



Perstorp Holding AB (Publ.)

Year-end report January-December 2018
Conference call February 14, 2019

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Important notice

- Unless otherwise stated, the financial information presented in this document represents total Perstorp Group's i.e. including;
 - the result for the divested business area Bioproducts up until November 30, 2018
 - the divested business unit Caprolactone (Capa)
 - excluding Perstorp Oxo Belgium AB (site Gent), divested in March 2017

Agenda

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

Business performance



Jan Secher
President & CEO

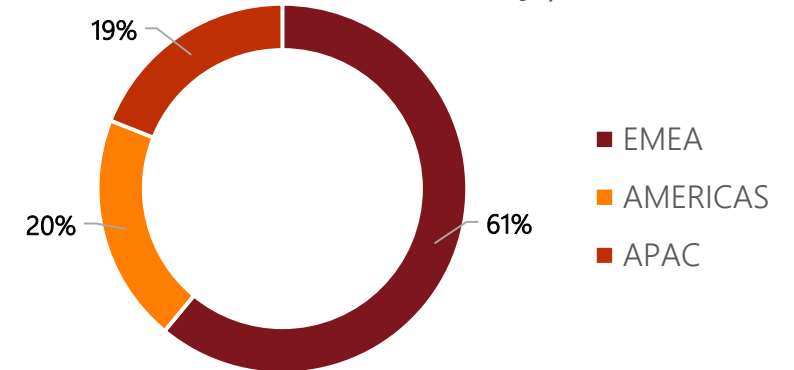
Executive summary

- During Q4/18 the scheduled maintenance turnaround at our Oxo site in Stenungsund was completed
- Q4/18 sales amounted to SEK 3,524 m, a 2% decrease versus last year. Higher sales prices and positive currency impact were offset by lower volumes
- Excluding Bioproducts, organic volume based sales growth for the period was -8 % vs. Q4/17. Adjusted for the scheduled maintenance turnaround in Stenungsund, the organic volume-based sales growth was -2%
- EBITDA excluding non-recurring items amounted to SEK 528 m in Q4/18 compared to SEK 485 m in Q4/17. Adjusted for the scheduled maintenance turnaround in Stenungsund, EBITDA excluding non-recurring items amounted to SEK 558 m. Excluding the turnaround effect the fourth quarter again marked a record high LTM EBITDA of SEK 2,404 m
- Q4/18 EBITDA margin amounted to 15.0% (13.5%)
- Free cash flow in Q4/18 was SEK 733 m which was SEK 11 m higher than corresponding period last year. Higher EBITDA and positive change in working capital was partly offset by increased capital expenditures
- Net Debt/LTM EBITDA amounted to 5.6x in Q4/18 versus 5.7x in Q4/17
- During Q4/18 Perstorp divested the Bioproduct business and signed an agreement to sell its Capa business. The Capa divestment was closed on February 13, 2019, the net proceeds from the transaction was approximately EUR 579 m

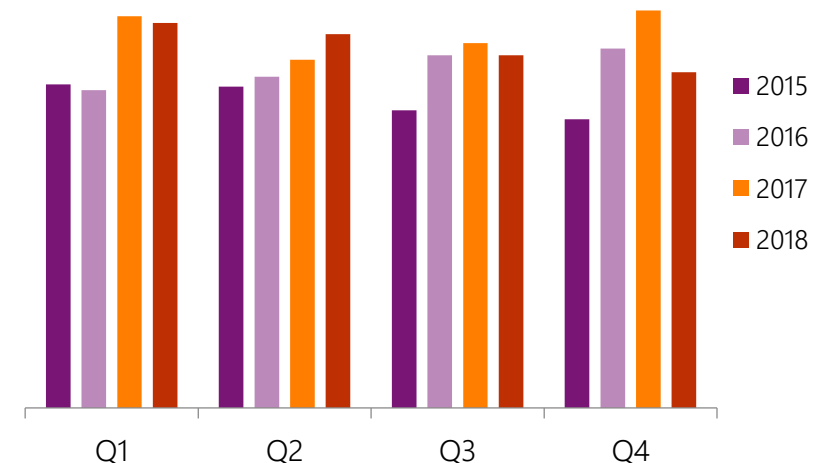
Market overview

- Weak demand in all regions linked to both year-end de-stocking activities and expectations of lower prices following the drop in raw material prices
- Higher selling prices in local currencies vs. the same quarter last year linked to higher raw material prices and improved pricing
- Volumes in EMEA were down 21% compared to Q4 last year linked to both the Stenungsund maintenance turnaround, weaker market demand and the Bioproducts divestment. Sales were 1% higher than Q4 last year
- Volumes in Americas were down 10% compared to Q4 last year mainly driven by the Stenungsund turnaround and availability. Sales were 1% higher than Q4 last year
- Volumes in APAC decreased 19% compared to Q4 last year. Weaker market demand linked to both lower growth and increased competition in China as well as expectations on lower prices following the drop in raw material prices. Sales were 12% lower than Q4 last year

