



Perstorp Holding AB (Publ.)

Year-end report, January-December 2013

Conference call March 4th, 2014

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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.à.r.l. in March 2013)
 - Formox legal units (divested to Johnson Matthey in March 2013)
- ➔ Financials of historical periods have been adjusted accordingly for comparative purposes



Business performance



Jan Secher
President & CEO

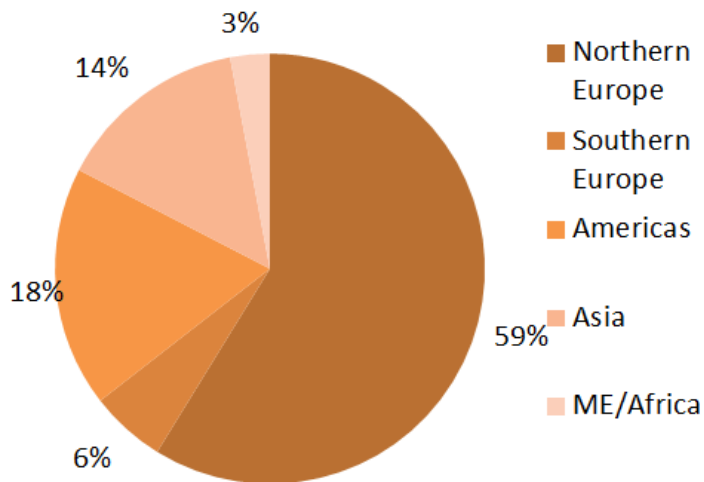


Executive summary

- ➔ Volumes in Q4/13 were 22% higher than in Q4/12, resulting in a full year volume increase of 8%
- ➔ Q4 sales for continuing operations amounted to SEK 2,515 m, a 15% improvement over last year which recorded sales of 2,178 m
- ➔ EBITDA excluding non-recurring items amounted to SEK 217 m in Q4/13 compared to 151 m last year, an increase of 44%
- ➔ The SEK weakened slightly versus the Euro in the end of the fourth quarter, which however only had limited positive effects on earnings in the quarter
- ➔ Funds available amounted to SEK 1.2 bn at year-end
- ➔ An internal transformation project to further improve customer interface and operational excellence was launched during the fourth quarter. In alignment with the transformation, the Perstorp Management Team has been rebuild

Revenue overview

Q4/ 2013, Revenue by region, %



- ➔ Q4 saw improving year-on-year demand in most of our regions
- ➔ Europe continued to move out of recession into more positive territory, still low growth rate
- ➔ Most US companies reported decent volume growth in Q4/13, and on top profitability was helped by low feedstock prices there
- ➔ China still posts positive PMI's indicating growth but expansion during Q4 was hampered by uncertainty over the announced policy shift in economic emphasis

