



Perstorp Holding AB (Publ.)

Interim report, January-March 2018

Conference call April 30, 2018

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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:
 - All shares, 100%, in Perstorp Oxo Belgium AB (site Gent), divested in March 2017
 - The stake in Vencorex (the former Coating Additives business unit)

Agenda

- Business performance
- Financial review
- Summary
- Q&A



Business performance



Jan Secher
President & CEO

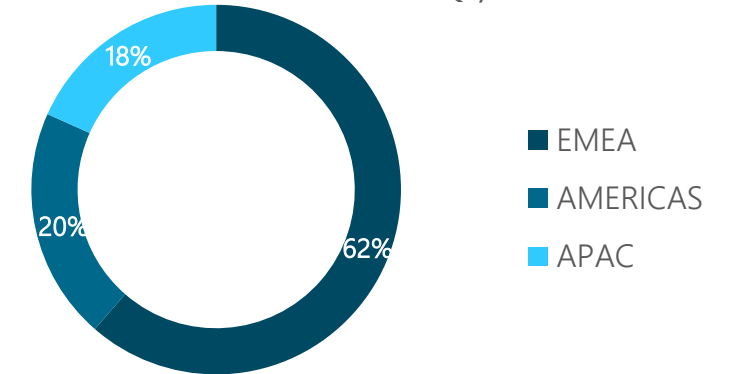
Executive summary

- Continued good demand in all three regions balanced by more normalized market supply situation
- Excluding BioProducts, organic volume based sales growth was flat vs. a strong Q1/17
- Q1/18 sales amounted to SEK 3,680 m, a 8% increase over last year, resulting from positive product mix and higher sales prices
- EBITDA excluding non-recurring items amounted to SEK 607 m in Q1/18 compared to SEK 571 m in Q1/17. Year-on-year, the first quarter was characterized by improved unit margins for some product lines and positive product mix partly offset by negative currency effects
- Q1/18 EBITDA margin amounted to 16.5% (16.7%). Excluding BioProducts, EBITDA margin was 18.8% (19.2%)
- Free Cash flow amounted to SEK 140 m in Q1/18 which was SEK 72 m higher than the same period last year, linked to improved earnings, release of working capital as well as somewhat lower capital expenditure
- Net Debt/LTM EBITDA amounted to 5.7x in Q1/18 versus 5.7x in Q4/17 despite approx. SEK 400 million increase in net debt due to currency movements
- Increased focus on Feed & Food and appointment of Roger Mann as new EVP

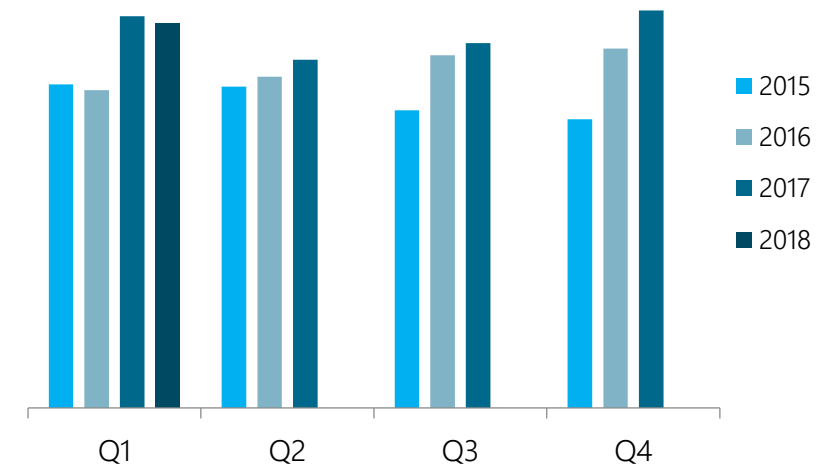
Market overview

- Continued strong demand in all three geographical regions
- Higher sales prices in local currencies vs. the same quarter last year linked to higher raw material prices and improved pricing
- Volumes in EMEA were up 2% compared to Q1 last year with double digit growth for many products within S&S and AC&D
- Volumes in Americas were 8% lower than last year mainly due to allocations. However, healthy growth for some products within S&S
- Volumes in APAC decreased by 7% compared to last year due to demand for some of the polyols in China and allocations. Strong growth for several core products both within S&S and AC&D

