

# Perstorp Holding AB (Publ.)

Interim report 1 January - 30 June 2018



Life begins with balance.  
ProPhorce™ AC 299 helps  
poultry get a strong start

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<sup>1)</sup> Perstorp Continuing operations excludes the divested unit Perstorp Oxo Belgium AB in Q1 2017.



# Interim report 1 January - 30 June 2018

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

April-June 2018

- ➔ Net sales, from continuing operations increased by 20% to SEK 3,949 m (3,288).
- ➔ Sales prices were higher than the corresponding quarter last year mainly linked to higher raw material prices for most product lines.
- ➔ Organic volume-based sales growth, from continuing operations was 5% year-on-year.
- ➔ EBITDA excluding non-recurring items, from continuing operations amounted to SEK 623 m in the second quarter compared to SEK 502 m in the corresponding period last year. The increase was mainly attributable to higher volumes and positive exchange rate effects.
- ➔ EBITDA margin excluding non-recurring items for continuing operations was 15.8% (15.3). Excluding BioProducts, the EBITDA margin was 17.2% (17.7).

## Key figures in summary, continuing operations

| SEK m unless otherwise stated                      | Quarter 2 |       | Quarter 1-2 |       | Latest    | Full year |
|----------------------------------------------------|-----------|-------|-------------|-------|-----------|-----------|
|                                                    | 2018      | 2017  | 2018        | 2017  | 12 months | 2017      |
| Net sales                                          | 3,949     | 3,288 | 7,629       | 6,701 | 14,520    | 13,592    |
| EBITDA                                             | 615       | 502   | 1,219       | 1,063 | 2,252     | 2,096     |
| % of net sales                                     | 15.6      | 15.3  | 16.0        | 15.9  | 15.5      | 15.4      |
| EBITDA excluding non-recurring items <sup>1)</sup> | 623       | 502   | 1,230       | 1,073 | 2,290     | 2,133     |
| % of net sales                                     | 15.8      | 15.3  | 16.1        | 16.0  | 15.8      | 15.7      |
| Operating earnings (EBIT)                          | 412       | 360   | 876         | 782   | 1,463     | 1,369     |
| % of net sales                                     | 10.4      | 10.9  | 11.5        | 11.7  | 10.1      | 10.1      |
| Net earnings/loss                                  | 57        | 115   | -134        | 215   | -444      | -95       |
| Free cash flow                                     | 356       | 351   | 496         | 419   | 1,352     | 1,275     |

<sup>1)</sup> Non-recurring items are mainly attributable to restructuring and refinancing costs.





# President's Comments

"We have just finalized this year's strategy work with the spotlight on a number of commercial growth segments, which will enable Perstorp to maintain a growth rate above GDP level and a significant improvement of the EBITDA margin"

The second quarter 2018 was characterized by a continued solid demand across all three regions, EMEA, Americas and APAC, balanced by a more normalized market supply situation compared to last year. As a leader in many of our selected segments, we are well positioned to capture growth, and organic volume-based sales growth amounted to 5%. The volume growth should be seen in light of the situation that many of our plants are operating at very high utilization rates, and in addition we have had minor production disturbances for some of the product lines.

EBITDA excluding non-recurring items followed the same trend, and amounted to SEK 623 m (502), which is on a record-high level and the eighth quarter in row with improved year-on-year EBITDA. The EBITDA margin for the second quarter, for continuing operations, amounted to 15.8%, which represents an increase compared to 15.3% during the same period last year.

## **A new business dynamic fuels growth of our Feed & Food business**

Business Area Specialties & Solutions has continued to deliver a strong EBITDA in the second quarter, amounting to SEK 257 (170) m. The positive development can mainly be assigned to solid demand and maintained margins. Feed & Food demonstrated substantially increased unit margins. With the new senior management team in place, a new business dynamic is arising, serving as a catalyst to grow the business. Business Area Advanced Chemicals & Derivatives has delivered an increased EBITDA compared to last year, amounting to SEK 428 (369) m. The increase was due to improved volumes and positive foreign exchange impacts. For Business Area BioProducts, Perstorp is currently reviewing the strategic options for running a long-term viable business.

## **Increased raw material prices put strains on margins**

The supply situation has returned to levels that are more balanced, especially for Neo. Sales prices in the second quarter continued to be higher than the corresponding quarter last year, mainly linked to higher prices for most of our raw materials, combined with a favorable product mix and professional pricing management. Despite many positive indicators, there are however some challenges visible at the horizon. The continuous increase of raw material prices (e.g. average price of Dated Brent oil has increased with 48% compared to the corresponding quarter last year), puts strains on our ability to defend and build margins. 2018 is the year of the large maintenance turnaround at our site in Stenungsund. This is meticulously planned for in order to be carried out safely and minimize the negative financial effects.

## **Securing future growth**

Perstorp has decided to terminate production at site Vercelli after thorough internal evaluations of process efficiency, energy costs and potential efficiency improvements. Perstorp has entered into a consultation period with the unions and production is expected to close on July 31.

In May it was announced that Perstorp joins forces with the company 3D4Makers, to set up a new joint venture, ElogioAM, in order to advance the additive manufacturing industry. ElogioAM's unique product, Facilan™ enables applications previously unobtainable with other 3D printing materials.

There is significant progress in the upgrade of our Capa™ caprolactone monomer plant in Warrington, United Kingdom. Work has been ongoing since last year and major milestones have now been passed. This investment allows for a future capacity increase.

We have just finalized this year's strategy work with setting the spotlight on a number of commercial growth segments, which will enable Perstorp to maintain a growth rate above GDP level and an improvement of the EBITDA margin. Our Digital Transformation program is gaining momentum and one example is that we approach implementation of a new CRM system. Finally, I am proud to announce that we have recently won the "Frost & Sullivan's 2018 European Product Leadership award in the bio-based materials market" for our pro-environment polyols, which have now also been introduced to synthetic lubricant producers. This is how sustainability strategy becomes reality, at its best.

We have an exciting second half of the year in front of us with e.g. our first Care 365 Day and a large maintenance turnaround of the Stenungsund site. As always, I would like to thank our customers for their business, our employees for their dedication, and our owners for their trust. We will continue to invest in growth opportunities, innovate where we can make a difference and empower our organization to enable ourselves and our customers to grow.

Malmö, July 2018

Jan Secher  
President and CEO

# Financial overview April - June 2018

## Net sales and earnings, continuing operations

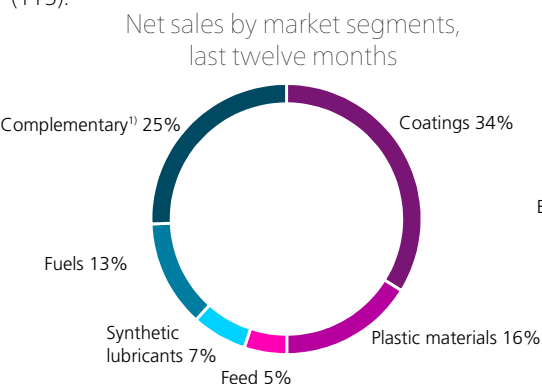
For continuing operations net sales amounted to SEK 3,949 m during the period April to June, an increase of SEK 661 m or 20%. Volumes increased by 7% compared to last year with improvement for the majority of our product lines. Organic volume based sales growth was 5% in the second quarter 2018. Sales prices were 6% higher than last year mainly linked to higher raw material costs and price management.

