

Perstorp Holding AB (Publ.)

Interim report, July-September 2016

Conference call November 28th, 2016



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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:
 - 15% stake in Vencorex (the former Coating Additives business unit, 51% divested in May 2012 and 34% divested in August 2014)



Agenda

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

Business performance



Jan Secher
President & CEO

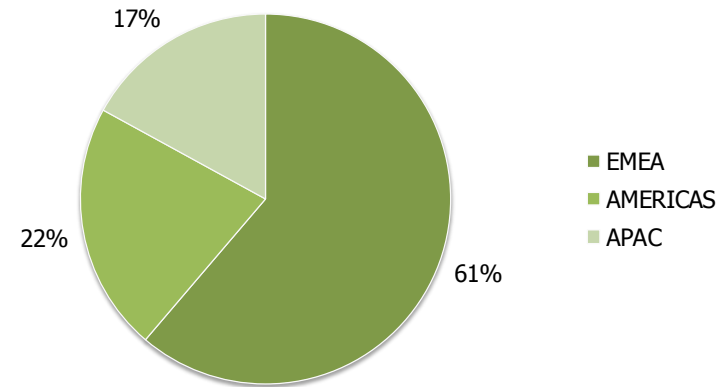
Executive summary

- ➔ Organic volume-based sales growth was +14% vs. Q3 last year. Adjusted for the scheduled shutdown in Stenungsund, organic volume-based sales growth was around 9% year-on-year
- ➔ Q3 sales amounted to SEK 2,834 m, a 2% increase over last year due to the increased volumes partly offset by lower sales prices primarily reflecting the decline in raw material prices
- ➔ EBITDA excluding non-recurring items amounted to SEK 492 m in Q3/16 compared to SEK 422 m last year and SEK 439 m in Q2/16. Year-on-year, the third quarter was characterized by stronger volumes and positive FX effects, partly offset by slightly weaker unit margins following negative mix effects from higher sales in Oxo and BioProducts
- ➔ Second strongest quarter in terms of EBITDA in recent history, with an EBITDA margin of 17.4%, driven by solid underlying performance but still with headwind for some product lines – we however anticipate Oxo markets to have bottomed out
- ➔ Free Cash flow amounted to SEK 384 m in Q3, well above last year

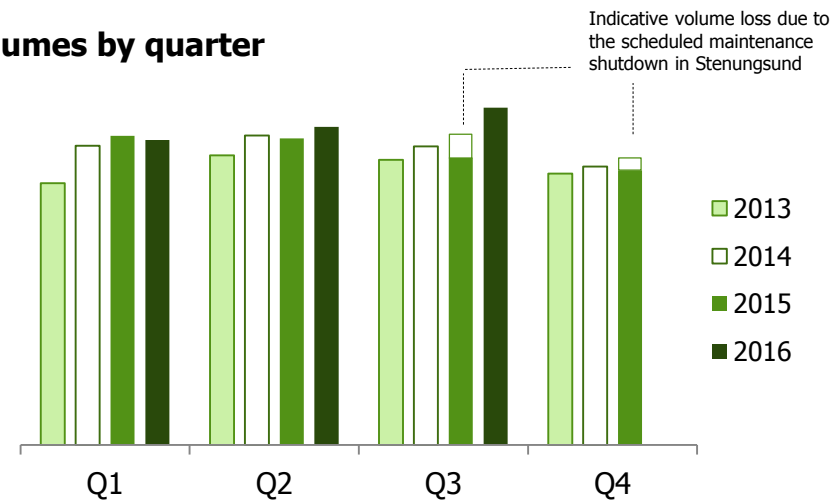
Market overview

- ➔ Overall demand was solid in our major markets. All regions show double digit growth. Year-on-year volume growth was +17% and organic volume-based sales growth was +14%
- ➔ General sales prices have declined vs. same quarter last year primarily as a consequence of lower raw material prices, evident in all regions
- ➔ Volumes in EMEA were up 12% compared to the same quarter last year following better product availability (no shutdown) and higher sales of BioProducts. Sales were 2% lower than the corresponding period last year primarily following generally lower sales prices
- ➔ Volumes in Americas were 28% higher than last year – primarily linked to our Oxo and Polyols business. Sales were 7% above Q3 last year – the higher volumes were partly offset by lower sales prices
- ➔ Volumes in APAC increased substantially vs. last year, around 40%, linked to a combination of new product introduction, good demand and new business opportunities. Sales were 11% higher than Q3 last year. The higher volumes were partly offset by lower sales prices

