

Perstorp Holding AB (Publ.)

Interim report 1 January - 30 September 2016



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Interim report 1 January - 30 September 2016

Perstorp Holding AB (Publ.), corporate reg. no. 556667-4205. Parent company for Perstorp.

Perstorp is an international specialty chemicals group and a global leader in high growth niches. The Group has around 1,500 employees and manufacturing facilities in Europe, North America and Asia. The Perstorp Group is controlled by the European private equity company PAI Partners.

Key figures in summary

July 1 – September 30, 2016


- ➔ Net sales increased 2% to SEK 2,834 m (2,778). Improved volumes were partly offset by generally lower sales prices compared to the corresponding quarter last year, as an effect of lower raw material prices passed through to customers. Prices have also, but to a much lesser extent, been negatively affected by a more competitive market sentiment for some product lines. Margins have remained on a healthy level for the main part of our businesses, despite the lower prices.
- ➔ Organic volume-based sales growth was 14% year-on-year. Volumes improved in the majority of our businesses and were also to some extent helped by lower comparisons in the third quarter last year due to the triennial scheduled maintenance shutdown in Stenungsund. Adjusted for the scheduled shutdown in Stenungsund, organic volume-based sales growth was around 9% year-on-year.
- ➔ EBITDA-margin excluding non-recurring items improved to 17.4% (15.2). EBITDA excluding non-recurring items amounted to SEK 492 m in the third quarter compared to SEK 422 m in the corresponding period last year. The increase in earnings was primarily attributable to higher volumes, affected by the scheduled shutdown in Stenungsund last year, and positive FX effects, partly offset by slightly lower unit margins.

Key figures in summary

SEK m unless otherwise stated	Quarter 3		Quarter 1-3		Latest	Full year
	2016	2015	2016	2015	12 months	2015
Net sales	2,834	2,778	8,180	8,718	10,611	11,149
EBITDA	491	420	1,361	1,426	1,588	1,653
% of net sales	17.3%	15.1%	16.6%	16.4%	15.0%	14.8%
EBITDA excluding non-recurring items ¹⁾	492	422	1,388	1,429	1,626	1,667
% of net sales	17.4%	15.2%	17.0%	16.4%	15.3%	15.0%
Operating earnings (EBIT)	348	268	928	905	994	971
% of net sales	12.3%	9.6%	11.3%	10.4%	9.4%	8.7%
Net earnings/loss	-230	-252	-704	-433	-931	-660
Free cash flow ²⁾	384	109	957	921	1,163	1,127

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

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



Penta enables production of alkyd resins that give enhanced properties such as fast drying, chemical resistance and UV-stability



President's Comments

"We have made great progress in improving our results over the last two years. We are following our long term plan and continue to deliver profitable growth"

Strong volume growth

In the present market environment the underlying demand continues to be generally stable and we put a quarter of strong performance behind us. A solid demand has helped to drive up the organic volume growth by 14% compared to the third quarter last year across all three Business Areas and all regions.

Business Area Specialties & Solutions has continued to deliver strong results. Both Capa™ and Feed & Food business show healthy volume growth.

The fragmented picture we have seen so far in 2016 within Advanced Chemicals & Derivatives remains. Our Penta and TMP businesses continue to show a favorable trend both as regards to sales and marginal contribution whereas the market conditions for Oxo alcohols and plasticizers are tough, even though sales volumes are increasing.

Marginal contribution holds potential

We have been able to improve our overall marginal contribution to 32% compared with 30% in the third quarter last year. However, this represents a decrease compared to 34% for the second quarter this year. This is mainly driven by the change in the product mix but also by somewhat lower unit margins for some product lines. We have still untapped potential in our marginal contribution and we will continue the progress already made within the Commercial Excellence program where margin management is one of our main focus areas; i.e. to get the right offering at the right time with the right conditions to every single customer. This is even more important in times of volatile market conditions.

The EBITDA margin amounted to 17% with EBITDA at a historically high level of SEK 492 m. This is an improvement compared with the same period last year where the EBITDA was SEK 422 m and the EBITDA margin 15%.

Focus on safety continues

Safety is extremely important to us as a company. We are fully committed to take the important steps towards a totally safe work environment everywhere within our company.

Outlook

Due to seasonality the fourth quarter is normally weaker compared to the third quarter. However, we continue to see healthy demand for our main products lines. We expect the fourth quarter, 2016, to exceed the corresponding quarter last year, adjusted for the scheduled maintenance shutdown.

Long term financing secured will enable us to consolidate and deliver

On November 17th we successfully closed our refinancing and secured a renewed long term capital structure which is a sound basis to continue developing our business and further strengthening our market position in the coming years.

