



Perstorp Holding AB (Publ.)

Interim report 1 January - 30 June 2017

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

Interim report 1 January - 30 June 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 1,500 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

April 1 – June 30, 2017

- ➔ Net sales, for continuing operations, increased 24% to SEK 3,288 m (2,654). As in first quarter of 2017, sales prices were higher than the corresponding quarter last year driven by strengthened pricing in specific product lines and higher raw material prices. Organic volume-based sales growth, for continuing operations, was 7% year-on-year.
- ➔ EBITDA excluding non-recurring items, for continuing operations, amounted to SEK 502 m in the second quarter compared to SEK 409 m in the corresponding period last year. The increase was attributable to both higher sales volumes and higher unit margins for most of the product lines but also positive FX-effects.
- ➔ EBITDA-margin excluding non-recurring items for continuing operations slightly decreased to 15.3% (15.4).
- ➔ During the quarter, Perstorp received an earn-out linked to the divestment of shares in Vencorex in 2014 were Perstorp divested part of its holdings.
- ➔ The divestment of Perstorp Oxo Belgium AB in 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 2		Quarter 1-2		Latest 12 months	Full year 2016
	2017	2016	2017	2016		
Net sales	3,288	2,654	6,701	5,203	12,573	11,075
EBITDA	502	397	1,063	819	1,960	1,716
% of net sales	15.3%	15.0%	15.9%	15.7%	15.6%	15.5%
EBITDA excluding non-recurring items ¹⁾	502	409	1,073	844	2,010	1,781
% of net sales	15.3%	15.4%	16.0%	16.2%	16.0%	16.1%
Operating earnings (EBIT)	360	255	782	533	1,378	1,129
% of net sales	10.9%	9.6%	11.7%	10.2%	11.0%	10.2%
Net earnings/loss	115	-424	215	-524	-393	-1,132
Free Cash flow ²⁾	351	225	419	539	1,180	1,300

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

²⁾ Free Cash flow is calculated as EBITDA excluding non-recurring items less change in working capital, exchange rate effects, provisions and investments.



Emoltene™ 100 gives artificial leather for car seats an outstanding smoothness



President's Comments

"Due to the volatility in the raw material prices, it has been of highest importance to demonstrate agility in pricing, which we have managed very well in most areas. The investment in support tools and training in this area has paid off and strengthened our commercial abilities"

The positive trend continues for most of our businesses

The second quarter of 2017 saw a continuous positive trend on the back of high demand in all three geographical markets. Demand for the majority of our products remained strong during the second quarter, where the year-on-year organic volume-based sales growth was 6.7% vs. the second quarter in 2016 (7.4% excluding BioProducts).

Business Area Specialties & Solutions has continued to deliver a solid organic volume-based sales growth of 22% compared to the second quarter previous year. All business units continued to grow. In Feed & Food new products have successfully been introduced to the portfolio.

For Business Area Advanced Chemicals & Derivatives, all Business Unites have increased their unit margins. Our product offerings are well positioned and the supply and demand situation has in many areas been favorable.

The market conditions continue to be tough for Business Area BioProducts. As a result of a more favorable tax structure HVO has taken a strong market position.

EBITDA level remains high

Our marginal contribution, continues to show strong development and reached a historically high level in the second quarter. Business Area AC&D experienced strong margins whereas Business Area S&S showed weaker unit margins, mainly due to increased raw material costs and a negative product and customer mix.

Due to the volatility in the raw material prices, it has been of highest importance to demonstrate agility in pricing, which we have managed very well in many areas. The investment in support tools and training in this area has paid off and strengthened our commercial abilities.

The EBITDA margin (excl. non-recurring) in the second quarter amounted to 15.3% vs. 15.4 % second quarter last year. EBITDA reached SEK 502 m, which was 23% higher than the same period previous year. The EBITDA margin, excluding BioProducts amounted to 17.7%.

Outlook

General demand is uniquely high and coherent across all three regions – EMEA, North America and APAC and we expect the demand in the third quarter 2017 to remain strong.