Average Dated Brent oil price increased 48% in the second quarter 2018 compared to the corresponding quarter last year and was 12% higher than in first quarter 2018. The higher price on Dated Brent oil has also impacted pricing on downstream derivatives like propylene and ethylene during the second quarter of 2018.

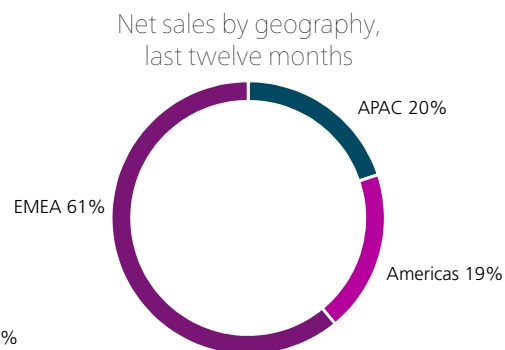
Compared to the corresponding quarter last year, the Swedish krona weakened against EUR and strengthened moderately vs. USD. Compared to the previous quarter both USD and EUR strengthened vs. SEK in second quarter 2018.

EBITDA excluding non-recurring items amounted to SEK 623 m (502). The increase was attributable to higher volumes, improved unit margins for some product lines and positive exchange rate effects, partly offset by higher fixed costs. This corresponds to an EBITDA margin of 15.8% (15.3). Excluding Bioproducts the EBITDA margin was 17.2% (17.7).

Depreciation and amortization amounted to SEK 203 m (142) including an impairment of approximately SEK 57 m related to fixed assets in Perstorp Polialcoli S.r.l., Italy. EBIT amounted to SEK 412 m (360) for the period. Net financial expenses, including exchange rate effects on net debt, amounted to SEK 674 m compared to SEK 212 m for the corresponding period in 2017. The deviation is mainly related to a weaker SEK, primarily against the USD. This was to some extent counterbalanced by lower interest rates following the refinancing of the floating rate notes in the end of 2017. Tax amounted to SEK 319 m (-33) were change in deferred tax due to the new tax rules in Sweden, has positively affected the result with SEK 338 m. The net result amounted to SEK 57 m (115).



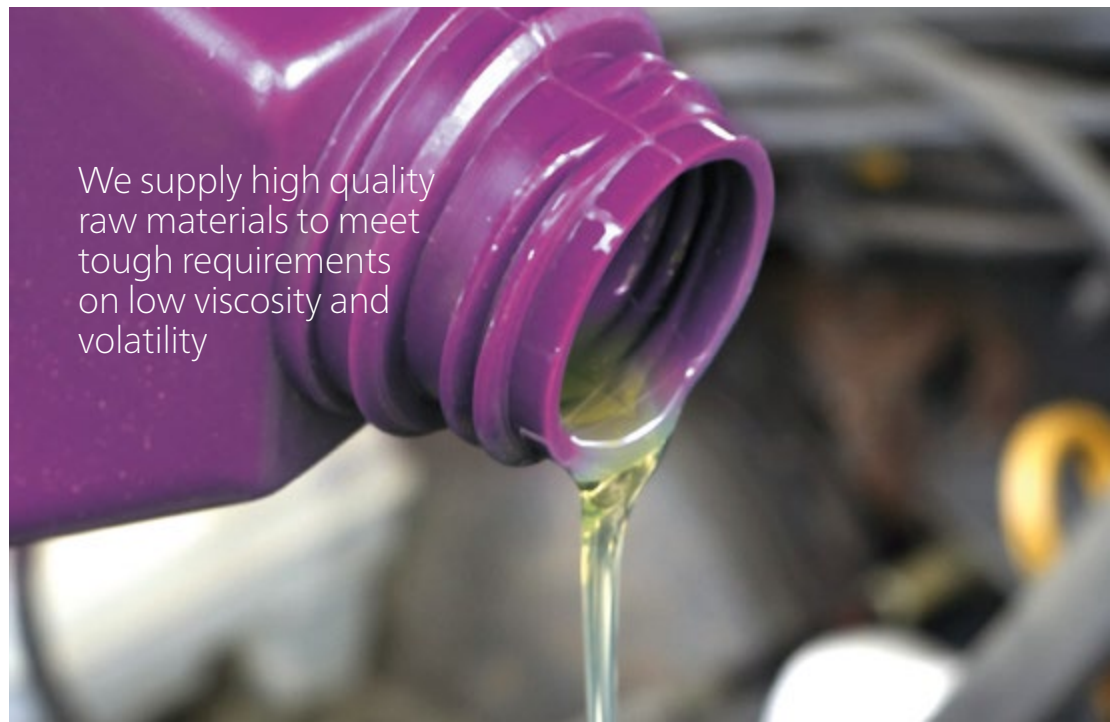
<sup>1)</sup> Subsegments within complementary consists of bleaching, runway de-icer, oil drilling and completion fluids, pharmaceuticals and API, surfactants and detergents, tanning and other



| Income statement, continuing operations |      |           |        |
|-----------------------------------------|------|-----------|--------|
| SEK m                                   | Note | Quarter 2 |        |
|                                         |      | 2018      | 2017   |
| Net sales                               |      | 3,949     | 3,288  |
| Cost of goods sold                      |      | -3,243    | -2,680 |
| Gross earnings                          |      | 706       | 608    |
| Operating earnings (EBIT)               | 9    | 412       | 360    |
| Exchange rate effects on net debt       |      | -305      | 130    |
| Other financial income and expenses     |      | -369      | -342   |
| Earnings/loss before tax                |      | -262      | 148    |
| Tax                                     | 7    | 319       | -33    |
| Net earnings/loss                       |      | 57        | 115    |

|                                      |     |     |
|--------------------------------------|-----|-----|
| EBITDA                               | 615 | 502 |
| EBITDA excluding non-recurring items | 623 | 502 |

We supply high quality raw materials to meet tough requirements on low viscosity and volatility



# Financial overview April - June 2018

## Free cash flow

Free Cash flow in the second quarter increased slightly compared to the corresponding quarter 2017 and amounted to SEK 356 m (351). The improved earnings was counterbalanced by less favorable development of working capital, primarily related to higher account receivables linked to the increased sales in the second quarter 2018. Cash flow from investment activities was on the same level as in the corresponding quarter 2017 and amounted to SEK -159 m (-162). Utilization of the factoring program as of June 30, 2018 amounted to EUR 116m (109).

| Free cash flow analysis, continuing operations <sup>1)</sup> |            |            |
|--------------------------------------------------------------|------------|------------|
| SEK m                                                        | Quarter 2  |            |
|                                                              | 2018       | 2017       |
| EBITDA excluding non-recurring items                         | 623        | 502        |
| Change in Working Capital <sup>2)</sup>                      | -108       | 11         |
| Maintenance capex                                            | -94        | -100       |
| <b>Free Cash Flow before strategic capex</b>                 | <b>422</b> | <b>413</b> |
| % of EBITDA excluding non-recurring items                    | 68%        | 82%        |
| Strategic Capex                                              | -66        | -62        |
| <b>Free Cash Flow</b>                                        | <b>356</b> | <b>351</b> |
| % of EBITDA excluding non-recurring items                    | 57%        | 70%        |

<sup>1)</sup> For further details on total cash flow, please see page 15.

<sup>2)</sup> Excluding exchange rate effects and provisions.