NET SALES BY REGION Q1/18



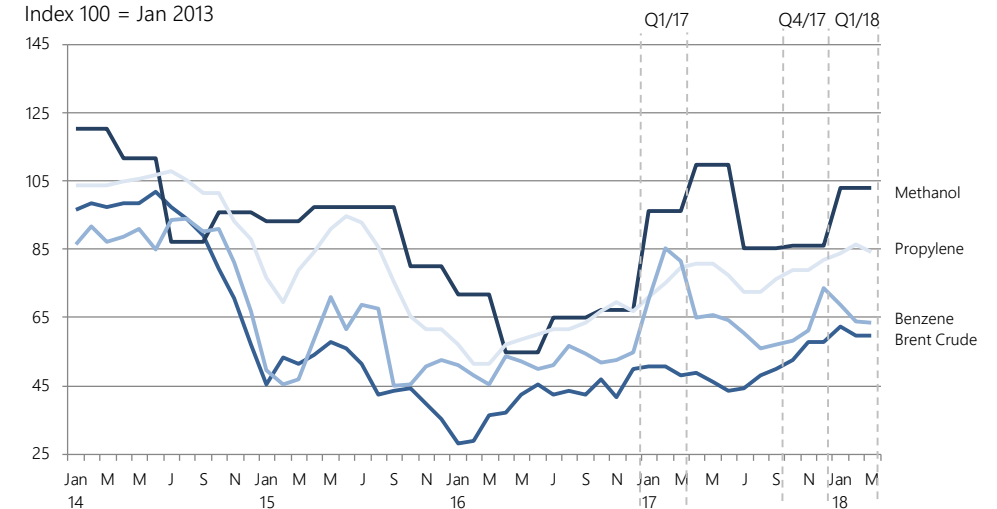
VOLUMES BY QUARTER



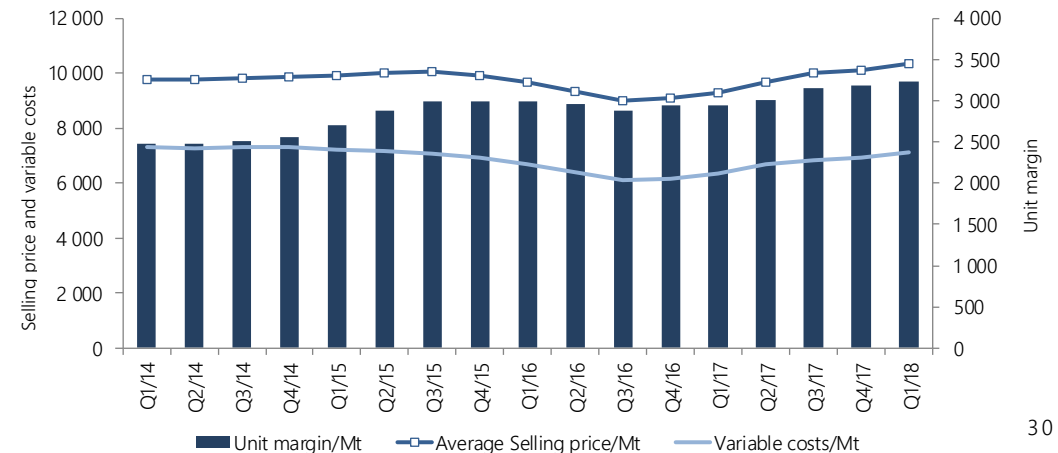
Raw materials and unit margins

- Compared to Q1 last year all key raw material prices except Benzene increased. During first quarter all key raw material prices increased from Q4/17
- Average price for Brent crude oil increased by 22% in Q1/18 vs Q1/17 and was 8% higher than in Q4/17
- Benzene decreased 17% in Q1/18 vs. Q1/17 (+2% vs Q4/17)
- Methanol increased 7% in Q1/18 vs. Q1/17 (+19% vs Q4/17)
- Propylene increased 13% in Q1/18 vs. Q1/17 (+6% vs Q4/17)
- Improved unit margins vs. Q1/17 for most product lines
- Advanced Chemicals & Derivatives unit margins were stable
- Unit margins in Specialties & Solutions improved due to strengthened pricing and positive product mix partly offset by negative currency impact

Raw material prices



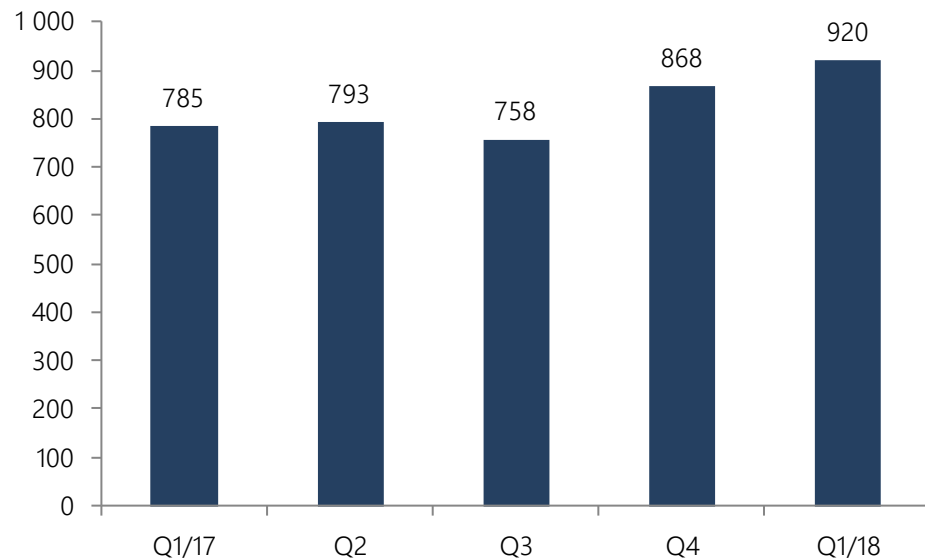
Margins LTM



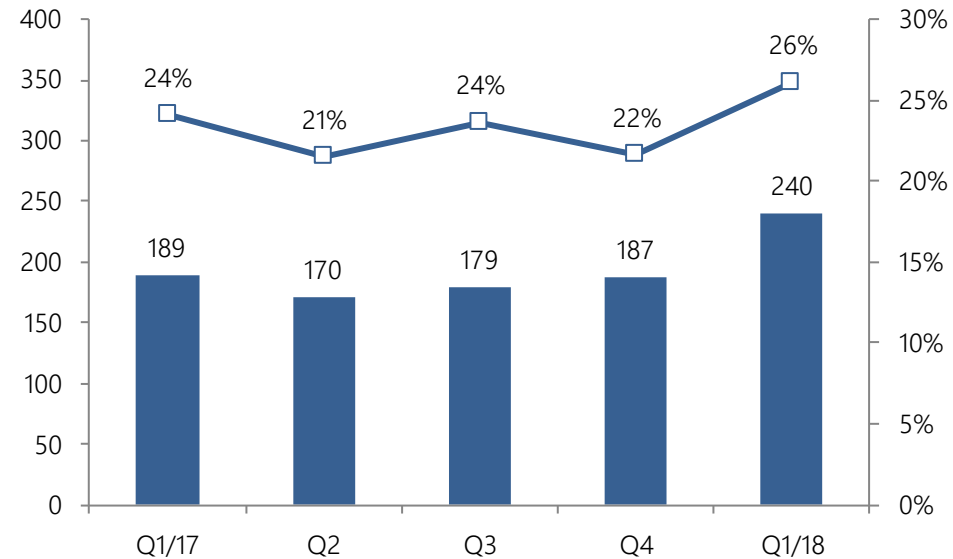
Specialities & Solutions

- Solid organic volume based sales growth and improved unit margins
 - Organic volume-based sales growth was +10% vs. Q1/17, with continued strong growth in BU Capa™ (+19%)
 - Q1/18 net sales amounted to SEK 920 m, an increase with 17% compared to Q1/17 linked to higher sales volumes for most product lines and higher sales prices. Currency were negative (-2%)
 - EBITDA increased SEK 51 m to SEK 240 m, corresponding to an EBITDA margin of 26% vs. 24% in Q1/17, resulting from improved unit margins, favorable product mix and stronger volumes