We have reached the mid-phase of transforming of Perstorp from a Good to a GREAT company. We have set as a goal "To be the leader in our selected industry and perform better than our peers". In order to reach this goal, we have been allowed to make substantial investments in the last few years. It is now time to harvest the benefits and enter a period where we consolidate and deliver to make sure that we take advantage of the improvements and enhancements made so far. With the strength of the team around me and the dedicated people in Perstorp I remain very excited about the challenge and opportunity to deliver on this target.

Malmö, November 2016

Jan Secher
President and CEO

Financial overview July-September 2016

Net sales and earning

Net sales amounted to SEK 2,834 m during the period July to September 2016, an increase of SEK 56 m or 2%. Volumes increased c. 17% compared to last year following decent general demand, successful introduction of our Valerox-related products and lower comparisons in the third quarter last year due to the triennial scheduled maintenance shutdown in Stenungsund. Organic volume-based sales growth was 14% in the third quarter. Sales prices were 12% lower than last year, primarily attributable to the lower raw material prices, but to some extent also a more competitive market sentiment for some product lines.

Average Dated Brent oil price increased slightly in the third quarter vs. the second quarter in 2016 but was c. 7% lower than corresponding period last year. Average prices on downstream derivatives like propylene, ethylene and benzene increased c. 3-6% during the third quarter 2016.

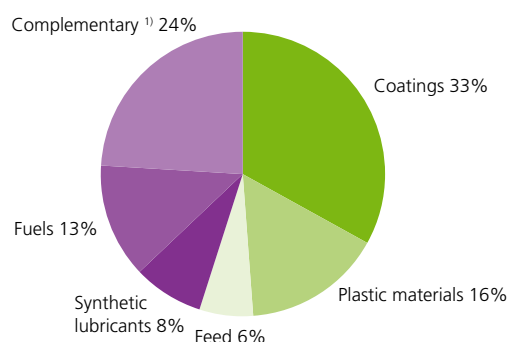
The Swedish krona depreciated vs both the USD and Euro during the quarter. Average rates for the quarter were however only slightly different than in Q3 2015, which resulted in a small positive FX-effects on sales, 0.4%.

EBITDA excluding non-recurring items, earnings amounted to SEK 492 m (422), corresponding to an EBITDA margin of 17.4% (15.2). The increase in earnings vs last year of SEK 70 m was primarily attributable to higher volumes, affected by the scheduled shutdown in Stenungsund last year, and positive FX effects, partly offset by slightly lower unit margins.

EBIT amounted to SEK 348 m (268) during the period. Depreciation amounted to SEK 143 m compared to SEK 152 m for the corresponding period 2015.

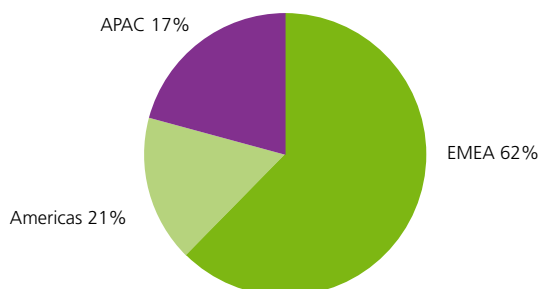
Net financial expenses, including exchange rate effects on net debt, increased from SEK -537 m in Q3 2015 to SEK -573 m in Q3 2016, mainly due to less favorable FX-effects on net debt. Tax amounted to SEK -5 m (17) in the third quarter of 2016 which was primary attributable to improvement in earnings before tax in certain subsidiaries where tax losses has been utilized in 2015. Net result amounted to SEK -230 m (-252).

Net sales by market segments, last twelve months



¹⁾ Subsegments within complementary consist of bleaching, runway de-icer, oil drilling and completion fluids, pharmaceuticals and API, surfactants and detergents, tanning and other

Net sales by geography, last twelve months



Income statement		
SEK m	Quarter 3	
	2016	2015
Net sales	2,834	2,778
Cost of goods sold	-2,297	-2,332
Gross earnings	537	446
Operating earnings (EBIT)	348	268
Exchange-rate effects on net debt	-191	-171
Other financial income and expenses	-382	-366
Earnings/loss before tax	-225	-269
Tax	-5	17
Net earnings/loss	-230	-252
EBITDA	491	420
EBITDA excl. non-recurring items	492	422

Financial overview July-September 2016

Cash flow

Free cash flow amounted to SEK 384 m (109) for the period. The higher cash flow was affected by a combination of more favorable development in working capital, higher earnings and lower investments – all items affected in the third quarter last year by the scheduled maintenance shutdown in Stenungsund, conducted every three years. Working capital was relatively unchanged during the third quarter with somewhat increased inventories offset by higher payables. Utilization of the factoring program decreased around SEK 60 m during the third quarter 2016.

