



Perstorp Holding AB (Publ.)

Year end report, January-December 2017
Conference call February 16, 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

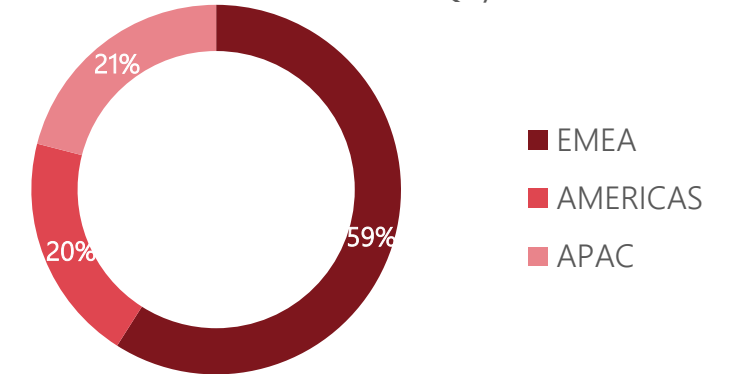
Executive summary

- Organic volume-based sales growth was +6% vs. Q4 2016
- Q4 sales amounted to SEK 3,602 m, a 17% increase over last year, resulting from stronger volumes and higher sales prices
- Improved year-on-year unit margins for most product lines linked to price increases and favorable market dynamics
- EBITDA excluding non-recurring items at SEK 485 m in Q4/17 compared to SEK 461 m in Q4/16 Year-on-year, the fourth quarter was characterized by higher volumes and stronger unit margins partly offset by negative currency effects
- Q4 EBITDA margin amounted to 13.5% (14.9%). Excluding BioProducts, EBITDA margin was 15.0% (16.0%)
- Free Cash flow amounted to SEK 722 m in Q4 which was SEK 316 m higher than Q4 last year, linked to improved earnings, release of working capital as well as lower capital expenditure
- Net Debt/LTM EBITDA amounted to 5.7x in Q4/17 versus 7.0x in Q4/16
- On December 14th, we successfully closed our refinancing and secured a renewed long-term capital structure with substantially lower interest rates on the floating rate notes
- Sustainability, as the first company in the world we launched a complete suite of renewable polyols and secondly we launched our long term ambition of being Finite Material neutral by 2030

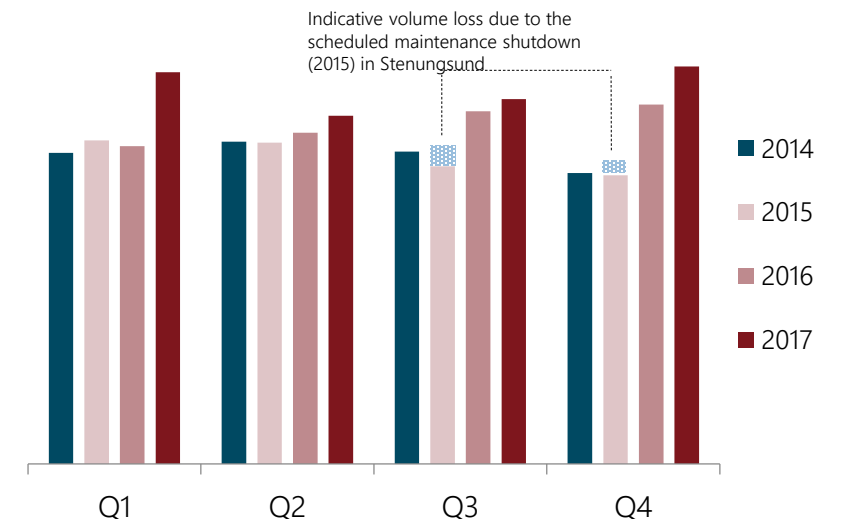
Market overview

- Continued strong demand in all three geographical regions, year-on-year organic volume-based sales growth was 6%
- Continued higher sales prices in local currencies vs. the same quarter last year following stronger pricing and higher raw material prices
- Volumes in EMEA were up 8% compared to Q4 last year with double digit growth in TMP & Neo, Capa, Formates, Feed & Food, Specialty Polyols and De-Icer
- Volumes in Americas were 6% higher than last year driven by Capa, TMP & Neo, Formates and SPPO
- Volumes in APAC increased by 4% compared to last year. Double digit growth for Penta, Oxo, Capa and SPPO

