



Perstorp Holding AB (Publ.)

Interim report 1 January – 30 June 2019

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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 1,350 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 2019, continuing operations

- Net sales decreased with 9% to SEK 3,065 m (3,382).
- Excluding currency effects, sales prices in the second quarter were lower than the corresponding quarter last year in EMEA and APAC. The decrease was linked to both lower raw materials and weakening market conditions.
- Organic volume-based sales growth was -6% year-on-year.
- EBITDA excluding non-recurring items amounted to SEK 365 m (510).
- EBITDA-margin excluding non-recurring items was 11.9% (15.1).

Key figures in summary, continuing operations

SEK m unless otherwise stated	Quarter 2		Quarter 1-2		Latest	Full year
	2019	2018	2019	2018	12 months	2018
Net Sales	3,065	3,382	6,283	6,461	12,258	12,436
EBITDA	362	503	775	1,010	1,461	1,696
% of net sales	11.8	14.9	12.3	15.6	11.9	13.6
EBITDA excluding non-recurring items ¹⁾	365	510	840	1,021	1,633	1,814
% of net sales	11.9	15.1	13.4	15.8	13.3	14.6
Operating earnings (EBIT)	232	327	518	721	982	1,185
% of net sales	7.6	9.7	8.2	11.2	8.0	9.5
Net earnings/loss	-41	50	-1,112	-190	-877	45
Free cash flow	221	153	231	344	850	963

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



President's Comments – Q2 2019

"Our second quarter has been characterized by weaker demand and consequently lower margins, we have already taken actions to mitigate for some of the consequences in order to protect the company's performance."

The second quarter was characterized by clear signs of a slowdown in the world economy, some of our key segments included. This was recently confirmed by a decrease in the global Purchasing Managers' Index, which is now at its lowest level in three years.

A quarter with a generally weakened demand and some production outages

Demand has weakened in APAC and EMEA at the same time. The demand in Americas is holding up. In a few of our product areas some new capacity has come on stream in APAC, which impacted the competitive landscape.

During the quarter, raw material prices have decreased somewhat compared with the same period last year, while they have increased slightly compared to the first quarter of the year, this lead some customers to postpone orders to the third quarter. Unit margins have been negatively impacted by the somewhat weaker supply/demand situation, particularly in our specialty polyols business. Some unplanned production outages at our polyol site in Germany also resulted in a negative impact on produced volumes.

Mitigating activities initiated during mid-quarter as a result of the decrease in EBITDA

Net sales amounted to SEK 3,065 m, a 9% decrease over the second quarter last year, mainly due to lower volumes and lower sales prices, partly offset by positive exchange rates. Organic volume based sales growth for the period was - 6% compared to the same period last year. EBITDA excluding non-recurring items amounted to SEK 365 (510) m with an EBITDA margin of 11.9% (15.1%). LTM EBITDA was SEK 1,633 (1,814).

In Business Area Specialty Polyols & Solutions EBITDA amounted to SEK 218 (341) m, where primarily lower demand and unit margins for Neo and Formates, in EMEA and APAC, affected the results negatively. In addition, the somewhat lower output from our production site in Germany had a negative impact on the sales of Penta. In Business Area Animal Nutrition, sales volumes were lower than expected. Drivers have been customers holding high inventories of preservation products due to last year's drought as well as somewhat lower availability of products. We also experienced some price pressure for our acid & salts products in APAC. EBITDA excluding non-recurring items was SEK 69 (83) m.

For Business Area Advanced Chemicals, demand started off relatively stable in the beginning of the quarter, but with a softening towards the end. Unit margins were strong both within our alcohol and plasticizer businesses, which has resulted in an EBITDA of SEK 165 (143) m.

On the basis on the financial development during the quarter, mitigating activities have been initiated already in mid-May and are under implementation. The mitigating activities consist of reduction in fixed cost and capital expenditures as well as strong focus on improved sales and pricing wherever possible. The full effect of this activities will come gradually during the second half of 2019.

Perstorp's long-term direction stays firm

At the end of second quarter, the Board of Directors confirmed Perstorp's strategic direction. There is great confidence in the long-term growth potential for all our focus segments; Resins & Coatings, Plastic Materials, Engineered Fluids and Animal Nutrition. During the quarter, two important investments were also approved; a new Penta plant in India and expansion of the production capacity for TMP at site Perstorp. Together, they will enable future growth by supplying products to Perstorp's entire business according to the strategic plan.

