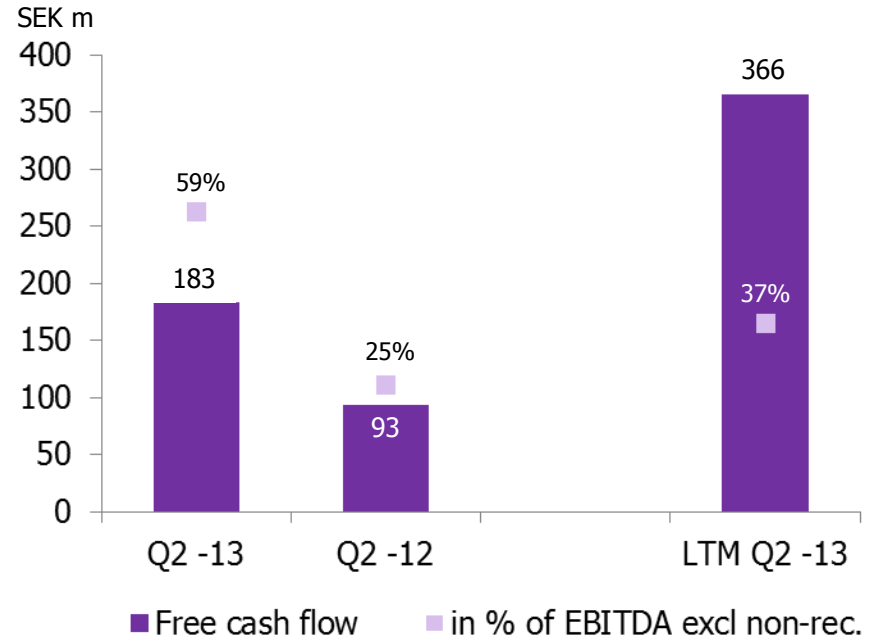
SEK m	YTD Q2 -13	YTD Q2 -12	LTM Q2 -13
Net Sales	5,179	5,433	9,782
% growth (y-o-y)	-4.7%		
Marginal Contribution	1,308	1,489	2,519
% of sales	25%	27%	26%
EBITDA, reported	559	819	1,017
% of sales	10.8%	15.1%	10.4%
EBITDA, excl non- recurring items	553	760	981
% of sales	10.7%	14.0%	10.0%



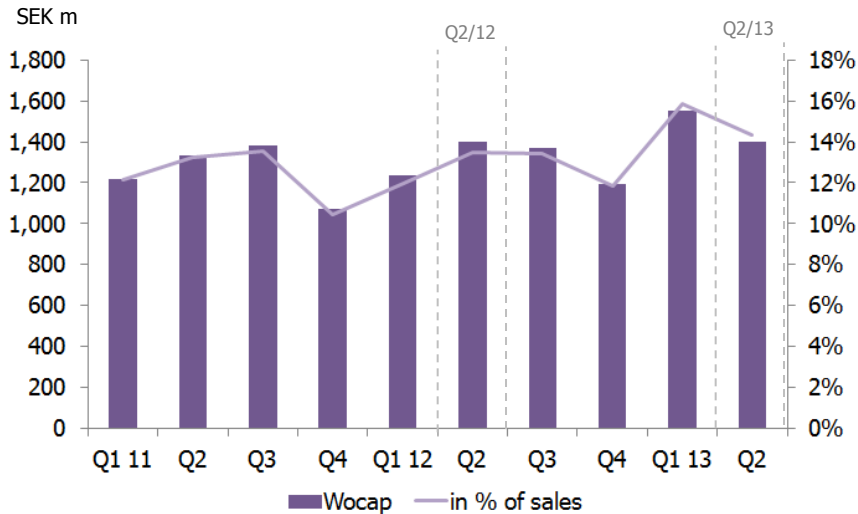
- ➔ Both sales and earnings track behind last year's numbers. Compared to the same period last year, the drop in earnings can primarily be explained by a challenging market in combination with product mix and a strong Swedish krona
- ➔ LTM numbers show a slight decrease vs. last quarter, but are expected to improve coming quarters