## Net debt and leverage

The Group's available funds, unrestricted cash and unutilized credit facilities, were SEK 1,106 m (1,071) at the end of the period, compared with SEK 1,220 m at the end of the fourth quarter 2017. Net debt, excluding shareholder loan and pension liability increased with SEK 783 m during Q2 2018, mainly related to capitalization of cash and PIK interest in combination with a weaker SEK, primarily against USD. Leverage was 5.8x at the end of the second quarter 2018 compared to 5.7x at the end of the first quarter 2018.

| Available funds and net debt                               |               |                     |              |
|------------------------------------------------------------|---------------|---------------------|--------------|
| SEK m                                                      | June 30, 2018 | June 30, 2017       | Dec 31, 2017 |
| Available funds                                            | 1,106         | 1,071 <sup>2)</sup> | 1,220        |
| Net debt                                                   | 13,674        | 12,500              | 12,496       |
| Net debt excl Parent company loans and pension liabilities | 13,229        | 12,078              | 12,056       |
| Leverage <sup>1)</sup>                                     | 5.8x          | 6.0x                | 5.7x         |

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

<sup>2)</sup> 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.

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



# Financial overview January - June 2018

## Net sales and earnings, continuing operations

For continuing operations net sales amounted to SEK 7,629 m during the period January to June 2018, an increase of SEK 928 m or 14% compared to the same period last year. Volumes increased 3% compared to the same period last year. Organic volume based sales growth was 2%. Sales prices were 6% higher than last year following both higher raw material prices and improved pricing. Average exchange rates for the period were higher than 2017, which resulted in positive FX-effects on sales of +1%.

EBITDA excluding non-recurring items, amounted to SEK 1,230 m (1,073). The increase in earnings vs last year of SEK 157 m was attributable to higher volumes, strengthened unit margins for some product lines and positive exchange rate effects. This corresponds to an EBITDA margin of 16.1% (16.0). Excluding BioProducts, the EBITDA margin was 18.0% (18.5).

Depreciation and amortization amounted to SEK 343 m (281) including an impairment of approximately SEK 57 m related to fixed assets in Perstorp Polialcoli S.r.l., Italy. EBIT amounted to SEK 876 m (782) for the period Net financial expenses, including exchange rate effects on net debt, amounted to SEK 1,286 m compared to SEK 516 m for the corresponding period in 2017. The deviation is mainly related to a weaker SEK, primarily against the USD, and was to some extent counterbalanced by lower interest rate following the refinancing of the floating rate notes at the end of 2017. Tax amounted to SEK 276 m (-51), were change in deferred tax due to the new tax rules in Sweden has positively affected the result with SEK 338 m. The net result amounted to SEK -134 m (215).

### Income statement, continuing operations

| SEK m                               | Note | Quarter 1-2  |              |
|-------------------------------------|------|--------------|--------------|
|                                     |      | 2018         | 2017         |
| <b>Net sales</b>                    |      | <b>7,629</b> | <b>6,701</b> |
| Cost of goods sold                  |      | -6,269       | -5,433       |
| <b>Gross earnings</b>               |      | <b>1,360</b> | <b>1,268</b> |
| <b>Operating earnings (EBIT)</b>    | 9    | <b>876</b>   | <b>782</b>   |
| Exchange rate effects on net debt   |      | -568         | 219          |
| Other financial income and expenses |      | -718         | -735         |
| <b>Earnings/loss before tax</b>     |      | <b>-410</b>  | <b>266</b>   |
| Tax                                 | 7    | 276          | -51          |
| <b>Net earnings/loss</b>            |      | <b>-134</b>  | <b>215</b>   |

|                                 |       |       |
|---------------------------------|-------|-------|
| EBITDA                          | 1,219 | 1,063 |
| EBITDA excl non-recurring items | 1,230 | 1,073 |

## Free Cash flow

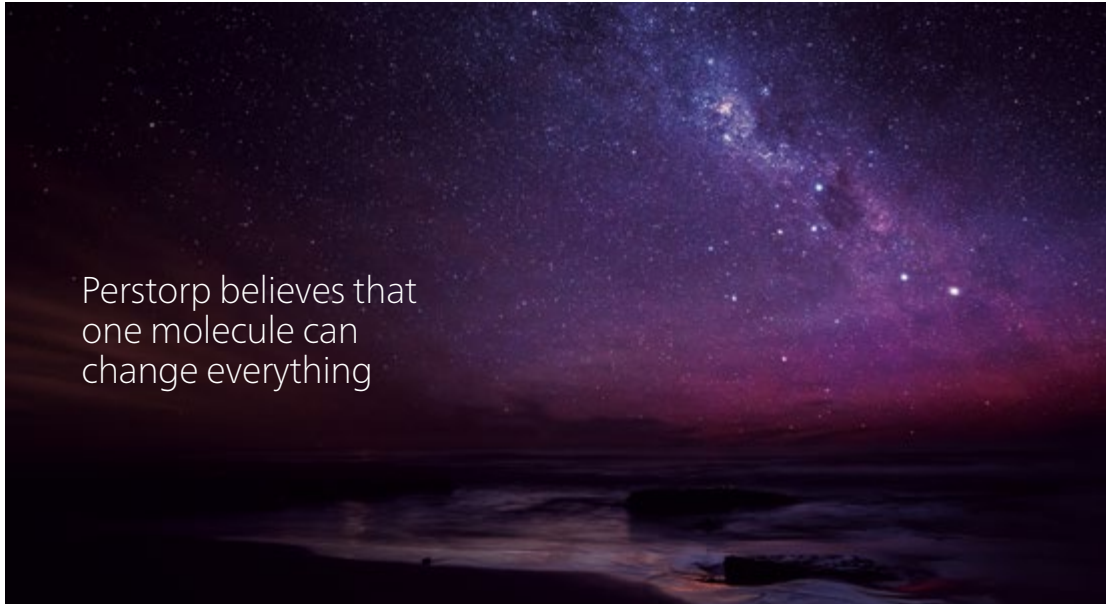
Free Cash flow improved somewhat for the first six month compared to the same period 2017 and amounted to SEK 496 m (419). The improved earnings was counterbalanced to some extent by less favorable development of working capital, primarily related higher account receivables due to increased sales for the first six month 2018. Cash flow from investment activities was somewhat lower compared to the corresponding period 2017 and amounted to SEK -253 m (-262). Utilization of the factoring program as of June 30, 2018 amounted to EUR 116m (109).

### Free cash flow analysis, continuing operations<sup>1)</sup>

| SEK m                                        | Quarter 1-2 |            | Latest 12 months | Full year 2017 |
|----------------------------------------------|-------------|------------|------------------|----------------|
|                                              | 2018        | 2017       |                  |                |
| EBITDA excluding non-recurring items         | 1,230       | 1,073      | 2,290            | 2,133          |
| Change in Working Capital <sup>2)</sup>      | -481        | -392       | -296             | -207           |
| Maintenance capex                            | -169        | -135       | -340             | -306           |
| <b>Free Cash Flow before strategic capex</b> | <b>581</b>  | <b>546</b> | <b>1,655</b>     | <b>1,620</b>   |
| % of EBITDA excluding non-recurring items    | 47%         | 51%        | 72%              | 76%            |
| Strategic Capex                              | -85         | -127       | -303             | -345           |
| <b>Free Cash Flow</b>                        | <b>496</b>  | <b>419</b> | <b>1,352</b>     | <b>1,275</b>   |
| % of EBITDA excluding non-recurring items    | 40%         | 39%        | 59%              | 60%            |

<sup>1)</sup> For further details on total cash flow, please see page 15.

<sup>2)</sup> Excluding exchange rate and provisions.