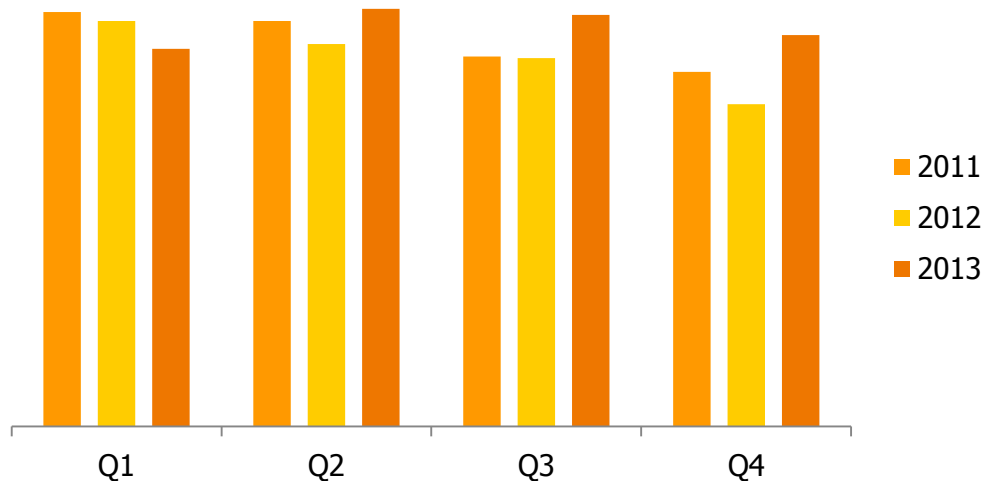


Key revenue drivers during Q4/2013

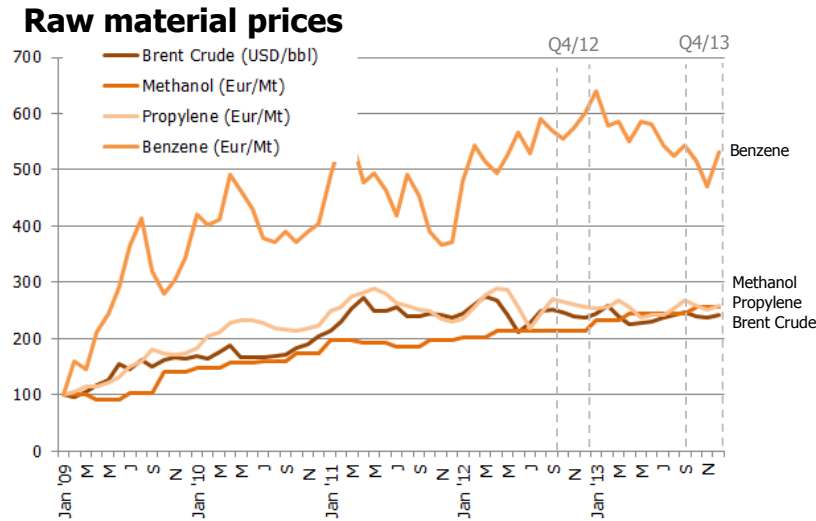
- ➔ Volumes were 22% above Q4/12
 - The increased volumes compared to Q4/12 can primarily be assignable to a combination of better market conditions and no Oxo shutdown
 - Volumes in Q4/13 were 5% below last quarter, explained by seasonality
 - Volumes expected to be a stronger in Q1/14 vs. Q4/13

- ➔ Average selling prices stable vs. last quarters, but slightly lower than Q4/12
 - Most products showed stable prices vs. Q3/13, thereby halting the pricing pressure experienced over the past few quarters
 - Compared to Q4/12, prices are, however, still down
 - Only minor currency effects

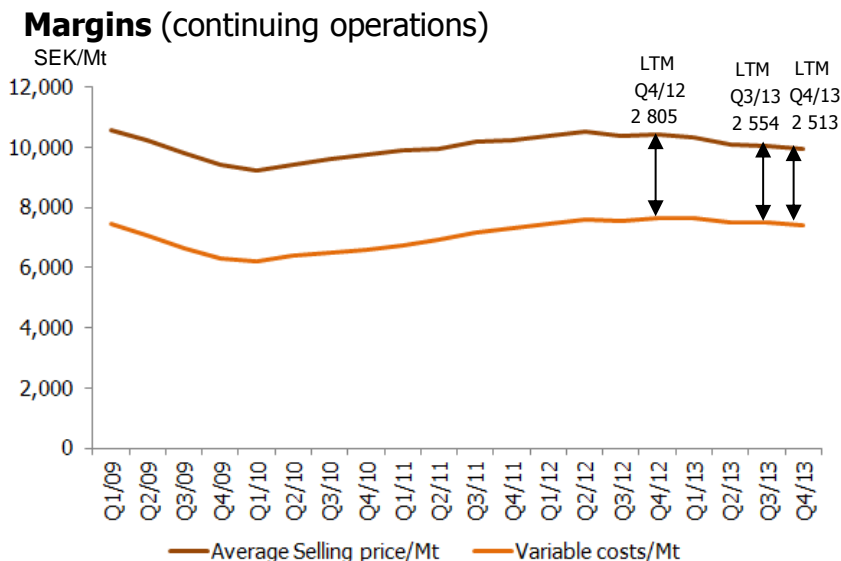
Volumes by quarter



Raw materials and margins



➔ Brent crude oil was stable in Q4/13, at around USD 109/bbl. Price on Methanol continue to increase, up 5% in Q4 and average price 2013 was 16% higher than in 2012. Benzene decreased during the last quarter whereas Propylene was rather flat



➔ Compared to last year, LTM unit margins negatively affected by a combination of competitive market conditions and a stronger SEK