Care 365 – because we care!

The "Care 365" initiative was launched in the second quarter, a clear and powerful push forward for a healthy and safe Perstorp. It is a company-wide initiative to increase awareness and strengthen both our leadership & employee engagement. The goal is to take us to the top quartile of companies in our business category in terms of health and safety performance by 2020. A true step change in the way we work with and promote these important areas! One of the tools we have developed accordingly is the "Perstorp Careway", our way to interpret where we are in our health and safety maturity based on best practice in the industry.

It is exciting times and there is a lot for us to look forward to. Our offering is well positioned in relation to our customers' needs. We have during the last five years invested to build a foundation for growth, and we now have a strategy for the next five years approved, in which we will continue to invest in our different platforms. We are putting more focus on how to transform our business into digital solutions to the benefit of our customers, with e.g. a recent launch of a flagship store on Alibaba in China.

Our customer focus continuous to be firm and we work hard on our agility to address volatility in raw material prices or tight market conditions. I remain confident in our progress towards a truly Great company.

Malmö, August 2017

Jan Secher
President and CEO

Financial overview April - June 2017

Net sales and earning, continuing operations

For continuing operations net sales amounted to SEK 3,288 m during the period April to June 2017, an increase of SEK 634 m or 24%. Volumes increased 5% compared to last year with improved or stable volumes for the majority of our product lines. Organic volume based sales growth was 5% in the second quarter 2017. Sales prices were 13% higher than last year linked to improved pricing and raw material costs.

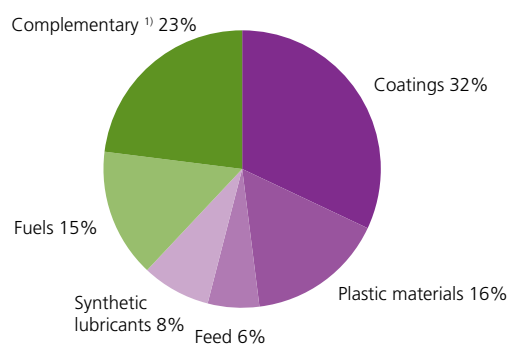
Average Dated Brent oil price decreased 7% in the second quarter 2017 compared to the first quarter in 2017 but was 11% higher than the corresponding quarter last year. The lower price on Dated Brent oil has also impacted pricing on downstream derivatives like propylene, ethylene and benzene during the latter part of second quarter 2017.

The Swedish krona moderately strengthened against the USD but was weaker against EUR compared to previous quarter. Compared to the second quarter 2016 both USD and EUR were stronger in 2017.

EBITDA excluding non-recurring items amounted to SEK 502 m (409) corresponding to an EBITDA margin of 15.3% (15.4). The increase was attributable to both higher sales volumes and higher unit margins for most of the product lines but also positive FX-effects contributed.

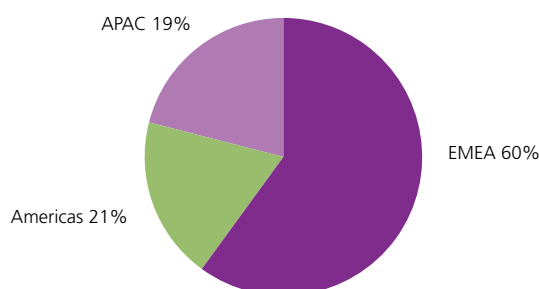
Depreciation and amortization amounted to SEK 140 m compared to SEK 142 m for the corresponding period in 2016. EBIT amounted to SEK 360 m (255) during the period. Net financial expenses, including exchange rate effects on net debt, amounts to SEK 212 m compared to SEK 670 m for the corresponding period in 2016. The deviation can mainly be explained by the more favorable FX-effects on net debt. Tax amounted to SEK -33 m (-9) and net result amounted to SEK 115 m (-424).