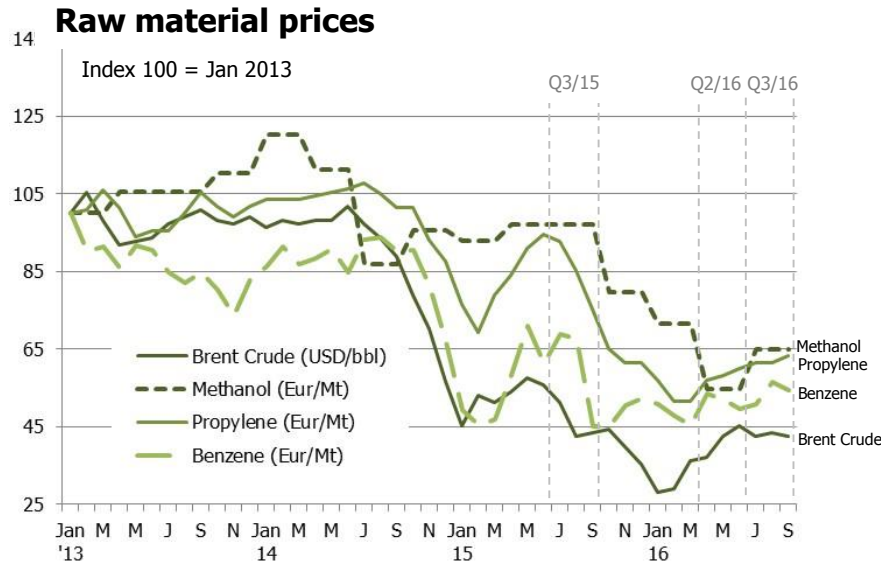
Q3/2016, Net Sales by region, %



Volumes by quarter



Raw materials and margins

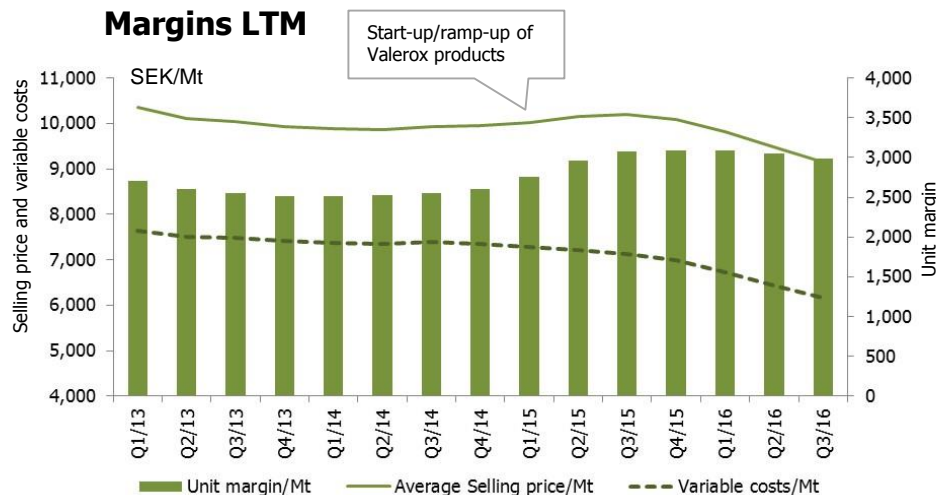


- ➔ Most key raw material prices increased during the quarter, however still substantially lower than same quarter last year
 - Average price for Brent crude oil increased by 3% in Q3/16 vs Q2/16 but was around 7% lower than in Q3/15
 - Propylene increased 6% in Q3/16 (-26% vs LY)
 - Benzene increased 4% in Q3/16 (-11% vs LY)
 - Methanol increased 19% in Q3/16 (-33% vs LY)

- ➔ Year-on-year unit margins were slightly lower primarily due continued strong competition in Oxo alcohols and our Formates business

- ➔ Unit margins achieved in Q3/16 were slightly lower than Q2/16, although on healthy levels for the main part of our product portfolio

- ➔ We are making selective price increases during the fourth quarter following changed market conditions, our leadership in several markets and the increase in raw material prices

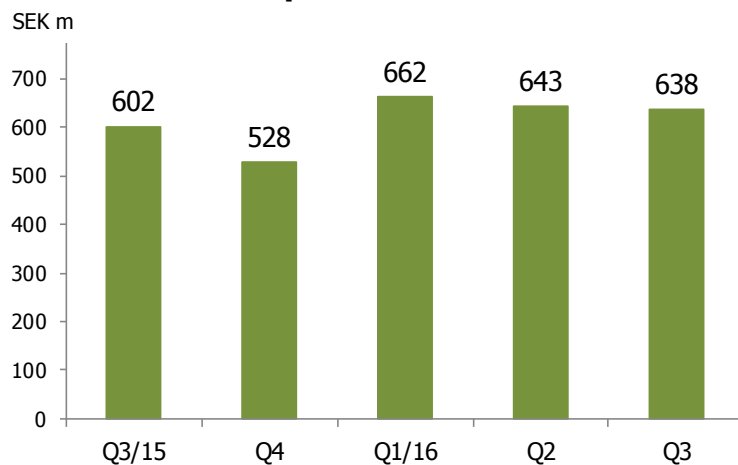


Specialties & Solutions

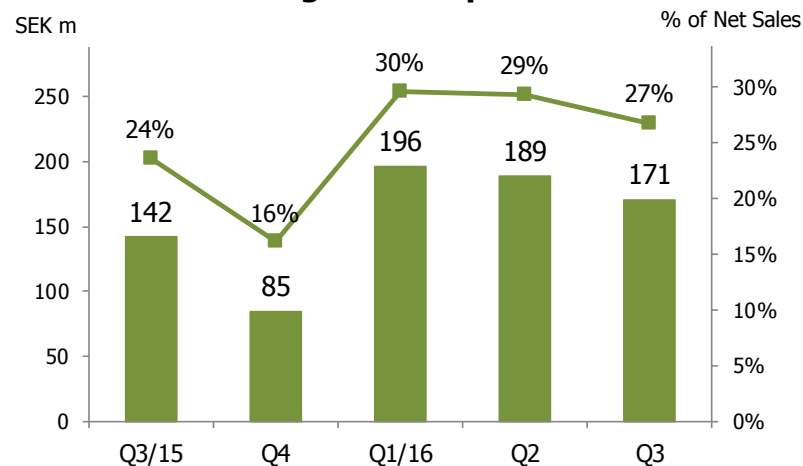
- ➔ Stronger volumes drive improved earnings
 - Organic volume-based sales growth was 12,5%¹ vs. Q3/15
 - Q3/16 net sales amounted to SEK 638 m, 6% higher than Q3/15, impacted by higher volumes. Sales prices were 7% lower linked to lower raw material prices. FX-effects on net sales were limited
 - Q3/16 EBITDA amounted to SEK 171 m, corresponding to an EBITDA margin of 27%. Earnings show an increase of 20% compared to Q3/15, primarily due to stronger volumes

¹= in Q1/16, one product line was transferred from Business Area Advanced Chemicals & Derivatives. Adjusted for this, the organic volume-based sales growth in Q3 was 11%.