Perstorp believes that  
one molecule can  
change everything



## Specialties & Solutions

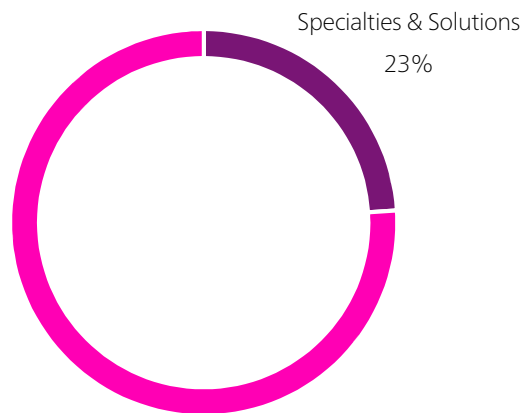
Specialties & Solutions consists of Business Units Caprolactones, Feed & Food, Specialty Polyols and Business Development.

### April-June 2018

During the second quarter 2018 net sales amounted to SEK 907 m (793) which was 14% higher than the corresponding period in 2017. The positive development can mainly be assigned to increased prices, favorable product mix and higher sales volume for some product lines, in combination with positive exchange rate effects. Organic volume-based sales growth was -1%.

EBITDA in the second quarter 2018 amounted to SEK 257 m (170), corresponding to an EBITDA margin of 28% (21), resulting from a combination of improved unit margins, favorable product mix and positive exchange rate effects.

Share of Group net sales, quarterly



Perstorp has a long history in the de-icer industry as a formates supplier for both liquid and solid de-icers

| Specialties & Solutions              |           |      |                  |                |
|--------------------------------------|-----------|------|------------------|----------------|
| SEK m                                | Quarter 2 |      | Latest 12 months | Full year 2017 |
|                                      | 2018      | 2017 |                  |                |
| Net sales                            | 907       | 793  | 3,453            | 3,204          |
| EBITDA                               | 256       | 170  | 862              | 725            |
| EBITDA excluding non-recurring items | 257       | 170  | 864              | 726            |







## Advanced Chemicals & Derivatives

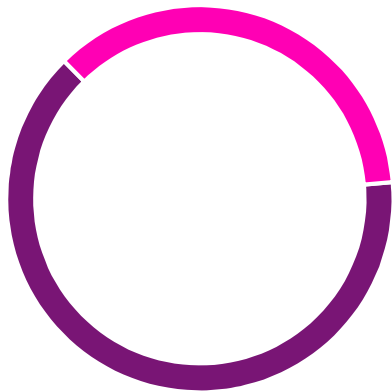
Advanced Chemicals & Derivatives consists of the Business Units Penta, Oxo, TMP & Neo and Formates.

### April-June 2018

During the second quarter 2018 net sales amounted to SEK 2,662 m (2,138) which was 24% higher than the corresponding period in 2017. The positive development can mainly be assigned to higher sales prices and improved volumes. Organic volume-based sales growth was 7%.

EBITDA for the quarter amounted to SEK 428 m (369), corresponding to an EBITDA margin of 16% (17). The increase in EBITDA was mainly linked to higher volumes and positive exchange rate effects, balanced to some extent by negative impact from higher raw material costs and a more normalized supply situation.

Share of Group net sales, quarterly



Advanced Chemicals & Derivatives  
67%

Perstorp offers resin and integrated paint producers the most comprehensive portfolio of building blocks for liquid polyesters

| Advanced Chemicals & Derivatives        |           |                    |                                   |                                 |
|-----------------------------------------|-----------|--------------------|-----------------------------------|---------------------------------|
| SEK m                                   | Quarter 2 |                    | Latest<br>12 months <sup>1)</sup> | Full year<br>2017 <sup>1)</sup> |
|                                         | 2018      | 2017 <sup>1)</sup> |                                   |                                 |
| Net sales                               | 2,662     | 2,138              | 9,348                             | 8,602                           |
| EBITDA                                  | 428       | 369                | 1,560                             | 1,518                           |
| EBITDA excluding<br>non-recurring items | 428       | 369                | 1,564                             | 1,523                           |

<sup>1)</sup> During the first quarter 2017, one product line has been transferred to Business Area BioProducts. The amount is minor and historical numbers have been restated.





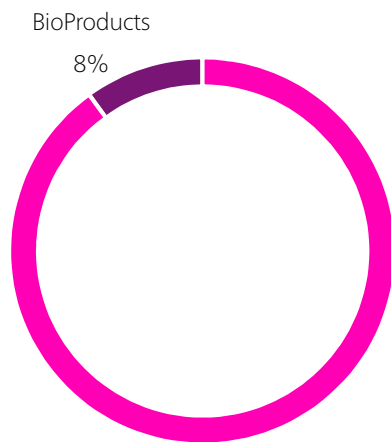
## BioProducts

BioProducts consists of the Business Unit BioProducts.

### Apri-June 2018

During the second quarter 2018, Business Area BioProducts net sales amounted to SEK 329 m (308), which was 7% higher than the corresponding period in 2017. The increase in sales was mainly linked to volume growth. Organic volume-based sales growth was 10%. EBITDA amounted to SEK 0 m (-26). The increase in earnings can primarily be assignable to stronger unit margins.

Share of Group net sales, quarterly



| BioProducts                             |           |                    |                                   |                                 |
|-----------------------------------------|-----------|--------------------|-----------------------------------|---------------------------------|
| SEK m                                   | Quarter 2 |                    | Latest<br>12 months <sup>1)</sup> | Full year<br>2017 <sup>1)</sup> |
|                                         | 2018      | 2017 <sup>1)</sup> |                                   |                                 |
| Net sales                               | 329       | 308                | 1,513                             | 1,584                           |
| EBITDA                                  | 0         | -26                | -12                               | -17                             |
| EBITDA excluding<br>non-recurring items | 0         | -26                | -12                               | -17                             |

<sup>1)</sup> During the first quarter 2017, one product line has been transferred from Business Area Advanced Chemicals & Derivatives. The amount is minor and historical numbers have been restated.

Perstorp BioCaleo™ is a bioenergy oil that allows you to quickly and easily switch to sustainable heating

