



Perstorp Holding AB (Publ.)

Interim report, January-March 2013

Conference call May 14th, 2013

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Important notice

- ➔ Unless otherwise stated, the financial information presented in this document represents the Group's continuing operations, i.e. excluding:
 - 49% stake in Vencorex (the former Coating Additives business unit, divested in May 2012).
 - Singapore legal units (transferred to Financière Forêt S.á.r.l. in March)
 - Formox legal units (divested to Johnson Matthey Mar 27th) New!
- ➔ Financials of historical periods have been adjusted accordingly for comparative purposes. These adjustments now also relate to the divestment of Formox New!
 - Please refer to the appendix for further detail (page 21 in the appendix show comparable quarterly financials since Q1/2011)
 - Restated LTM EBITDA and leverage can be found in the appendix



Business performance



Martin Lundin

President & CEO



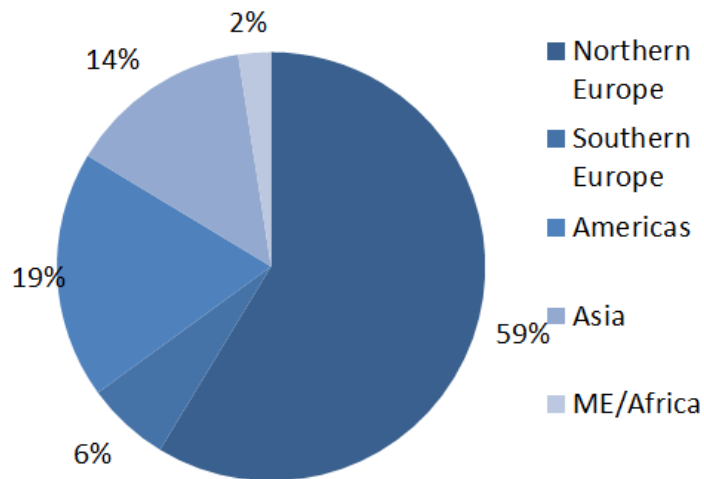
Executive summary

- ➔ Market conditions continue to be challenging with the macroeconomic environment being difficult, particularly in Europe but also in Asia. Although the business sentiment is improving step by step and order intake is developing positively, customers remain cautious
- ➔ The Formox business was divested to Johnson Matthey (SEK 1,050m) end of Q1, well in line with Perstorp's strategy to focus on and expand its core specialty chemicals activities – all financials in this presentation are restated for this divestment
- ➔ Q1 sales for continuing operations amounted to SEK 2,485m, a substantial improvement over Q4/12 but lower than last year which recorded sales of 2,748m. EBITDA excluding non-recurring items was up 62% from SEK 151m in Q4 to SEK 245m, this compared to the very strong 383m last year
- ➔ Q1 improved compared to preceding quarter primarily due to stronger volumes. The SEK continued to appreciate during the first quarter which affects earnings negatively
- ➔ Funds available improved to a high level following the proceeds from the Formox divestment



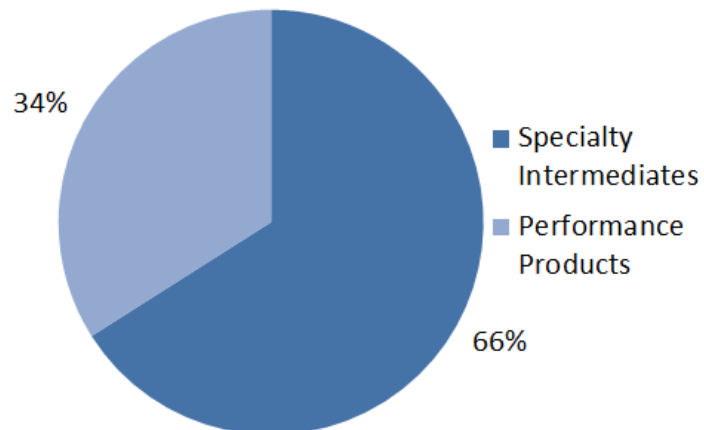
Revenue overview

Q1/ 2013, Revenue by region, %



- ➔ The new set-up with regional sales focus has broadened our global position and increased our regional market appeal
- ➔ However, no major shift in revenues by region, Europe continues to be our main market
- ➔ Sales improved vs. Q4/12 for both Business Groups, but were below Q1 last year.
 - Formox was previously a part of Specialty Intermediates