➔ On a quarter on quarter basis, margins have been rather stable since Q2/13. A number of price increases have been announced for Q1/14

Financial review



Johan Malmqvist
CFO



Financial highlights

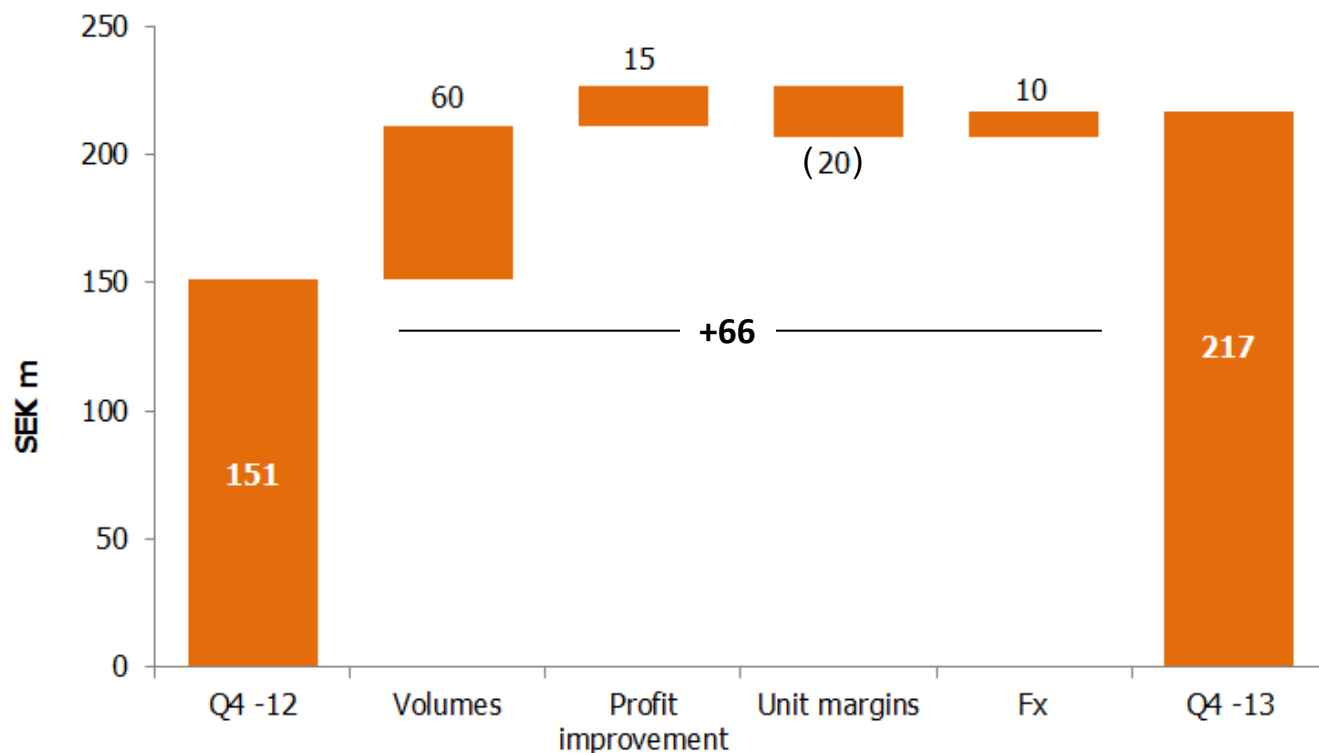
Q4 2013

SEK m	Q4 -13	Q4 -12	Q3 -13
Net Sales	2,515	2,178	2,649
% growth (y-o-y)	15.5%		
Marginal Contribution	614	541	694
% of sales	24.4%	24.8%	26.2%
EBITDA, reported	206	155	330
% of sales	8.2%	7.1%	12.5%
EBITDA, excl non- recurring items	217	151	343
% of sales	8.6%	6.9%	12.9%

- ➔ Compared to the same period last year, both sales and earnings improved driven by substantially stronger volumes. Following the normal seasonal pattern, Q4 volumes were slightly lower than during the preceding quarter
- ➔ Margins decreased from Q3 primarily related to higher raw material costs and negative/unfavorable customer mix
- ➔ A writedown of intangible assets, SEK 462 m, for continuing operations was included in the Q4 net earnings/loss