Net sales by market segments, 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

Net sales by geography, last twelve months



Income statement, continuing operations

SEK m	Quarter 2	
	2017	2016
Net sales	3,288	2,654
Cost of goods sold	-2,680	-2,197
Gross earnings	608	457
Operating earnings (EBIT)	360	255
Exchange-rate effects on net debt	130	-274
Other financial income and expenses	-342	-396
Earnings/loss before tax	148	-415
Tax	-33	-9
Net earnings/loss	115	-424

EBITDA	502	397
EBITDA excl, non-recurring items	502	409

Financial overview April - June 2017

Free Cash flow

Free Cash flow amounted to SEK 351 m (225) for the period. The higher cash flow was primarily a result of improved earnings and by more favorable development in working capital during Q2 2017. Utilization of the factoring program decreased with SEK 16 m during the second quarter 2017 and the total utilization of the program was at the end of the period EUR 109 m (105). Cash flow from investment activities amounted to SEK -162 m (-114) during the second quarter 2017.

Free Cash flow analysis, Continuing operations ¹⁾		
SEK m unless otherwise stated	Quarter 2	
	2017	2016
EBITDA excl non-recurring items	502	409
Change in Working Capital ²⁾	11	-70
Maintenance Capex	-100	-63
Free Cash Flow before strategic capex	413	276
% of EBITDA excluding non-recurring items	82%	67%
Strategic Capex	-62	-51
Free Cash Flow	351	225
% of EBITDA excluding non-recurring items	70%	55%

¹⁾ For further details on total cash flow, please see page 14.

²⁾ Excluding exchange rate effects and provisions.

Net debt and leverage

The Group's available funds, liquid funds and unutilized credit facilities, were SEK 1,071 m at the end of the period, compared with SEK 897 m at the end of Q2 2016. Net debt excluding parent company loan and pension liabilities decreased by SEK 164 m during the quarter. The improvement was mainly related to a stronger SEK, primarily against the USD, and the proceeds from the Vencorex earn-out. This was to some extent counterbalanced by the financial payments during the quarter. Leverage was 6.0x at the end of the second quarter 2017 compared to 7.6x at the same period 2016.

Available funds and net debt			
SEK m unless otherwise stated	June 30,	June 30,	Dec 31,
	2017	2016	2016
Available funds	1,071 ²⁾	897	983
Net debt	12,500	12,227	13,424
Net debt excl. Parent company loan and pension liabilities	12,078	11,770	12,964
Leverage ¹⁾	6.0x	7.6x	7.0x

¹⁾ Net debt excluding parent company loan and pension liabilities/EBITDA excluding non-recurring items.

²⁾ Excludes cash proceeds from sale of Perstorp Oxo Belgium AB amounting to SEK 558 m and includes SEK 66 m that was transferred to escrow account in July, related to the Vencorex earn-out.

Financial overview January – June 2017

Net sales and earning, continuing operations

For continuing operations net sales amounted to SEK 6,701 m during the period January to June 2017, an increase of SEK 1,498 or 29% compared to the same period last year. Volumes increased 14% compared to the same period last year primarily resulting from the strong first quarter volumes. Organic volume based sales growth was 14% in the first six months. Sales prices were 10% 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, +5%.

EBITDA excluding non-recurring items, amounted to SEK 1,073 m (844), corresponding to an EBITDA margin of 16.0% (16.2). The increase in earnings vs last year of SEK 229 m was primarily attributable to higher volumes but also improved unit margins and positive FX-effects.

EBIT amounted to SEK 782 m (533) during the period. Depreciation and amortization amounted to SEK 279 m compared to SEK 286 m. Net financial expenses, including exchange rate effects on net debt, amounted to SEK -516 in 2017, compared to SEK -1,039 m for the same period 2016. The decrease is primarily due to more favorable FX-effects on net debt which amounts to SEK 219 m (-262) for 2017. Tax amounts to SEK -51 m (-18) and net result amounted to SEK 215 m (-524).