Net sales development



EBITDA¹ and margin development



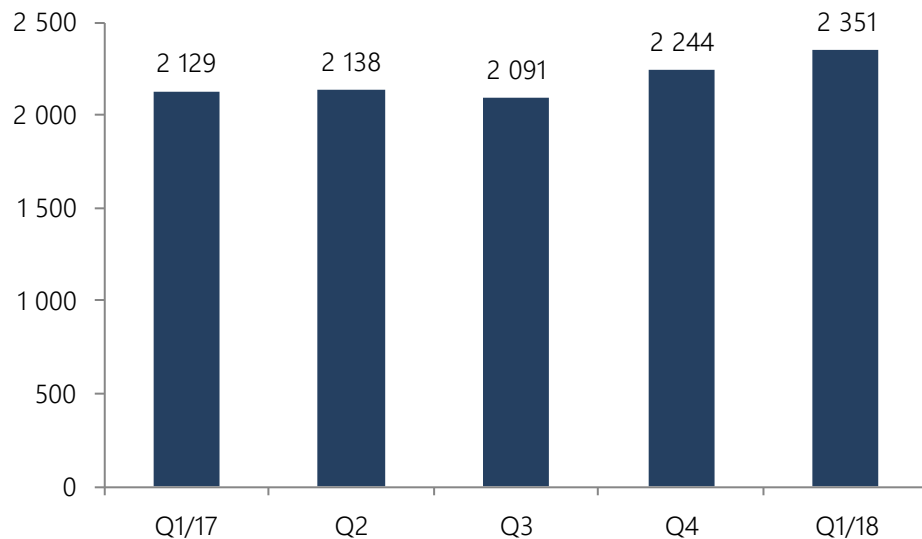
¹ EBITDA excluding non recurring items



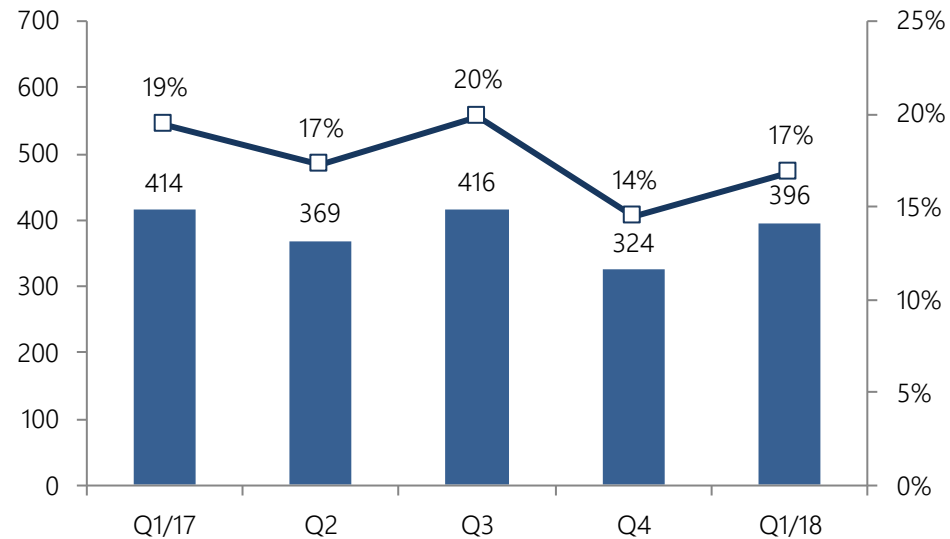
Advanced Chemicals and Derivatives

- EBITDA held back by time lag of raw material prices
 - Organic volume-based sales growth was -4% vs. Q1/17, mainly linked to the very strong development in the same quarter last year
 - Q1/18 net sales amounted to SEK 2,351 m, an increase of 10% compared to Q1/17 linked to higher sales prices. Currency impact was negative (-2%)
 - Q1/18 EBITDA decreased SEK 18 m to SEK 396 from Q1/17, corresponding to an EBITDA margin of 17% (19%). The decrease was due to a combination of slightly weaker performance for Polyols in China, higher raw material costs and a more balanced supply situation