NET SALES BY REGION Q4/18



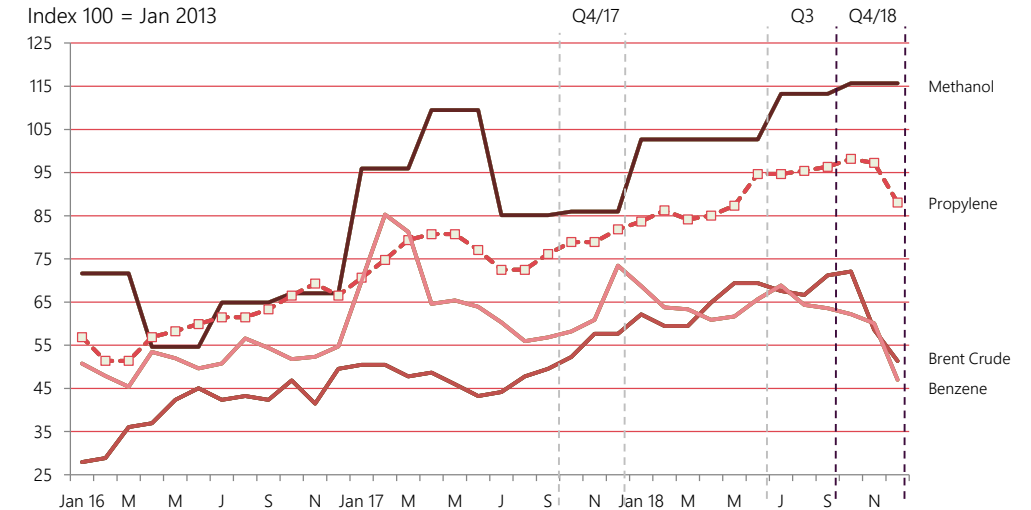
VOLUMES BY QUARTER



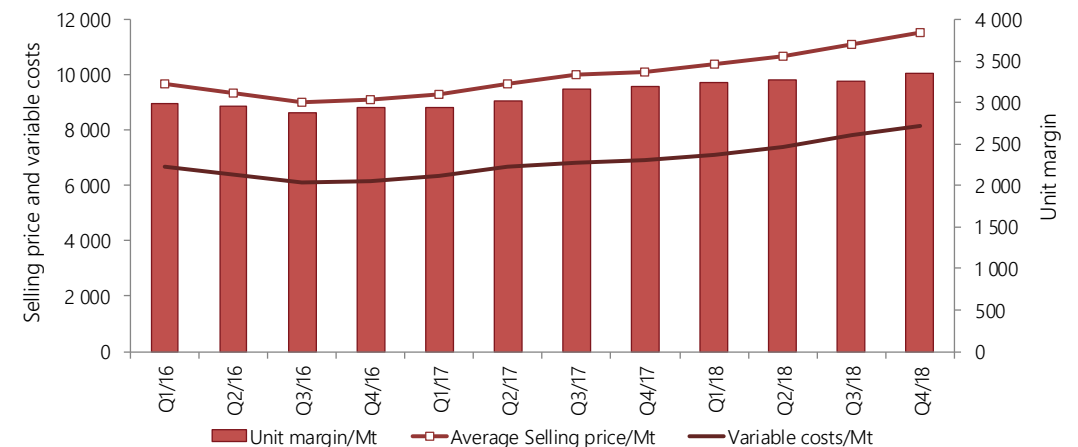
Raw materials and unit margins

- Compared to Q4/17 all key raw materials except Benzene increased, while all except Methanol were falling during the quarter of Q4/18
 - Average price for Brent crude oil increased by 9% in Q4/18 vs Q4/17 but was 11 % lower than in Q3/18
 - Methanol increased 35% in Q4/18 vs. Q4/17 (+2% vs Q3/18)
 - Propylene increased 18% in Q4/18 vs. Q4/17 (-1% vs Q3/18)
 - Benzene decreased 12% in Q4/18 vs Q4/17 (-14% vs Q3/18)
- Strengthened unit margins vs. Q4/17
 - Unit margins in Specialties & Solutions improved from Q4/17 linked to strengthened pricing for some product lines and positive currency effect
 - Advanced Chemicals & Derivatives unit margins remained stable compared to Q4/17, higher raw material prices was offset by improved pricing and positive currency effect