Bridge EBITDA excl. non recurring items

Q4 -13 vs. Q4 -12

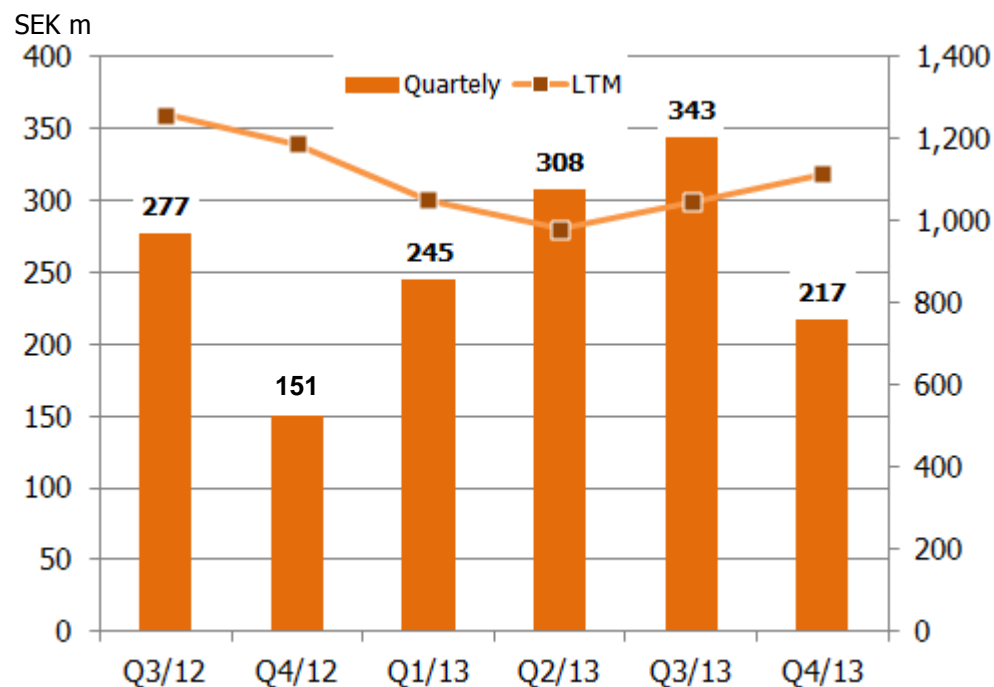


- ➔ Q4/13 EBITDA improved SEK 66 m vs. previous year, primarily driven by substantially higher volumes while lower unit margins had a negative impact

Positive LTM development

Q3/12 to Q4/13

EBITDA excluding non recurring items



- ➔ After a weak Q4 last year, negatively affected by our Oxo shutdown and weak demand, performance has improved based on slowly improving market conditions and profit improvement measures. Last quarter in the year is typically somewhat slower following seasonality