Income statement, continuing operations		
SEK m unless otherwise stated	Quarter 1-2	
	2017	2016
Net sales	6,701	5,203
Cost of goods sold	-5,433	-4,245
Gross earnings	1,268	958
Operating earnings (EBIT)	782	533
Exchange rate effects on net debt	219	-262
Other financial income and expenses	-735	-777
Earnings/loss before tax	266	-506
Tax	-51	-18
Net earnings/loss	215	-524

EBITDA	1,063	819
EBITDA excl non-recurring items	1,073	844

Free Cash flow

Free Cash flow amounted to SEK 419 m (539) for the period. The deviation can be explained by less favorable development in working capital and higher investment which is to some extent counteracted by higher earnings. Cash flow from investment activities amounted to SEK -262 m (-212) during the period. At the end of the second quarter 2017, around EUR 109 m (105) of the long-term trade receivables program was utilized and has reduced account receivables.

Free cash flow analysis, Continuing operations ¹⁾				
SEK m unless otherwise stated	Quarter 1-2		Latest 12 months	Full year 2016
	2017	2016		
EBITDA excl non-recurring items	1,073	844	2,010	1,781
Change in Working Capital ²⁾	-392	-93	-233	66
Maintenance capex	-135	-102	-270	-237
Free Cash Flow before strategic capex	546	649	1,507	1,610
% of EBITDA excluding non-recurring items	51%	77%	75%	90%
Strategic Capex	-127	-110	-327	-310
Free Cash Flow	419	539	1,180	1,300
% of EBITDA excluding non-recurring items	39%	64%	59%	73%

¹⁾ For further details on total cash flow, please see page 14.

²⁾ Excluding exchange rate effects and provisions.

Specialties & Solutions

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

April-June 2017

During the second quarter 2017 net sales amounted to SEK 793 m, which was 23% higher compared to the same period in 2016.

Net sales were impacted by an organic volume-based sales growth of 22% and FX of 6% but sales prices were 5% lower than in the corresponding period last year, primarily linked to product and customer mix.

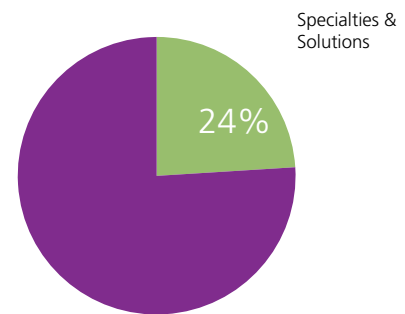
Unit margins were negatively impacted by increased raw material costs as well as product and customer mix. The benzene price, which is a key component in Caprolactones, increased with 25% compared to same period last year.

EBITDA in the second quarter 2017 was SEK 170m (189), corresponding to an EBITDA margin of 21.5% (29.3).

Specialties & Solutions				
SEK m	Quarter 2		Latest 12 months ¹⁾	Full year 2016 ¹⁾
	2017	2016		
Net sales	793	643	2,890	2,617
EBITDA	170	188	647	672
EBITDA excluding non-recurring items	170	189	651	677

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

Share of Group net sales, quarterly



Capa™ keeps your wheels rolling longer

Advanced Chemicals & Derivatives

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

April-June 2017

During the second quarter 2017 net sales amounted to SEK 2,142 m, which was 27% higher than the same period in 2016. The deviation can be assigned to positive FX effects and higher sales prices linked to an increase in raw material prices.

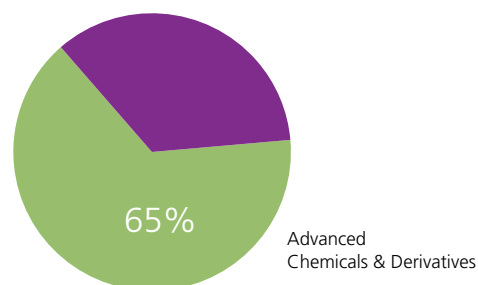
Unit margins improved thanks to improved supply & demand balance and price increases.

EBITDA in the second quarter increased to SEK 368 m (240), corresponding to an EBITDA margin of 17.2% (14.3).