Free cash flow

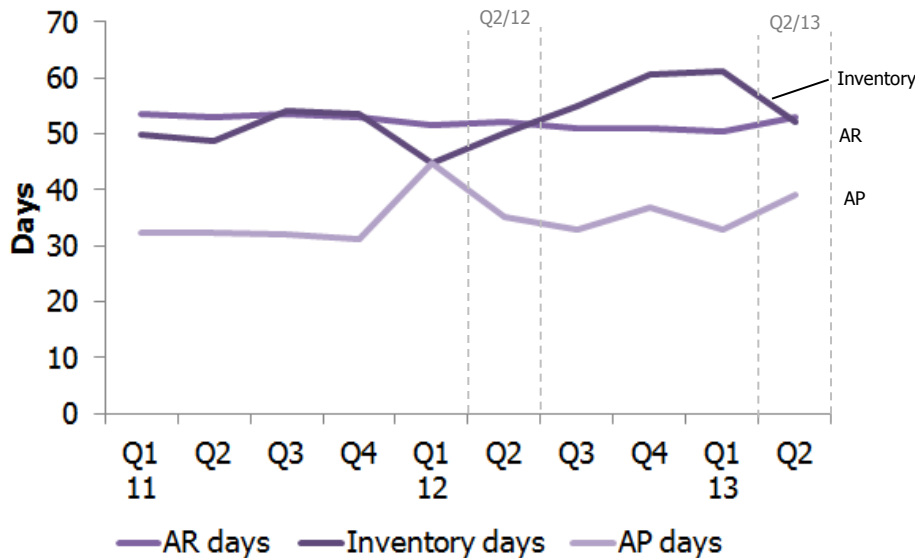
- ➔ Positive free cash flow in Q2/13 following improved earnings in combination with decreased working capital
- ➔ Free cash flow was stronger than last year through an active reduction in inventory in Q2/13, with 59% cash conversion including strategic capex
- ➔ Strong free cash flow of SEK 333m before strategic capex in Q2 2013 (108% cash conversion)



Working capital

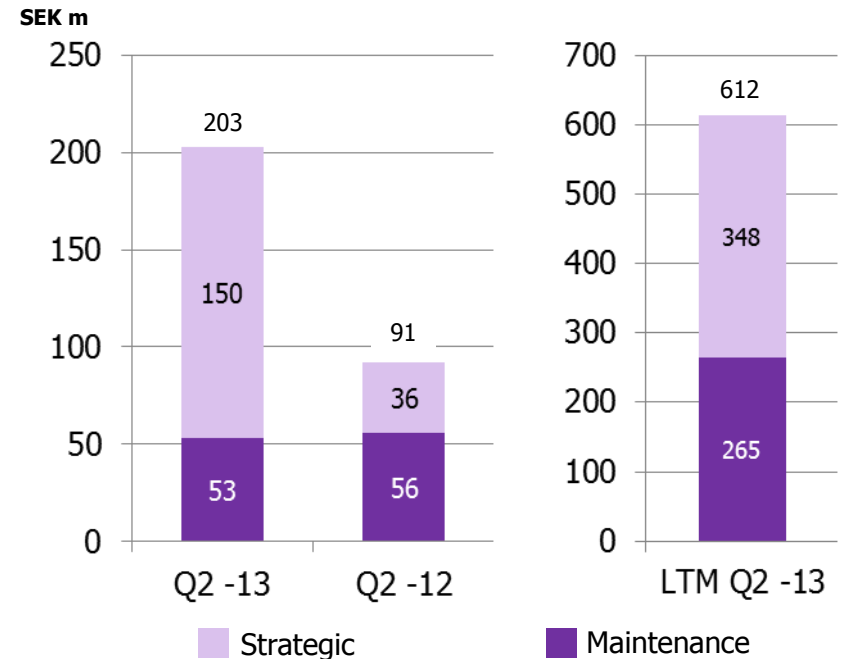


- ➔ Working capital decreased during Q2 primarily driven by lower inventory and an improved AP situation
- ➔ Inventory levels reduced to normal levels
- ➔ Stable order intake and satisfactory inventory levels point towards minor changes in the third quarter



Investments

- ➔ Strategic capex continues to mainly relate to the Valerox project in Stenungsund
- ➔ Valerox (valeraldehyde and derivatives)
 - New flare in operation, with some other major engineering work accomplished
 - All major equipment is now ordered
 - Overall project on time, on budget
 - Pre-marketing of volumes on track
- ➔ Neo expansion in China
 - Progressing according to new plan; startup scheduled for end of Q3/2013
 - Testing of factory starts in August
 - Pre-marketing of volumes on track



Indebtedness

Current capital structure detail

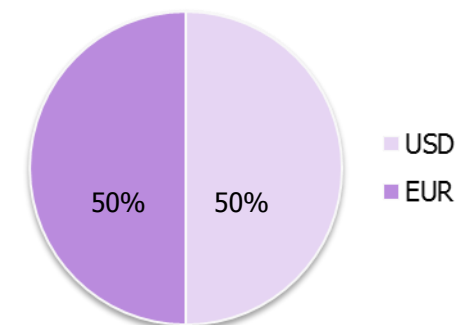
	USDm equiv.	SEKm	x EBITDA excl non-rec.
Cash	-197	-1,322	
Senior secured notes (€)	352	2,365	
Senior secured notes (\$)	380	2,551	
Net senior secured debt	535	3,594	3.7 x
Second lien notes (\$)	370	2,484	
Net second lien debt	905	6,078	6.2 x
Mezzanine loans (€)	391	2,622	
Other debt	4	30	
Net debt, excl pensions and shareholder loan	1,300	8,730	8.9 x