NET SALES BY REGION Q4/17



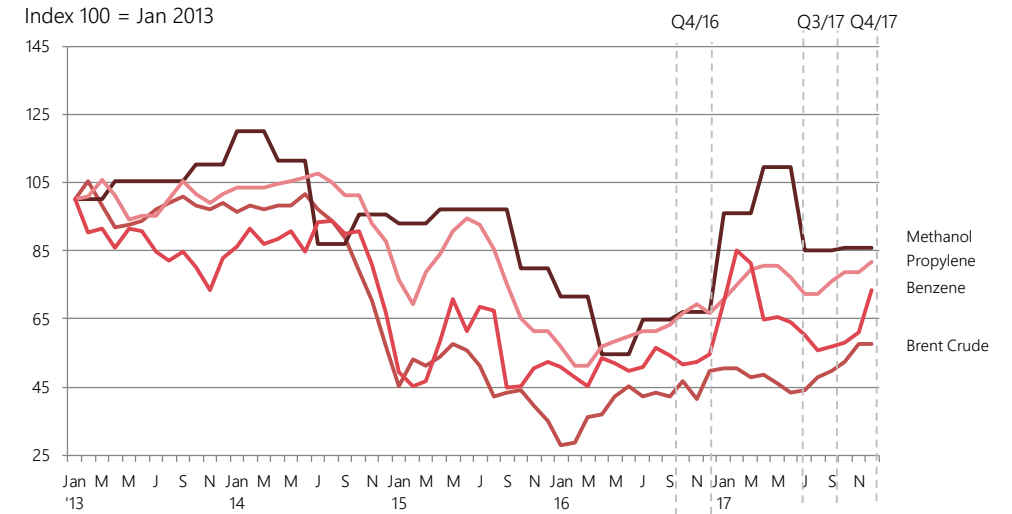
VOLUMES BY QUARTER



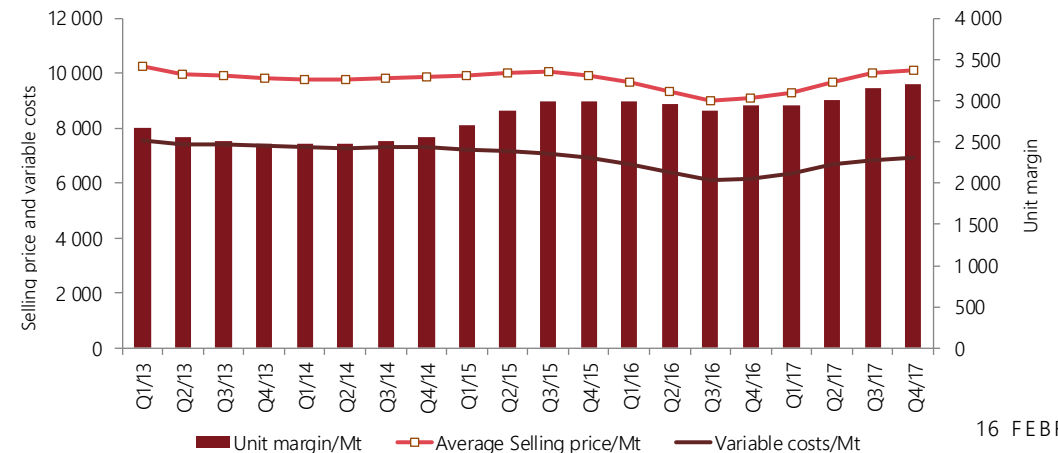
Raw materials and unit margins

- Compared to Q4 last year all key raw material prices except rapeseed oil increased. During fourth quarter all key raw material prices increased from Q3/17
- Average price for Brent crude oil increased by 22% in Q4/17 vs Q4/16 and was 18% higher than in Q3/17
- Benzene increased 21% in Q4/17 vs. Q4/16 (+11% vs Q3/17)
- Methanol increased 28% in Q4/17 vs. Q4/16 (+1% vs Q3/17)
- Propylene increased 18% in Q4/17 vs. Q4/16 (+8% vs Q3/17)
- Improved unit margins vs. Q4/16
- Advanced Chemicals & Derivatives unit margins were higher than Q4/16 thanks to price increases and improved market dynamics partly offset by negative currency effects
- Unit margins in Specialties & Solutions improved from same quarter last year following positive product mix

Raw material prices



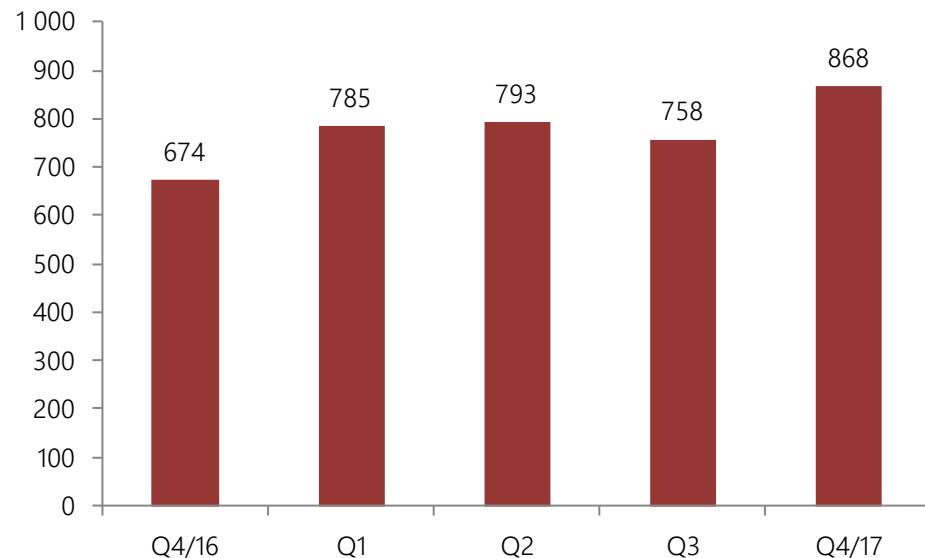
Margins LTM



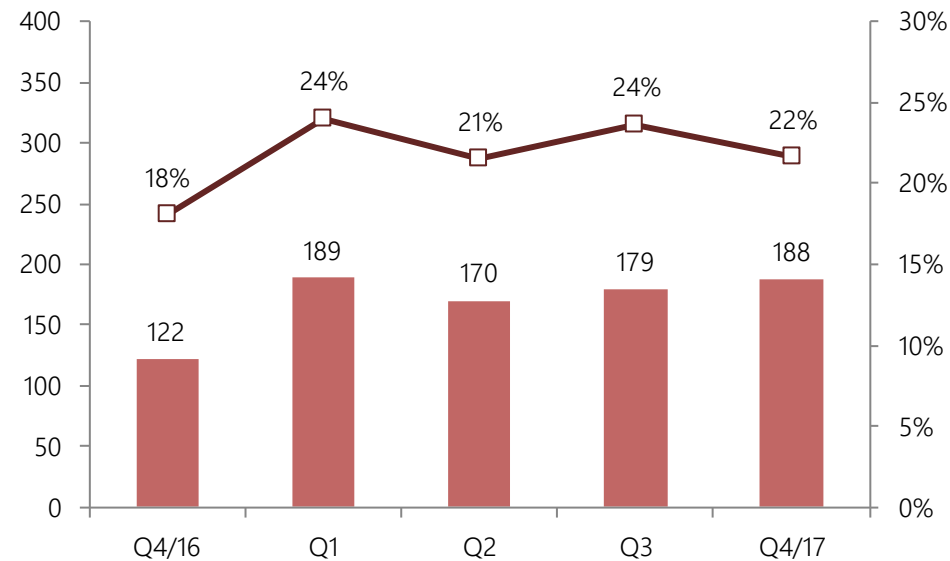
Specialities & Solutions

- Strong organic volume based growth and improved unit margins
 - Organic volume-based sales growth was +29% vs. Q4/16 with positive growth in all business units and in particular BU Capa™ (+49%)
 - Q4/17 net sales amounted to SEK 868 m, 29% higher than Q4/16 mainly linked to higher sales volumes and 6% higher sales prices, partly offset by negative currency effects (-3%)
 - EBITDA amounted to SEK 188 m, corresponding to an EBITDA margin of 22% vs. 18% in Q4/16 mainly as a result of higher sales volumes and improved unit margins