Advanced Chemicals & Derivatives				
SEK m	Quarter 2		Latest	Full year
	2017	2016 ¹⁾	12 months ¹⁾	2016 ¹⁾
Net sales	2,142	1,682	7,921	6,890
EBITDA	368	236	1,405	1,103
EBITDA excluding non-recurring items	368	240	1,410	1,108

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

Share of Group net sales, quarterly



Synthetic lubricants offer higher and more predictable performance properties, and are suitable for complex applications



BioProducts

BioProducts consists of the Business Unit BioProducts.

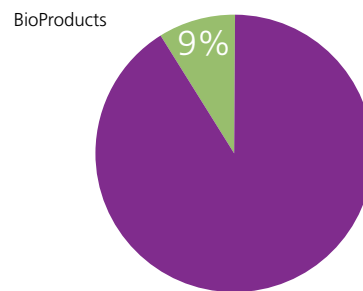
April-June 2017

During the second quarter 2017, Business Area BioProducts net sales amounted to SEK 303 m, which was 8% higher than the corresponding period in 2016. The increase in sales can be assignable to organic volume-based sales growth of 5% and FX effects of 3%.

BioProducts EBITDA in the second quarter 2017 amounted to SEK -26 m (-2), corresponding to an EBITDA margin of -8.5% (-0.5%). The decrease in earnings can primarily be assignable to weaker unit margins.

BioProducts				
SEK m	Quarter 2		Latest 12 months	Full year 2016
	2017	2016		
Net sales	303	280	1,561	1,377
EBITDA	-26	-3	22	50
EBITDA excluding non-recurring items	-26	-2	22	51

Share of Group net sales, quarterly



Perstorp has extensive experience in producing BioFuels and today we are one of the leading suppliers in Scandinavia

Consolidated Income statement

Income statement, consolidated group							
SEK m	Note	Quarter 2		Quarter 1-2		Latest	Full year
		2017	2016	2017	2016	12 months	2016
<i>Continuing operations</i>							
Net sales	7	3,288	2,654	6,701	5,203	12,573	11,075
Cost of goods sold		-2,680	-2,197	-5,433	-4,245	-10,272	-9,084
Gross earnings		608	457	1,268	958	2,301	1,991
Selling, administration and R&D costs		-221	-212	-419	-423	-837	-841
Other operating income and expenses ¹⁾		-27	8	-68	-6	-76	-14
Write-down of assets		-2	0	-2	0	-12	-10
Result from participations in associated companies		2	2	3	4	2	3
Operating earnings (EBIT)		360	255	782	533	1,378	1,129
Exchange-rate effects on net debt		130	-274	219	-262	-168	-649
Other financial income and expenses		-342	-396	-735	-777	-1,657	-1,699
Group contribution ²⁾	7	-	-	-	-	85	85
Earnings/loss before tax		148	-415	266	-506	-362	-1,134
Tax		-33	-9	-51	-18	-31	2
Net earnings/loss		115	-424	215	-524	-393	-1,132
<i>Discontinued operation</i>							
Net sales	7	-	76	-	143	87	230
Operating earnings (EBIT)		-1	27	605	47	635	77
Earnings/loss before tax ³⁾	6	-1	29	605	50	555	0
Tax		-	0	0	0	0	0
Net earnings/loss		-1	29	605	50	555	0
<i>Group, total</i>							
Net sales		3,288	2,730	6,701	5,346	12,660	11,305
Operating earnings (EBIT)		359	283	1,386	580	2,012	1,206
Earnings/loss before tax		147	-385	871	-455	192	-1,134
Tax		-33	-10	-51	-19	-30	2
Net earnings/loss		114	-395	820	-474	162	-1,132

Consolidated Group

EBITDA	7	502	427	1,668	870	2,598	1,800
EBITDA excl. non-recurring items	7	502	439	1,073	896	2,042	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.