Net sales development



EBITDA² and margin development

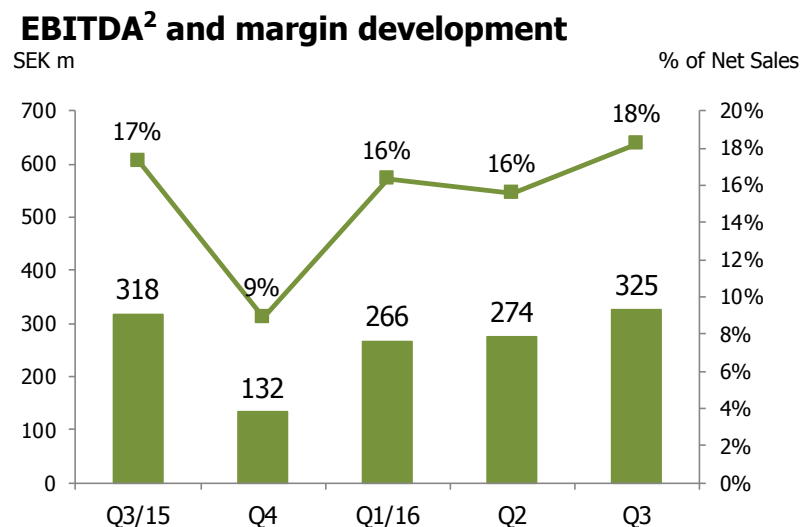
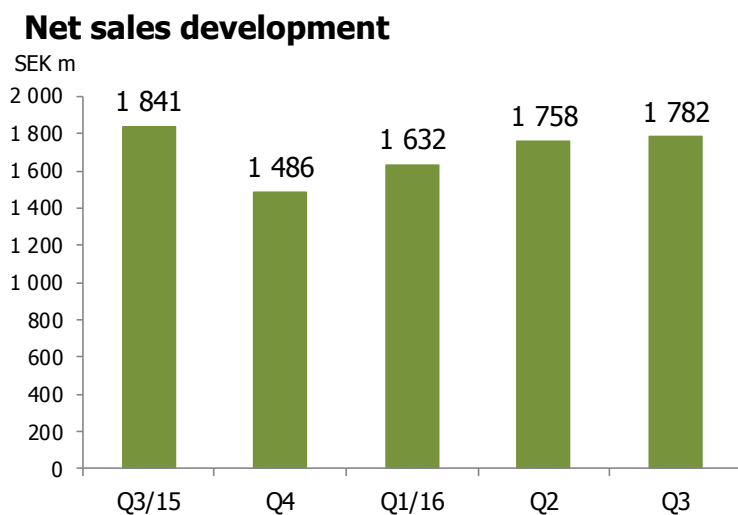


²= EBITDA excluding non recurring items

Advanced Chemicals & Derivatives

- ➔ Positive EBITDA margin development following higher volumes
 - Organic volume-based sales growth was +11%¹ vs. Q3/15
 - Q3/16 net sales amounted to SEK 1,782 m, 3% lower than Q3/15 assignable to lower sales prices related to lower raw material prices. Only minor FX-effects
 - Valerox related volumes showed increased volumes of 83% vs Q3/15 and 22% vs Q2/16; production efficiency measures continue to be implemented
 - Q3/16 EBITDA amounted to SEK 325 m, corresponding to a EBITDA margin of 18%. Earnings increased vs. Q3/15 due to higher volumes, partly offset by less favorable market conditions on Formates and Oxo alcohols and plasticizers, like we experienced in the last quarters

¹= in Q1/16, one product line was transferred to Business Area Specialty & Solutions. Adjusted for this, the organic volume-based sales growth in Q3 was 11%



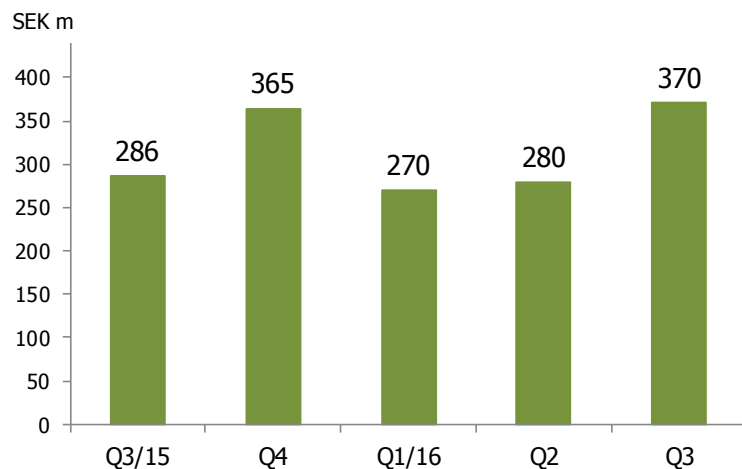
²= EBITDA excluding non recurring items

BioProducts

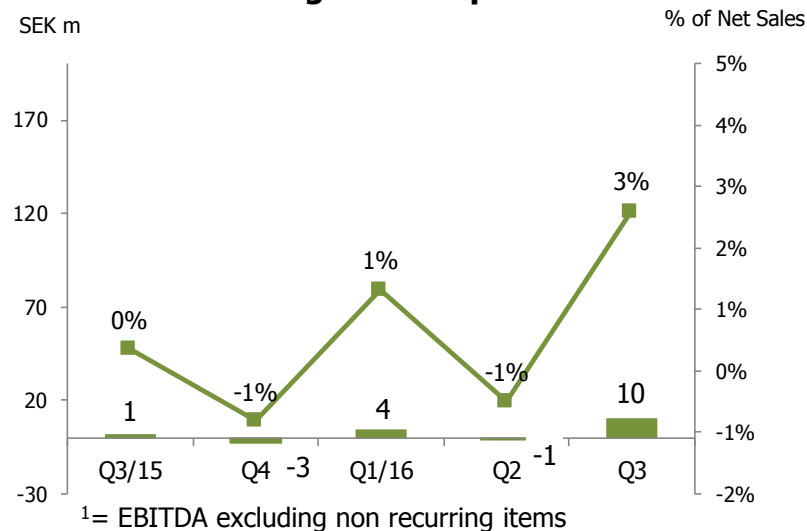
➔ Substantially improved volumes result in positive earnings