Cash flow from investment activities amounted to SEK -99 m (-188) during the third quarter. Strategic investments includes selective capacity expansions and smaller debottlenecking investments in our key platforms. At the end of the third quarter 2016, around EUR 99 m (98) of the long-term trade receivables program was utilized compared to EUR 105 m by the end of the second quarter 2016. The corresponding amount has reduced account receivables.

Free cash flow analysis		
SEK m unless otherwise stated	Quarter 3	
	2016	2015
EBITDA excl non-recurring items	492	422
Change in Working Capital	-9	-125
Maintenance Capex	-39	-98
Free Cash Flow before strategic capex	444	199
% of EBITDA excluding non-recurring items	90%	47%
Strategic Capex	-60	-90
Free Cash Flow	384	109
% of EBITDA excluding non-recurring items	78%	26%

Net debt and leverage

The Group's available funds, liquid funds and unutilized credit facilities, were SEK 930 m at the end of the period, compared with SEK 897 m at the end of Q2 2016. Net debt excluding parent company loan and pension liabilities increased by SEK 205 m during the period, following negative translation effects from FX rates offset to some extent with a positive cash flow after financial net. Leverage decreased from 7.6x in the second quarter to 7.4x in the third quarter 2016. The decrease is mainly explained by higher earnings that to some extent was counterbalanced with a higher net debt. In the corresponding quarter last year leverage was 6.6x.

Available funds and net debt			
SEK m unless otherwise stated	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Available funds	930	1,066	934
Net debt	12,443	11,737	11,609
Net debt excl. Parent company loan and pension liabilities	11,971	11,261	11,196
Leverage ¹⁾	7.4x	6.6x	6.7x

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

Financial overview January - September 2016

Net sales and earnings

Net sales amounted to SEK 8,180 m during the period January to September 2016, a decrease of SEK 538 m or 6% compared to the same period last year. Volumes increased 6% compared to the same period last year following a stronger second and third quarter primarily related to improved sales in the Asian market and positive effects from lower comparisons in the third quarter last year due to the triennial scheduled maintenance shutdown. Organic volume-based sales growth was 6% in the first nine months. Sales prices were 12% lower than last year, primarily attributable to the lower raw material prices, but to some extent also a more competitive market sentiment for some product lines. Average FX-rates for the period were more or less in line with the corresponding period 2015, which resulted in a small negative FX-effects on sales, -0.3%. EBITDA excluding non-recurring items, earnings amounted to SEK 1,388 m (1,429), corresponding to an EBITDA margin of 17.0% (16.4). Earnings decreased 3% compared to the first nine months 2015. The decrease in earnings of SEK 41 m was primarily attributable to price pressure in specific product lines but also negative timing effects linked to inventory. The negative deviations were partly offset by stronger volumes in most businesses.

Income statement		
SEK m	Quarter 1-3	
	2016	2015
Net sales	8,180	8,718
Cost of goods sold	-6,627	-7,267
Gross earnings	1,553	1,451
Operating earnings (EBIT)	928	905
Exchange-rate effects on net debt	-450	-210
Other financial income and expenses	-1,158	-1,167
Earnings/loss before tax	-680	-472
Tax	-24	39
Net earnings/loss	-704	-433

EBITDA	1,361	1,426
EBITDA excl. non-recurring items	1,388	1,429

EBIT amounted to SEK 928 m (905) during the period. Depreciation amounted to SEK 433 m compared to SEK 521 m for the corresponding period 2015. The decrease in depreciation can primarily be attributable to the change in depreciation period of tangible assets, this change was implemented during Q3 2015. Net financial expenses, including exchange rate effects on net debt, increased from SEK -1,377 m in the first nine months 2015 to SEK -1,608 m in 2016, primarily due to less favorable FX-effects on net debt, SEK -450 m (-210). Other financial income and expenses decreased SEK 9 m compared to the corresponding period last year. Tax amounted to SEK -24 m (39) in the first nine months 2016, which is primarily attributable to improvement in earnings before tax in certain subsidiaries where tax losses has been utilized during 2015 and net result amounted to SEK -704 m (-433).

Cash flow

Free cash flow amounted to SEK 957 m (921) for the period. The deviation can be explained by substantially lower investments, partly offset by a combination of lower earnings and less favorable development of working capital. The build-up of working capital during the first nine months 2016 was primarily related to higher sales. In the corresponding period last year, the build-up of working capital, primarily related to inventory, was to a large extent offset with the expansion of the factoring program during the first half year 2015.