# Consolidated Income statement

| Income statement, consolidated group               |      |              |              |              |              |               |               |
|----------------------------------------------------|------|--------------|--------------|--------------|--------------|---------------|---------------|
| SEK m                                              | Note | Quarter 2    |              | Quarter 1-2  |              | Latest        | Full year     |
| Continuing operations                              |      | 2018         | 2017         | 2018         | 2017         | 12 months     | 2017          |
| <b>Net sales</b>                                   | 2    | <b>3,949</b> | <b>3,288</b> | <b>7,629</b> | <b>6,701</b> | <b>14,520</b> | <b>13,592</b> |
| Cost of goods sold                                 |      | -3,243       | -2,680       | -6,269       | -5,433       | -11,884       | -11,048       |
| <b>Gross earnings</b>                              |      | <b>706</b>   | <b>608</b>   | <b>1,360</b> | <b>1,268</b> | <b>2,636</b>  | <b>2,544</b>  |
| Selling, administration and R&D costs              |      | -244         | -221         | -462         | -419         | -961          | -918          |
| Other operating income and expenses <sup>1)</sup>  |      | 5            | -27          | 29           | -68          | -5            | -102          |
| Write-down of assets                               | 9    | -57          | -2           | -54          | -2           | -211          | -159          |
| Result from participations in associated companies |      | 2            | 2            | 3            | 3            | 4             | 4             |
| <b>Operating earnings (EBIT)</b>                   |      | <b>412</b>   | <b>360</b>   | <b>876</b>   | <b>782</b>   | <b>1,463</b>  | <b>1,369</b>  |
| Exchange-rate effects on net debt                  |      | -305         | 130          | -568         | 219          | -561          | 226           |
| Other financial income and expenses                |      | -369         | -342         | -718         | -735         | -1,663        | -1,680        |
| <b>Earnings/loss before tax</b>                    |      | <b>-262</b>  | <b>148</b>   | <b>-410</b>  | <b>266</b>   | <b>-761</b>   | <b>-85</b>    |
| Tax                                                | 7    | 319          | -33          | 276          | -51          | 317           | -10           |
| <b>Net earnings/loss</b>                           |      | <b>57</b>    | <b>115</b>   | <b>-134</b>  | <b>215</b>   | <b>-444</b>   | <b>-95</b>    |
| <i>Discontinued operation</i>                      |      |              |              |              |              |               |               |
| Net sales                                          | 2    | -            | -            | -            | -            | -             | -             |
| Operating earnings (EBIT)                          |      | -            | -1           | -            | 605          | -1            | 604           |
| Earnings/loss before tax                           |      | -            | -1           | -            | 605          | -1            | 604           |
| Tax                                                |      | -            | -            | -            | -            | -             | -             |
| <b>Net earnings/loss</b>                           |      | <b>-</b>     | <b>-1</b>    | <b>-</b>     | <b>605</b>   | <b>-1</b>     | <b>604</b>    |
| <b>Group, total</b>                                |      |              |              |              |              |               |               |
| Net sales                                          |      | 3,949        | 3,288        | 7,629        | 6,701        | 14,520        | 13,592        |
| Operating earnings (EBIT)                          |      | 412          | 359          | 876          | 1,386        | 1,463         | 1,973         |
| Earnings/loss before tax                           |      | -262         | 147          | -410         | 871          | -761          | 520           |
| Tax                                                |      | 319          | -33          | 276          | -51          | 317           | -10           |
| <b>Net earnings/loss</b>                           |      | <b>57</b>    | <b>114</b>   | <b>-134</b>  | <b>820</b>   | <b>-444</b>   | <b>510</b>    |

## Consolidated Group

|                                             |   |            |            |              |              |              |              |
|---------------------------------------------|---|------------|------------|--------------|--------------|--------------|--------------|
| <b>EBITDA</b>                               | 2 | <b>615</b> | <b>502</b> | <b>1,219</b> | <b>1,668</b> | <b>2,252</b> | <b>2,701</b> |
| <b>EBITDA excluding non-recurring items</b> | 2 | <b>623</b> | <b>502</b> | <b>1,230</b> | <b>1,073</b> | <b>2,290</b> | <b>2,133</b> |

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

Voxtar™ is the “Rock Star” of renewables, it first hit the charts in 2010 as the world’s first renewable pentaerythritol (Penta)





# Consolidated Income statement

| Comprehensive income report                                          |            |            |             |            |                     |                   |
|----------------------------------------------------------------------|------------|------------|-------------|------------|---------------------|-------------------|
| SEK m                                                                | Quarter 2  |            | Quarter 1-2 |            | Latest<br>12 months | Full year<br>2017 |
|                                                                      | 2018       | 2017       | 2018        | 2017       |                     |                   |
| <b>Net result for the period</b>                                     | <b>57</b>  | <b>114</b> | <b>-134</b> | <b>820</b> | <b>-444</b>         | <b>510</b>        |
| <b>Other comprehensive income</b>                                    |            |            |             |            |                     |                   |
| <i>Items that will not be reclassified to profit or loss</i>         |            |            |             |            |                     |                   |
| Remeasurements of defined benefit plan                               | -          | -          | -           | -          | -5                  | -5                |
| <i>Items that may be subsequently reclassified to profit or loss</i> |            |            |             |            |                     |                   |
| Currency translation effect                                          | -59        | 38         | 9           | 59         | 59                  | 109               |
| <b>Other comprehensive income net after tax</b>                      | <b>-59</b> | <b>38</b>  | <b>9</b>    | <b>59</b>  | <b>54</b>           | <b>104</b>        |
| <b>Total comprehensive income</b>                                    | <b>-2</b>  | <b>152</b> | <b>-125</b> | <b>879</b> | <b>-390</b>         | <b>614</b>        |
| <b>Attributable to:</b>                                              |            |            |             |            |                     |                   |
| Parent company's shareholder                                         | -20        | 142        | -158        | 854        | -459                | 553               |
| Non controlling interest                                             | 18         | 10         | 33          | 25         | 69                  | 61                |

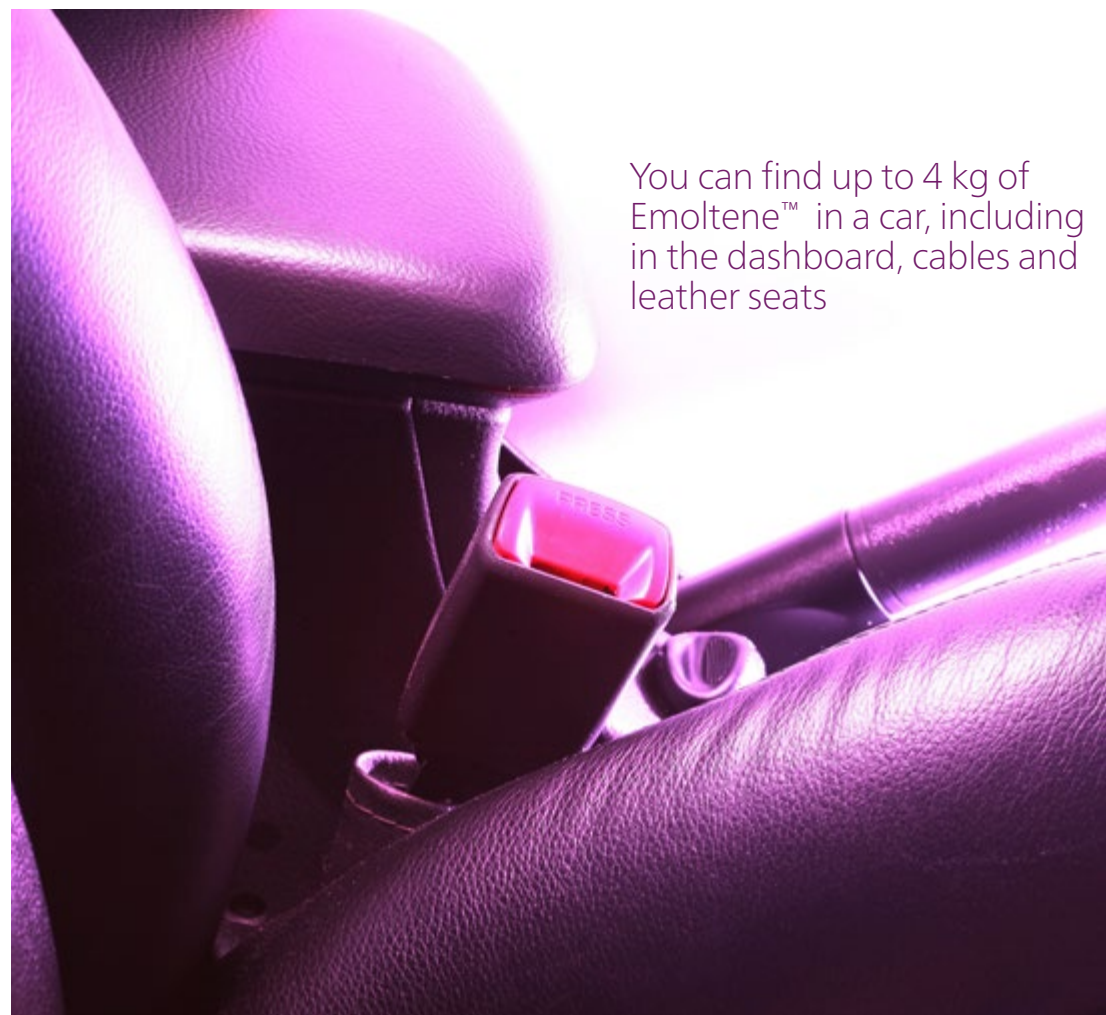


To be a Perstorper means being a part of our unique corporate culture and sharing our core values; Responsibility, Reliability and Focused innovation