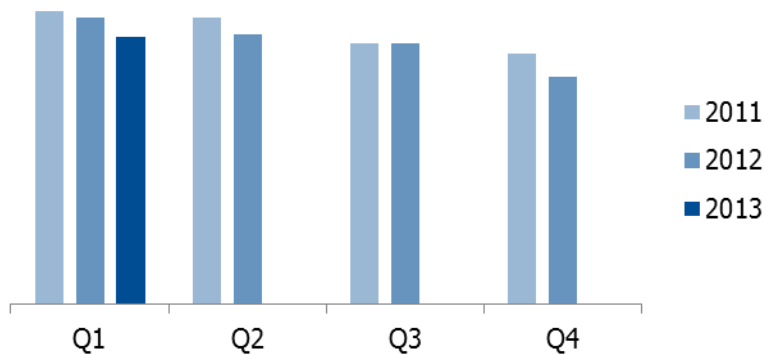
Q1/ 2013, Revenue by Business Group, %



Key revenue drivers during Q1/2013

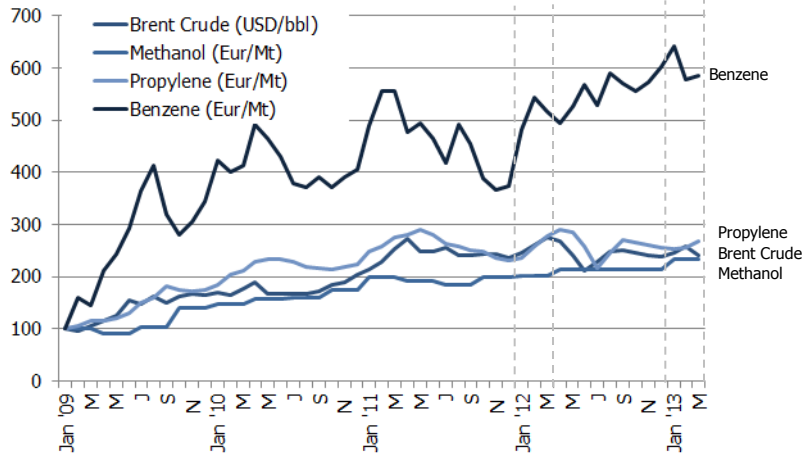
- ➔ Volumes up from last quarter but below prior years
 - Volumes in Q1 were substantially higher than in the preceding quarter; visible in all product lines
 - Volumes not fully up to the high levels seen in Q1 2012 and 2011, which were characterized by strong restocking of customers – a pattern the industry did not see to the same extent in Q1/2013
 - Volumes expected to improve further in Q2 vs. Q1 following stronger demand
- ➔ Average selling prices slightly lower than Q4/12 and Q1/12
 - SEK appreciation continues to affect revenues negatively; average rates in Q1/13 appr. 4,5% lower than Q1/12
 - Perstorp has continued to launch additional price increase initiatives during Q1
- ➔ Our strategic growth segments continue to perform well
 - Segments that have performance better than general market are radcure resins and synthetic lubricants

Volumes by quarter



Raw materials and margins

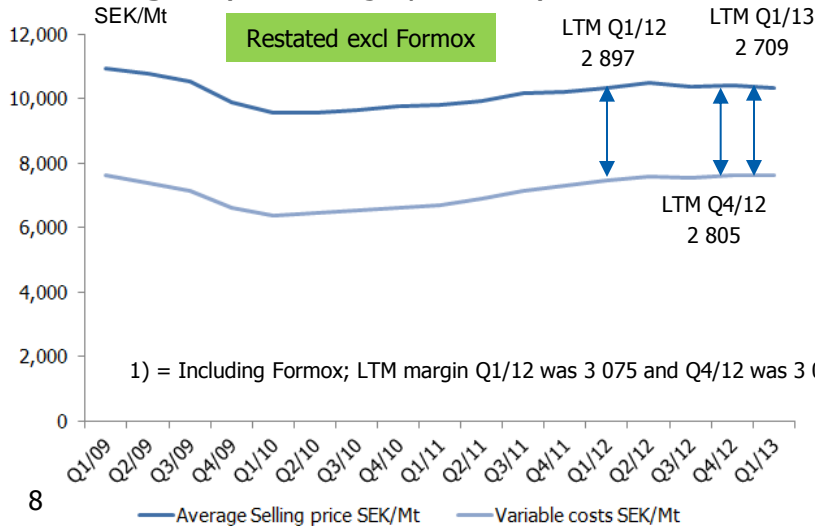
Raw material prices



- ➔ Prices of Perstorp's key raw materials increased in Q1/13 despite stable Brent crude oil price
 - Methanol up 9% Q1/13 vs. Q4/12
 - Benzene up 4% Q1/13 vs. Q4/12