Net sales development



EBITDA¹ and margin development



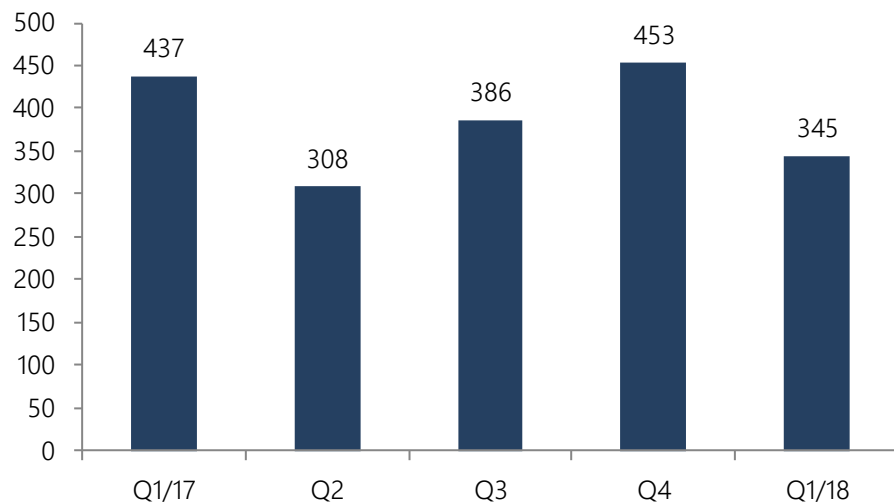
¹= EBITDA excluding non recurring items



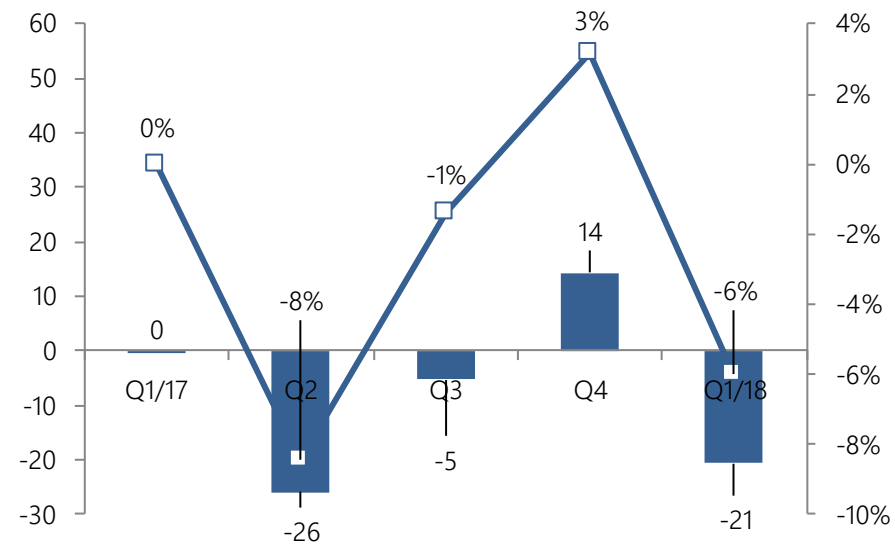
BioProducts

- Weaker unit margins and lower volumes
 - Organic volume-based sales growth was -6% compared to Q1/17
 - Q1/18 net sales amounted to SEK 345 m, a decrease with 21% vs. Q1/17. The deviation was linked to lower sales prices following lower market and raw material prices together with lower volumes
 - Q1/18 EBITDA amounted to SEK -21 m compared to SEK 0 m in Q1/17, earnings were negatively affected by lower volumes and weaker unit margins linked to weak RME spot prices

Net sales development



EBITDA¹ and margin development



¹= EBITDA excluding non recurring items



Financial review



Magnus Heimborg
CFO

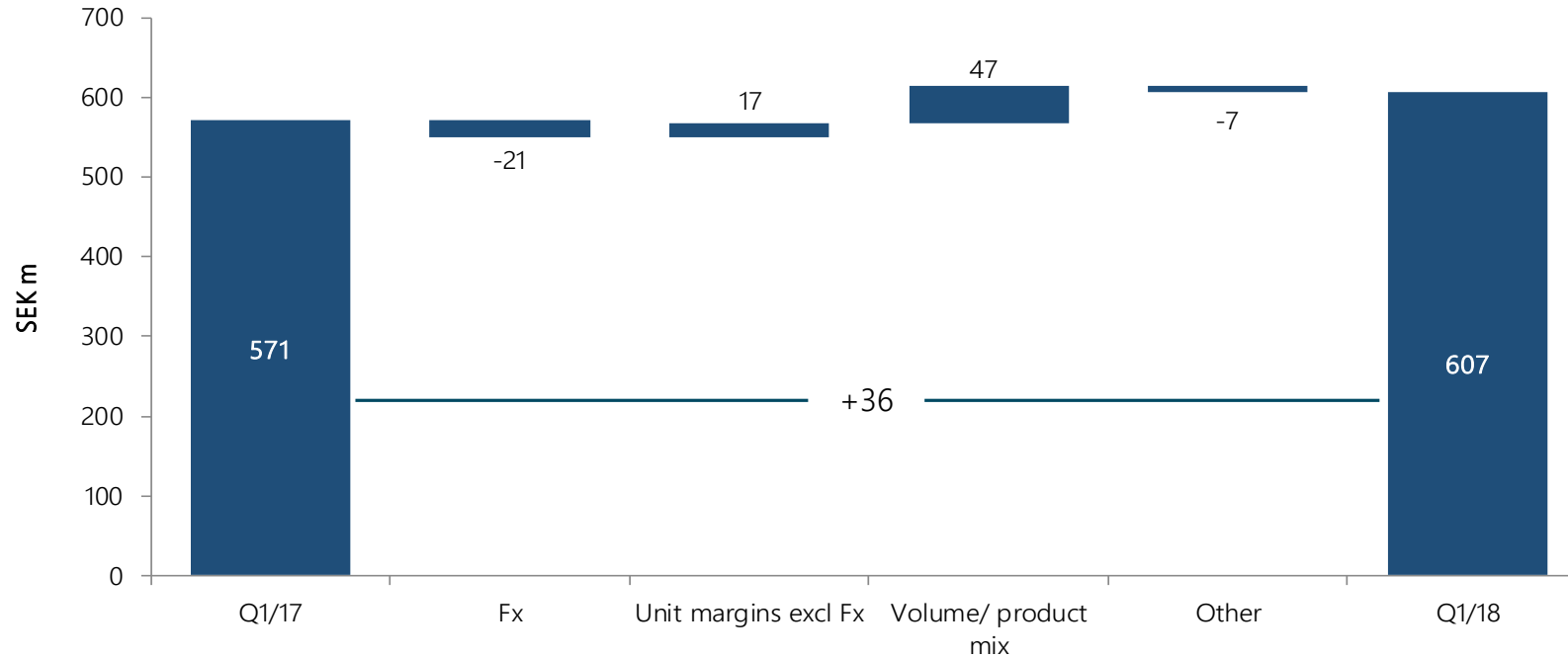
Financial highlights Q1 2018

Continuing operations (i.e. excluding Gent)

SEK m	Q1-18	Q1-17	LTM -Q18	LTM Q1-17	Q4-17
Net Sales	3,680	3,413	13,859	11,939	3,602
% growth (y-o-y)	+7.8%	+33.9%	+16.1%	+12.8%	+16.7%
% organic volume based sales growth (y-o-y)	-0.8%	+22.9%	+4.9%	+12.6%	+6.4%
Marginal Contribution	1,101	1,061	4,325	3,767	1,086
% of sales	29.9%	31.1%	31.2%	31.6%	30.1%
EBITDA, reported	604	561	2,139	1,855	462
% of sales	16.4%	16.4%	15.4%	15.5%	12.8%
EBITDA, excl. non recurring items	607	571	2,169	1,917	485
% of sales	16.5%	16.7%	15.7%	16.1%	13.5%