Cash flow from investment activities amounted to SEK -312 m (-415) during the first nine months. Strategic investments in 2016 reflected the finalization of the expanded capacity in Stenungsund as well as selective capacity expansions and smaller debottlenecking investments in our key platforms. At the end of the third quarter 2016, around EUR 99 m (98) of the long-term trade receivables program was utilized compared to EUR 89 m by the end of December 2015 and EUR 79 m by the end of December 2014. The corresponding amount has reduced account receivables.

Free cash flow analysis				
SEK m unless otherwise stated	Quarter 1-3		Latest	Full year
	2016	2015	12 months	2015
EBITDA excl non-recurring items	1,388	1,429	1,626	1,667
Change in Working Capital ²⁾	-119	-93	94	120
Maintenance Capex	-142	-199	-261	-318
Free Cash Flow before strategic capex	1,127	1,137	1,459	1,469
% of EBITDA excluding non-recurring items	81%	80%	90%	88%
Strategic Capex	-170	-216	-296	-342
Free Cash Flow	957	921	1,163	1,127
% of EBITDA excluding non-recurring items	69%	64%	72%	68%

Specialties & Solutions

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

July-September 2016

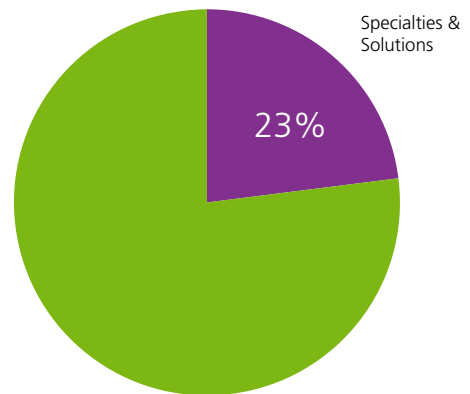
During the third quarter 2016, Business Area Specialties & Solutions net sales amounted to SEK 638 m, which was 6% higher than the corresponding period of 2015. Net sales were impacted by an organic volume-based sales growth of 12.5%. Sales prices were 7% lower than in the corresponding period last year, primarily linked to a decrease in raw material prices. There was only minor impact on net sales from FX effects.

In the first quarter 2016 one product line was transferred from Business Area Advanced Chemicals & Derivatives. Adjusted for this, the organic volume-based sales growth in Q3 was 11.1%. The higher volumes were primarily attributable to Business Unit Caprolactones, mainly within the UV-segment, and to Business Unit Feed & Food, mainly within the Feed Preservation segment.

Specialties & Solutions EBITDA in the third quarter 2016 improved to SEK 171 m (142), corresponding to an EBITDA margin of 26.8% (23.6). The underlying improvement, compared with last year, was mainly a result of stronger volumes and a positive FX effect mainly from the lower GBP.

Specialties & Solutions				
SEK m	Quarter 3		Latest	Full year
	2016	2015	12 months	2015
Net sales	638	602	2,471	2,376
EBITDA	171	142	640	524
EBITDA excluding non-recurring items	171	142	641	524

Share of Group net sales



ProSid™ MI protects the nutritional value of feed and grains

Advanced Chemicals & Derivatives

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

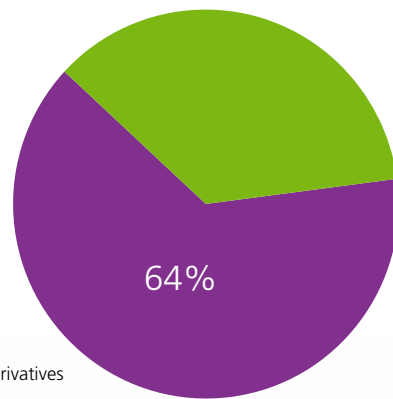
July-September 2016

During the third quarter 2016, Business Area Advanced Chemicals & Derivatives net sales amounted to SEK 1,781 m, which was 3% lower than the same period in 2015. The deviation is assignable to lower sales prices, -14%, primarily linked to a decrease in raw material prices. There was no impact on net sales from FX effects. Organic volume-based sales growth was 11% in the third quarter. In 2016, one product line has been transferred to Business Area Specialty & Solutions but it had very small impact on the organic volume-based sales growth in the third quarter.

Advanced Chemicals & Derivatives EBITDA in the third quarter increased to SEK 325 m (317), corresponding to an EBITDA margin of 18.2% (17.3). In the third quarter 2015 sale of emission rights had a positive impact. The improved EBITDA can primarily be assignable to higher volumes, partly offset by somewhat lower prices.