- ➔ Quarterly margins on the same level as end of last year, but lower than Q1/12
- ➔ Unit margins negatively affected by a combination of high raw material prices, a competitive market situation and a strong Swedish krona

Margins (continuing operations) ¹⁾



Financial review

All numbers are restated for the Formox divestment



Johan Malmqvist
CFO



Financial impact of Formox divestment

SEK m	Perstorp Group incl. Formox		Formox		Perstorp Group excl. Formox	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Net Sales	10 528	10 641	491	357	10 036	10 283
Marginal Contribution	2 918	3 093	219	179	2 699	2 913
% of sales	28%	29%	45%	50%	27%	28%
EBITDA, reported	1 401	1 484	123	97	1 277	1 388
% of sales	13.3%	13.9%	25.1%	27.2%	12.7%	13.5%
EBITDA, excl non-recurring items	1 311	1 519	123	97	1 188	1 422

- ➔ The restated financials exclude the Formox business
- ➔ For further details on the restated financials see appendix

Financial highlights

Q1 2013

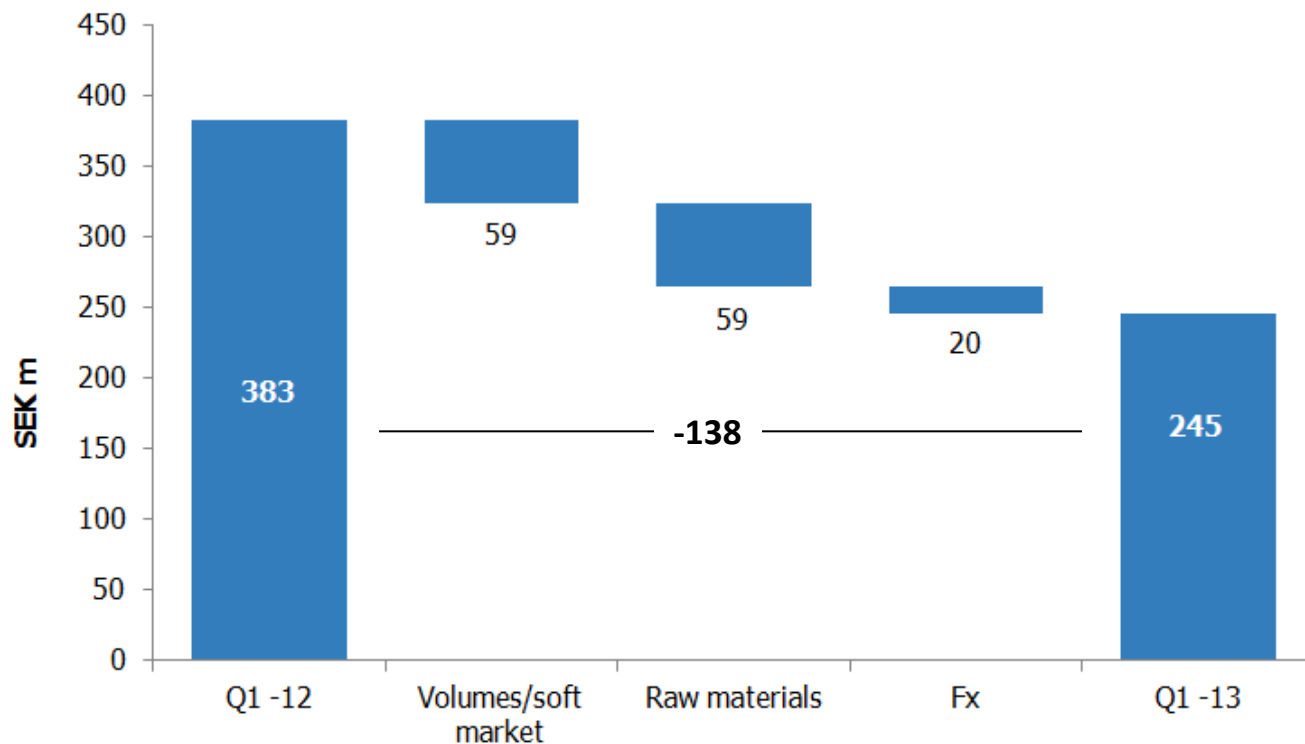
SEK m	Q1 -13	Q1 -12	Q4 -12	LTM Q1 -13
Net Sales	2,485	2,748	2,178	9,773
% growth (y-o-y)	-10%			
Marginal Contribution	635	776	541	2,558
% of sales	26%	28%	25%	26%
EBITDA, reported	244	454	155	1,067
% of sales	9.8%	16.5%	7.1%	10.9%
EBITDA, excl non-recurring items	245	383	151	1,050
% of sales	9.9%	13.9%	6.9%	10.7%