Comprehensive income report

SEK m	Quarter 2		Quarter 1-2		Latest	Full year	
	2017	2016	2017	2016	12 months	2016	
Net result for the period	114	-395	820	-474	162	-1,132	
Other comprehensive income							
<i>Items that will not be reclassified to profit or loss</i>							
Remeasurements of defined benefit plan	-	-22	-	-22	-14	-36	
<i>Items that may be subsequently reclassified to profit or loss</i>							
Currency translation effect	38	-27	59	-18	0	-77	
Other comprehensive income net after tax	38	-49	59	-40	-14	-113	
Total comprehensive income	152	-444	879	-514	148	-1,245	
Attributable to:							
Parent company's shareholder	142	-448	854	-517	105	-1,266	
Non controlling interest	10	4	25	3	43	21	

Consolidated Balance sheet

Balance sheet				
SEK m	Note	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Tangible fixed assets		4,962	4,932	5,006
Intangible fixed assets		4,812	4,908	4,915
Participation in associated companies		67	64	64
Other non-current assets		583	761	787
Inventories		1,434	1,163	1,370
Other current assets		1,206	1,004	1,069
Cash & cash equivalents, incl. short-term investments		1,456	691	434
Total assets		14,520	13,523	13,645
Total equity	3	-2,118	-2,260	-2,991
Loan from parent company		21	19	20
Pension liability, others		401	442	441
Other non-current liabilities		14,106	7,604	13,832
Current liabilities		2,110	7,718	2,343
Total equity & liabilities		14,520	13,523	13,645
Working capital		785	750	500
Net debt		12,500	12,227	13,424
Net debt excl. parent company loan and pension liabilities		12,078	11,770	12,964
Capital employed		11,561	10,691	10,550
Number of full-time employees, end of period		1,477	1,507	1,505
Contingent liabilities		337	510	530
Assets pledged		8,030	8,088	7,945

Working Capital			
SEK m	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Inventories	1,434	1,126	1,315
Accounts receivable	870	604	714
Other current assets	317	312	293
Accounts payable	935	617	986
Other current liabilities	901	755	908
Working capital, continuing operations	785	670	428
Discontinuing operation	-	80	72
Working capital, consolidated group	785	750	500

Perstorp is a world leader of high quality VOC-free industrial coatings for metal goods

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	854	25	879
Dividend to non controlling interest	-	-6	-6
Closing balance, June 30, 2017	-2.226	108	-2.118

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	-517	3	-514
Closing balance, June 30, 2016	-2.331	71	-2.260

Akestra™ is a unique material that offers a sparkling, glass-like appearance but with much better heat resistance and transparency than PET



Consolidated Cash flow statement

Cash Flow analysis, Consolidated Group							
SEK m	Note	Quarter 2		Quarter 1-2		Latest 12 months	Full year 2016
		2017	2016	2017	2016		
<i>Operating activities</i>							
Operating earnings		360	255	782	533	1,378	1,129
Adjustments:							
Depreciation and write-down		142	141	281	285	583	587
Other		3	35	-19	22	0	41
Operating activities in discontinued operations		-	30	-	51	33	84
Interest received and other financial items		1	5	3	6	3	6
Interest paid and other financial items		-545	-273	-625	-580	-1,459	-1,414
Income tax paid		-26	4	-43	-9	-57	-23
Cash flow from operating activities before change in working capital		-65	197	379	308	481	410
Changes in working capital							
Increase (+) Decrease (-) in net working capital ¹⁾		11	-71	-392	-94	-232	66
Change in working capital in discontinued operations		-	0	-	-16	8	-8
Cash flow from operating activities		-54	126	-13	198	257	468
<i>Investing activities</i>							
Investments in other participations		-	-23	-	-23	-	-23
Acquisition of tangible and intangible fixed assets		-162	-114	-262	-212	-597	-547
Sale of net assets, subsidiaries	6	-1	-	722	-	722	-
Sale of shares in other participations	6	290	-	290	-	290	-
Change in financial assets, external		-2	-	-57	0	-57	0
Discontinuing operations		-	0	-	-1	-5	-6
Cash flow from investing activities		125	-137	693	-236	353	-576
<i>Financing activities</i>							
Dividend paid to non-controlling interests in subsidiaries		-6	-	-6	-	-6	-
New loans external		-	-	-	-	11,581	11,581
Amortization of loans external		-	-	-	-	-11,436	-11,436
Change in credit utilization		357	-1	356	-13	12	-357
Cash flow from financing activities		351	-1	350	-13	151	-212
Change in liquid funds, incl. short-term investments		422	-12	1,030	-51	761	-320
Liquid fund opening balance, incl. short-term investments		1,046	702	434	742	691	742
Translation difference in liquid funds		-12	1	-8	0	4	12
Liquid funds, end of period		1,456	691	1,456	691	1,456	434

¹⁾ Including trade receivable financing program.