Net sales development



EBITDA¹ and margin development



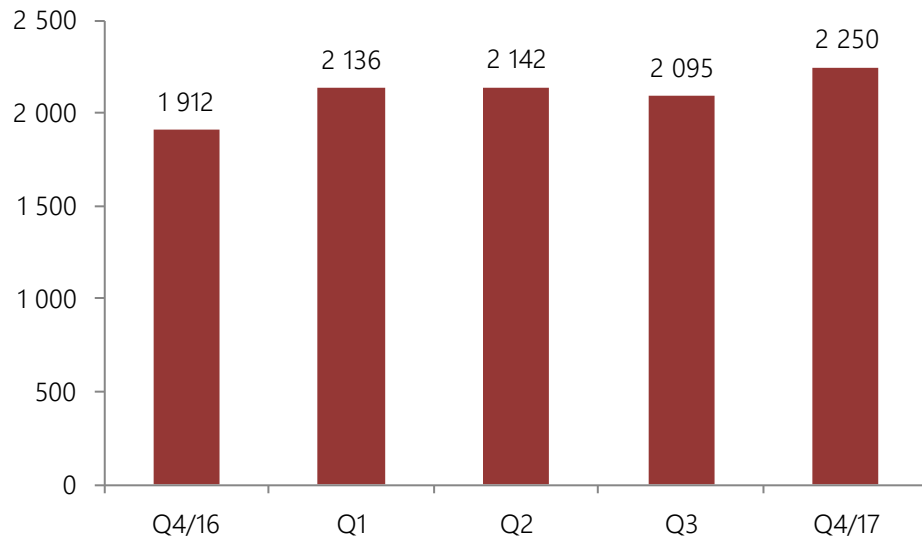
¹ EBITDA excluding non recurring items



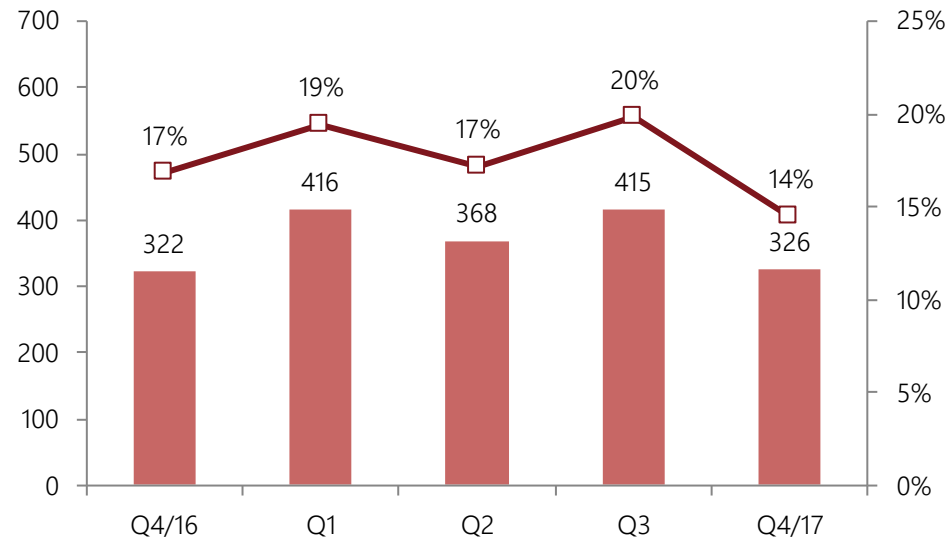
Advanced Chemicals and Derivatives

- Strengthened pricing balanced by higher fixed costs and negative FX effects
 - Organic volume-based sales growth was -1% vs. Q4/16
 - Q4/17 net sales amounted to SEK 2,250 m, 18% higher than Q4/16 driven by higher prices (17%) and higher volumes partly offset by negative currency effects (-4%)
 - Q4/17 EBITDA increased SEK 4 m to SEK 326 from Q4/16, corresponding to an EBITDA margin of 14% (17%). Improved unit margins from strengthened pricing with continued favorable market dynamics were offset by higher fixed costs and negative currency effects