- ➔ Q1 sales and EBITDA picked up from Q4/12 but are well below the strong Q1 last year
- ➔ Compared to the same period last year, the drop in earnings can primarily be explained by a competitive market in combination with high feedstock prices, lower volumes (demand) and a strong Swedish krona
- ➔ Order intake continues to show a positive trend and the second quarter is normally seasonally strong for us

Bridge EBITDA excl non recurring items

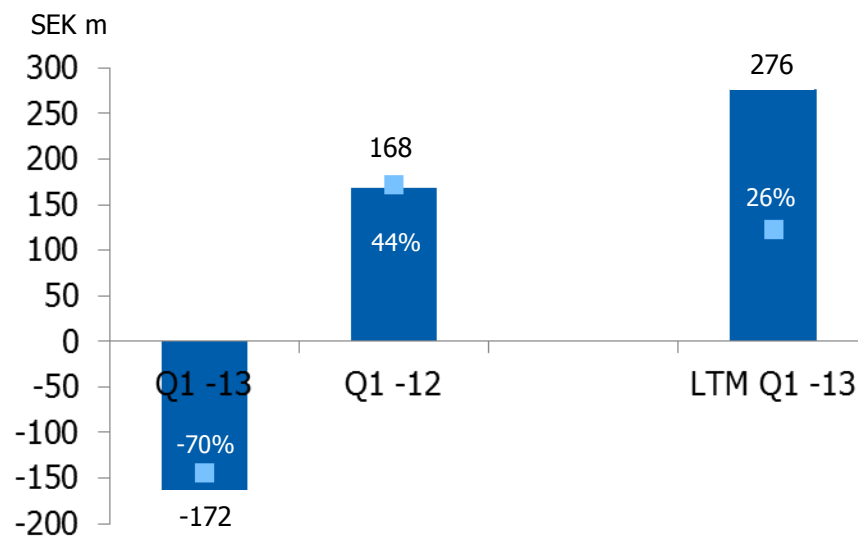
Q1 -13 vs. Q1 -12



- ➔ Q1/13 outcome negatively affected by a shortfall in volumes following the soft market, increasing raw material prices and the appreciation of the Swedish krona
- ➔ The shortfall has affected more or less all business units