Financial highlights

Full Year

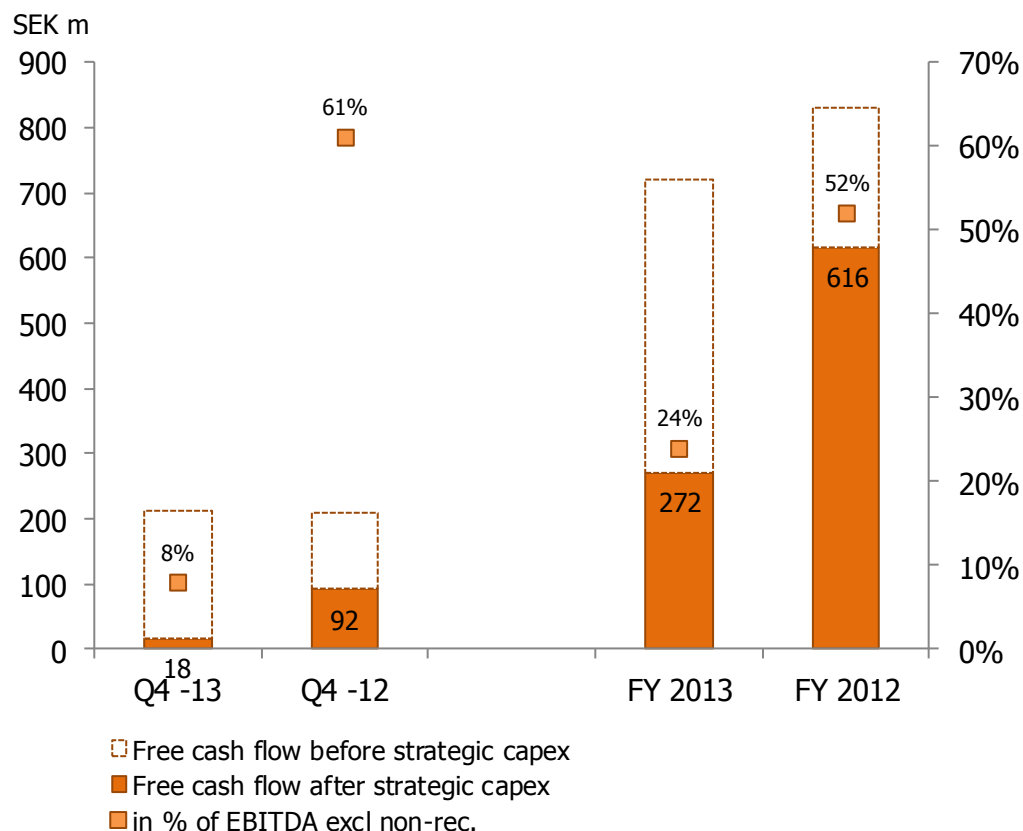
SEK m	FY 2013	FY 2012
Net Sales	10,343	10,036
% growth (y-o-y)	3.1%	
Marginal Contribution	2,617	2,699
% of sales	25%	27%
EBITDA, reported	1,095	1,277
% of sales	10.6%	12.7%
EBITDA, excl non- recurring items	1,113	1,188
% of sales	10.8%	11.8%



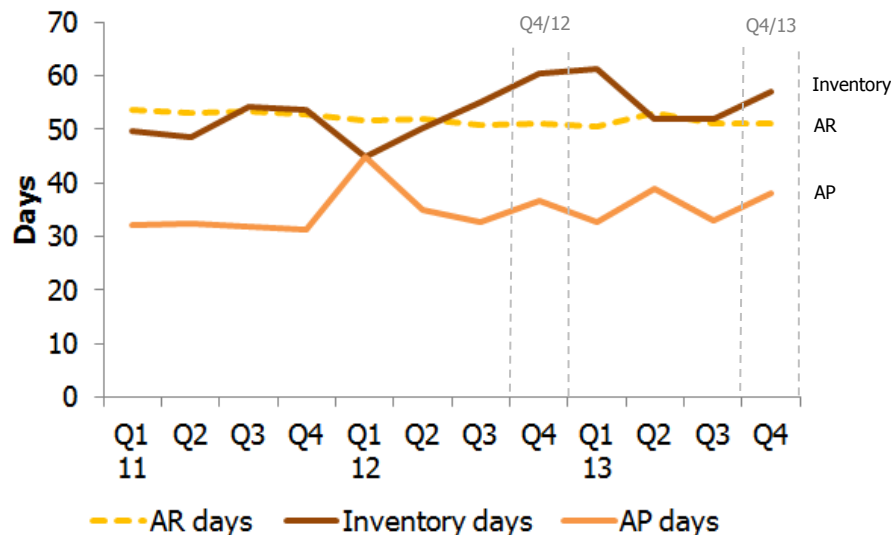
- ➔ Sales increased 3% compared to last year, primarily driven by strong volume growth in most businesses although counteracted by price pressure in some product lines and negative currency effects from the strong Swedish krona
- ➔ EBITDA excluding non-recurring items reported slightly lower than last year explained by lower margins following a competitive market and negative Fx effects

Free cash flow

- ➔ Free cash flow in Q4/13 was SEK 18 m, following higher spending mainly in our strategic capex projects (mainly Valerox)
- ➔ FY 2013 free cash flow and cash flow conversion lower than last year related to a build-up in working capital and higher capital expenditure
- ➔ Cash flow before strategic capex at a level close to last year, both in Q4 and FY