Net sales development



EBITDA¹ and margin development



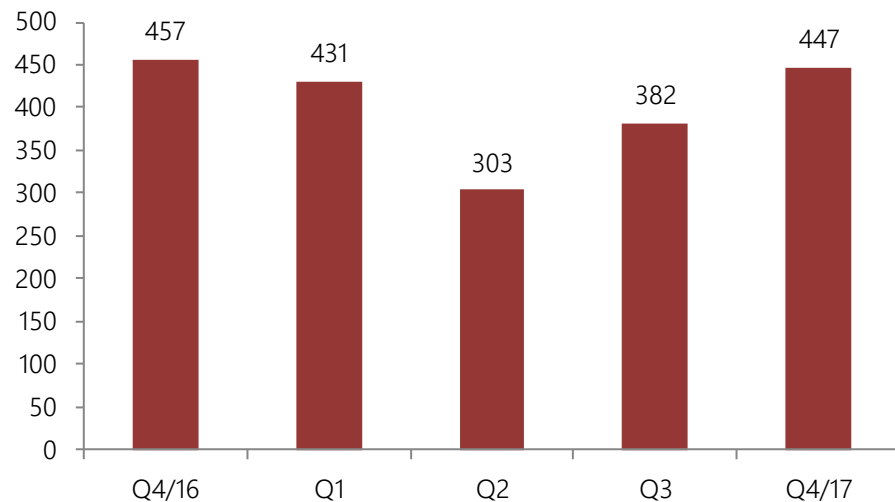
¹= EBITDA excluding non recurring items



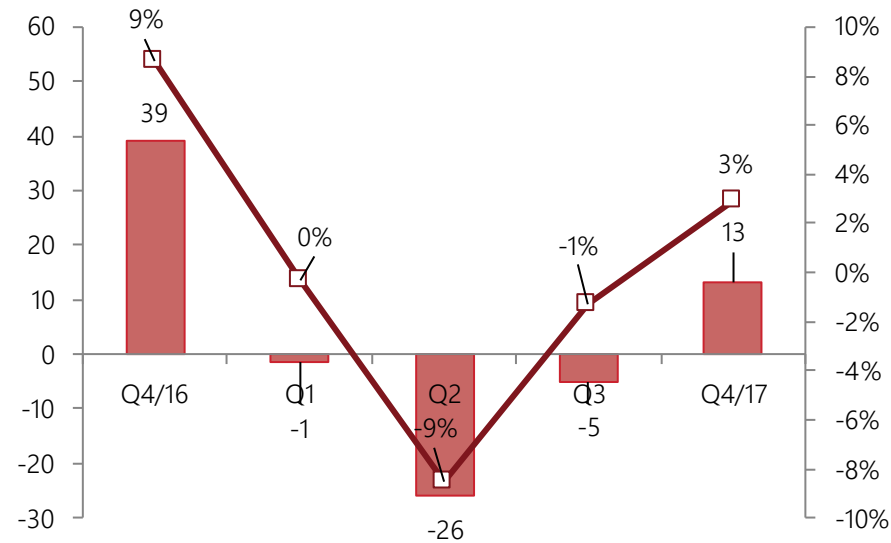
BioProducts

- Improved market conditions and good volume growth
 - Organic volume-based sales growth was 5% compared to Q4/16
 - Q4/17 net sales amounted to SEK 447 m, a decrease with 2% vs. Q4/16. The decrease in sales was linked to lower sales prices following lower market prices and raw material prices, partly balanced by good volume growth
 - Q4/17 EBITDA amounted to SEK 13 m compared to SEK 39 m in Q4/16, earnings were negatively affected by weaker unit margins

Net sales development



EBITDA¹ and margin development



¹= EBITDA excluding non recurring items



Financial review



Magnus Heimburg
CFO

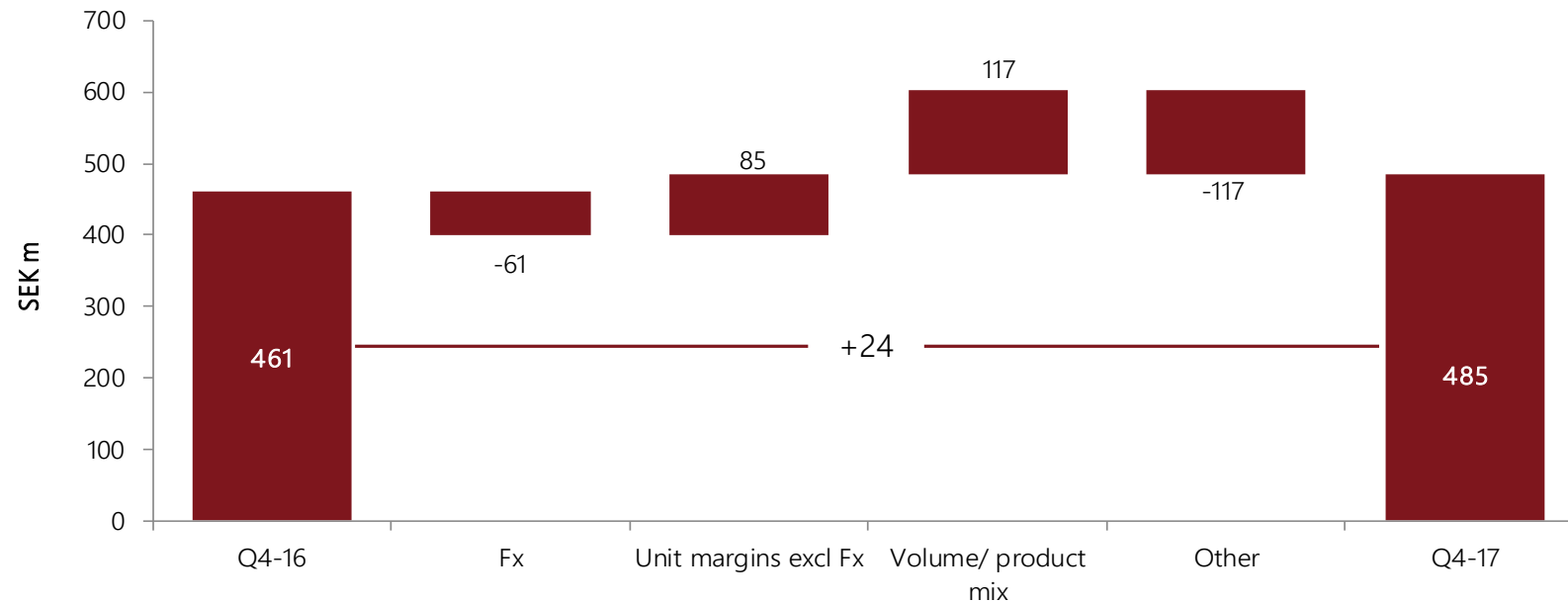
Financial highlights Q4 2017

Continuing operations (i.e. excluding Gent)

SEK m	Q4-17	Q4-16	YTD Q4-17	YTD Q4-16	Q3-17
Net Sales	3,602	3,088	13,592	11,075	3,289
% growth (y-o-y)	16.7%	29.0%	22.7%	1.3%	18,1%
% organic volume based sales growth (y-o-y)	6.4%	27.1%	9.8%	9,4%	7.2%
Marginal Contribution	1,086	929	4,285	3,579	1,100
% of sales	30.1%	30.1%	31.5%	32.3%	33.4%
EBITDA, reported	462	423	2,096	1,716	571
% of sales	12.8%	13.7%	15.4%	15.5%	17.4%
EBITDA, excl. non recurring items	485	461	2,133	1,781	575
% of sales	13.5%	14.9%	15.7%	16.1%	17.5%