Free cash flow

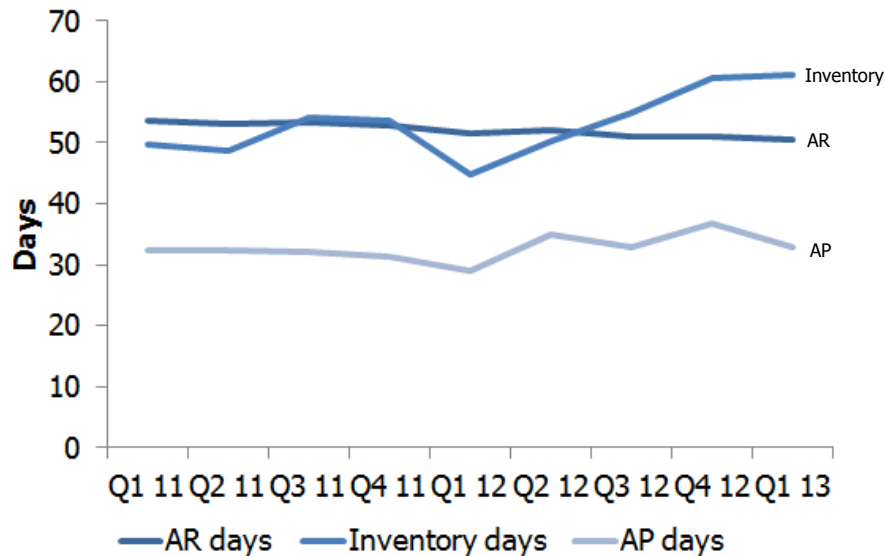
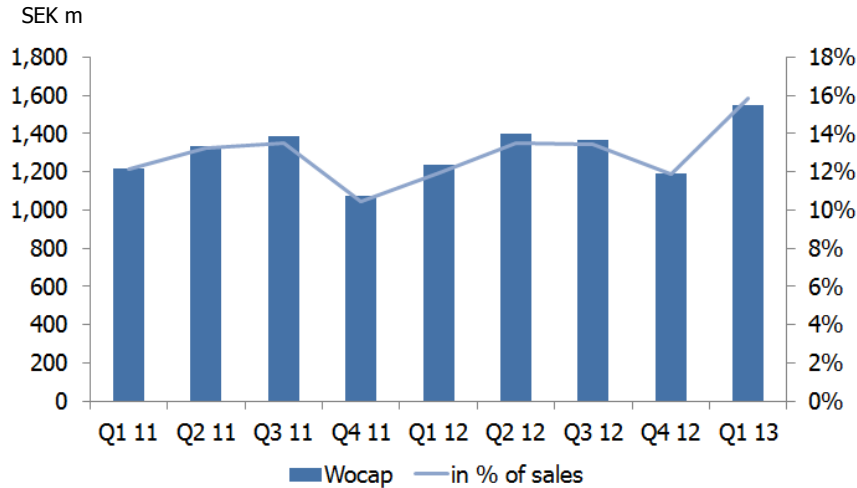
- ➔ Negative free cash flow in Q1 following working capital build-up in combination with low earnings
- ➔ Free cash flow lower than in last year given the weaker earnings and increase in working capital, but expected to be improved through reduction in inventory going forward
- ➔ Cash conversion below normal
- ➔ Negative free cash flow conversion before strategic capex in Q1 2013



■ Free cash flow ■ in % of EBITDA excl non-rec.



Working capital

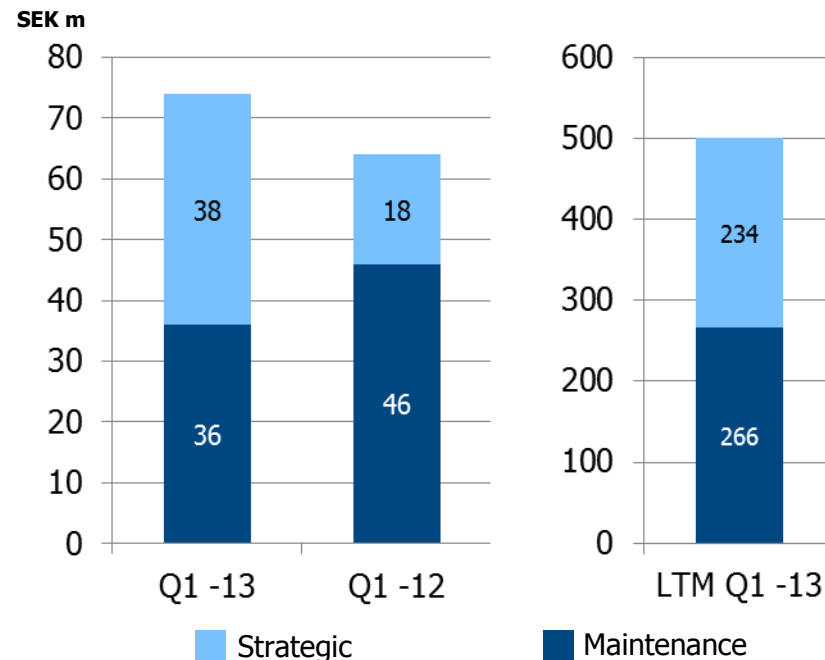


- ➔ Working capital increased during Q1 which follows normal seasonal pattern, albeit to a slightly higher level than satisfactory
- ➔ Inventory levels remain high, primarily due to a somewhat weaker demand than anticipated in Q1
- ➔ Solid order intake points towards decreasing inventory levels in the second quarter