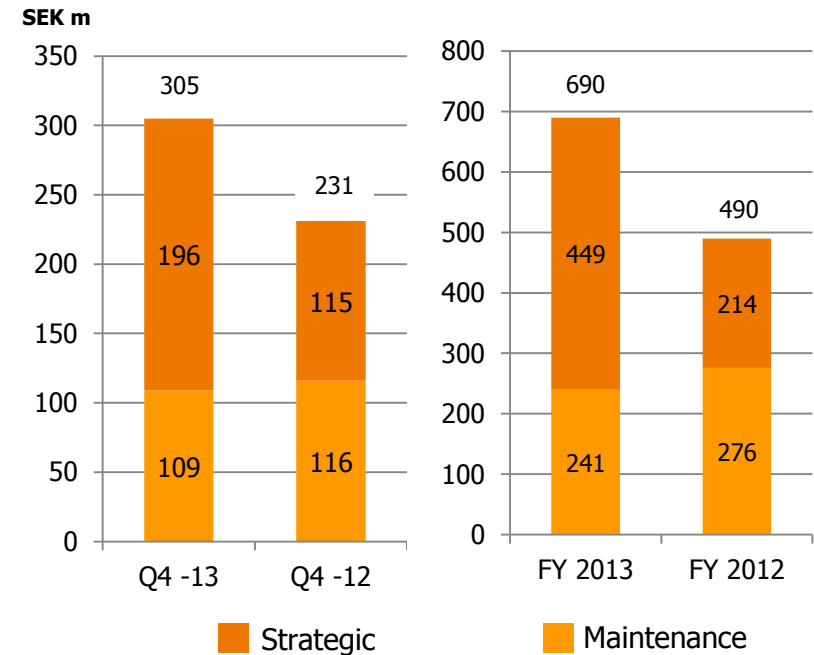
Working capital



- ➔ Working capital decreased during Q4 related to a combination of lower AR, following seasonally lower sales in December, and higher AP, following year-end optimization
- ➔ Inventory increased slightly in Q4/13 to prepare for expected increased demand in Q1/14
- ➔ Working capital Q4/13 on a higher level than Q4/12 primarily related to higher sales/AR

Investments

- ➔ Strategic capex continues to mainly relate to the Valerox project in Stenungsund
- ➔ Valerox (valeraldehyde and derivatives)
 - Concrete structure construction work ongoing in aldehyde area
 - Pipe installations ongoing in alcohol unit
 - New safety improvement program implemented in project
 - Overall project on time, on budget
 - Expected start-up Q1 2015
- ➔ Neo expansion in China
 - Plant is running very well, including product quality and yields
 - Capacity test conducted during December which confirmed nameplate capacity
 - Production will be fully ramped up during 2014 in line with customer demand, 80% capacity utilization at end of 2013



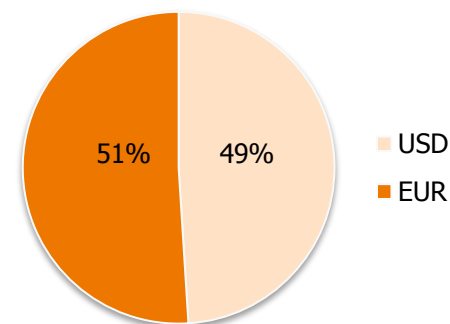
Indebtedness

Current capital structure detail

	USDm equiv.	SEKm	x EBITDA excl non-rec.
Cash	-139	-905	
Senior secured notes (€)	371	2,415	
Senior secured notes (\$)	380	2,473	
Net senior secured debt	612	3,983	3.6 x
Second lien notes (\$)	370	2,408	
Net second lien debt	982	6,391	5.7 x
Mezzanine loans (€)	411	2,678	
Other debt	4	23	
Net debt, excl pensions and shareholder loan	1,397	9,092	8.2 x

- ➔ Net debt, excl. pensions and shareholder loan increased by SEK 495 m during Q4/13, following negative Fx effects and negative cash flow after financial net
- ➔ Available funds per end of Q4/13 amount to SEK 1,162 m (cash and undrawn RCF)