- Organic volume-based sales growth was 35%
- Q3/16 net sales amounted to SEK 370 m, 30% higher than Q3/15, impacted by substantially higher sales volumes, partly offset by 6% lower prices. Fx effects amount to 1%
- Q3/16 EBITDA amounted to SEK 10 m compared to SEK 1 m in Q3/15. The improvement in earnings can primarily be assignable to higher volumes

Net sales development



EBITDA¹ and margin development



Financial review



Magnus Heimburg

CFO

Financial highlights

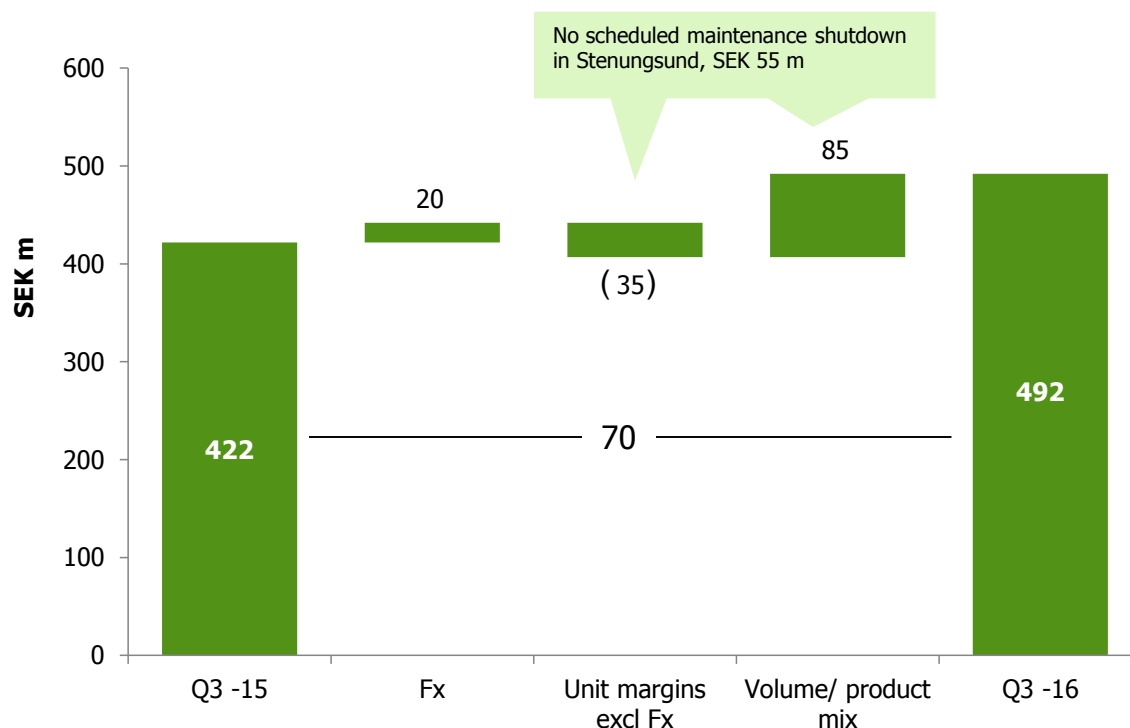
Q3 2016

SEK m	Q3 -16	Q3 -15	YTD Q3 -16	YTD Q3 -15	LTM Q3-16	Q2 -16
Net Sales	2,834	2,778	8,180	8,718	10,611	2,730
% growth (y-o-y)	2%		-6%			-9%
Marginal Contribution	917	851	2,765	2,717	3,463	938
% of sales	32.4%	30.6%	33.8%	31.2%	32.6%	34.4%
EBITDA, reported	491	420	1,361	1,426	1,588	427
% of sales	17.3%	15.1%	16.6%	16.4%	15.0%	15.6%
EBITDA, excl non recurring items	492	422	1,388	1,429	1,626	439
% of sales	17.4%	15.2%	17.0%	16.4%	15.3%	16.1%

- ➔ Volume-based sales growth was +14% and Net sales increased around 2% compared to Q3/15. Stronger volumes were partly offset by lower sales prices reflecting the lower raw material prices
- ➔ Marginal contribution improved SEK 66 m or 8% vs. Q3 last year. Unit margins (SEK/kg) were slightly lower year-on-year whereas margins in % of sales improved to c. 32.4%
- ➔ EBITDA excluding non recurring items amounted to SEK 492 m vs. 422 m Q3/15, primarily due to stronger volumes (partly due to the scheduled shutdown in Q3/15) and favorable FX development, partly offset by slightly lower unit margins