Advanced Chemicals & Derivatives				
SEK m	Quarter 3		Latest 12 months	Full year 2015
	2016	2015		
Net sales	1,781	1,840	6,657	7,276
EBITDA	325	317	994	1,141
EBITDA excluding non-recurring items	325	317	998	1,141

Share of Group net sales



Perstorp is a world leader in the supply and development of building blocks for different kinds of resins

BioProducts

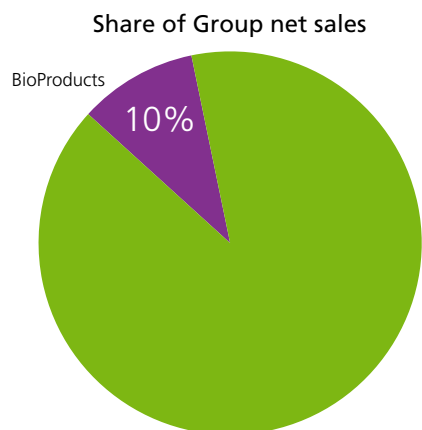
BioProducts consists of the Business Unit BioProducts.

July-September 2016

During the third quarter 2016, Business Area BioProducts net sales amounted to SEK 370 m, which was 30% higher than the corresponding period in 2015. The increase in sales was assignable to organic volume-based sales growth of 35%, lower sales prices of -6% and FX effects of 1%.

BioProducts EBITDA in the third quarter 2016 amounted to SEK 10 m (1), corresponding to an EBITDA margin of 2.6% (0.4%). The increase in earnings can primarily be assignable to higher volumes.

BioProducts				
SEK m	Quarter 3		Latest 12 months	Full year 2015
	2016	2015		
Net sales	370	286	1,285	1,279
EBITDA	10	1	8	16
EBITDA excluding non-recurring items	10	1	9	16



Rapeseed is the most important ingredient when producing Verdis Polaris™ biodiesel

Consolidated income statement

Income statement							
SEK m	Note	Quarter 3		Quarter 1-3		Latest	Full year
		2016	2015	2016	2015	12 months	2015
Net sales	7	2,834	2,778	8,180	8,718	10,611	11,149
Cost of goods sold		-2,297	-2,332	-6,627	-7,267	-8,824	-9,464
Gross earnings		537	446	1,553	1,451	1,787	1,685
Selling, administration and R&D costs		-192	-198	-617	-600	-842	-825
Other operating income and expenses ¹⁾		1	18	-14	48	42	104
Write-down of assets		0	0	0	0	0	0
Result from participations in associated companies		2	2	6	6	7	7
Operating earnings (EBIT)		348	268	928	905	994	971
Exchange-rate effects on net debt		-191	-171	-450	-210	-320	-80
Other financial income and expenses		-382	-366	-1,158	-1,167	-1,534	-1,543
Earnings/loss before tax		-225	-269	-680	-472	-860	-652
Tax		-5	17	-24	39	-71	-8
Net earnings/loss		-230	-252	-704	-433	-931	-660
Earnings/loss per share, SEK		-2,299	-2,513	-7,039	-4,326	-9,311	-6,598

EBITDA	7	491	420	1,361	1,426	1,588	1,653
EBITDA excl. non-recurring items	7	492	422	1,388	1,429	1,626	1,667

¹⁾ Other operating income and expenses primarily includes exchange rate effects on operational net receivables and nonrecurring income and costs.

Comprehensive income report							
SEK m	Quarter 3		Quarter 1-3		Latest	Full year	
	2016	2015	2016	2015	12 months	2015	
Net result for the period	-230	-252	-704	-433	-931	-660	
Other comprehensive income							
<i>Items that will not be reclassified to profit or loss</i>							
Remeasurements of defined benefit plan	-11	-	-33	-16	5	22	
<i>Items that may be subsequently reclassified to profit or loss</i>							
Currency translation effect	-1	-26	-19	-48	-35	-64	
Market valuation of currency hedge	0	-4	0	0	0	0	
Market valuation of forward contracts	0	2	0	5	1	6	
Other comprehensive income net after tax	-12	-28	-52	-59	-29	-36	
Total comprehensive income	-242	-280	-756	-492	-960	-696	
Attributable to:							
Parent company's shareholder	-247	-281	-764	-496	-970	-702	
Non controlling interest	5	1	8	4	10	6	