As part of the long-term development of efficiency within the company's sales organization, the first phase of a new CRM system was implemented during the second quarter which will provide significantly higher transparency to our sales pipeline. The use of the system will gradually be expanded in several stages.

Regardless of the economic climate, our spotlight is always on health and safety. For the second quarter, the numbers look good and are on a positive trend. We remain committed to our long term ambition to become a top quartile company in Health & Safety. We are humble around our high ambition and will take further strong measures to meet our target. The second wave of safety maturity audits is currently being implemented in our plants.

We continue to act with agility

Given the weaker market conditions, Perstorp has taken measures to hold back fixed costs and investments in the short term. We have our ears to the ground and are prepared to act with agility, both to capture new business opportunities but also to introduce further efficiency measures if demand would continue to decline.

Malmö, July 2019



Jan Secher

President and CEO

Financial overview April – June 2019

Income statement, continuing operations

SEK m	Quarter 2	
	2019	2018
Net Sales	3,065	3,382
Cost of goods sold	-2,600	-2,800
Gross earnings	465	582
Operating earnings (EBIT)	232	327
Exchange rate effects on net debt	-52	-264
Other financial income and expenses	-164	-334
Earnings before tax	16	-271
Tax	-57	321
Net earnings/loss	-41	50
EBITDA	362	503
EBITDA excluding non-recurring items	365	510

Net sales and earnings, continuing operations ¹⁾

Net sales during the second quarter amounted to SEK 3,065 m (3,382), a decrease of SEK 317 m or 9%.

Organic volume based sales growth was -6% in the second quarter 2019 linked to weaker demand in EMEA and APAC and some postponed orders to the third quarter. Excluding currency effects, sales prices were 3% lower than last year mainly linked to lower raw material prices.

Average Dated Brent oil price decreased 10% in the second quarter 2019 compared to the corresponding quarter last year but was 6 % higher than in the first quarter 2019. The higher price on Dated Brent oil, compared to the first quarter 2019, has also impacted pricing on downstream derivatives like propylene and ethylene during the second quarter of 2019.

The Swedish krona continued, in the second quarter, to weaken against both the USD and the EUR from last quarter as well as comparing to the corresponding quarter 2018, resulting in a positive exchange rate effects on sales of approximately 4%.

EBITDA excluding non-recurring items amounted to SEK 365 m (510), corresponding to an EBITDA margin of 11.9% (15.1).

The lowered EBITDA was attributable to negative impact from lower volumes and unit margins including some production issues, partly offset by positive exchange rate impact.

Depreciation and amortization amounted to SEK 129 m (175). The comparable numbers for 2018 includes an impairment of approximately SEK 57 m related to fixed assets in Perstorp Polialcoli S.r.l., Italy. EBIT amounted to SEK 232 m (327) for the period.

Net financial expenses, excluding currency effects on net debt, amounted to SEK 164 m (334), reflecting the full effect of the refinancing of the capital structure, which was completed during the first quarter 2019.

Tax amounted to SEK -57 m (321). In 2018, deferred tax assets was assigned to tax losses carry forward due to the new tax rules in Sweden and positively affected the result with SEK 338 m.

Net result amounted to SEK -41 m (50).

¹⁾ Continuing operations excludes the divested unites Perstorp UK Ltd, Perstorp Bioproducts AB and Perstorp Bioproducts AS.

Financial overview January - June 2019

Income statement, continuing operations

SEK m	Quarter 1-2	
	2019	2018
Net Sales	6,283	6,461
Cost of goods sold	-5,280	-5,342
Gross earnings	1,003	1,119
Operating earnings (EBIT)	518	721
Exchange rate effects on net debt	-236	-552
Other financial income and expenses	-1,339	-651
Earnings before tax	-1,057	-482
Tax	-55	292
Net earnings/loss	-1,112	-190
EBITDA	775	1,010
EBITDA excluding non-recurring items	840	1,021

Net sales and earnings, continuing operations¹⁾

Net sales for the first six months of 2019 amounted to SEK 6,283 m (6,461), a decrease of SEK 178 m or 3%.

Organic volume based sales growth was -3%, following from the unplanned shutdown in Stenungsund, resulting from a power outage by our electricity provider and weaker demand in EMEA and APAC. Excluding currency effects, sales prices in the first half of 2019 were slightly lower than last year due to lower raw material prices.

During the first six months of 2019, the Swedish krona weakened against the USD and EUR compared to the corresponding period in 2018, resulting in positive exchange rate effects on sales of approximately 5%.