Raw material prices



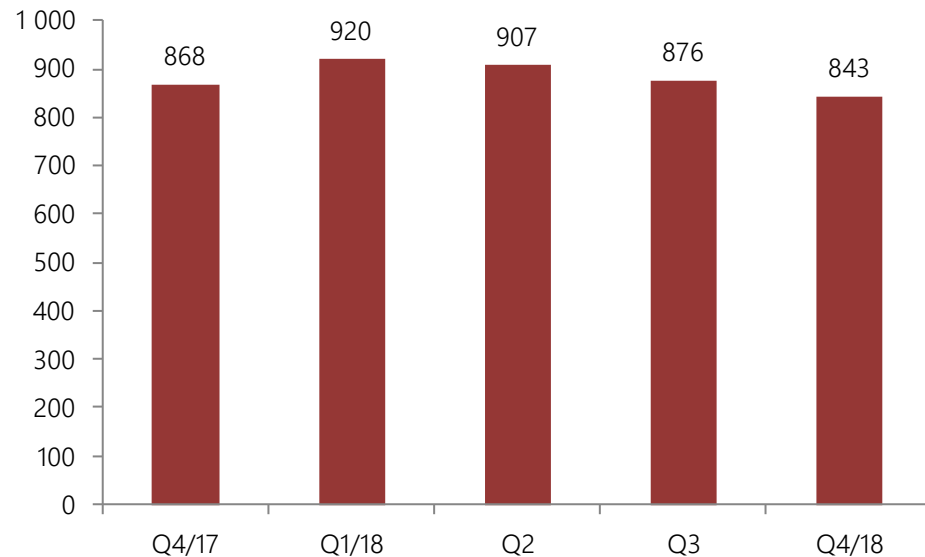
Margins LTM



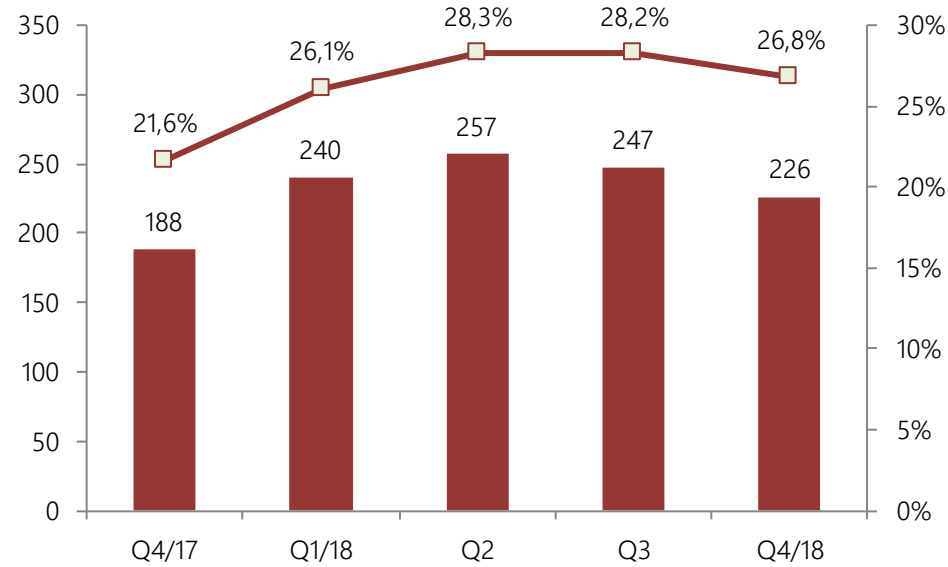
Specialities & Solutions

- Continued strengthened unit margins but result hampered by lower volumes
 - Organic volume-based sales growth was -15% vs. Q4/17 due to weaker demand resulting from stronger year-end effects than last year together with market expectations on decreased prices linked to the drop in raw material prices
 - Q4/18 net sales amounted to SEK 843 m, 3% lower than Q4/17, higher sales prices and positive currency effects was more than offset by lower volumes
 - EBITDA increased by SEK 38 m to SEK 226 m, corresponding to an EBITDA margin of 27% vs. 22% in Q4/17 as a result of improved unit margins, positive currency effects and lower fixed costs