Bridge EBITDA excl. non recurring items

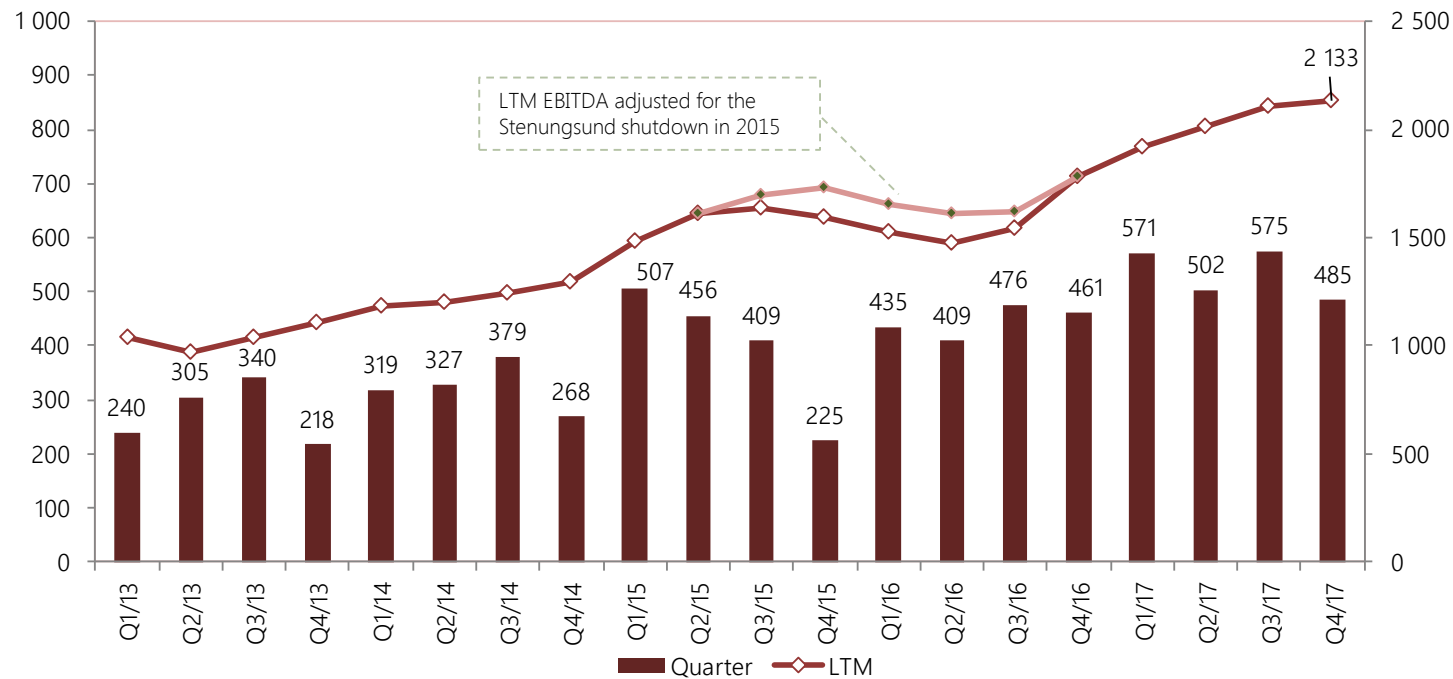
Q4 2017 vs. Q4 2016



- Improved marginal contribution following higher volumes and stronger unit margins, partly offset by lower unit margins in BioProducts and negative currency effects
- "Other" has been negatively impacted by provisions for the employee incentive programme given the strong financial results

LTM Development EBITDA¹⁾

Q1 2013 to Q4 2017



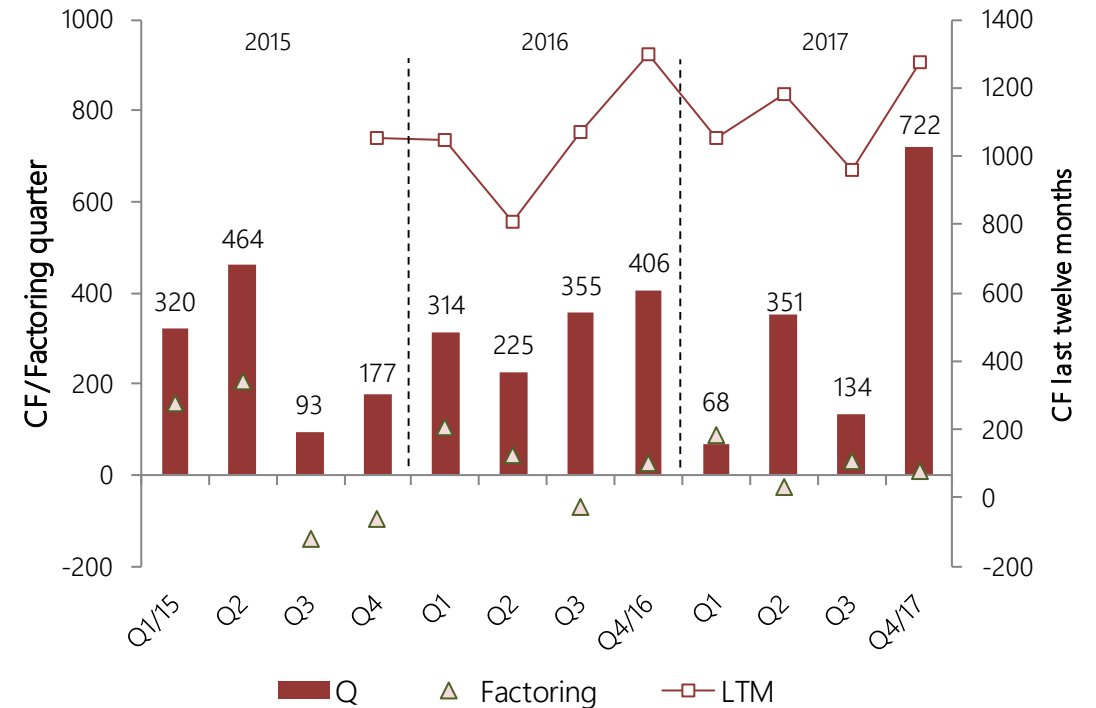
- Record high LTM EBITDA at SEK 2,133 m
- Historical EBITDA figures are adjusted for the divestment of Gent operation

1) Excluding non-recurring items

Free cash flow

- Free cash flow in Q4/17 was SEK 722 m compared to SEK 406 m in Q4/16
- The higher cash flow was linked to improved earnings, release of working capital as well as lower capital expenditure in Q4/17
- Utilization of the trade receivable program amounted to €114 m (€ 100 m Q4/16) per end of Q4/17
- Free cash flow in Q1/18 expected to be positive