# Consolidated Balance sheet

| Balance sheet, consolidated group                              |      |               |               |               |
|----------------------------------------------------------------|------|---------------|---------------|---------------|
| SEK m                                                          | Note | Jun 30, 2018  | Jun 30, 2017  | Dec 31, 2017  |
| Tangible fixed assets                                          |      | 5,045         | 4,962         | 4,981         |
| Intangible fixed assets                                        |      | 4,908         | 4,812         | 4,835         |
| Participation in associated companies                          |      | 71            | 67            | 68            |
| Other non-current assets                                       | 7    | 888           | 583           | 575           |
| Inventories                                                    |      | 1,601         | 1,434         | 1,434         |
| Other current assets                                           |      | 1,672         | 1,206         | 1,296         |
| Cash & cash equivalents, incl. short-term investments          |      | 632           | 1,456         | 621           |
| <b>Total assets</b>                                            |      | <b>14,817</b> | <b>14,520</b> | <b>13,810</b> |
| Total equity                                                   | 4    | -2,543        | -2,118        | -2,383        |
| Loan from parent company                                       |      | 25            | 21            | 22            |
| Pension liability, others                                      |      | 420           | 401           | 418           |
| Other non-current liabilities                                  |      | 14,561        | 14,106        | 13,355        |
| Current liabilities                                            |      | 2,354         | 2,110         | 2,398         |
| <b>Total equity &amp; liabilities</b>                          |      | <b>14,817</b> | <b>14,520</b> | <b>13,810</b> |
| Working capital                                                |      | 1,111         | 785           | 546           |
| Net debt                                                       |      | 13,674        | 12,500        | 12,496        |
| Net debt excluding parent company loan and pension liabilities |      | 13,229        | 12,078        | 12,056        |
| Capital employed                                               |      | 11,632        | 11,561        | 10,562        |
| Number of full-time employees, end of period                   |      | 1,578         | 1,477         | 1,555         |
| Contingent liabilities                                         |      | 239           | 337           | 228           |
| Assets pledged                                                 |      | 8,347         | 8,030         | 7,653         |

| Working Capital                                     |              |              |              |
|-----------------------------------------------------|--------------|--------------|--------------|
| SEK m                                               | Jun 30, 2018 | Jun 30, 2017 | Dec 31, 2017 |
| Inventories                                         | 1,601        | 1,434        | 1,434        |
| Accounts receivable                                 | 1,374        | 870          | 1,004        |
| Other current assets                                | 269          | 317          | 282          |
| Accounts payable                                    | 890          | 935          | 1,074        |
| Other current liabilities                           | 1,243        | 901          | 1,100        |
| <b>Total Working capital, continuing operations</b> | <b>1,111</b> | <b>785</b>   | <b>546</b>   |



You can find up to 4 kg of Emoltene™ in a car, including in the dashboard, cables and leather seats

# Consolidated statement of changes in Equity

| Total equity, 2018                      |                                             |                          |               |
|-----------------------------------------|---------------------------------------------|--------------------------|---------------|
| SEK m                                   | Equity attributable to owners of the parent | Non controlling interest | Total equity  |
| <b>Opening balance, January 1, 2018</b> | <b>-2,527</b>                               | <b>144</b>               | <b>-2,383</b> |
| Total comprehensive income              | -158                                        | 33                       | -125          |
| Dividend to non controlling interest    | -                                           | -35                      | -35           |
| <b>Closing balance, June 30, 2018</b>   | <b>-2,685</b>                               | <b>142</b>               | <b>-2,543</b> |

| Total equity, 2017                      |                                             |                          |               |
|-----------------------------------------|---------------------------------------------|--------------------------|---------------|
| SEK m                                   | Equity attributable to owners of the parent | Non controlling interest | Total equity  |
| <b>Opening balance, January 1, 2017</b> | <b>-3,080</b>                               | <b>89</b>                | <b>-2,991</b> |
| Total comprehensive income              | 854                                         | 25                       | 879           |
| Dividend to non controlling interest    | -                                           | -6                       | -6            |
| <b>Closing balance, June 30, 2017</b>   | <b>-2,226</b>                               | <b>108</b>               | <b>-2,118</b> |

Capa™ Polyols enable adhesives with excellent durability and flexibility, performing in a broad range of temperatures



# Consolidated Cash flow statement

| Cash Flow analysis, consolidated Group                                      |      |             |              |             |              |             |
|-----------------------------------------------------------------------------|------|-------------|--------------|-------------|--------------|-------------|
| SEK m                                                                       | Note | Quarter 2   |              | Quarter 1-2 |              | Full year   |
|                                                                             |      | 2018        | 2017         | 2018        | 2017         |             |
| Operating activities                                                        |      |             |              |             |              |             |
| Operating earnings                                                          |      | 412         | 360          | 876         | 782          | 1,463       |
| Adjustments:                                                                |      |             |              |             |              |             |
| Depreciation and write-down                                                 |      | 203         | 142          | 343         | 281          | 727         |
| Other                                                                       |      | -23         | 3            | -13         | -19          | -27         |
| Interest received and other financial items                                 |      | 2           | 1            | 4           | 3            | 6           |
| Interest paid and other financial items                                     |      | -478        | -545         | -581        | -625         | -1,320      |
| Income tax paid                                                             |      | -27         | -26          | -65         | -43          | -102        |
| <b>Cash flow from operating activities before change in working capital</b> |      | <b>89</b>   | <b>-65</b>   | <b>564</b>  | <b>379</b>   | <b>838</b>  |
| Changes in working capital                                                  |      |             |              |             |              |             |
| Increase (-) Decrease (+) in net working capital <sup>1)</sup>              |      | -108        | 11           | -481        | -392         | -296        |
| <b>Cash flow from operating activities</b>                                  |      | <b>-19</b>  | <b>-54</b>   | <b>83</b>   | <b>-13</b>   | <b>542</b>  |
| Investing activities                                                        |      |             |              |             |              |             |
| Acquisition of net assets, subsidiaries                                     |      | -5          | -            | -5          | -            | -110        |
| Acquisition of tangible and intangible fixed assets                         |      | -154        | -162         | -248        | -262         | -532        |
| Sale of net assets, subsidiaries                                            |      | -           | -1           | -           | 722          | 0           |
| Sale of tangible and intangible fixed assets                                |      | 1           | -            | 1           | -            | 1           |
| Sale of shares in other participations                                      |      | -           | 290          | -           | 290          | 0           |
| Change in financial assets, external                                        |      | 0           | -2           | 0           | -57          | 57          |
| <b>Cash flow from investing activities</b>                                  |      | <b>-158</b> | <b>125</b>   | <b>-252</b> | <b>693</b>   | <b>-584</b> |
| Financing activities                                                        |      |             |              |             |              |             |
| Dividend paid to non-controlling interests in subsidiaries                  |      | -35         | -6           | -35         | -6           | -35         |
| New loans external                                                          |      | -           | -            | -           | -            | 2,484       |
| Amortization of loans external                                              |      | -           | -            | -           | -            | -3,012      |
| Change in credit utilization                                                |      | 250         | 357          | 200         | 356          | -236        |
| <b>Cash flow from financing activities</b>                                  |      | <b>215</b>  | <b>351</b>   | <b>165</b>  | <b>350</b>   | <b>-799</b> |
| <b>Change in liquid funds, incl,short-term investments</b>                  |      | <b>38</b>   | <b>422</b>   | <b>-4</b>   | <b>1,030</b> | <b>-841</b> |
| Liquid fund opening balance, incl,short-term investments                    |      | 592         | 1,046        | 621         | 434          | 434         |
| Translation difference in liquid funds                                      |      | 2           | -12          | 15          | -8           | 17          |
| <b>Liquid funds, end of period<sup>2)</sup></b>                             |      | <b>632</b>  | <b>1,456</b> | <b>632</b>  | <b>1,456</b> | <b>632</b>  |