Bridge EBITDA excl. non recurring items

Q3 2016 vs. Q3 2015

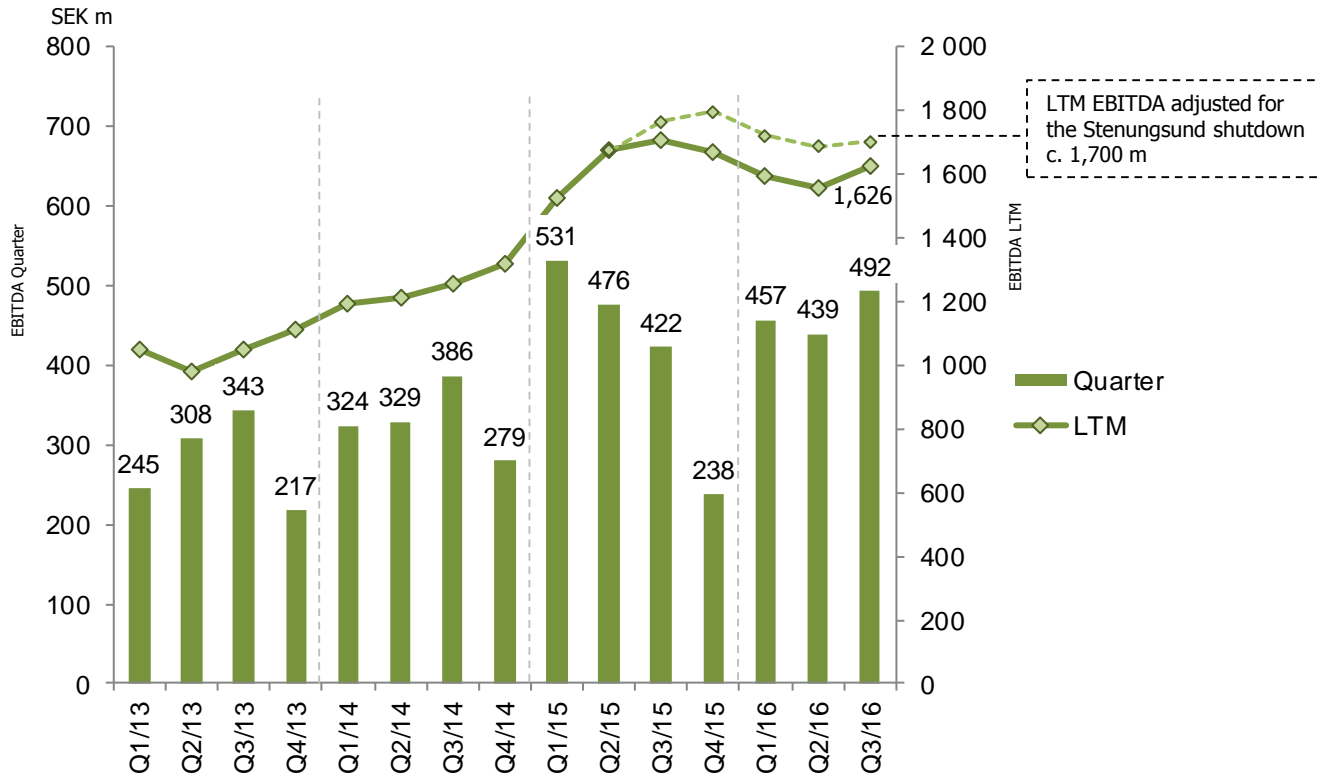


- ➔ Q3/16 EBITDA excluding non recurring items increased SEK 70 m year-on-year, driven primarily by positive volume / product mix and to a lesser extent FX, partly offset by negative impact of unit margin development

LTM development

Q1 2013 to Q3 2016

EBITDA excluding non recurring items

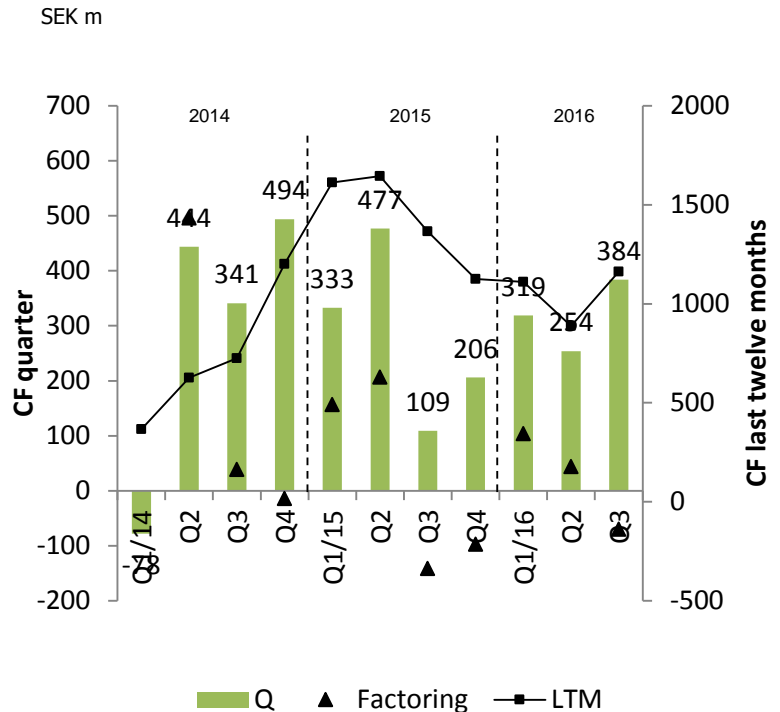


- ➔ Reported LTM EBITDA amounts to SEK 1,626 m in Q3/16
- ➔ Adjusting for the negative effects from the Stenungsund shutdown in 2015, which will impact the LTM result until Q4/16, the LTM EBITDA would have been around SEK 1,700 m