Consolidated Balance sheet

Balance sheet				
SEK m	Note	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Tangible fixed assets		4,899	4,904	4,993
Intangible fixed assets		4,910	5,040	4,963
Participation in associated companies		66	60	61
Other non-current assets		774	777	731
Inventories		1,267	1,255	1,215
Other current assets		1,022	1,013	895
Cash & cash equivalents, incl. short-term investments		726	880	742
Total assets		13,664	13,929	13,600
Total equity	3	-2,502	-1,542	-1,746
Loan from parent company		20	5	5
Pension liability, others		452	471	409
Other non-current liabilities	6, 8	4,570	13,006	12,818
Current liabilities	6, 8	11,124	1,989	2,114
Total equity & liabilities		13,664	13,929	13,600
Working capital		760	822	619
Net debt		12,443	11,737	11,609
Net debt excl. parent company loan and pension liabilities		11,971	11,261	11,196
Capital employed		10,706	11,051	10,623
Number of full-time employees, end of period		1,513	1,477	1,479
Contingent liabilities		514	440	472
Assets pledged		8,152	8,816	7,917

Working Capital			
SEK m	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Inventories	1,267	1,255	1,215
Accounts receivable	688	685	563
Other current assets	310	280	296
Accounts payable	697	649	670
Other current liabilities	809	750	784
Total Working capital	760	822	619
Provisions, exchange rate effects and other	23	54	44
Working capital for cash flow	783	876	663

Consolidated statement of changes in Equity

Total equity, 2016			
SEK m	Equity attributable to owners of the parent	Non controlling interest	Total equity
Opening balance, January 1, 2016	-1,814	68	-1,746
Total comprehensive income	-764	8	-756
Closing balance, September 30, 2016	-2,578	76	-2,502

Total equity, 2015			
SEK m	Equity attributable to owners of the parent	Non controlling interest	Total equity
Opening balance, January 1, 2015	-1,112	62	-1,050
Total comprehensive income	-496	4	-492
Closing balance, September 30, 2015	-1,608	66	-1,542

All components in Akestra™ are on the list of authorized substances for food contact use.



Consolidated cash flow statement

Cash Flow analysis, Consolidated Group						
SEK m	Quarter 3		Quarter 1-3		Latest	Full year
	2016	2015	2016	2015	12 months	2015
<i>Operating activities</i>						
Operating earnings	348	268	928	905	994	971
Adjustments:						
Depreciation and write-down	143	152	433	521	594	682
Other	-2	-1	19	-53	-12	-84
Interest received	-1	1	5	4	7	6
Interest paid	-344	-291	-924	-928	-1,192	-1,196
Income tax paid	-9	-4	-18	-25	-11	-18
Cash flow from operating activities before change in working capital	135	125	443	424	380	361
<i>Changes in working capital</i>						
Increase (-) Decrease (+) in net working capital ¹⁾	-9	-125	-119	-93	94	120
Cash flow from operating activities	126	0	324	331	474	481
<i>Investing activities</i>						
Investments in other participations	-	-28	-23	-61	-51	-89
Acquisition of tangible and intangible fixed assets	-99	-188	-312	-415	-556	-659
Sale of shares in non-controlling interests	-	-	-	17	0	17
Change in financial assets, external	-	-	-	-	-1	-1
Cash flow from investing activities	-99	-216	-335	-459	-608	-732
<i>Financing activities</i>						
Change in credit utilization	-2	-1	-15	-13	-28	-26
Cash flow from financing activities	-2	-1	-15	-13	-28	-26
Change in liquid funds, incl. short-term investments	25	-217	-26	-141	-162	-277
Liquid fund opening balance, incl. short-term investments	691	1,100	742	1,019	880	1,019
Translation difference in liquid funds	10	-3	10	2	8	0
Liquid funds, end of period	726	880	726	880	726	742

¹⁾ Including trade receivable financing program.

Unique resilience gives a greater bounce from a polyurethane floor with Capa™

Parent company

Perstorp Holding AB (publ.) is wholly owned by Financière Forêt S.à.r.l and is the parent company of the Perstorp Holding Group. Perstorp Holding AB (publ.) had no external sales. During the second quarter 2016, dividend from subsidiaries was received

with SEK 278 m (450). Shareholder equity at September 30, 2016 amounted to SEK 556 m compared to SEK 1,219 m for the same period 2015. At December 31, 2015 the Shareholders equity amounted to SEK 1,411 m.

Income statement						
SEK m	Quarter 3		Quarter 1-3		Latest 12 months	Full year 2015
	2016	2015	2016	2015		
Net sales	7	10	42	42	51	51
Cost of goods sold	-	-	-	-	-	-
Gross earnings	7	10	42	42	51	51
Sales, marketing and admin costs	-26	-34	-112	-116	-158	-162
Other operating income and expenses	-3	-14	-19	-16	-23	-20
Operating earnings (EBIT)	-22	-38	-89	-90	-130	-131
Financial income and expenses ^{1,2)}	-389	385	-766	347	-882	231
Earnings/loss before tax	-411	347	-855	257	-1,012	100
Appropriations	-	-	-	-	350	350
Tax	-	-	-	-	-1	-1
Net earnings/loss ³⁾	-411	347	-855	257	-663	449

¹⁾ Including dividend from subsidiaries - - 278 450 278 450

²⁾ Including reversal of write-down of shares in subsidiaries - 768 - 768 - - 768

³⁾ Comprehensive income equals Net earnings/loss for the year.