EBITDA excluding non-recurring items amounted to SEK 840 m (1,021), corresponding to an EBITDA margin of 13.4% (15.8). The decrease in earnings compared to last year of SEK 181 m was attributable to lower volumes and lower unit margins for some product lines, the unplanned shutdown in Stenungsund partly offset by reduced fixed cost and positive exchange rate effects.

Non-recurring items, amounting to SEK 65 m, relates primarily to restructuring costs in connection with the reorganization and refinancing cost during the first quarter of 2019.

Depreciation and amortization for the period amounts to SEK 257 m compared to SEK 289 m. The comparable numbers for 2018 includes an impairment of approximately SEK 57 m related to fixed assets in Perstorp Polialcoli S.r.l., Italy. EBIT amounted to SEK 518 m (721) for the period.

Net financial expenses, excluding currency effects on net debt, amounted to SEK 1,339 m compared to SEK 651 m for the corresponding period in 2018. The deviation was mainly affected by the refinancing of the capital structure, which was completed during the first quarter 2019. The refinancing lowered the average interest rate from approximately 8% to 5%, which had a full effect in the income statement from the second quarter 2019.

Tax amounted to SEK -55 m (292). In 2018 deferred tax assets was assigned to tax losses carry forward due to the new tax rules in Sweden and positively affected the result with SEK 338 m.

Net result amounted to SEK -1,112 m (-190).

¹⁾ Continuing operations excludes the divested unites Perstorp UK Ltd, Perstorp Bioproducts AB and Perstorp Bioproducts AS.

Free cash flow analysis, continuing operations

SEK m	Quarter 2		Quarter 1-2		Latest	Full year
	2019	2018	2019	2018	12 months	2018
EBITDA excluding non-recurring items	365	510	840	1,021	1,633	1,814
Change in Working Capital ²⁾	-32	-227	-396	-473	-234	-311
Maintenance Capex	-54	-71	-107	-130	-338	-361
Free Cash Flow before Strategic Capex	279	212	337	418	1,061	1,142
% of EBITDA excluding non-recurring items	76	42	40	41	65	63
Strategic Capex	-58	-59	-106	-74	-211	-179
Free Cash Flow	221	153	231	344	850	963
% of EBITDA excluding non-recurring items	61	30	28	34	52	53

¹⁾ For further details on total cash flow, please see page 17.

²⁾ Excluding currency translation effects and provisions.

Available funds and debt

SEK m	June 30, 2019	June 30, 2018	Dec 31, 2018
Available funds	939	1,106	1,120
Net debt	9,292	13,674	13,505
Net debt excl. Parent company loans and pension liabilities	8,883	13,229	13,103
Leverage ¹⁾	5.4x	5.8x	5.6x

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

Free cash flow April - June

Free Cash flow in the second quarter 2019 amounted to SEK 221 m (153). The lower earnings were counterbalanced by favorable development of working capital, mainly related to accounts receivable linked to the lower sales in 2019 compared to the same period in 2018. Total investment was somewhat lower compared to the corresponding period last year. Utilization of the factoring program at June 30, 2019 amounted to EUR 92 m (116).

Free cash flow January - June

Free Cash flow for the first 6 month amounted to SEK 231 m (344). The free cash flow was affected by the lower earnings in combination with somewhat higher investments, counterbalanced to a certain extent by favorable development of working capital, mainly related to accounts receivable linked to the lower sales in 2019 compared to the same period in 2018.

Net debt and leverage

The Group's available funds, liquid funds and unutilized credit facilities, were SEK 939 m (1,106) at the end of the period, compared with SEK 1,120 m at the end of 2018.

Following the company's positive development during 2018 and the sale of the Bioproduct and Caprolactone businesses, Perstorp, refinanced the capital structure with new credit facilities in the first quarter 2019.

Leverage was 5.4x at the end of the second quarter 2019 compared to 5.6x at the end of 2018.



Business Area

Speciality Polyols & Solutions

Business Area

Specialty Polyols & Solutions

SEK m	Quarter 2		Quarter 1-2	
	2019	2018	2019	2018
<i>Continuing operations</i>				
Net sales	1,667	1,912	3,521	3,673
EBITDA	217	340	528	660
EBITDA excl. non-recurring items	218	341	529	662
EBITDA margin excl. non-recurring items, %	13.1	17.8	15.0	18.0

Specialty Polyols & Solutions consists of Business units Penta, TMP/Neo, Formates and Business Development.