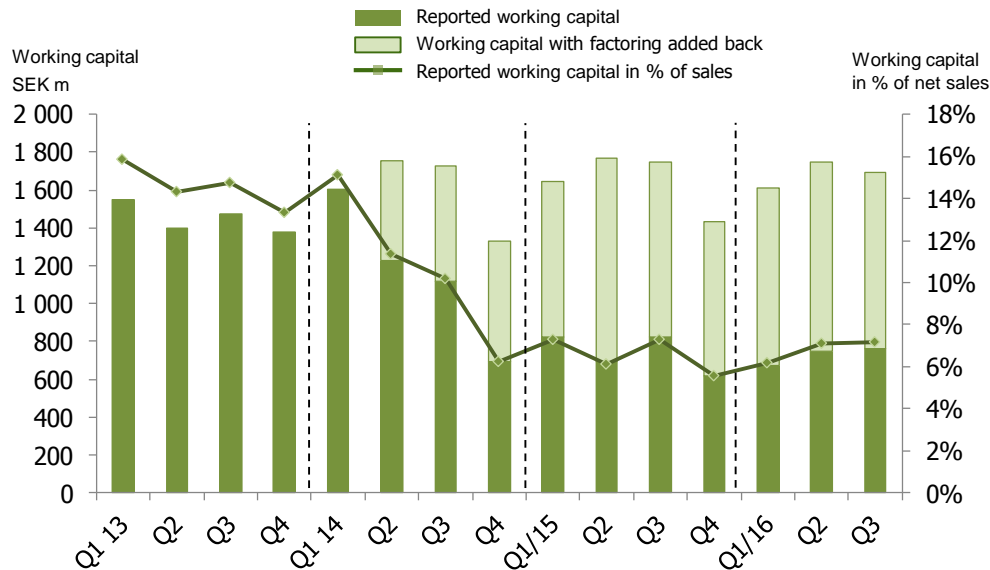
Free cash flow

- ➔ Free cash flow in Q3/16 was SEK 384 m compared to SEK 109 m in Q3/15
- ➔ The main driver for the positive deviation in free cash flow relates to higher earnings, lower investments and more favorable development of working capital
- ➔ Utilization of the trade receivable program amounted to €99 m per end of Q3/16, with credit approval amounting to €125 m
- ➔ Free cash flow in Q4/16 is expected to be positive

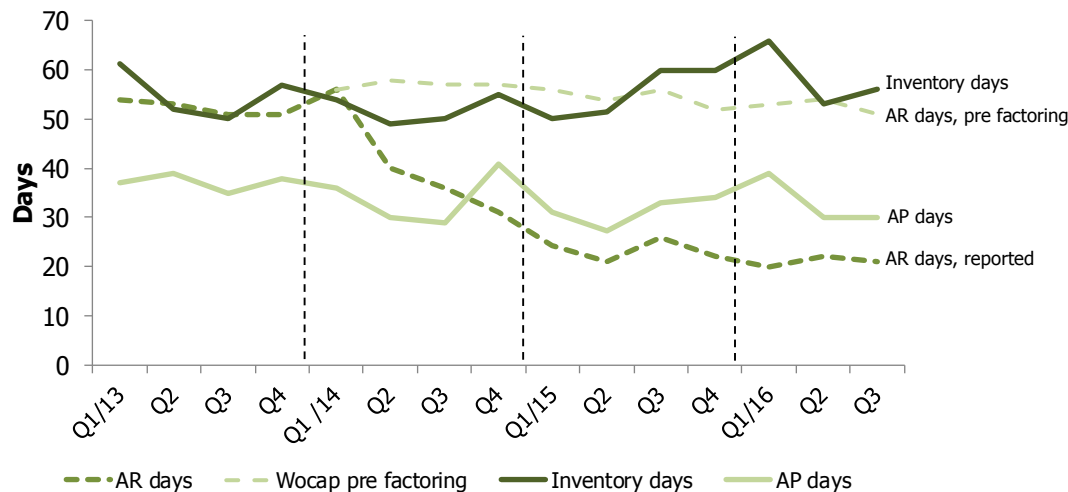
Free Cash flow



Working capital



- ➔ Reported working capital was more or less flat vs. Q2/16, despite the weakening of the SEK
- ➔ Reported accounts receivables were stable vs. last quarter. Improved AR days were offset by higher sales and slightly lower utilization of the trade receivable program than in Q2/16
- ➔ Inventory value increased SEK c. 100 m during Q3/16 due to some re-stocking and increasing raw material prices. Higher inventory value was offset by higher AP following higher cost of goods sold

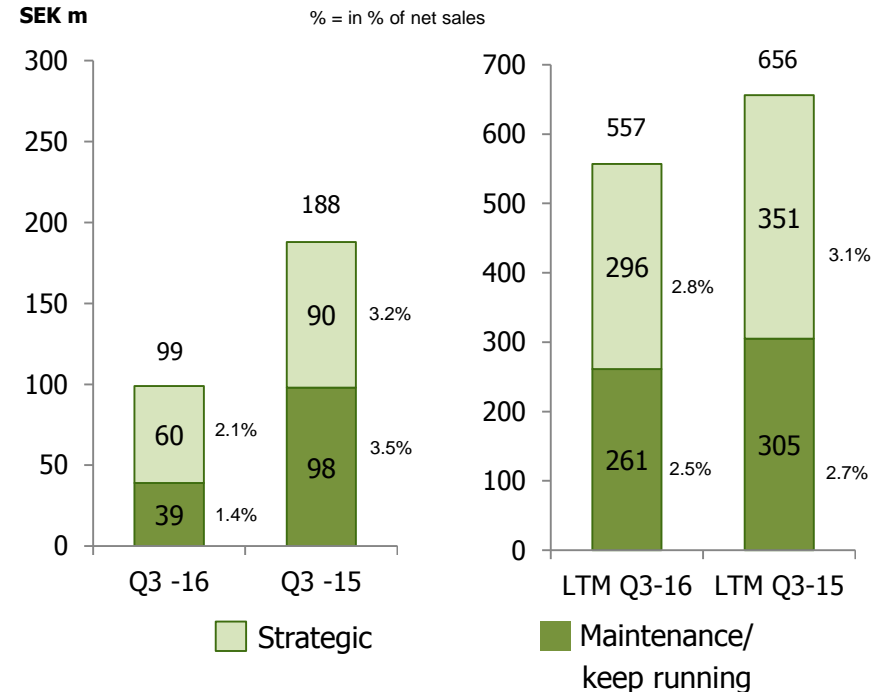


AR days Wocap pre factoring Inventory days AP days

AR days is calculated as AR divided by sales in the most recent periods
 Inventory days is calculated as Inventory value divided by most recent COGS excluding depreciation
 AP days is calculated as AP divided by most recent COGS excluding depreciation