Balance sheet				
SEK m	Notes	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Tangible fixed assets		4	5	5
Intangible fixed assets		4	5	5
Shares in group companies		7,715	7,715	7,715
Long term receivables, group		-	5,508	5,542
Other non-current assets		577	505	531
Short term receivables, group		5,624	-	-
Other current assets		276	256	473
Cash & cash equivalents		63	115	86
Total assets		14,263	14,109	14,267
Total equity		556	1,219	1,411
Loan from parent company		20	5	5
Other non-current liabilities	6, 8	3,642	12,035	11,885
Current liabilities	6, 8	10,045	850	966
Total equity & liabilities		14,263	14,109	14,267

Key figures and FX-rates

Key figures								
SEK m unless otherwise stated	2016			2015			2014	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net Sales	2,834	2,730	2,616	2,431	2,778	2,991	2,949	2,606
Organic volume-based sales growth,%	14%	5%	0%	0%	-3%	2%	3%	0%
Marginal contribution	917	938	910	698	851	946	920	692
EBITDA excluding non-recurring items	492	439	457	238	422	476	531	279
% of net sales	17.4%	16.1%	17.5%	9.8%	15.2%	15.9%	18.0%	10.7%
Adjusted EBIT	354	318	323	130	317	320	388	162
% of net sales	10.1%	11.7%	12.3%	5.3%	11.4%	10.7%	13.2%	6.2%
Net earnings/loss	-230	-395	-79	-227	-252	109	-290	-801
Earnings, per share, diluted, SEK	-4.60	-7.90	-1.58	-4.54	-5.03	2.17	-5.80	-16.02
Adjusted ROCE	18.4	17.6	17.5	19.3	18.8	18.0	15.9	13.5
Cash conversion, % of EBITDA excluding non-recurring items	78%	58%	70%	87%	26%	100%	63%	177%
Net debt excluding pension liabilities and shareholder loans	11,971	11,766	11,382	11,196	11,261	10,798	11,250	10,515
Leverage ¹⁾	7.4x	7.6x	7.1x	6.7x	6.6x	6.5x	7.4x	8.0x

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

Currency rates								
Closing rate								
USD	8.62	8.48	8.15	8.35	8.39	8.24	8.62	7.81
EUR	9.63	9.42	9.23	9.14	9.41	9.22	9.29	9.52
GBP	11.17	11.39	11.69	12.38	12.70	12.95	12.74	12.14
Average rate								
USD	8.52	8.21	8.46	8.50	8.48	8.42	8.34	7.41
EUR	9.51	9.27	9.32	9.31	9.43	9.30	9.38	9.26
GBP	11.19	11.79	12.10	12.91	13.15	12.89	12.62	11.74

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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 2015. The accounting principles of the Group and parent company are stated in Note 2 of the 2015 annual report.

2. Definitions non IFRS measures

"Marginal contribution" is calculated as the difference between net sales and the variable elements of the Group's cost of goods sold, being variable production and distribution cost, freight and commission costs.

"EBITDA" represents the Group's operating earnings (or loss) (EBIT) before depreciation and amortization.

"EBITDA margin (adjusted for non-recurring items)" is calculated as EBITDA (adjusted for non-recurring items) divided by net sales.

"EBIT" is calculated as the Group's reported operating earnings (loss).

"Adjusted EBIT" represents reported EBIT adjusted for non-recurring items, amortization and depreciation and impairment of assets related to PAI's acquisition of Perstorp.

"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).

"Adjusted capital employed" is calculated as reported capital employed adjusted for net assets related to PAI's acquisition of Perstorp and assets related to the Valerox Facilities.

"Adjusted return on capital employed" ("ROCE") is calculated as Adjusted EBIT divided by average adjusted capital employed, adjusted for assets and liabilities related to PAI's acquisition of Perstorp.

"Organic volume-based sales growth" is defined as change in organic production volume sold (i.e., sold production volume times product price) between successive periods assuming a constant price over the relevant period and excluding foreign exchange effects and the impact of acquisitions.