<sup>1)</sup> Including trade receivable financing program.

<sup>2)</sup> Restricted and held on escrow

97 756 97 756 97 164

Akestra™ is a remarkable plastic with a sparkling glass like appearance that is sure to enhance both disposable and reusable packaging





## Parent company

Perstorp Holding AB (publ.) is fully 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's equity at June 30, 2018 amounted to 1,291 m (1,302) compared to SEK 817 m at December 31, 2017.

| Income statement                            |      |            |             |             |             |             |
|---------------------------------------------|------|------------|-------------|-------------|-------------|-------------|
| SEK m                                       | Note | Quarter 2  |             | Quarter 1-2 |             | Full year   |
|                                             |      | 2018       | 2017        | 2018        | 2017        | 2017        |
| <b>Net sales</b>                            |      | <b>22</b>  | <b>13</b>   | <b>32</b>   | <b>37</b>   | <b>54</b>   |
| Cost of goods sold                          |      | -          | -           | -           | -           | -           |
| <b>Gross earnings</b>                       |      | <b>22</b>  | <b>13</b>   | <b>32</b>   | <b>37</b>   | <b>54</b>   |
| Sales, marketing and admin costs            |      | -51        | -40         | -88         | -88         | -181        |
| Other operating income and expenses         |      | -5         | -10         | -6          | -12         | -15         |
| <b>Operating earnings (EBIT)</b>            |      | <b>-34</b> | <b>-37</b>  | <b>-62</b>  | <b>-63</b>  | <b>-136</b> |
| Financial income and expenses <sup>1)</sup> |      | 681        | -76         | 218         | -230        | -375        |
| Appropriations                              |      | -          | -           | -           | -           | 182         |
| <b>Earnings/loss before tax</b>             |      | <b>647</b> | <b>-113</b> | <b>156</b>  | <b>-293</b> | <b>-778</b> |
| Tax                                         | 7    | 317        | -           | 317         | -           | -           |
| <b>Net earnings/loss <sup>2)</sup></b>      |      | <b>964</b> | <b>-113</b> | <b>473</b>  | <b>-293</b> | <b>-778</b> |

<sup>1)</sup> Including dividends from subsidiaries

1,100 - 1,100 - 1,100 -

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

| Balance sheet                          |      |               |               |               |
|----------------------------------------|------|---------------|---------------|---------------|
| SEK m                                  | Note | Jun 30, 2018  | Jun 30, 2017  | Dec 31, 2017  |
| Tangible fixed assets                  |      | 2             | 3             | 2             |
| Intangible fixed assets                |      | 2             | 3             | 2             |
| Shares in group companies              |      | 7,731         | 7,731         | 7,731         |
| Long term receivables group            |      | 7,173         | 6,880         | 6,822         |
| Other non-current assets               | 7    | 686           | 345           | 355           |
| Short term financial receivables group |      | 112           | 400           | 586           |
| Other current assets                   |      | 1,125         | 28            | 23            |
| Cash & cash equivalents                |      | 0             | 600           | 0             |
| <b>Total assets</b>                    |      | <b>16,831</b> | <b>15,990</b> | <b>15,521</b> |
| Total equity                           |      | 1,291         | 1,302         | 817           |
| Loan from parent company               |      | 25            | 21            | 22            |
| Other non-current liabilities          |      | 13,322        | 12,610        | 12,297        |
| Current liabilities                    |      | 2,193         | 2,057         | 2,385         |
| <b>Total equity &amp; liabilities</b>  |      | <b>16,831</b> | <b>15,990</b> | <b>15,521</b> |



## Key figures and FX-rates

| Key figures                                                  |        |        |        |        |        |        |        |        |
|--------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| SEK m unless otherwise stated                                | 2018   |        | 2017   |        |        |        | 2016   |        |
|                                                              | Q2     | Q1     | Q4     | Q3     | Q2     | Q1     | Q4     | Q3     |
| <i>Continuing operations</i>                                 |        |        |        |        |        |        |        |        |
| Net Sales                                                    | 3,949  | 3,680  | 3,602  | 3,289  | 3,288  | 3,413  | 3,088  | 2,784  |
| Organic volume-based sales growth,%                          | 5%     | -1%    | 6%     | 7%     | 7%     | 23%    | 27%    | 13%    |
| Marginal contribution                                        | 1,166  | 1,101  | 1,086  | 1,100  | 1,038  | 1,061  | 929    | 885    |
| EBITDA excluding non-recurring items                         | 623    | 607    | 485    | 575    | 502    | 571    | 461    | 476    |
| % of net sales                                               | 15.8%  | 16.5%  | 13.5%  | 17.5%  | 15.3%  | 16.7%  | 14.9%  | 17.1%  |
| Cash conversion, % of EBITDA excluding non-recurring items   | 57%    | 23%    | 149%   | 23%    | 70%    | 12%    | 88%    | 75%    |
| <i>Consolidated group</i>                                    |        |        |        |        |        |        |        |        |
| Net earnings/loss                                            | 57     | -191   | -360   | 49     | 114    | 706    | -428   | -230   |
| Earnings, per share, diluted, SEK                            | 1.14   | -3.81  | -7.20  | 0.99   | 2.28   | 14.11  | -8.56  | -4.60  |
| Net debt excluding pension liabilities and shareholder loans | 13,229 | 12,446 | 12,056 | 11,716 | 12,078 | 12,242 | 12,964 | 11,975 |
| Leverage <sup>1)</sup>                                       | 5.8x   | 5.7x   | 5.7x   | 5.6x   | 6.0x   | 6.4x   | 7.0x   | 7.4x   |

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

| Currency rates |       |       |       |       |       |       |       |       |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Closing rate   |       |       |       |       |       |       |       |       |
| USD            | 8.96  | 8.36  | 8.23  | 8.11  | 8.47  | 8.93  | 9.10  | 8.62  |
| EUR            | 10.42 | 10.29 | 9.85  | 9.57  | 9.67  | 9.55  | 9.57  | 9.63  |
| GBP            | 11.75 | 11.76 | 11.10 | 10.87 | 11.01 | 11.13 | 11.18 | 11.17 |
| Average rate   |       |       |       |       |       |       |       |       |
| USD            | 8.67  | 8.11  | 8.32  | 8.14  | 8.80  | 8.92  | 9.04  | 8.52  |
| EUR            | 10.33 | 9.96  | 9.79  | 9.56  | 9.69  | 9.51  | 9.76  | 9.51  |
| GBP            | 11.79 | 11.28 | 11.04 | 10.64 | 11.26 | 11.05 | 11.23 | 11.19 |





# 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 2017. The accounting principles of the Group and parent company are stated in Note 2 of the 2017 Annual Report.