Perstorp has developed the global de-icer business with tailor-made customer solutions helping airports through snow and ice



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.) has no external sales. Shareholder

equity at June 30, 2017 amounted to SEK 1,302 m (967) compared to SEK 1,595 m at December 31, 2016.

Income statement						
SEK m	Quarter 2		Quarter 1-2		Latest 12 months	Full year 2016
	2017	2016	2017	2016		
Net sales	13	14	37	35	54	52
Cost of goods sold	-	-	-	-	-	-
Gross earnings	13	14	37	35	54	52
Sales, marketing and admin costs	-40	-37	-88	-86	-149	-147
Other operating income and expenses	-10	-4	-12	-16	-17	-21
Operating earnings (EBIT)	-37	-27	-63	-67	-112	-116
Financial income and expenses ¹⁾	-76	-181	-230	-377	447	300
Earnings/loss before tax	-113	-208	-293	-444	335	184
Tax	-	-	-	-	-	-
Net earnings/loss ²⁾	-113	-208	-293	-444	335	184

¹⁾ Including dividends from subsidiaries

- 278 - 278 1,554 1,832

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

Balance sheet			
SEK m	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Tangible fixed assets	3	4	4
Intangible fixed assets	3	5	4
Shares in group companies	7,731	7,715	7,715
Long term receivables, group ¹⁾	6,880	-	-
Other non-current assets	345	566	577
Short term receivables group ¹⁾	-	5,542	5,788
Other current assets	117	114	1,418
Cash & cash equivalents	911	66	63
Total assets	15,990	14,012	15,569
Total equity	1,302	967	1,595
Loan from parent company	21	19	20
Other non-current liabilities	12,610	6,681	12,795
Current liabilities	2,057	6,345	1,159
Total equity & liabilities	15,990	14,012	15,569

¹⁾ Internal financial receivables was extended and reclassified from short term to long term during Q1 2017

Key figures and FX-rates

Key figures								
SEK m unless otherwise stated	2017			2016			2015	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<i>Continuing operations</i>								
Net Sales	3,288	3,413	3,088	2,784	2,654	2,549	2,393	2,712
Organic volume-based sales growth,%	7%	23%	27%	13%	6%	-1%	0%	-4%
Marginal contribution	1,038	1,061	929	885	892	873	673	824
EBITDA excluding non-recurring items	502	571	461	476	409	435	225	408
% of net sales	15.3%	16.7%	14.9%	17.1%	15.4%	17.1%	9.4%	15.0%
Cash conversion, % of EBITDA excluding non-recurring items	70%	12%	88%	75%	55%	72%	79%	23%
<i>Consolidated group</i>								
Net earnings/loss	114	706	-428	-230	-395	-79	-227	-252
Earnings, per share, diluted, SEK	2.28	14.11	-8.56	-4.60	-7.90	-1.58	-4.54	-5.03
Net debt excluding pension liabilities and shareholder loans	12,078	12,242	12,964	11,975	11,770	11,382	11,196	11,261
Leverage ¹⁾	6,0x	6,4x	7,0x	7,4x	7,6x	7,1x	6,7x	6,6x

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

Currency rates								
Closing rate								
USD	8.47	8.93	9.10	8.62	8.48	8.15	8.35	8.39
EUR	9.67	9.55	9.57	9.63	9.42	9.23	9.14	9.41
GBP	11.01	11.13	11.18	11.17	11.39	11.69	12.38	12.70
Average rate								
USD	8.80	8.92	9.04	8.52	8.21	8.46	8.50	8.48
EUR	9.69	9.51	9.76	9.51	9.27	9.32	9.31	9.43
GBP	11.26	11.05	11.23	11.19	11.79	12.10	12.91	13.15

Perstorp Polyols enable Alkyd Resins with enhanced properties such as decreased drying time



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.