3. Equity

At the end of September 2016, consolidated equity for the Perstorp Group amounts to SEK -2,578 m (-1,608) excluding non-controlling interest. Consolidated equity, including non-controlling interest, amounts to SEK - 2,502 m (-1,542). The equity for the parent company, Perstorp Holding AB, amounts to SEK 556 m (1,219).

4. Transactions with related parties

The net amount borrowed from the Luxembourg-based parent company Financière Forêt S.à.r.l. amounted to SEK 20 (5) million.

5. Current liabilities

The Senior Secured Notes and Second Lien Notes, amounting to SEK 9,044 m, has been reclassified from other non-current liabilities to current liabilities since they will fall due within the coming 12 months.

6. Risk and uncertainty

Perstorp is exposed to a number of risks and uncertainty factors, which are reviewed in the Annual Report for 2015.

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Notes

7. Segments information

Segment data ¹⁾						
SEK m	Quarter 3		Quarter 1-3		Latest	Full year
	2016	2015	2016	2015	12 months	2015
Net sales						
Specialties & Solutions	638	602	1,943	1,848	2,471	2,376
Advanced Chemicals & Derivatives	1,781	1,840	5,171	5,790	6,657	7,276
BioProducts	370	286	920	914	1,285	1,279
<i>Internal sales</i>						
Specialties & Solutions	-1	-1	-3	-1	-6	-4
Advanced Chemicals & Derivatives	-14	-10	-48	-38	-57	-47
Other/eliminations	60	61	197	205	261	269
Total Group	2,834	2,778	8,180	8,718	10,611	11,149
EBITDA						
Specialties & Solutions	171	142	555	439	640	524
Advanced Chemicals & Derivatives	325	317	861	1,008	994	1,141
BioProducts	10	1	11	19	8	16
Other/eliminations	-15	-40	-66	-40	-54	-28
Total Group	491	420	1,361	1,426	1,588	1,653
<i>Non allocated items</i>						
Depreciation, Amortization and write-down	-143	-152	-433	-521	-594	-682
Operating earnings (EBIT)	348	268	928	905	994	971
Financial income and expenses	-573	-537	-1,608	-1,377	-1,854	-1,623
Earnings/loss before tax	-225	-269	-680	-472	-860	-652
Tax	-5	17	-24	39	-71	-8
Net result	-230	-252	-704	-433	-931	-660
EBITDA excluding non-recurring items						
Specialties & Solutions	171	142	556	439	641	524
Advanced Chemicals & Derivatives	325	317	865	1,008	998	1,141
BioProducts	10	1	12	19	9	16
Other/eliminations	-14	-38	-45	-37	-22	-14
Total Group	492	422	1,388	1,429	1,626	1,667

¹⁾ The Group is domiciled in Sweden. The result of its net sales from external customers in Sweden is 14% (15), and the total of net sales from external customers from other countries is 86% (85%). No sales above 10% derived from a single external customer.

8. Other information

On November 17th Perstorp refinanced its existing senior secured notes, second lien notes and its outstanding mezzanine loans due 2017. In addition the company entered into a new senior secured revolving credit facility of up to SEK 1,000 million. The new facility replaced the existing revolving credit facility of SEK 550 million. Additional information regarding the offering can be downloaded from the Group's website at www.perstorp.com.

No other major events have occurred since the balance sheet date and up to the publication of this report.

Perstorp's financial information comprises interim reports and an annual & social responsibility report. The complete annual report is available in English and can be ordered in print format. It can also be downloaded from the Group's website at www.perstorp.com.

Perstorp, November 28, 2016



Jan Secher, President and CEO

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



A global leader in high growth niches

The Perstorp Group, a trusted world industrial leader, places focused and market-driven innovation at your fingertips. Our culture of performance builds on 135 years of experience and represents a complete chain of solutions in organic chemistry, process technology and application development.

As a global leader in high growth niches, such as powder and UV cured coatings, plasticizers, synthetic lubricants and grain preservation, we are committed to develop products providing essential properties to enhance the quality, performance and profitability of your products and processes. This is how we enable you to meet market demands for safer, lighter, more durable, economical effective and sustainable end-products for the automotive, construction, agriculture, packaging, transportation and consumer goods.

Our unique integrated production platforms are backed by reliable business practices and a global commitment to responsiveness and flexibility. Consistent high quality, capacity and delivery security are ensured through strategic production plants in Asia, Europe and North America, as well as sales offices in all major markets. Likewise, we combine product and application assistance with the very best in technical support.

As we look to the future, we strive for the development of smarter and safer products and sustainable processes that reduce environmental impact and create real value in end-products. This principle of proactive innovation and responsibility applies not only to our own business, but also to our work with yours. In fulfilling it, we partner with you to create a winning formula that benefits your business – as well as the people it serves.

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