- ➔ Net debt, excl. pensions and shareholder loan increased by SEK 435m during Q2/13, whereof 417m assignable to Fx impact
- ➔ Available funds per end of Q2/13 amount to SEK 1,571 m (cash and undrawn RCF)

Fx rates; USD 6.71 and Euro 8.76

Based on EBITDA excl non-rec. of SEK 981 m

Debt by currency



Conclusion

- ➔ Although the operating environment continues to be challenging, volumes have increased along with profits in Q2
- ➔ The working capital level has been addressed through reduced inventory levels in Q2
- ➔ LTM EBITDA is expected to improve during second half of the year
- ➔ Available funds remain on a comfortable level
- ➔ Management is committed to executing on its strategy and the planned organic investments
- ➔ Jan Secher will succeed Martin Lundin as President and CEO from September 2013



Appendix



Free cash flow details

Continuing operations (i.e. excluding Vencorex, Singapore legal units and Formox legal units)

SEK m	Q2 -13	Q2 -12	Q1 -13	LTM Q2 -13
EBITDA excl non-rec.	308	377	245	981
Change in working capital	78	-193	-343	-3
Maintenance capex	-53	-56	-36	-264
FCF before strategic capex	333	129	-134	715
% of EBITDA excl non-rec.	108%	34%	-55%	73%
Strategic capex	-150	-36	-38	-349
Free cash flow	183	93	-172	366
% of EBITDA excl non-rec.	59%	25%	-70%	37%



Segment reporting

Continuing operations (i.e. excluding Vencorex, Singapore legal units and Formox legal units)

SEK m	Q2 -13	Q2 -12	Q1 -13	LTM Q2 -13
Net Sales	2,694	2,685	2,485	9,782
Specialty Intermediates	1,814	1,865	1,649	6,497
Performance Products	877	884	854	3,305
Other/eliminations	3	-64	-18	-20
EBITDA, reported	315	365	244	1,017
Specialty Intermediates	216	260	161	615
Performance Products	114	108	90	351
Other/eliminations	-15	-3	-7	51



Quarter on quarter development

Continuing operations (i.e. excluding Vencorex, Singapore legal units and Formox legal units)

SEK m	Q2 -13	Q1 -13	Q4 -12	Q3 -12	Q2 -12	Q1 -12	Q4 -11	Q3 -11	Q2 -11	Q1 -11
Net Sales	2,694	2,485	2,178	2,425	2,685	2,748	2,338	2,584	2,679	2,682
Marginal Contribution	674	635	541	669	713	776	633	747	740	794
% of sales	25%	26%	25%	28%	27%	28%	27%	29%	28%	30%
EBITDA, reported	315	244	155	302	366	454	205	416	386	381
% of sales	11.7%	9.8%	7.1%	12,4%	13,6%	16,5%	8,6%	16,1%	14,4%	14,2%
EBITDA, excl non- recurring items	308	245	151	277	377	383	221	429	380	392
% of sales	11.4%	9.9%	6.9%	11.4%	14.0%	13.9%	9.3%	16.6%	14.2%	14.6%



Quarter on quarter development - Segment reporting

Continuing operations (i.e. excluding Vencorex, Singapore legal units and Formox legal units)

mSEK

NET SALES	Q4-12	Q3-12	Q2-12	Q1-12	Q4-11	Q3-11	Q2-11	Q1-11
Specialty Intermediates	1 423	1 611	1 865	1 801	1 551	1 732	1 841	1 855
Performance Products	755	819	884	963	800	869	881	867
Eliminations	0	-5	-64	-16	-13	-17	-43	-39
Total Continuing operations	2 178	2 425	2 685	2 748	2 338	2 584	2 679	2 682
EBITDA								
Specialty Intermediates	88	149	260	250	174	264	255	301
Performance Products	65	82	108	133	66	167	120	96
Other/Eliminations	2	72	-3	71	-35	-15	11	-17
Total Continuing operations	155	303	365	454	205	416	386	381



Currency

Period average exchange rates

SEK per LOC	Q2 -13	Q2 -12	Q1 -13	YTD Q2-13	YTD Q2-12	LTM Q2 -13	LTM Q2 -12
USD	6.56	6.95	6.43	6.50	6.84	6.60	6.72
Euro	8.56	8.91	8.50	8.53	8.88	8.53	9.01
GBP	10.07	11.00	9.99	10.03	10.79	10.36	10.65

Period end exchange rates

SEK per LOC	Q2 -13	Q2 -12	Q1 -13
USD	6.71	6.96	6.52
Euro	8.76	8.77	8.34
GBP	10.25	10.90	9.88

Source: Swedish Central Bank, Riksbanken