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 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.

3. Equity

At the end of June 2017 equity for the parent company, Perstorp Holding AB, amounts to SEK 1,302 m (967). Consolidated equity, including non controlling interest, for the Perstorp Group amounts to SEK -2,118 m (-2,260).

4. Transactions with related parties

The net amount borrowed from the Luxembourg-based parent company Financière Forêt S.à.r.l. amounted to SEK 21 (19) million.

5. Risk and uncertainty

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

6. 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 was €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 605 m and is reported as discontinuing operations.

During the quarter, Perstorp received a earn-out linked to the divestment of shares in Vencorex in 2014 were Perstorp divested part of its holdings. This amounts to SEK 304 m whereof SEK 66 m has been transferred to an escrow account in July. At the same time, Perstorp's ownership in Vencorex Holdings SAS was reduced from 15 % to 9%.



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

7. Segment information

Segment data ⁹⁾						
SEK m	Quarter 2		Quarter 1-2		Latest	Full year
	2017	2016	2017	2016	12 months	2016
Net Sales						
Specialties & Solutions	793	643	1,578	1,305	2,890	2,617
Advanced Chemicals & Derivatives	2,142	1,682	4,278	3,247	7,921	6,890
BioProducts	303	280	734	550	1,561	1,377
<i>Internal sales</i>						
Specialties & Solutions	-2	-1	-5	-2	-8	-5
Advanced Chemicals & Derivatives	-5	-38	-35	-72	-110	-147
Other/eliminations	55	88	151	175	319	343
Continuing operations	3,288	2,654	6,701	5,203	12,573	11,075
Divested unit	-	111	0	203	155	358
Eliminations	-	-35	0	-60	-68	-128
Discontinued operations	-	76	0	143	87	230
TOTAL GROUP	3,288	2,730	6,701	5,346	12,660	11,305
EBITDA						
Specialties & Solutions	170	188	359	384	647	672
Advanced Chemicals & Derivatives	368	236	780	478	1,405	1,103
BioProducts	-26	-3	-27	1	22	50
Other/eliminations	-10	-24	-49	-44	-114	-109
Continuing operations	502	397	1,063	819	1,960	1,716
Discontinued operations	0	29	605	51	638	84
TOTAL GROUP	502	427	1,668	870	2,598	1,800
<i>Non allocated items</i>						
Depreciation, Amortization and write down	-143	-144	-282	-290	-586	-594
Operating earnings (EBIT)	359	283	1,386	580	2,012	1,206
Financial income and expenses	-211	-668	-515	-1,035	-1,820	-2,340
Earnings/loss before tax	148	-385	871	-455	192	-1,134
Tax	-34	-10	-51	-19	-30	2
Net result	114	-395	820	-474	162	-1,132

EBITDA excluding non-recurring items						
Specialties & Solutions	170	189	359	385	651	677
Advanced Chemicals & Derivatives	368	240	784	482	1,410	1,108
BioProducts	-26	-2	-27	2	22	51
Other/eliminations	-10	-18	-43	-25	-73	-55
Continuing operations	502	409	1,073	844	2,010	1,781
Discontinued operations	0	29	0	51	33	84
TOTAL GROUP	502	439	1,073	896	2,042	1,865

⁹⁾ 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.

8. Other information

Perstorp has agreed to acquire the Neo, TMP and TMPDE as well as the associated Formate businesses located at the Vercelli site (Italy) from Polioli SPA. The transaction is scheduled to close on 31 August or at such later date as the required procedures have been completed. No other 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 an Sustainability report. The complete Annual Report is 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, August 29, 2017



Jan Secher, President and CEO

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



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 more than 135 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