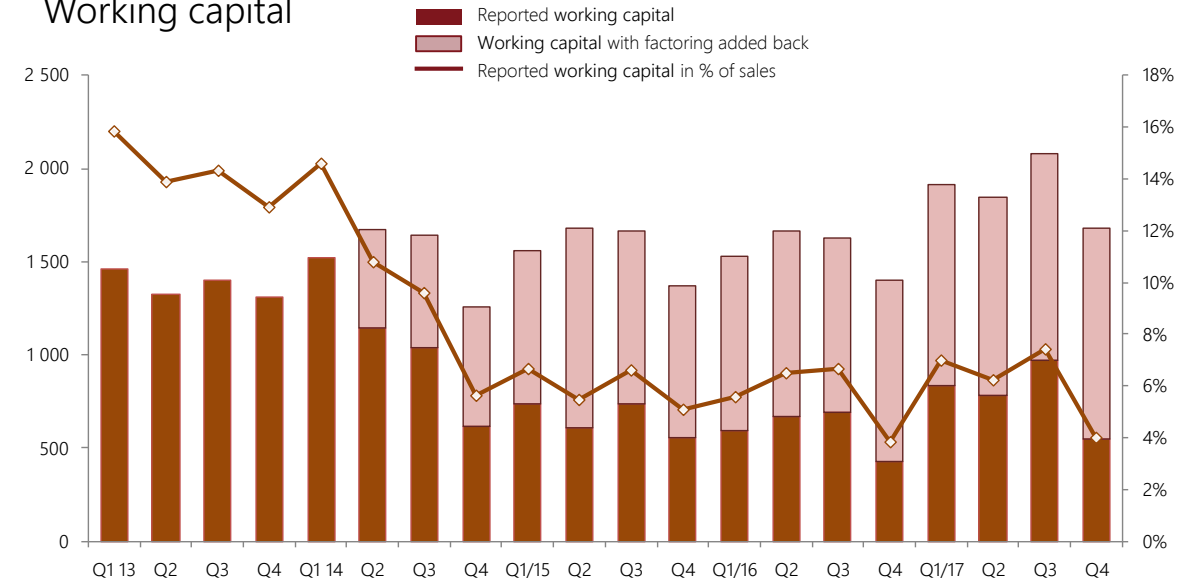
Free cash flow SEK m



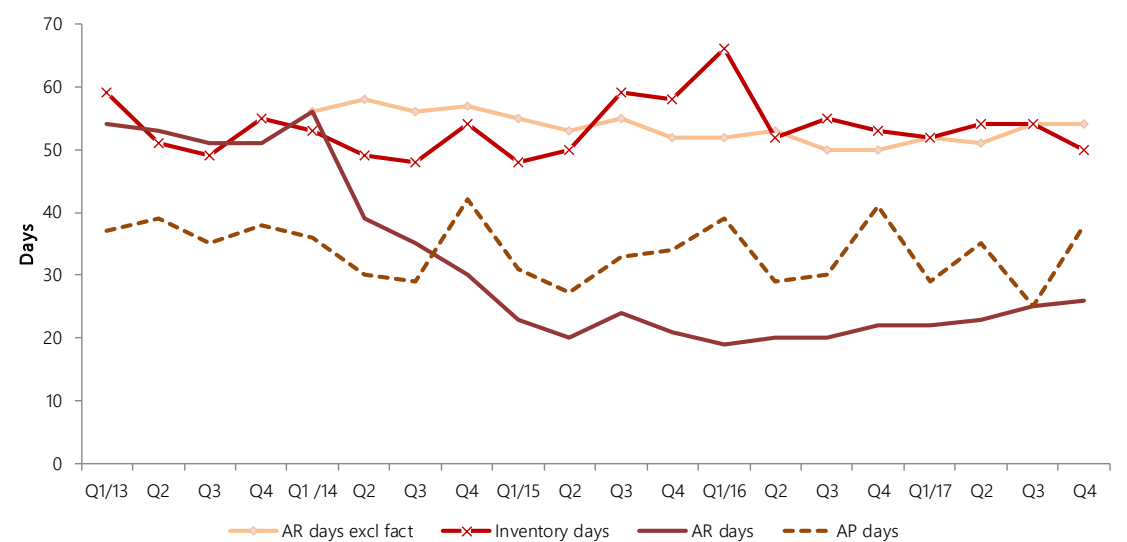
Working capital

- Reported working capital decreased SEK 428 m during Q4/17 vs. Q3/17
- Accounts receivables increased SEK 93 m from Q3/17 following higher sales
- Accounts payable increased SEK 417 m vs. Q3/17, mainly due to timing impact
- Inventory value increased SEK 18 m vs Q3/17, mainly linked to raw material prices