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers came into effect as of 1 January 2018. The implementation of IFRS 9 and IFRS 15 has no material effect on the Group's or segments' financial reporting.

IFRS 16 Leases will be implemented on 1 January 2019. The Group has started to analyze and evaluate the effects of this new standard on the Group's financial reporting. This work is in an early phase, and the preliminary conclusion is scheduled to be available during quarter 4, 2018.

Furthermore the proposal for new tax rules in Sweden was adopted on the 14th of June 2018 which will enter into force from the 1st of January 2019. The areas that affects the accounting and reporting in this report are the change in the corporate tax rate and the general interest-rate limitation rules. A change in the tax rate affects the valuation of deferred tax assets and deferred tax liabilities, while the interest-rate limitation rules can have an effect on the companies' ability to report deferred tax assets related to tax losses carry forward.

## 2. Segment information

| Segment data <sup>1)</sup>                     |      |              |              |              |              |                   |
|------------------------------------------------|------|--------------|--------------|--------------|--------------|-------------------|
| SEK m                                          | Note | Quarter 2    |              | Quarter 1-2  |              | Full year<br>2017 |
|                                                |      | 2018         | 2017         | 2018         | 2017         |                   |
| <b>Net Sales</b>                               |      |              |              |              |              |                   |
| Specialties & Solutions                        |      | 907          | 793          | 1,827        | 1,578        | 3,204             |
| Advanced Chemicals & Derivatives <sup>2)</sup> |      | 2,662        | 2,138        | 5,013        | 4,267        | 8,602             |
| BioProducts <sup>2)</sup>                      |      | 329          | 308          | 674          | 745          | 1,584             |
| Internal sales                                 |      |              |              |              |              |                   |
| Specialties & Solutions                        |      | -4           | -2           | -6           | -5           | -9                |
| Advanced Chemicals & Derivatives               |      | -18          | -4           | -40          | -34          | -81               |
| BioProducts                                    |      | -1           | -1           | -2           | -1           | 0                 |
| Other/eliminations                             |      | 74           | 56           | 163          | 151          | 292               |
| <b>Continuing operations</b>                   |      | <b>3,949</b> | <b>3,288</b> | <b>7,629</b> | <b>6,701</b> | <b>13,592</b>     |
| <b>Discontinued operations</b>                 |      | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>          |
| <b>TOTAL GROUP</b>                             |      | <b>3,949</b> | <b>3,288</b> | <b>7,629</b> | <b>6,701</b> | <b>13,592</b>     |
| <b>EBITDA</b>                                  |      |              |              |              |              |                   |
| Specialties & Solutions                        |      | 256          | 170          | 496          | 359          | 725               |
| Advanced Chemicals & Derivatives <sup>2)</sup> |      | 428          | 369          | 822          | 780          | 1,518             |
| BioProducts <sup>2)</sup>                      |      | 0            | -26          | -21          | -26          | -17               |
| Other/eliminations                             |      | -69          | -11          | -78          | -50          | -130              |
| <b>Continuing operations</b>                   |      | <b>615</b>   | <b>502</b>   | <b>1,219</b> | <b>1,063</b> | <b>2,096</b>      |
| <b>Discontinued operations</b>                 |      | <b>-</b>     | <b>0</b>     | <b>-</b>     | <b>605</b>   | <b>604</b>        |
| <b>TOTAL GROUP</b>                             |      | <b>615</b>   | <b>502</b>   | <b>1,219</b> | <b>1,668</b> | <b>2,701</b>      |
| <i>Non allocated items</i>                     |      |              |              |              |              |                   |
| Depreciation, Amortization and write down      |      | -203         | -143         | -343         | -282         | -728              |
| <b>Operating earnings (EBIT)</b>               |      | <b>412</b>   | <b>359</b>   | <b>876</b>   | <b>1,386</b> | <b>1,973</b>      |
| Financial income and expenses                  |      | -674         | -211         | -1,286       | -515         | -1,453            |
| <b>Earnings/loss before tax</b>                |      | <b>-262</b>  | <b>148</b>   | <b>-410</b>  | <b>871</b>   | <b>520</b>        |
| Tax                                            |      | 319          | -34          | 276          | -51          | -10               |
| <b>Net result</b>                              |      | <b>57</b>    | <b>114</b>   | <b>-134</b>  | <b>820</b>   | <b>510</b>        |

|                                                |            |            |              |              |              |              |
|------------------------------------------------|------------|------------|--------------|--------------|--------------|--------------|
| <b>EBITDA excluding non-recurring items</b>    |            |            |              |              |              |              |
| Specialties & Solutions                        | 257        | 170        | 497          | 359          | 864          | 726          |
| Advanced Chemicals & Derivatives <sup>2)</sup> | 428        | 369        | 824          | 783          | 1,564        | 1,523        |
| BioProducts <sup>2)</sup>                      | 0          | -26        | -21          | -26          | -12          | -17          |
| Other/eliminations                             | -62        | -11        | -70          | -43          | -126         | -99          |
| <b>Continuing operations</b>                   | <b>623</b> | <b>502</b> | <b>1,230</b> | <b>1,073</b> | <b>2,290</b> | <b>2,133</b> |
| <b>Discontinued operations</b>                 | <b>-</b>   | <b>-</b>   | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     |
| <b>TOTAL GROUP</b>                             | <b>623</b> | <b>502</b> | <b>1,230</b> | <b>1,073</b> | <b>2,290</b> | <b>2,133</b> |

<sup>1)</sup> The Group is domiciled in Sweden. The result of its net sales from external customers in Sweden is 9% (12), and the total of net sales from external customers from other countries is 91% (88). No sales above 10% derived from a single external customer.

<sup>2)</sup> During the first quarter 2017, one product line has been transferred from Business Area Advanced Chemicals and Derivatives to Business Area BioProducts. The amount is minor and historical numbers have been restated.

# 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 June 2018 equity for the parent company, Perstorp Holding AB, amounts to SEK 1,291 m (1,302). Consolidated equity, including non controlling interest, for the Perstorp Group amounts to SEK -2,543 m (-2,118).

## 5. Transactions with related parties

The net amount borrowed from the Luxembourg-based parent company Financière Forêt S.à.r.l. amounted to SEK 25 (21) m.

## 6. Risk and uncertainty

Perstorp is exposed to a number of risks and uncertainty factors, which are reviewed in the Annual Report for 2017.

## 7. Deferred tax

The decrease in the tax rate and the new interest-rate limitation rules, applicable from the 1st of January 2019, has affected the valuation of deferred tax assets and deferred tax liabilities for Perstorp Group with a net of SEK 338 whereof SEK 317 m is related to deferred tax assets on tax losses carry forward for Perstorp Holding AB.

## 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.

## 9. Impairment

The financial development for the site in Vercelli has been challenging and during the second quarter 2018 a decision was made to cease the production. This has resulted in a write down of fixed assets related to the Site, amounting to approximately a net of SEK 57 m. The write down has no impact on the Business Areas or the Group's cash flow for 2018.

## 10. 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, is available in English and can be ordered in print format and can also be downloaded from the Group's website at [www.perstorp.com](http://www.perstorp.com).

Perstorp, July 18, 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](http://perstorp.com)