Net sales development



EBITDA¹ and margin development



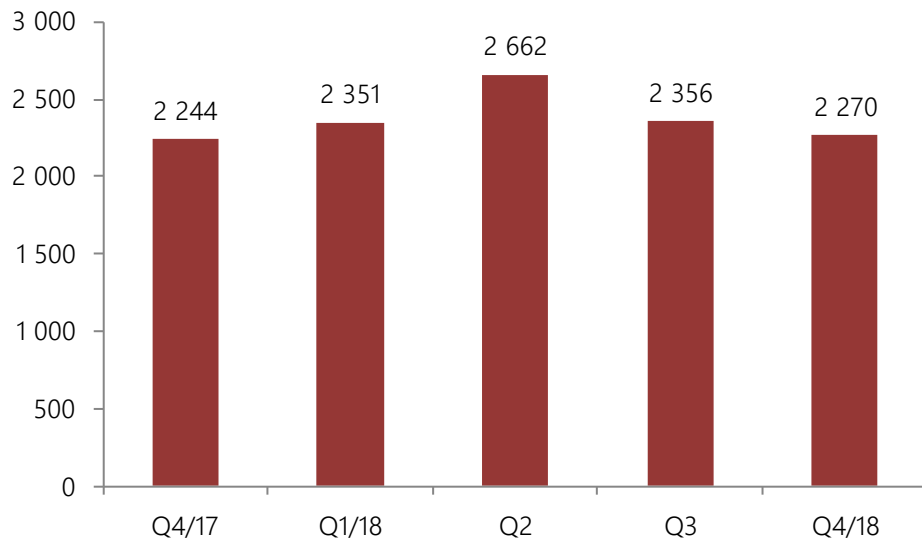
¹ EBITDA excluding non recurring items



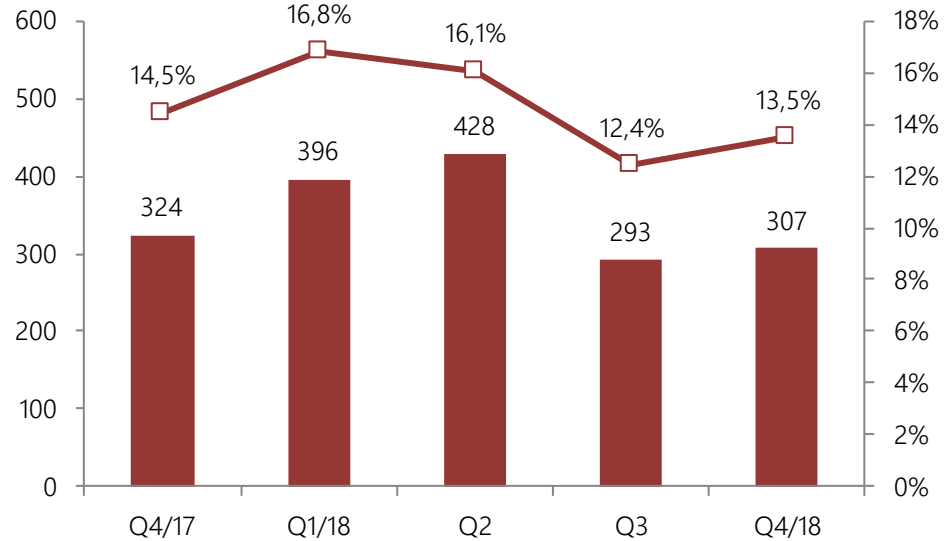
Advanced Chemicals and Derivatives

- Earnings negatively marked by the turnaround and softened demand for some product lines
 - Organic volume-based sales growth was -6% vs. Q4/17, due to the scheduled maintenance turnaround in Stenungsund and lower volumes of some product lines
 - Q4/18 net sales amounted to SEK 2,270 m, an increase of 1% compared to Q4/17 linked to positive currency rate impact and higher sales prices partly offset by lower volumes
 - Q4/18 EBITDA decreased by SEK 17 m to SEK 307 from Q4/17, corresponding to an EBITDA margin of 14% (in line with Q4/17), negatively impacted by the scheduled turnaround, higher raw material prices and softer demand for some products lines