Working capital

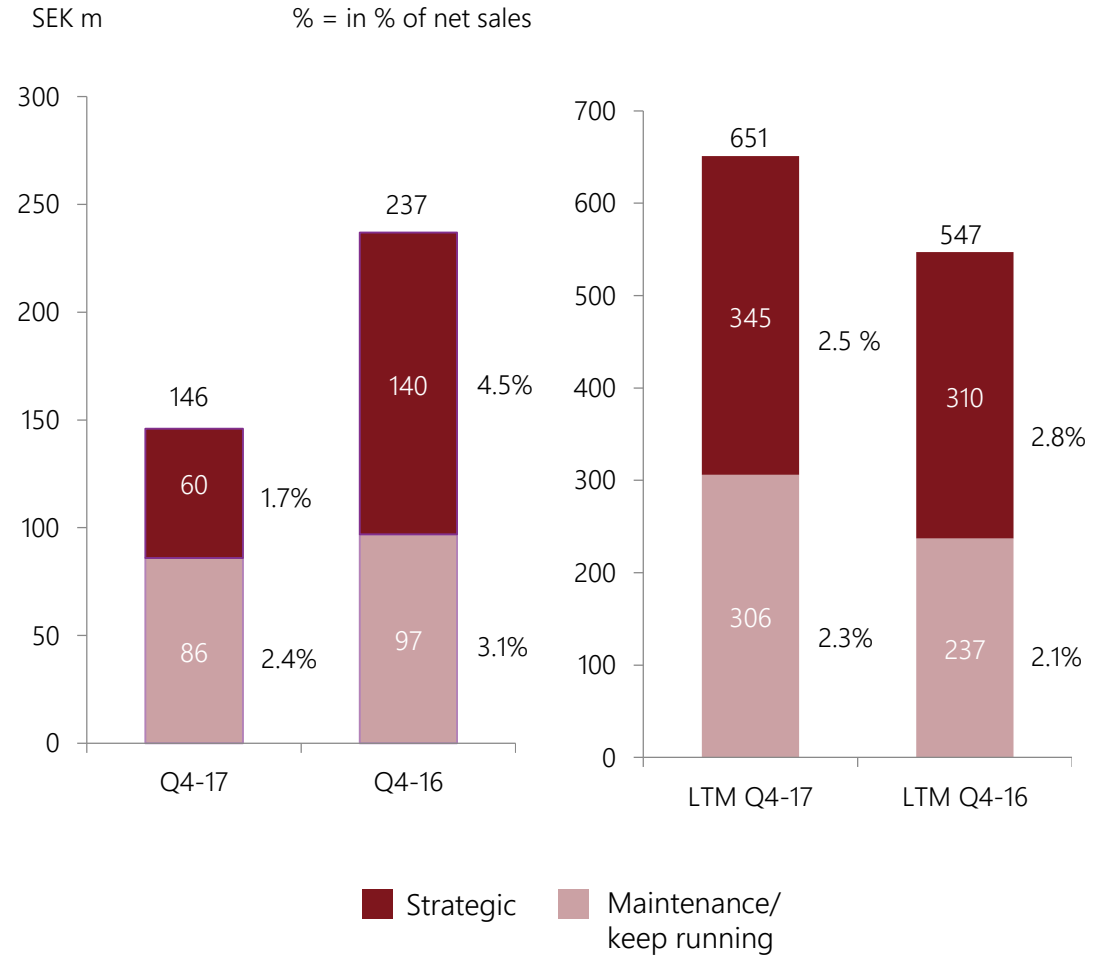


Days



Investments

- Total investments amounted to SEK 146 m in Q4/17 which was 91 MSEK lower than investments in Q4/16
- Maintenance investments amounted to SEK 86 m in Q4/17 compared to SEK 97 m in Q4/16
- 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



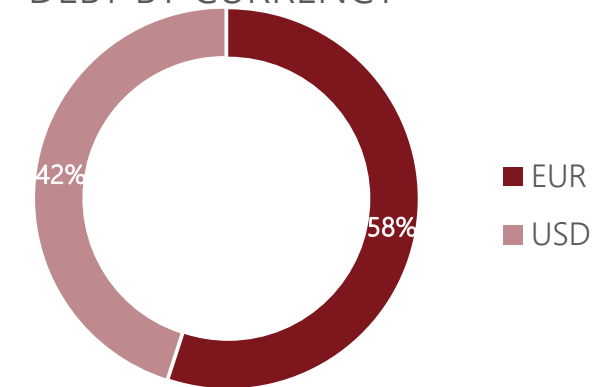
Indebtness

Current capital structure details

	USD m Equiv.	SEK m ¹⁾	x EBITDA excl non-rec. ²⁾
Cash on balance sheet	-75	-621	
Senior secured notes (€)	572	4,708	
Senior secured notes (\$)	220	1,811	
Net senior secured debt	717	5,898	2,8 x
Second lien notes (\$)	420	3,458	
Net second lien debt	1,137	9,356	4,4 x
Mezzanine loans (€)	321	2,641	
Other debt	7	59 ³⁾	
Net debt, excl. pensions and shareholder loan	1,465	12,056	5,7 x

- Net debt, excluding shareholder loan and pensions increased by SEK 340 m during Q4/17 mainly related to interest payments, capitalization of Mezzanine interest and a weaker SEK, primarily against EUR
- Reported leverage increased slightly to 5.7x compared to 5.6x at the end of Q3/17
- Available funds per end of Q4/17 amounted to SEK 1.220 m