April - June 2019

Net sales in the second quarter 2019 amounted to SEK 1,667 m (1,912). The lower sales were mainly attributable to lower volumes and sales prices of Neo and Formates in APAC and EMEA. Sales at the end of the second quarter were also negatively affected by customers in all regions delaying purchases in expectation of lower raw material prices in the third quarter. Exchange rates had a positive impact on sales of approximately 4%.

Organic volume based sales growth was -3%.

EBITDA excluding non-recurring items in the second quarter was SEK 218 m (341) corresponding to an EBITDA margin of 13.1% (17.8%). The decrease was to a large extent due to Neo and Formates, with lower volumes and unit margins in APAC and EMEA. To some extent this was offset by reduced fixed costs and minor positive exchange rate effects.

A close-up photograph of a person's hands and feet resting on a blue, textured mat. The mat has a ribbed pattern and is partially unrolled. The person's skin is dark, and their hands are positioned on the mat, with fingers slightly spread. The background is blurred, showing a light-colored floor and a dark object in the distance. The overall tone is warm and focused on the tactile experience of the mat.

Business Area
Advanced Chemicals

Business Area

Advanced Chemicals

SEK m	Quarter 2		Quarter 1-2	
	2019	2018	2019	2018
<i>Continuing operations</i>				
Net sales	1,053	1,117	2,074	2,125
EBITDA	168	143	314	284
EBITDA excl. non-recurring items	165	143	316	284
EBITDA margin excl. non-recurring items, %	15.7	12.8	15.2	13.4

Business Area Advanced Chemicals consists of Business units Oxo and Plasticizers.

April-June 2019

Net sales in the second quarter 2019 amounted to SEK 1,053 m (1,117). The lower sales were mainly attributable to lower volumes of Oxo alcohols. Sales at the end of the second quarter were also negatively affected by customers in all regions delayed purchases in expectation of lower raw material prices in the third quarter. Exchange rates had a positive impact on sales of approximately 4%.

Organic volume base sales growth was -9%.

EBITDA excluding non-recurring items, in the second quarter, amounted to SEK 165 m (143), corresponding to an EBITDA margin of 15.7% (12.8). The increase was mainly due to improved unit margins on both Oxo alcohols and Plasticizers, reduced fixed costs and to a less extent positive exchange rate effects.



Business Area
Animal Nutrition

Business Area

Animal Nutrition

SEK m	Quarter 2		Quarter 1-2	
	2019	2018	2019	2018
<i>Continuing operations</i>				
Net sales	307	356	612	637
EBITDA	69	82	114	135
EBITDA excl. non-recurring items	69	83	114	136
EBITDA margin excl. non-recurring items, %	22.5	23.3	18.6	21.4

Business Area Animal Nutrition consists of Business Units Feed Additives and Acids and Salts.

April - June 2019

Net sales in second quarter 2019 amounted to SEK 307 m (356). The decrease in sales was mainly related to less available volumes but also partly due to price pressure in APAC. In addition preservation customers have been more cautious in placing new orders to ensure not to end up with high inventories as last year. Exchange rates had a positive impact on sales of approximately 4%.

Organic volume based sales growth was -11%

EBITDA excluding non-recurring items in the second quarter was SEK 69 m (83) corresponding to an EBITDA margin of 22.5% (23.3%). The decrease was due to a mix of lower volumes and unit margins within acid and salts which to some extent was offset by reduced fixed costs.

Consolidated income statement

Income statement, consolidated group

SEK m	Note	Quarter 2		Quarter 1-2		Latest	Full year
		2019	2018	2019	2018	12 months	2018
Continuing operations							
Net Sales	3	3,065	3,382	6,283	6,461	12,258	12,436
Cost of goods sold		-2,600	-2,800	-5,280	-5,342	-10,342	-10,404
Gross earnings		465	582	1,003	1,119	1,916	2,032
Selling, administration and R&D costs		-231	-224	-447	-423	-862	-838
Other operating income and expenses ¹⁾		-4	24	-41	76	-72	45
Write-down of assets		0	-57	0	-54	-3	-57
Result from participations in associated companies		2	2	3	3	3	3
Operating earnings (EBIT)	5	232	327	518	721	982	1,185
Exchange-rate effects on net debt		-52	-264	-236	-552	-146	-462
Other financial income and expenses		-164	-334	-1,339	-651	-2,096	-1,408
Earnings/loss before tax		16	-271	-1,057	-482	-1,260	-685
Tax	8	-57	321	-55	292	383	730
Net earnings/loss		-41	50	-1,112	-190	-877	45
Discontinued operation	9						
Net sales	3	0	567	113	1,168	1,391	2,446
Operating earnings (EBIT)		-11	85	4,760	155	4,990	385
Earnings/loss before tax		-10	9	4,758	72	4,891	205
Tax		-1	-2	-13	-16	-23	-26
Net earnings/loss		-11	7	4,745	56	4,868	179
Group, total							
Net sales		3,065	3,949	6,396	7,629	13,649	14,882
Operating earnings (EBIT)		221	412	5,278	876	5,972	1,570
Earnings/loss before tax		6	-262	3,701	-410	3,631	-480
Tax		-58	319	-68	276	360	704
Net earnings/loss		-52	57	3,633	-134	3,991	224