Bridge EBITDA excl. non recurring items

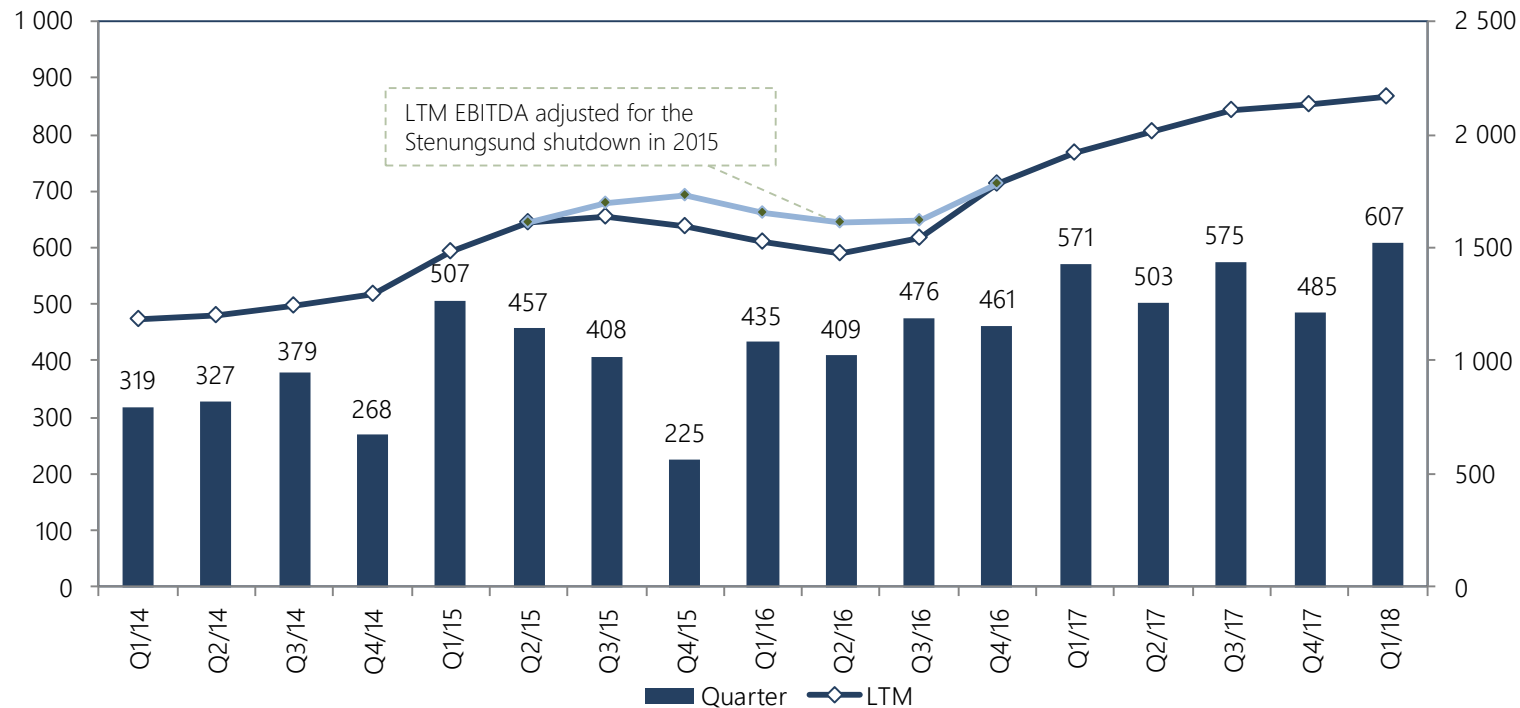
Q1 2018 vs. Q1 2017



- Improved EBITDA following higher unit margins for some product lines and positive product mix impact partly offset by negative currency effects

LTM Development EBITDA¹⁾

Q1 2014 to Q1 2018



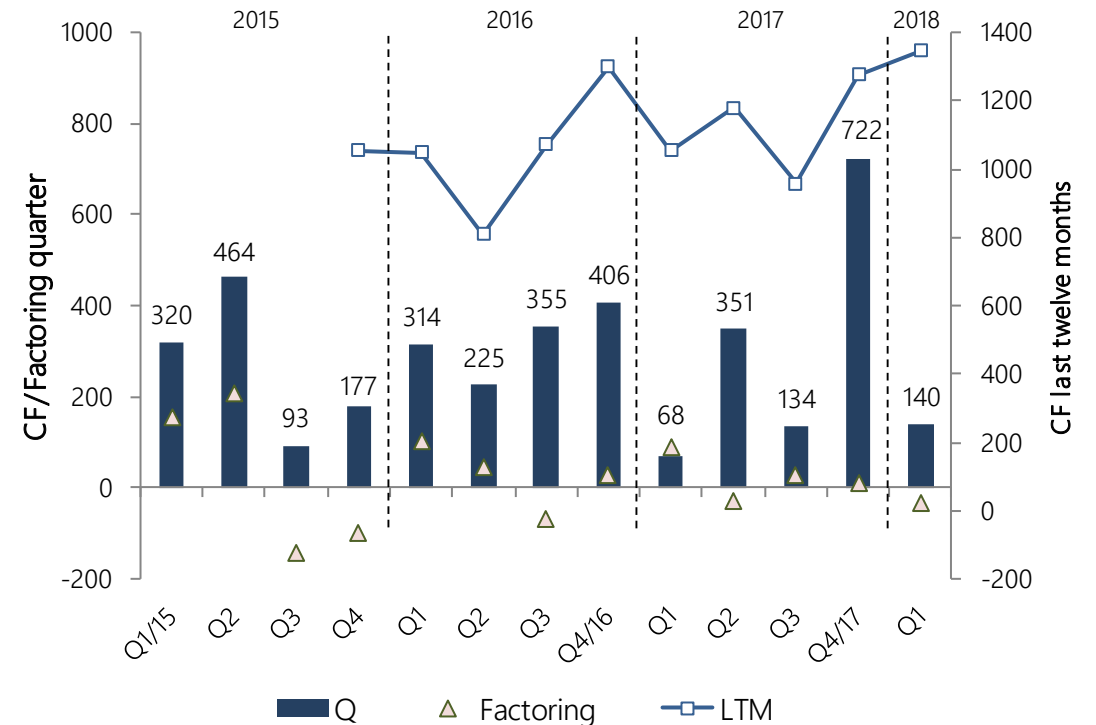
- Record high quarterly (SEK 607 m) and LTM EBITDA (SEK 2,169 m)
- Historical EBITDA figures are adjusted for the divestment of Gent operation

1) Excluding non-recurring items

Free cash flow

- Free cash flow in Q1/18 was SEK 140 m compared to SEK 68 m in Q1/17
- The improved cash flow versus Q1/17 was linked to improved earnings, release of working capital as well as lower capital expenditure in Q1/18
- Utilization of the trade receivable program amounted to €118 m (€ 112 m Q1/17) per end of Q1/18
- Free cash flow in Q2/18 expected to be positive