DEBT BY CURRENCY



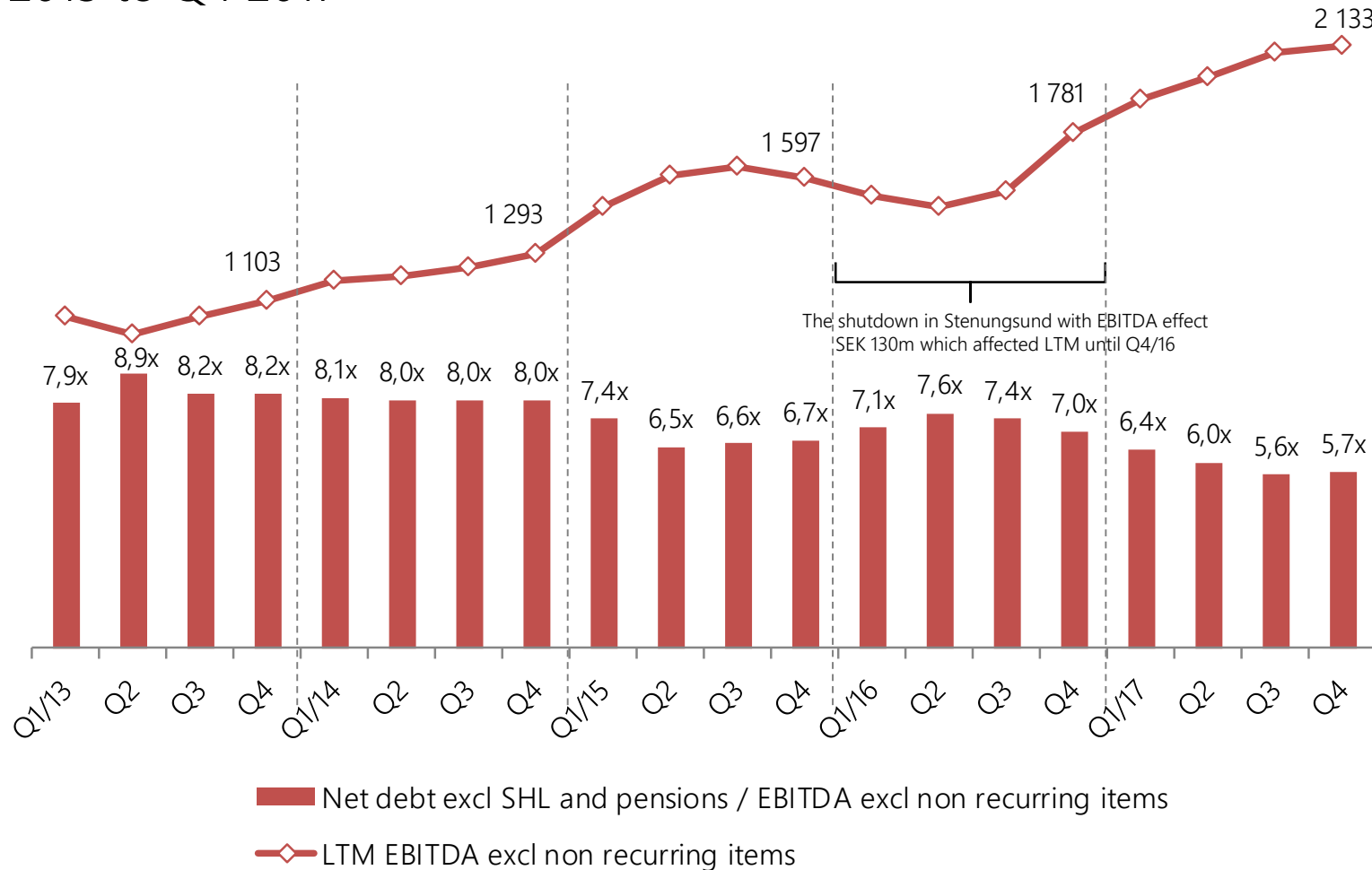
1) Fx rates; USD 8.23 and Euro 9.85

2) Based on EBITDA excl. non-recurring items of SEK 2,133 m

3) Including drawn SSRFCF

Financial performance and leverage

Q1 2013 to Q4 2017



Summary



Jan Secher
President & CEO

Q4 conclusion and current trading

- Continued high demand in all three regions and favorable though more normalized market dynamics partly linked to constraints in global supply
- Organic volume-based sales growth was +6% vs. Q4/16
- EBITDA excluding non-recurring items at SEK 485 m (461 m) and SEK 2,133 m for the LTM period
- Increased earnings linked to higher volumes and stronger unit margins partly offset by negative currency effects
- Record high free cash-flow of SEK 722 m
- Deleveraging in the quarter to 5.7x compared to 7.0x in Q4/16
- While demand in the first quarter 2018 is expected to remain high and coherent across all regions, this is balanced by a more normalized supply situation



Appendix

Free cash flow details

Continuing operations (i.e. excluding Gent)

SEK m	Q4-17	Q4-16	FULL YEAR-17	FULL YEAR-16	Q3-17
EBITDA excl non-rec items	485	461	2,133	1,781	575
Change in working capital ¹	383	182	-207	66	-198
Maintenance capex	-86	-97	-306	-237	-85
FCF before strategic capex	782	546	1,620	1,610	292
% of EBITDA excl non-rec.	161%	118%	76%	90%	51%
Strategic capex	-60	-140	-345	-310	-158
Free cash flow	722	406	1,275	1,300	134
% of EBITDA excl non-rec.	149%	88%	60%	73%	23%

1) excluding exchange rate effects and provisions

Segment reporting

Continuing operations (i.e. excluding Gent)

SEK m	Q4-17	Q3-17	Q2-17	Q1-17	Q4-16	Q3-16	Q2-16	Q1-16	Q4-15
Net Sales	3,602	3,289	3,288	3,413	3,088	2,784	2,654	2,549	2,393
Specialties & Solutions	868	758	793	785	674	638	643	662	528
Advanced Chemicals & Derivatives	2,250	2,095	2,142	2,136	1,912	1,731	1,682	1,565	1,447
BioProducts	447	382	303	431	457	370	280	270	365
Other/eliminations	37	54	50	61	45	45	49	52	53
EBITDA, reported	462	571	502	561	423	474	397	422	213
Specialties & Solutions	187	179	170	189	117	171	188	196	85
Advanced Chemicals & Derivatives	324	416	368	412	321	304	236	242	116
BioProducts	13	-5	-26	-1	39	10	-3	4	-3
Other/eliminations	-62	-19	-10	-39	-54	-11	-24	-20	15
EBITDA excl. non recurring items	485	575	502	571	461	476	409	435	225
Specialties & Solutions	188	179	170	189	122	170	189	196	85
Advanced Chemicals & Derivatives	326	415	368	416	322	304	240	242	116
BioProducts	13	-5	-26	-1	39	10	-2	4	-3
Other/eliminations	-42	-14	-10	-33	-22	-8	-18	-7	27

Quarter on quarter development

Continuing operations (i.e. excluding Gent)

SEK m	Q4-17	Q3-17	Q2-17	Q1-17	Q4-16	Q3-16	Q2-16	Q1-16	Q4-15
Net Sales	3,602	3,289	3,288	3,413	3,088	2,784	2,654	2,549	2,393
Marginal Contribution	1,086	1,100	1,038	1,061	929	885	892	873	673
% of sales	30.1%	33.5%	31.6%	31.1%	30.1%	31.8%	33.6%	34.2%	28.1%
EBITDA, reported	462	571	502	561	423	474	397	422	213
% of sales	12,8%	17.4%	15.3%	16.4%	13.7%	17.0%	15.0%	16.6%	8.9%
EBITDA, excl. non- recurring items	485	575	502	571	461	476	409	435	225
% of sales	13,5%	17.5%	15.3%	16.7%	14.9%	17.1%	15.4%	17.1%	9.4%

Cash and available funds

SEK m	Q4-17
Unrestricted cash	457
Restricted ¹⁾ and escrowed cash ²⁾	164
Cash on Balance Sheet	621

SEK m	Q4-17
Unrestricted cash	457
Unutilized committed credit facilities	763
Reported Available Funds	1220

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

Currency

Period average exchange rates

SEK per LOC	Q4-17	Q4-16	FY-16	LTM Q4-17	Q3-17
USD	8,32	9,04	8,56	8,54	8,14
Euro	9,79	9,76	9,47	9,63	9,56
GBP	11,04	11,23	11,57	10,99	10,64

Period end exchange rates

SEK per LOC	Q4-17	Q4-16	Q3-17
USD	8,23	9,10	8,11
Euro	9,85	9,57	9,57
GBP	11,10	11,18	10,87

Source: Swedish Central Bank, Riksbanken