Debt by currency



Fx rates; USD 6.51 and Euro 8.94

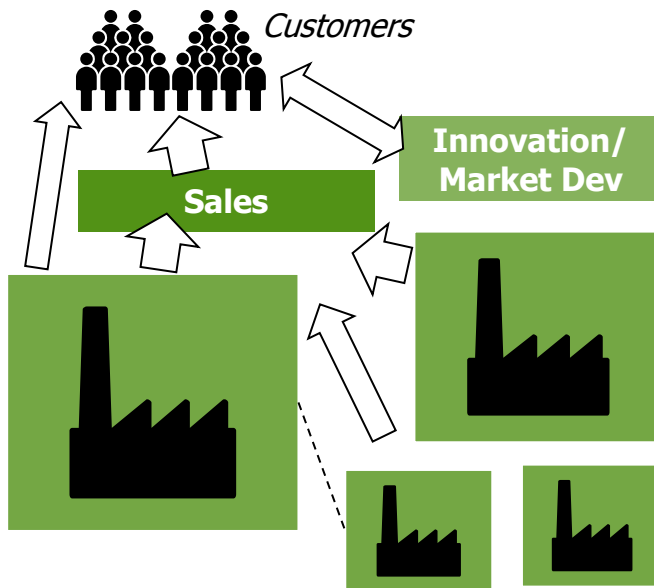
Based on EBITDA excl non-rec. of SEK 1,113 m

Q4 conclusion

- ➔ Volume improved and prices stabilized during Q4/13 compared to the same period last year
- ➔ The trend continues from Q3 with improved LTM EBITDA
- ➔ Slight improvement in market sentiment in Europe and US, however the competitive situation is still tough in some product lines
- ➔ Our new Neo plant in China has delivered above expectations after start-up
- ➔ Efforts to finalize our largest strategic capex project ever, the Valerox-project in Stenungsund, continues with full focus and commitment
- ➔ An internal transformation project to further improve customer interface and operational excellence was launched during Q4
- ➔ Q1 is normally a rather strong quarter for Perstorp and we expect 2014 to show the same development

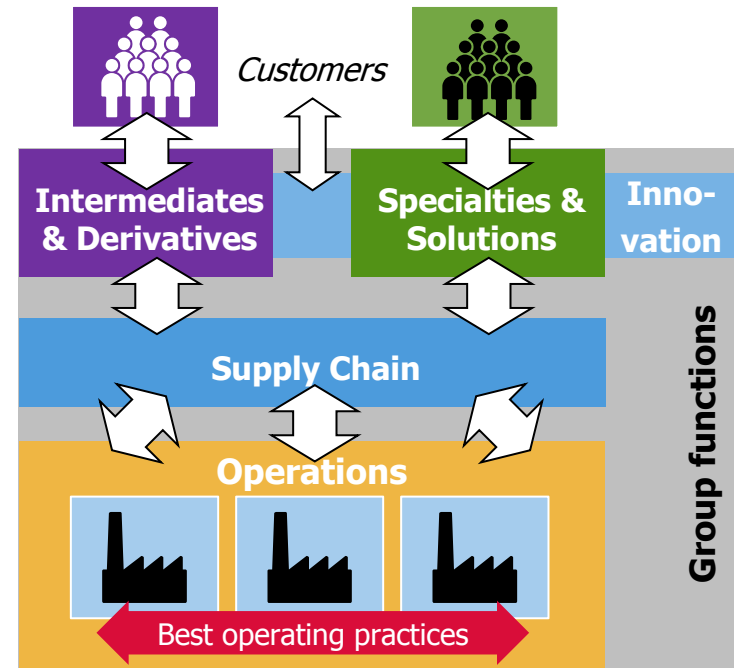
Fundamental changes in the way we do business & run our company

Past organization



- ➔ Stand-alone sites
- ➔ Limited collaboration
- ➔ Mixed results (financials, efficiency & safety)

New Organization



- ➔ Business Areas focused on market needs
- ➔ Strong supply chain
- ➔ World-class production & safety
- ➔ Efficient functions

Ensure true customer focus & achieve our strategic goals



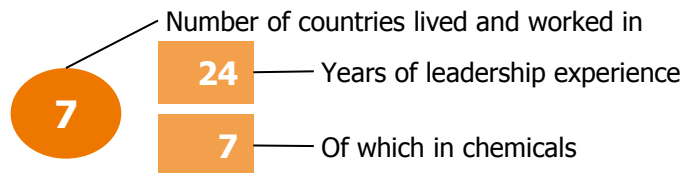
The new Perstorp way-of-working

















Perstorp Management Team (PMT)