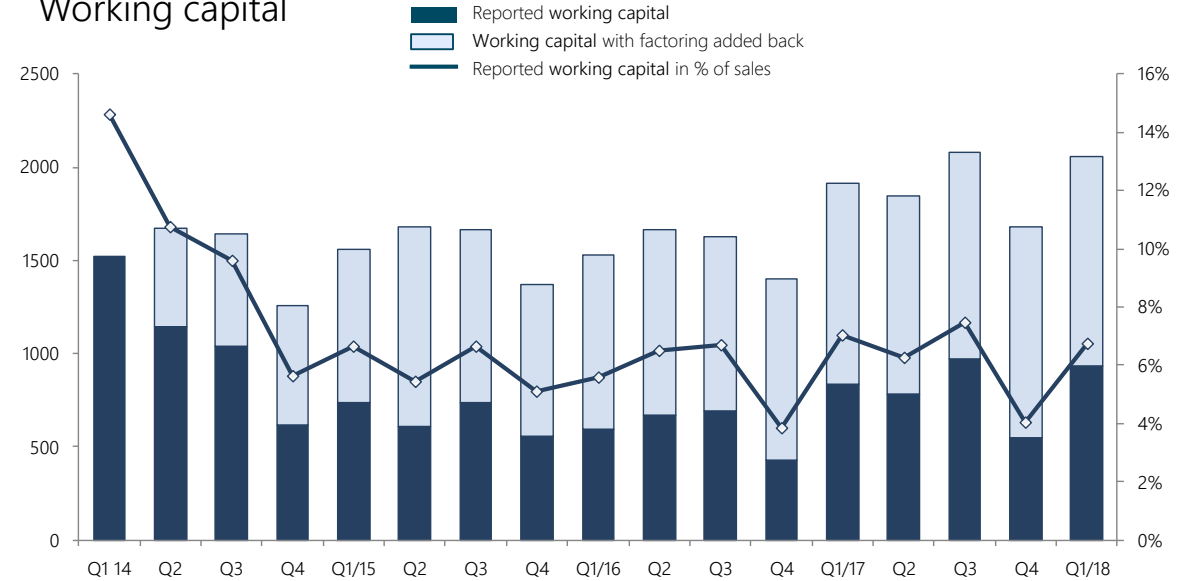
Free cash flow SEK m



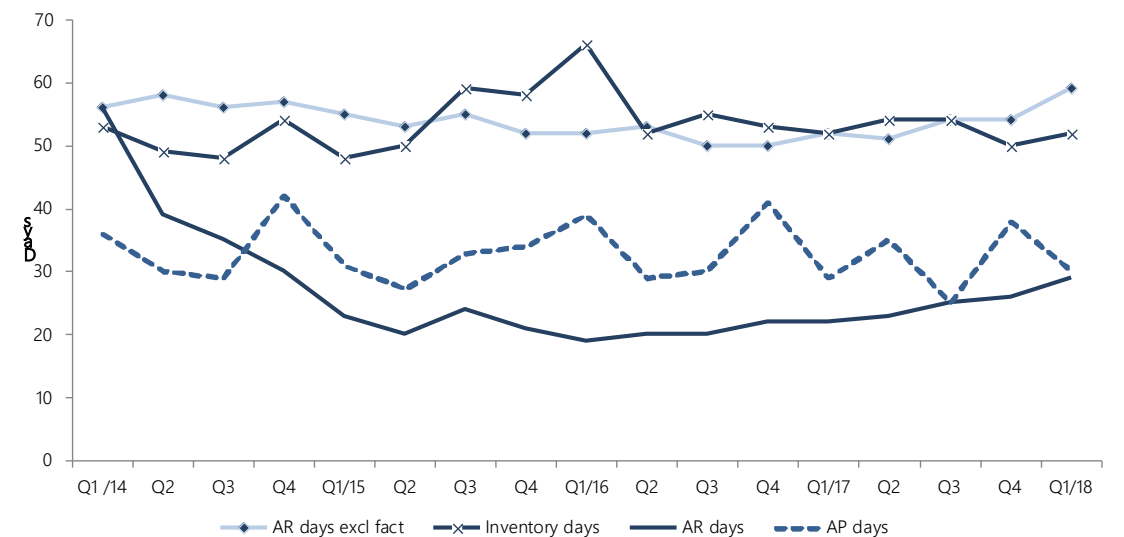
Working capital

- Reported working capital increased SEK 415 m during Q1/18 vs. Q4/17
- Accounts receivables increased SEK 237 m from Q4/17 following higher sales
- Accounts payable decreased SEK 144 m vs. Q4/17, mainly due to timing impact
- Inventory value increased SEK 126 m vs Q4/17, mainly linked to exchange rate impact