Net sales development



EBITDA¹ and margin development



¹= EBITDA excluding non recurring items



Financial review



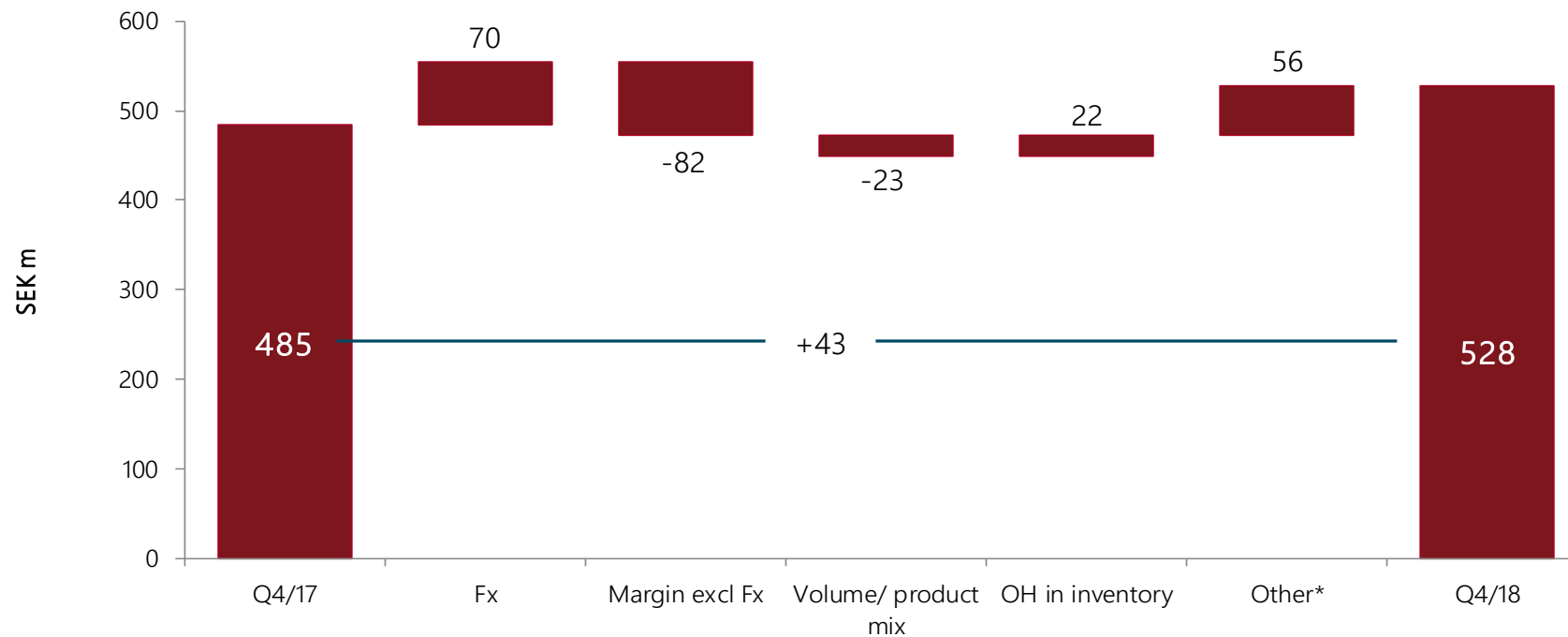
Magnus Heimburg
CFO

Financial highlights Q4 2018

SEK m	Q4-18	Q4-17	YTD Q4-18	YTD Q4-17	Q3-18
Net Sales	3,524	3,602	14,882	13,592	3,729
% growth (y-o-y)	-2.2%	16.7%	9.5%	22.7%	13,4%
% organic volume based sales growth (y-o-y)	-10.9%	6.4%	-2.3%	9.8%	-4,4%
Marginal Contribution	1,027	1,086	4,330	4,285	1,056
% of sales	29.1%	30.1%	29.1%	31.5%	28.3%
EBITDA, reported	448	463	2,191	2,096	524
% of sales	12.7%	12.8%	14.7%	15.4%	14.1%
EBITDA, excl. non recurring items	528	485	2,324	2,133	566
% of sales	15.0%	13.5%	15.6%	15.7%	15.2%