– wealth of international experience



CEO
Jan Secher



		EVP Finance, Legal & IT Johan Malmqvist	4	12 5			EVP BA Intermediates & Derivatives Gorm Jensen	6	20 20
		EVP Regions & Group Management Mikael Gedin	4	15 5			EVP BA Specialties & Solutions Marie Grönborg	2	14 14
		EVP Innovation & Strategy Eric Appelman	2	17 25			EVP Supply Chain Wolfgang Laures	5	16 10
		EVP Transformation Projects Anders Lundin	2	18 18			EVP Operations Joke Driessen	4	16 16

With 4 nationalities, experience from >10 countries, and more than 150 years of leadership experience (of which >100 in Chemicals), the new PMT is a very international and experienced management team

The way forward

Continue to execute on decided strategy

- ➔ Enhance leading positions by investing in niche market segments and capitalize on end-market growth drivers
 - ➔ Focus on continued innovation and niche product development
 - ➔ Optimize and leverage our integrated production platform
 - ➔ Expand product portfolio through selective capex
-

Implementation of new business and operating model

- ➔ Market driven new business and operating model
 - ➔ New functional organization to achieve benchmark efficiencies and cost competitiveness
 - ➔ New management team
-

2014 top priorities

- ➔ Margin management
- ➔ Implementing transformation program, from Good to Great
- ➔ Driving a performance culture
- ➔ Strengthening our position in key products
(Emoltene™ 100, Capa™, TMP/Neo, Penta)



Appendix



Free cash flow details

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

SEK m	Q4 -13	Q4 -12	FY 2013	FY 2012
EBITDA excl non-rec.	217	151	1,113	1,188
Change in working capital	106	172	-151	-82
Maintenance capex	-109	-115	-241	-276
FCF before strategic capex	214	208	721	830
% of EBITDA excl non-rec.	99%	138%	65%	70%
Strategic capex	-196	-116	-449	-214
Free cash flow	18	92	272	616
% of EBITDA excl non-rec.	8%	61%	24%	52%



Segment reporting

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

SEK m	Q4 -13	Q4 -12	Q3 -13	FY 2013	FY 2012
Net Sales	2,515	2,178	2,649	10,343	10,036
Specialty Intermediates	1,709	1,441	1,714	6,886	6,700
Performance Products	818	755	907	3,456	3,421
Other/eliminations	-13	-18	28	0	-85
EBITDA, reported	206	155	330	1,095	1,277
Specialty Intermediates	181	88	211	769	747
Performance Products	78	65	92	373	388
Other/eliminations	-53	2	28	-47	142



Quarter on quarter development

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

SEK m	Q4-13	Q3-13	Q2 -13	Q1 -13	Q4 -12	Q3 -12	Q2 -12	Q1 -12	Q4 -11	Q3 -11	Q2 -11	Q1 -11
Net Sales	2,515	2,649	2,694	2,485	2,178	2,425	2,685	2,748	2,338	2,584	2,679	2,682
Marginal Contribution	614	694	674	635	541	669	713	776	633	747	740	794
% of sales	24%	26%	25%	26%	25%	28%	27%	28%	27%	29%	28%	30%
EBITDA, reported	206	330	315	244	155	303	365	454	205	416	386	381
% of sales	8.2%	12.5%	11.7%	9.8%	7.1%	12.4%	13.6%	16.5%	8.6%	16.1%	14.4%	14.2%
EBITDA, excl non-recurring items	217	343	308	245	151	277	377	383	221	429	380	392
% of sales	8.6%	12.9%	11.4%	9.9%	6.9%	11.4%	14.0%	13.9%	9.3%	16.6%	14.2%	14.6%



Currency

Period average exchange rates

SEK per LOC	Q4 -13	Q4 -12	Q3 -13	FY 2013	FY 2012
USD	6.51	6.66	6.55	6.51	6.78
Euro	8.85	8.63	8.68	8.65	8.71
GBP	10.53	10.69	10.15	10.19	10.73

Period end exchange rates

SEK per LOC	Q4 -13	Q4 -12	Q3 -13
USD	6.51	6.52	6.43
Euro	8.94	8.62	8.68
GBP	10.73	10.49	10.38

Source: Swedish Central Bank, Riksbanken