Consolidated Group

EBITDA	3, 9	351	615	5,544	1,219	6,516	2,191
EBITDA excluding non-recurring items	3, 9	364	623	919	1,230	2,013	2,324

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

Consolidated income statement

Comprehensive income report

SEK m	Quarter 2		Quarter 1-2		Latest	Full year
	2019	2018	2019	2018	12 months	2018
Net result for the period	-52	57	3,633	-134	3,991	224
Other comprehensive income						
<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	5	-59	35	9	-23	-49
Other comprehensive income net after tax	5	-59	35	9	-28	-54
Total comprehensive income	-47	-2	3,668	-125	3,963	170
Attributable to:						
Parent company's shareholder	-53	-20	3,647	-158	3,929	124
Non-controlling interest	6	18	21	33	34	46

Consolidated balance sheet

Balance sheet, consolidated group

SEK m	Note	June 30, 2019	June 30, 2018	Dec 31, 2018
Tangible fixed assets		4,610	5,045	4,502
Intangible fixed assets		4,387	4,908	4,381
Participation in associated companies		74	71	72
Other non-current assets	8	1,165	888	1,217
Inventories		1,595	1,601	1,620
Other current assets		1,440	1,672	1,206
Cash & cash equivalents, incl. short-term investments		333	632	565
Assets held for sale		-	-	1,320
Total assets		13,604	14,817	14,883
Total equity	6	1,410	-2,543	-2,250
Loan from parent company	7	-	25	-
Pension liability, others		408	420	403
Other non-current liabilities		9,857	14,561	14,346
Current liabilities		1,929	2,354	2,197
Liabilities held for sale		-	-	187
Total equity & liabilities		13,604	14,817	14,883
Working capital	4	1,188	1,111	789
Net debt	10	9,292	13,674	13,505
Net debt excluding parent company loan and pension liabilities		8,883	13,229	13,103
Capital employed		10,985	11,632	11,718
Number of full-time employees, end of period		1,376	1,578	1,501
Contingent liabilities		222	239	239
Assets pledged		7,845	8,347	3,965

Consolidated statement of changes in equity

Total equity, 2019

SEK m	Note	Equity attributable to owners of the parent	Non-controlling interest	Total equity
Opening balance, January 1, 2019		-2,378	128	-2,250
Change in accounting principles	5	-7	-	-7
Adjusted opening balance, January 1, 2019		-2,385	128	-2,257
Total comprehensive income		3,647	21	3,668
Transactions with owners, recognized directly in equity		-	-1	-1
Closing balance, June 30, 2019		1,262	148	1,410

Total equity, 2018

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

Consolidated cash flow statement

SEK m	Quarter 2		Quarter 1-2		Latest	Full year
	2019	2018	2019	2018	12 months	2018
Operating activities						
Operating earnings	232	327	518	721	982	1,185
Adjustments						
Depreciation and write-down	130	176	257	289	479	511
Other	-59	-24	-142	-14	-183	-55
Operating activities in discontinued operations	-	113	78	210	377	509
Interest received and other financial items	1	2	2	4	5	7
Interest paid and other financial items	-151	-443	-1,044	-514	-1,621	-1,091
Income tax paid	-15	-26	-40	-64	-66	-90
Interest and taxes paid in discontinued operation	-	-36	-6	-68	-90	-152
Cash flow from operating activities before change in operating capital	138	89	-377	564	-117	824
Changes in working capital						
Increase (-) Decrease (+) in net working capital ¹⁾	-32	-227	-396	-473	-234	-311
Discontinued operations	-	119	-38	-8	67	97
Cash flow from operating activities	106	-19	-811	83	-284	610
Investing activities						
Acquisition of net assets, subsidiaries	-	-5	-	-5	-23	-28
Investments in other participations	-	-	-2	-	-5	-3
Acquisition of tangible and intangible fixed assets	-111	-126	-213	-200	-525	-512
Sale of net assets, subsidiaries	-	-	6,057	-	6,085	28
Sale of shares, other participations	5	-	5	-	5	-
Sale of tangible and intangible fixed assets	-	1	-	1	0	1
Discontinued operations	-	-28	-7	-48	-79	-120
Cash flow from investing activities	-106	-158	5,840	-252	5,458	-634
Financing activities						
Dividend paid to non-controlling interests in subsidiaries	-	-35	-29	-35	-29	-35
New loans	-27	-	8,800	-	8,800	-
Amortization of loans	-9	-	-13,968	-	-13,968	-
Change in credit utilization ³⁾	96	250	-76	200	-283	-7
Cash flow from financing activities	60	215	-5,273	165	-5,480	-42
Change in liquid funds, incl. short-term investments	60	38	-244	-4	-306	-66
Liquid fund opening balance, incl. short-term investments	272	592	565	621	632	621
Translation difference in liquid funds	1	2	12	15	7	10
Liquid funds, end of period²⁾	333	632	333	632	333	565