Working capital

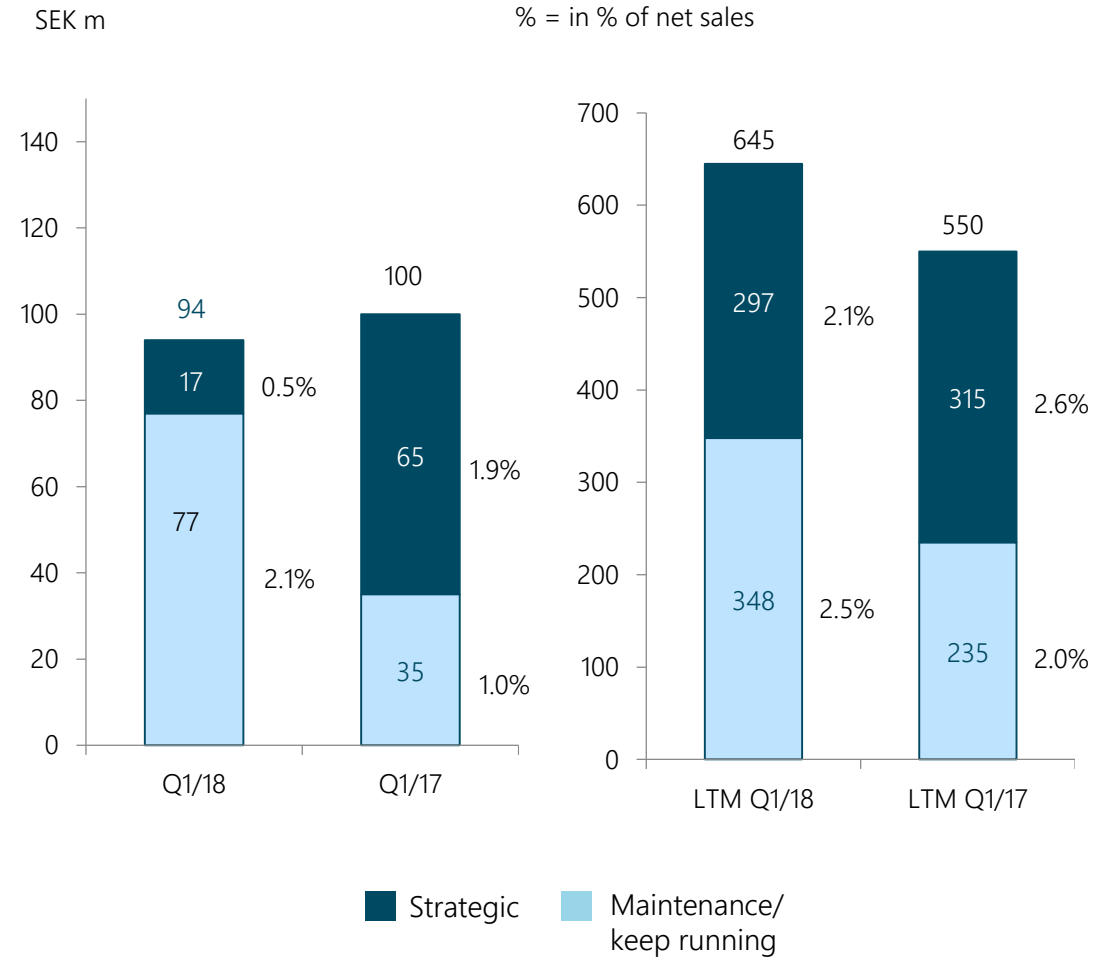


Days



Investments

- Total investments amounted to SEK 94 m in Q1/18 which was SEK 6 m lower than investments in Q1/17
- Maintenance investments amounted to SEK 77 m in Q1/18 compared to SEK 35 m in Q1/17
- Strategic investments includes selective capacity expansions, smaller debottlenecking investments in our key platforms and acquisitions
- Total investment amount for 2018 is estimated to be around SEK 700-750 m



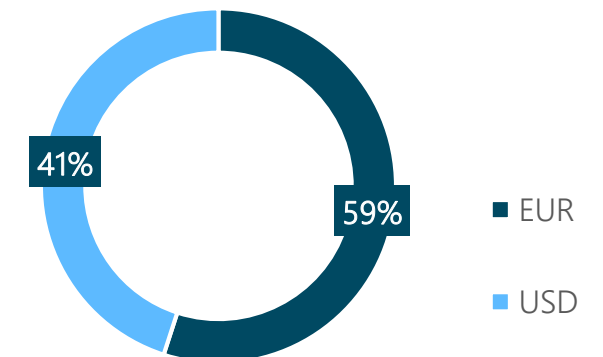
Indebtness

Current capital structure details

	USD m Equiv.	SEK m ¹⁾	x EBITDA excl non-rec. ²⁾
Cash on balance sheet	-71	-592	
Senior secured notes (€)	589	4,920	
Senior secured notes (\$)	220	1,839	
Net senior secured debt	738	6,167	2.8x
Second lien notes (\$)	420	3,511	
Net second lien debt	1,158	9,678	4.5x
Mezzanine loans (€)	330	2,760	
Other debt	1	8	
Net debt, excl. pensions and shareholder loan	1,489	12,446	5.7x

- Net debt, excluding shareholder loan and pensions increased by SEK 390 m during Q1/18 related to a weaker SEK, primarily against EUR
- Reported leverage remained at 5.7x, unchanged from end of Q4/17
- Available funds per end of Q1/18 amounted to SEK 1,168 m