Investments

- ➔ Strategic capex relates mainly to the Valerox project in Stenungsund.
- ➔ Maintenance capex on normal levels in Q1/13, whereas the LTM figure is affected by the Oxo shutdown conducted end of last year
 - No major turnaround scheduled for 2013
- ➔ Valerox (valeraldehyde and derivatives)
 - Detailed engineering ongoing parallel with field work (flare to be started in June)
 - Purchase of equipment is ongoing and to some extent completed
 - Overall project on time, on budget
- ➔ Neo expansion in China
 - Start-up scheduled for end of Q3/2013 instead of Q2/2013



Indebtedness

Current capital structure detail

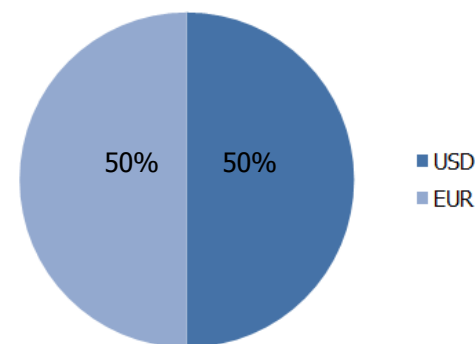
	USDm equiv.	SEKm	x EBITDA excl non-rec.
Cash	-216	-1,411	
Senior secured notes (€)	345	2,251	
Senior secured notes (\$)	380	2,476	
Net senior secured debt	509	3,316	3.2 x
Second lien notes (\$)	370	2,411	
Net second lien debt	879	5,727	5.4 x
Mezzanine loans (€)	383	2,496	
Other debt	11	72	
Net debt, excl pensions and shareholder loan	1,273	8,295	7.9 x

Fx rates; USD 6.52 and Euro 8.34

Based on EBITDA excl
non-rec. of SEK 1050 m

- ➔ Net debt, excl. pensions and shareholder loan reduced by SEK 553 during Q1/13
- ➔ Leverage up vs issuance primarily due to lower LTM EBITDA
- ➔ Available funds per end of Mar/13 amount to SEK 1,599 m (cash and undrawn RCF)

Debt by currency



see appendix p.23 for restated leverage

Conclusion

- ➔ Even though the operating environment is difficult, the company's development is not satisfactory
- ➔ Management is committed to executing on its strategy and the planned organic investments
- ➔ The relatively high working capital level is being addressed and expected to come down over the next two quarters
- ➔ Available funds are on a comfortable level after the proceeds from the Formox transaction
- ➔ Lower EBITDA comparables during second half of the year
- ➔ Although market remains competitive we expect volumes to increase during Q2



Appendix



Free cash flow details

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

SEK m	Q1 -13	Q1 -12	Q4 -12	LTM Q1 -13
EBITDA excl non-rec.	245	383	151	1 050
Change in working capital	-343	-151	171	-274
Maintenance capex	-36	-46	-116	-266
FCF before strategic capex	-134	186	206	510
% of EBITDA excl non-rec.	-55%	49%	136%	49%
Strategic capex	-38	-18	-115	-234
Free cash flow	-172	168	91	276
% of EBITDA excl non-rec.	-70%	44%	60%	26%



Segment reporting

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

SEK m	Q1 -13	Q1 -12	Q4 -12	LTM Q1 -13
Net Sales	2,485	2,748	2,178	9,773
Specialty Intermediates	1,649	1,801	1,449	6,549
Performance Products	854	963	756	3,421
Other/eliminations	-18	-16	-27	-85
EBITDA, reported	244	454	155	1,067
Specialty Intermediates	161	250	88	658
Performance Products	90	133	65	345
Other/eliminations	-7	71	2	64