¹⁾ Including trade receivable financing program

²⁾ Restricted and held on escrow

³⁾ Including payment of bank fees related to refinancing

Parent company

Perstorp Holding AB (publ.) is fully owned by Financière Forêt S.à.r.l and the parent company of the Perstorp Holding Group. Perstorp Holding AB (publ.) had no external sales. Shareholder's equity at June 30, 2019 amounted to 3,578 m (1,291) compared to SEK 4,919 m at December 31, 2018.

Income statement

SEK m	Note	Quarter 2		Quarter 1-2		Latest	Full year
		2019	2018	2019	2018	12 months	2018
Net Sales		13	22	21	32	60	71
Gross earnings		13	22	21	32	60	71
Sales, marketing and admin costs		-47	-51	-84	-88	-168	-172
Other operating income and expenses		-1	-5	-5	-6	-27	-28
Operating earnings (EBIT)		-35	-34	-68	-62	-135	-129
Financial income and expenses ¹⁾		-99	681	-1,273	218	-1,629	-138
Appropriations		-	-	-	-	4,260	4,260
Earnings/loss before tax		-134	647	-1,341	156	2,496	3,993
Tax	8	-	317	-	317	-233	84
Net earnings/loss ²⁾		-134	964	-1,341	473	2,263	4,077
¹⁾ Including dividends from subsidiaries		-	1,100	-	1,100	-	1,100
²⁾ Comprehensive income equals net earnings/loss for the year							

Balance sheet

SEK m	Note	June 30, 2019	June 30, 2018	Dec 31, 2018
Tangible fixed assets		1	2	1
Intangible fixed assets		1	2	1
Shares in group companies		7,731	7,731	7,731
Long term receivables group		5,497	7,173	9,878
Other non-current assets	8	412	686	394
Short term financial receivables group		239	112	1,649
Other current assets		34	1,125	24
Cash & cash equivalents		0	0	23
Total assets		13,915	16,831	19,701
Total equity	6	3,578	1,291	4,919
Loan from parent company	7	-	25	-
Other non-current liabilities		8,962	13,322	13,364
Current liabilities		1,375	2,193	1,418
Total equity & liabilities		13,915	16,831	19,701



Key figures and FX rates

Key figures

SEK m unless otherwise stated	2019		2018		
	Q2	Q1	Q4	Q3	Q2
<i>Continuing operations</i>					
Net Sales	3,065	3,218	2,938	3,037	3,382
Organic volume-based sales growth, %	-5.6	0.0	-6.7	-7.5	4.7
Marginal contribution	874	943	811	828	987
EBITDA excluding non-recurring items	365	475	376	417	510
% of net sales	11.9	14.8	12.8	13.7	15.1
Cash conversion, % of EBITDA excluding non-recurring items	61	2	118	42	30
<i>Consolidated Group</i>					
Net earnings/loss	-52	3,685	281	77	57
Earnings, per share, diluted, SEK	-1.04	73.71	5.63	1.53	1.14
Net debt excluding pension liabilities and shareholder loans	8,883	8,822	13,103	13,018	13,229
Leverage ¹⁾	5.4x	5.0x	5.6x	5.7x	5.8x

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

Currency rates

Closing rate					
USD	9.27	9.28	8.97	8.86	8.96
EUR	10.56	10.42	10.28	10.29	10.42
GBP	11.75	12.08	11.35	11.57	11.75
Average rate					
USD	9.45	9.17	9.04	8.95	8.67
EUR	10.62	10.42	10.32	10.41	10.33
GBP	12.15	11.94	11.65	11.66	11.79

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 2018. The accounting principles of the Group and parent company are stated in Note 2 of the 2018 Annual Report.