Investments

- ➔ Investments amounted to SEK 99 m in Q3/16 and was substantially lower than in Q3/15, which was affected by the scheduled shutdown in Stenungsund
- ➔ Maintenance investments amounted to SEK 39 m in Q3/16 compared to SEK 98 m in Q3/15
- ➔ Strategic investments includes selective capacity expansions and smaller debottlenecking investments in our key platforms
- ➔ The total investment amount for 2016 is estimated to be around SEK 500-550 m compared to SEK 660 m in 2015



Indebtedness

Current capital structure details

	USDm equiv.	SEKm	*) x EBITDA excl non-rec.
Cash on balance sheet	-84	-726	
Senior secured notes (€)	302	2,601	
Senior secured notes (\$)	380	3,275	
Net senior secured debt	597	5,149	3.2 x
Second lien notes (\$)	370	3,189	
Net second lien debt	967	8,338	5.1 x
Mezzanine loans (€)	417	3,592	
Other debt	5	40	
Net debt, excl. pensions and shareholder loan	1,389	11,971	7.4 x

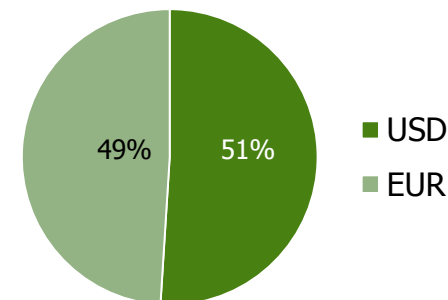
- ➔ Net debt, excl. pensions and the shareholder loan increased by SEK 205 m during Q3/16, mainly due to negative translation effects from FX rates
- ➔ Available funds per end of Q3/16 amounted to SEK 930 m (undrawn RCF and cash, excl. restricted)

Fx rates; USD 8.62 and Euro 9.63

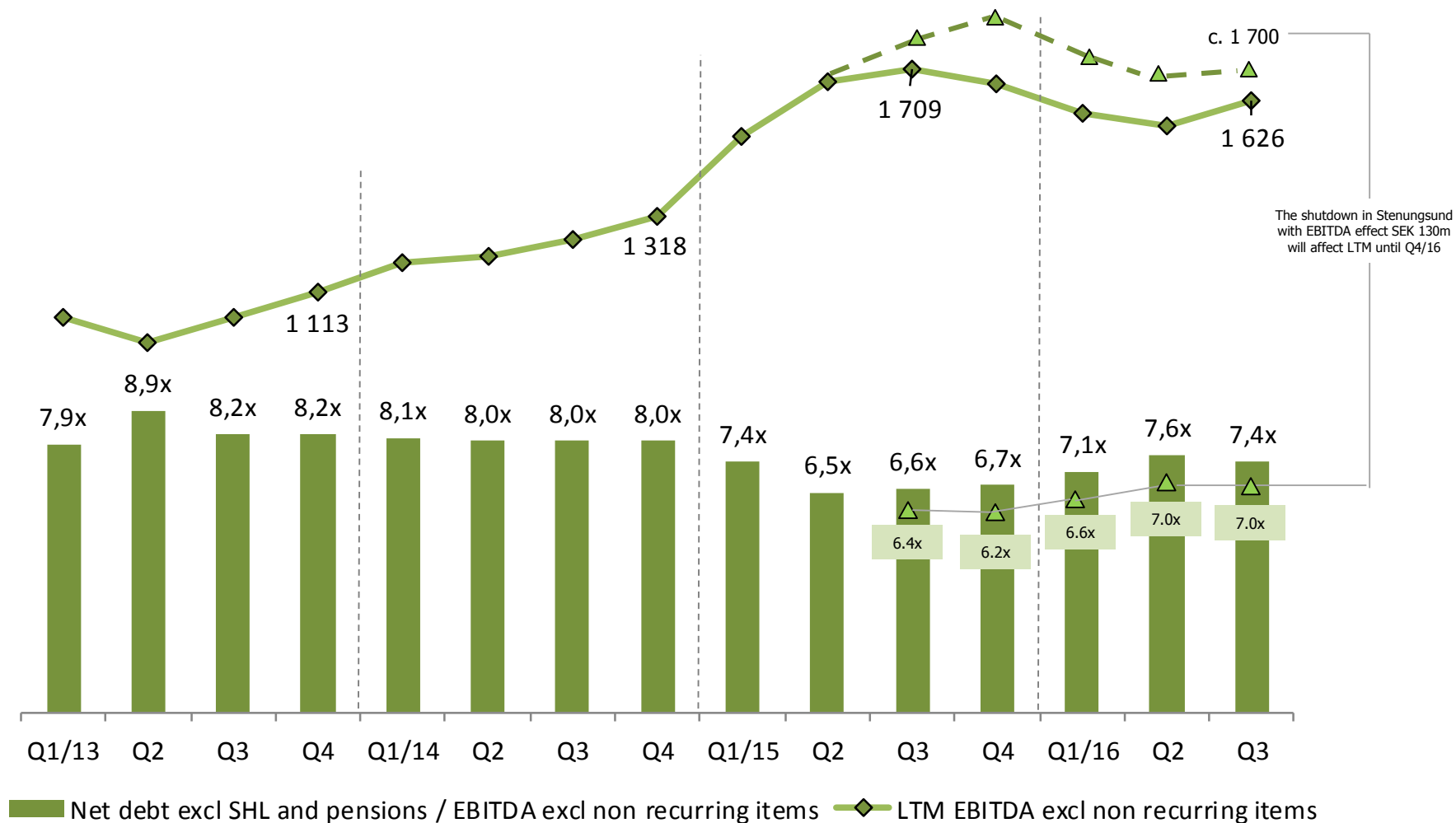
Based on EBITDA excluding non-recurring items of SEK 1,626 m