Quarter on quarter development

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

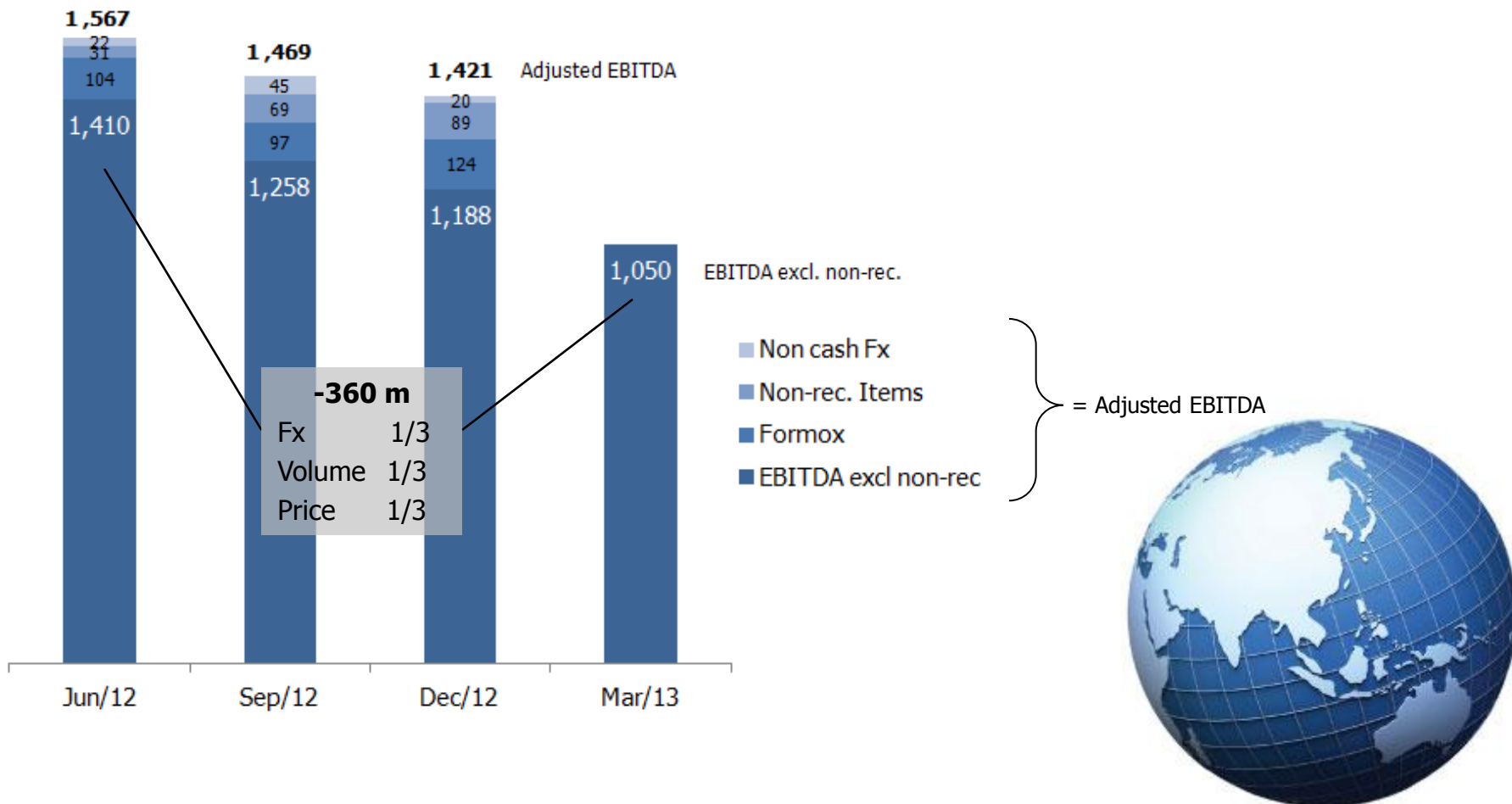
SEK m	Q1 -13	Q4 -12	Q3 -12	Q2 -12	Q1 -12	Q4 -11	Q3 -11	Q2 -11	Q1 -11
Net Sales	2,485	2,178	2,425	2,686	2,748	2,378	2,584	2,679	2,682
Marginal Contribution	635	541	669	713	776	633	747	740	794
% of sales	26%	25%	28%	27%	28%	27%	29%	28%	30%
EBITDA, reported	244	155	302	366	454	205	416	386	381
% of sales	9.8%	7.1%	12,4%	13,6%	16,5%	8,6%	16,1%	14,4%	14,2%
EBITDA, excl non-recurring items	245	151	277	377	383	221	429	380	392
% of sales	9.9%	6.9%	11.4%	14.0%	13.9%	9.3%	16.6%	14.2%	14.6%