DEBT BY CURRENCY



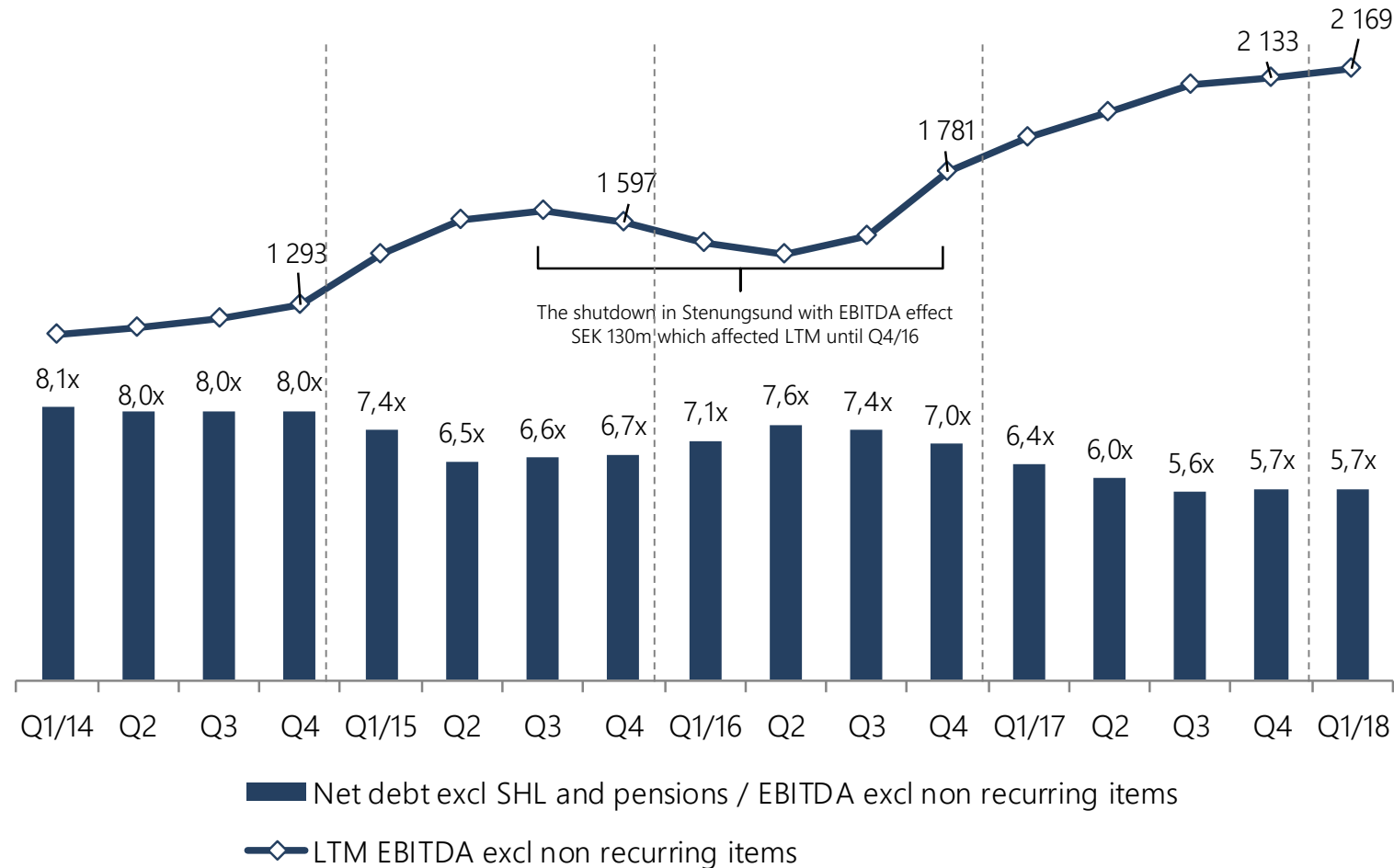
1) Fx rates; USD 8.36 and Euro 10.29

2) Based on EBITDA excl. non-recurring items of SEK 2,169 m

3) Including drawn SSRFC

Financial performance and leverage

Q1 2014 to Q1 2018



Summary



Jan Secher
President & CEO

Q1 conclusion and current trading

- Continued high demand in all three regions balanced by more normalized market supply situation
- Organic volume-based sales growth excluding BioProducts was flat compared to a strong Q1/17
- EBITDA excluding non-recurring items at record high SEK 607 m (571 m) in Q1/18 and SEK 2,169 m for the LTM period
- Increased earnings linked to improved unit margins for some product lines and positive product mix impact
- Free cash-flow SEK 140 m, SEK 72 m higher than Q1/17
- Net Debt/LTM EBITDA amounted to 5.7x in Q1/18 versus 5.7x in Q4/17 despite approx. SEK 400 million increase in net debt due to currency movements
- Demand in the second quarter 2018 is expected to remain high across all regions for our main product lines while a more normalized supply situation relative to last year persists



Appendix

Free cash flow details

Continuing operations (i.e. excluding Gent)

SEK m	Q1-18	Q1-17	LTM Q1-18	FULL YEAR-17	Q4-17
EBITDA excl non-rec items	607	571	2,169	2,133	485
Change in working capital ¹	-373	-403	-177	-207	383
Maintenance capex	-77	-35	-348	-306	-86
FCF before strategic capex	157	133	1,644	1,620	782
% of EBITDA excl non-rec.	26%	23%	76%	76%	161%
Strategic capex	-17	-65	-297	-345	-60
Free cash flow	140	68	1,347	1,275	722
% of EBITDA excl non-rec.	23%	12%	62%	60%	149%

1) excluding exchange rate effects and provisions

Segment reporting

Continuing operations (i.e. excluding Gent)

SEK m	Q1-18	Q4-17	Q3-17	Q2-17	Q1-17	Q4-16	Q3-16	Q2-16	Q1-16
Net Sales	3,680	3,602	3,289	3,288	3,413	3,088	2,784	2,654	2,549
Specialties & Solutions	920	868	758	793	785	674	638	643	662
Advanced Chemicals & Derivatives	2,351	2,244	2,091	2,138	2,129	1,905	1,723	1,675	1,556
BioProducts	345	453	386	308	437	464	379	286	279
Other/eliminations	64	37	54	49	62	45	44	50	52
EBITDA, reported	604	462	571	502	561	423	474	397	422
Specialties & Solutions	240	187	179	170	189	117	171	188	196
Advanced Chemicals & Derivatives	394	323	415	369	411	321	302	235	239
BioProducts	-21	14	-5	-26	0	39	12	-1	8
Other/eliminations	-9	-62	-18	-11	-39	-54	-11	-25	-19
EBITDA excl. non recurring items	607	485	575	502	571	461	476	409	435
Specialties & Solutions	240	188	179	170	189	122	170	189	196
Advanced Chemicals & Derivatives	396	324	416	369	414	322	302	239	239
BioProducts	-21	14	-5	-26	0	39	12	0	6
Other/eliminations	-8	-41	-15	-11	-32	-22	-8	-19	-6

Quarter on quarter development

Continuing operations (i.e. excluding Gent)

SEK m	Q1-18	Q4-17	Q3-17	Q2-17	Q1-17	Q4-16	Q3-16	Q2-16	Q1-16
Net Sales	3,680	3,602	3,289	3,288	3,413	3,088	2,784	2,654	2,549
Marginal Contribution	1,101	1,086	1,100	1,038	1,061	929	885	892	873
% of sales	29.9%	30.1%	33.5%	31.6%	31.1%	30.1%	31.8%	33.6%	34.2%
EBITDA, reported	604	462	571	502	561	423	474	397	422
% of sales	16.4%	12.8%	17.4%	15.3%	16.4%	13.7%	17.0%	15.0%	16.6%
EBITDA, excl. non- recurring items	607	485	575	502	571	461	476	409	435
% of sales	16.5%	13.5%	17.5%	15.3%	16.7%	14.9%	17.1%	15.4%	17.1%

Cash and available funds

SEK m	Q1-18
Unrestricted cash	349
Restricted ¹⁾ and escrowed cash ²⁾	243
Cash on Balance Sheet	592

¹⁾ Cash in Perstorp accounts in countries where international movement of funds are restricted

²⁾ Cash held in escrowed accounts as collateral for different business and financial activities

SEK m	Q1-18
Unrestricted cash	349
Unutilized committed credit facilities	819
Reported Available Funds	1,168

Currency

Period average exchange rates

SEK per LOC	Q1-18	Q1-17	FY-17	LTM Q1-18	Q4-17
USD	8,11	8,92	8,54	8,33	8,32
Euro	9,96	9,51	9,63	9,75	9,79
GBP	11,28	11,05	10,99	11,05	11,04

Period end exchange rates

SEK per LOC	Q1-18	Q1-17	Q4-17
USD	8,36	8,93	8,23
Euro	10,29	9,55	9,85
GBP	11,76	11,13	11,10

Source: Swedish Central Bank, Riksbanken