* (as per September 30th 2016 prior to Nov 17th refinancing at 6.5x pro forma EBITDA leverage)

Debt by currency



Financial performance and leverage



New capital structure

Terms	Senior Secured Notes	Second Lien Notes
Amounts	EUR Fixed Notes: €285m EUR Floating Notes: €200m USD Fixed Notes: \$275m	\$420m
Ranking	First Priority Secured	Second Priority Secured
Maturity	Jun-2021	Sep-2021
Rating	Moody's: B3 S&P: CCC+	Moody's: Caa2 S&P: CCC-
Coupon	EUR Fixed Notes: 7.625% EUR Floating Notes: E+7.625% (0% Floor) USD Fixed Notes: 8.500%	11.000%
Call Protection	EUR Fixed Notes: 2 years EUR Floating Notes: 1 year USD Fixed Notes: 2 years	2 years

- ➔ Balance sheet successfully refinanced in November
- ➔ Existing Mezzanine partially extended to Dec-21
- ➔ Raised ~\$1.22bn equiv. of bonds and SEK 1bn RCF
- ➔ Continued natural FX hedge as bonds raised in combination of EUR and USD
- ➔ Pro forma total net leverage, at issuance, of 6.5x total

Summary



Jan Secher
President & CEO

Q3 conclusion and current trading

- ➔ Q3/16 was our second best quarter in terms of EBITDA in recent history building on strong volumes and a solid margin generation evident in both Specialty & Chemicals and main part of Advanced Chemicals & Derivatives
- ➔ 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, even when adjusted for the scheduled maintenance shutdown
- ➔ 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

Q&A



Jan Secher
President & CEO



Magnus Heimburg
CFO



Appendix



Free cash flow details

Continuing operations (i.e. excluding Vencorex)

SEK m	Q3-16	Q3 -15	YTD Q3-16	YTD Q3-15	LTM Q3-16	Q2-16
EBITDA excl non-rec items	492	422	1,388	1,429	1,626	439
Change in working capital ¹	-9	-125	-119	-93	94	-71
Maintenance capex	-39	-98	-142	-199	-261	-64
FCF before strategic capex	444	199	1,127	1,137	1,459	304
% of EBITDA excl non-rec.	90%	47%	81%	80%	90%	69%
Strategic capex	-60	-90	-170	-216	-296	-50
Free cash flow	384	109	957	921	1,163	254
% of EBITDA excl non-rec.	78%	26%	69%	64%	70%	58%

¹= excluding exchange rate effects and provisions

Segment reporting

Continuing operations (i.e. excluding Vencorex)

SEK m	Q3-16	Q2-16	Q1-16	Q4-15	Q3-15	Q2-15	Q1-15	Q4-14	Q3-14
Net Sales	2,834	2,730	2,616	2,431	2,778	2,991	2,949	2,606	2,838
Specialties & Solutions	638	643	662	528	602	620	626	539	627
Advanced Chemicals & Derivatives	1,781	1,758	1,632	1,486	1,840	1,986	1,964	1,738	1,886
BioProducts	370	280	270	365	286	315	313	295	282
Other/eliminations	45	49	52	64	50	70	46	34	43
EBITDA, reported	491	427	443	227	420	481	525	291	385
Specialties & Solutions	171	188	196	85	142	143	154	78	118
Advanced Chemicals & Derivatives	325	270	266	133	317	314	377	215	252
BioProducts	10	-2	4	-3	1	5	13	7	19
Other/eliminations	-15	-29	-22	12	-40	19	-19	-9	-4
EBITDA excl non recurring items	492	439	457	238	422	476	531	279	386
Specialties & Solutions	171	189	196	85	142	143	154	79	118
Advanced Chemicals & Derivatives	325	274	266	133	317	314	377	215	253
BioProducts	10	-1	4	-3	1	5	13	7	19
Other/eliminations	-14	-23	-9	23	-38	14	-13	-22	-4

Quarter on quarter development

Continuing operations (i.e. excluding Vencorex)

SEK m	Q3-16	Q2-16	Q1-16	Q4-15	Q3-15	Q2-15	Q1-15	Q4-14	Q3-14
Net Sales	2,834	2,730	2,616	2,431	2,778	2,991	2,949	2,606	2,838
Marginal Contribution	917	938	910	698	851	946	920	692	755
% of sales	32.4%	34.4%	34.8%	28.7%	30.6%	31.6%	31.2%	26.6%	26.6%
EBITDA, reported	491	427	443	227	420	481	525	291	385
% of sales	17.3%	15.6%	16.9%	9.3%	15.1%	16.1%	17.8%	11.2%	13.6%
EBITDA, excl non-recurring items	492	439	457	238	422	476	531	279	386
% of sales	17.4%	16.1%	17.5%	9.8%	15.2%	15.9%	18.0%	10.7%	13.6%

Cash and Available funds

SEK m	Q3-16
Unrestricted cash	525
Restricted ¹ and escrowed cash ²	201
Cash on Balance Sheet	726

SEK m	Q3-16
Unrestricted cash	525
RCF not Drawn	405
Reported Available Funds	930

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 activities

Currency

Period average exchange rates

SEK per LOC	Q3 -16	Q3 -15	YTD Q3-16	YTD Q3-15	LTM Q3 -16	Q2 -16
USD	8.52	8.48	8.40	8.41	8.42	8.21
Euro	9.51	9.43	9.37	9.37	9.36	9.27
GBP	11.19	13.14	11.68	12.89	11.99	11.79

Period end exchange rates

SEK per LOC	Q3 -16	Q3 -15	Q2 -16
USD	8.62	8.39	8.48
Euro	9.63	9.41	9.42
GBP	11.17	12.70	11.39

Source: Swedish Central Bank, Riksbanken