Restated LTM EBITDA

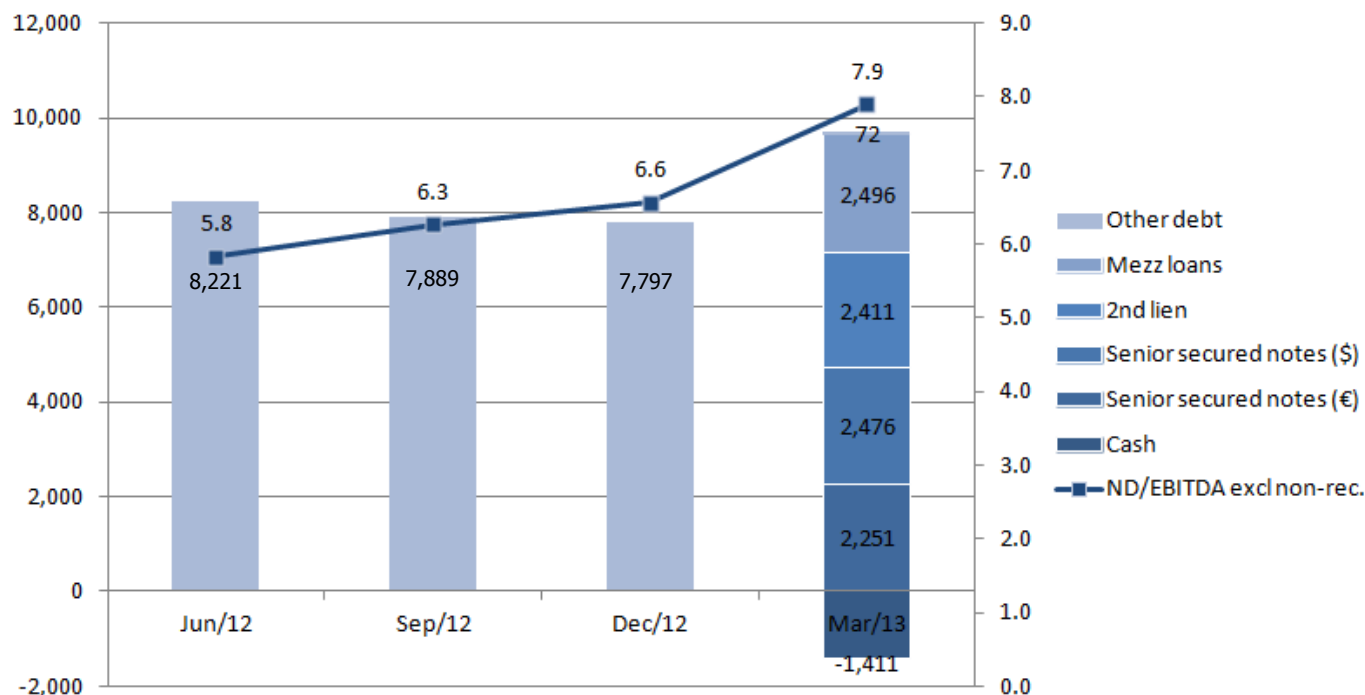
From adjusted EBITDA to EBITDA excl. non-recurring items

SEK m



Restated leverage

Leverage = Net debt excl. pension and shareholder loans / LTM EBITDA excl. non-rec items



SEK m	Jun -12	Sep -12	Dec -12	Mar -13
Reported Net debt excl. pensions and SHL ¹⁾	9,271	8,939	8,847	8,295
Formox proceeds reduction	-1,050	-1,050	-1,050	
Restated Net debt excl. pensions and SHL ¹⁾	8,221	7,889	7,797	8,295
Restated EBITDA excl. non-rec.	1,410	1,258	1,188	1,050
ND/EBITDA excl. non-rec.	5.8	6.3	6.6	7.9



Currency

Period average exchange rates

SEK per LOC	Q1 -13	Q1 -12	Q4 -12	LTM Q1 -13
USD	6.43	6.75	6.66	6.70
Euro	8.50	8.85	8.62	8.62
GBP	9.99	10.61	10.69	10.58

Period end exchange rates

SEK per LOC	Q1 -13	Q1 -12	Q4 -12
USD	6.52	6.62	6.52
Euro	8.34	8.84	8.62
GBP	9.88	10.60	10.49

Source: Swedish Central Bank, Riksbanken