Segment information

During the first quarter Perstorp announced a new organization with three new Business Areas (BAs) to manage our different customer categories and maintain strong customer intimacy:

- BA Specialty Polyols & Solutions: BU Penta, BU TMP & NEO and BU Formates
- BA Advanced Chemicals: BU Oxo and BU Plasticizers
- BA Animal Nutrition: Feed Additives and Acids and Salts

The historical numbers has been restated according to the new organization.

As a consequence 56 employees were made redundant globally and a restructuring provision amounting to approximately SEK 45 million is reported as a non-recurring item in the income statement for continuing operations.

IFRS 16 - Leasing

IFRS 16 Leases was implemented from 1 January 2019. This Standard regulates the recognition of leases and replaces IAS 17 "Leases" and the associated IFRIC 4, SIC-15 and SIC-27 interpretation statements. The Standard requires that assets and liabilities related to all lease arrangements are recognized in the Balance Sheet with certain exceptions. Recognition is based on the view that the lessee is entitled to use an asset for a specific period of time, and has a simultaneous obligation to pay for that right.

Work on analyzing and evaluating the effects of adoption of the new Standard on the Group's financial reporting has been performed and the Group has identified over 200 arrangements at the year-end 2018. Contracts governing rights of use with a shorter term than 12 months or with acquisition costs of less than USD 5,000 are not included. A marginal lending rate has been set by region.

Perstorp Group separate the non-lease components from the lease components related to rental of premises, leased cars and IT equipment. For rental of storage tanks these payments include non-lease components as they are not possible to separate from lease payments. The incremental borrowing rates used for discounting lease payments are based on the same principals as borrowings within the Group, cost of funds for long-term or short-term borrowing, plus an additional credit spread to reflect the slightly weaker creditworthiness of the borrower compared to the consolidated Perstorp Group.

Perstorp Group applies IFRS 16 retrospectively with the cumulative effect of initially applying the standard recognized at the 1st of January 2019, the so called modified retrospective approach. This means that no comparative figures will be recalculated and the full effect of the Standard are restated in the opening balances for 2019.

For essentially all of its leases, Perstorp Group has decided to measure the opening balance of the right-of-use assets as if IFRS16 has been applied since the commencement date, but discounted using the incremental borrowing rate at the 1st January 2019. For portfolios including leases with reasonably similar characteristics, the same discount rate has been used for all leases included in a portfolio. A right-of-use asset and a lease liability need not be measured for leases for which

the lease term ends within 12 months of the date of initial application. Therefore, no assets or liabilities have been measured for leases with an end date during 2019. Initial direct costs have been excluded from the measurement of the right-of-use assets at the date of initial application.

Hindsight has been used, such as in determining the lease term if the contract contains options to extend or terminate the lease. This practical expedient means that Perstorp Group been able to solely use information that existed at around the implementation when it comes to determining the lease term. For further information see note 5.

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 non-recurring 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.

"Continuing operations" excludes the divested units Perstorp UK Ltd, Perstorp Bioproducts AB and Perstorp Bioproducts AS.

3 Segment information ¹⁾

SEK m	Quarter 2		Quarter 1-2		Latest	Full year
	2019	2018	2019	2018	12 months	2018
Net Sales						
Specialty Polyols & Solutions	1,667	1,912	3,521	3,673	6,856	7,008
Advanced Chemicals	1,053	1,117	2,074	2,125	4,021	4,072
Animal Nutrition	307	356	612	637	1,211	1,236
Internal sales						
Specialty Polyols & Solutions	0	-29	-2	-53	-37	-88
Advanced Chemicals	-142	-176	-281	-345	-554	-618
Animal Nutrition	-4	-4	-8	-6	-21	-19
Other/eliminations	184	206	367	430	782	845
Continuing operations	3,065	3,382	6,283	6,461	12,258	12,436
Discontinued operations	-	567	113	1,168	1,391	2,446
TOTAL GROUP	3,065	3,949	6,396	7,629	13,649	14,882
EBITDA						
Specialty Polyols & Solutions	217	340	528	660	1,019	1 151
Advanced Chemicals	168	143	314	284	511	481
Animal Nutrition	69	82	114	135	219	240
Other/eliminations	-92	-62	-181	-69	-288	-176
Continuing operations	362	503	775	1,010	1,461	1,696
Discontinued operations	-11	112	4,769	209	5,055	495
TOTAL GROUP	351	615	5,544	1,219	6,516	2,191
<i>Non allocated items</i>						
Depreciation, Amortization and write down	-130	-203	-266	-343	-544	-621
Operating earnings (EBIT)	221	412	5,278	876	5,972	1,570
Financial income and expenses	-215	-674	-1,577	-1,286	-2,341	-2,050
Earnings/loss before tax	6	-262	3,701	-410	3,631	-480
Tax	-58	319	-68	276	360	704
Net result	-52	57	3,633	-134	3,991	224
EBITDA excluding non-recurring items						
Specialty Polyols & Solutions	218	341	529	662	1,032	1,165
Advanced Chemicals	165	143	316	284	516	484
Animal Nutrition	69	83	114	136	219	241
Other/eliminations	-87	-57	-119	-61	-134	-76
Continuing operations	365	510	840	1,021	1,633	1,814
Discontinued operations	-0	113	80	209	381	510
TOTAL GROUP	364	623	919	1,230	2,013	2,324

¹⁾ The Group is domiciled in Sweden. The result of its net sales from external customers in Sweden is 6% (4), and the total of net sales from external customers from other countries is 94% (96). No sales above 10% derived from a single external customer.

4. Working Capital

SEK m	June 30, 2019	June 30, 2018	Dec 31, 2018
Inventories	1,595	1,444	1,661
Accounts receivable	1,022	1,238	863
Other current assets	356	284	344
Accounts payable	-634	-783	-967
Other current liabilities	-1,151	-1,159	-1,129
Total working capital – continuing operations	1,188	1,024	772
Discontinued operations	-	87	17
Total Group	1,188	1,111	789

5. Leasing

SEK m	January 1, 2019
Impact on opening balance	
Right of use assets	100
Lease liabilities	109
Deferred tax assets	2
Equity	-7

SEK m	Quarter 2, 2019	Quarter 1-2, 2019
Impact on income statement, IFRS16 ¹⁾		
Depreciation on right of use assets	-10	-19
Interest on lease liability	-2	-4

¹⁾ The effect on EBITDA of the transition is approximately SEK 12 m in the second quarter and SEK 23 m for the first 6 months.

6. Equity

At the end of June 2019 equity for the parent company, Perstorp Holding AB, amounts to SEK 3,578 m (1,291). Consolidated equity, including non-controlling interest, for the Perstorp Group amounts to SEK 1,410 m (-2,543).

7. Transactions with related parties

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

8. Effects of changed tax rules in Sweden

The proposal for new tax rules in Sweden was adopted on the 14th of June 2018. The new rules applies 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 deduction 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.

9. Divestment

On December 10th, 2018 Perstorp announced the agreement to sell its Caprolactone business. The transaction was closed on February 13th 2019, the net proceeds from the transaction was approximately EUR 579 m. The capital gain amounts to approximately SEK 4,6 billion. At year end 2018 the assets and liabilities are classified as assets and liabilities held for sale in the balance sheet. In the income statement this is classified as discontinued operations.

In November 2018, Perstorp announced and completed the divestment of its Bioproduct business in order to streamline the portfolio. The Bioproduct business was concentrated to Sweden and Norway. In the income statement this is classified as discontinued operations.

10. Financing

During the first quarter 2019, Perstorp issued redemption notices for all outstanding bonds and notes issued by Prague CE S.A.R.L.. The redemption was financed by the proceeds of the Caprolactone sale as well as new credit facilities, with lower interests, committed by Bank of America, Merrill Lynch, Goldman Sachs Bank USA, DNB, SEB, Standard Chartered Bank and Nordea.

11. Risk and uncertainty

Perstorp is exposed to a number of risks and uncertainty factors, which are reviewed in the Annual Report for 2018.

12. 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 2018, 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.

Perstorp, July 18, 2019



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, more convenient and more environmentally sound for billions of people all over the world. As a world leading specialty chemicals company, our innovations provide essential properties for products used every day and everywhere. You'll find us everywhere from your car and smart phone to towering skyscrapers and the local dairy farm. Simply put, we work to make good products even better, with a clear sustainability agenda.

Founded in Sweden in 1881, 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. Perstorp has approximately 1,350 employees and manufacturing units in Asia, Europe and North America. Sales in 2018 amounted to 12.4 billion for continuing operations.

Learn more at www.perstorp.com