Bridge EBITDA excl. non recurring items

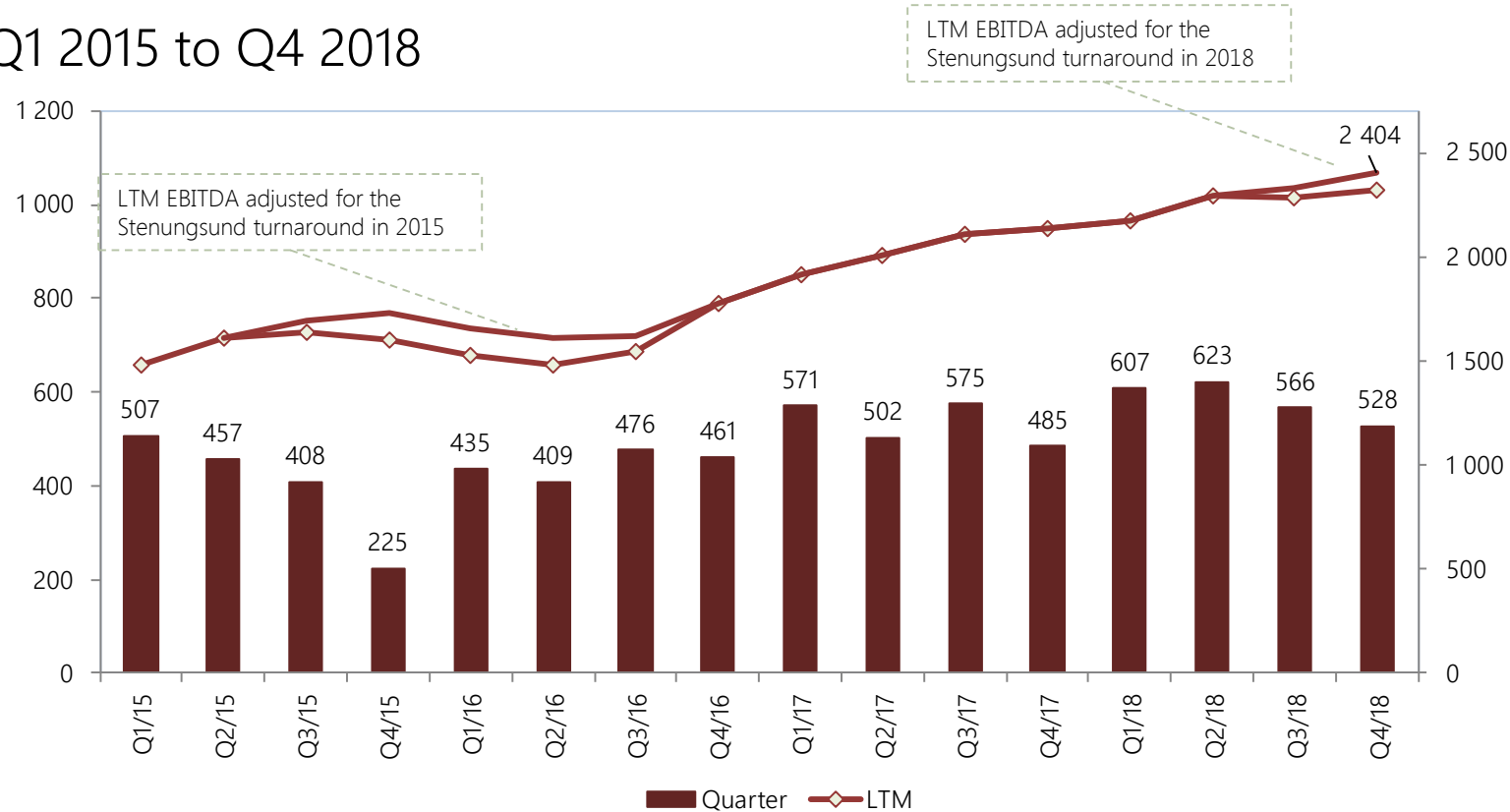
Q4 2018 vs. Q4 2017



- EBITDA increased by SEK 43 m year-on-year, positive impact from currency effects and lower fixed costs was partly offset by negative impact from scheduled maintenance turnaround in Stenungsund, higher raw material costs and lower volumes for some product lines

LTM Development EBITDA¹⁾

Q1 2015 to Q4 2018

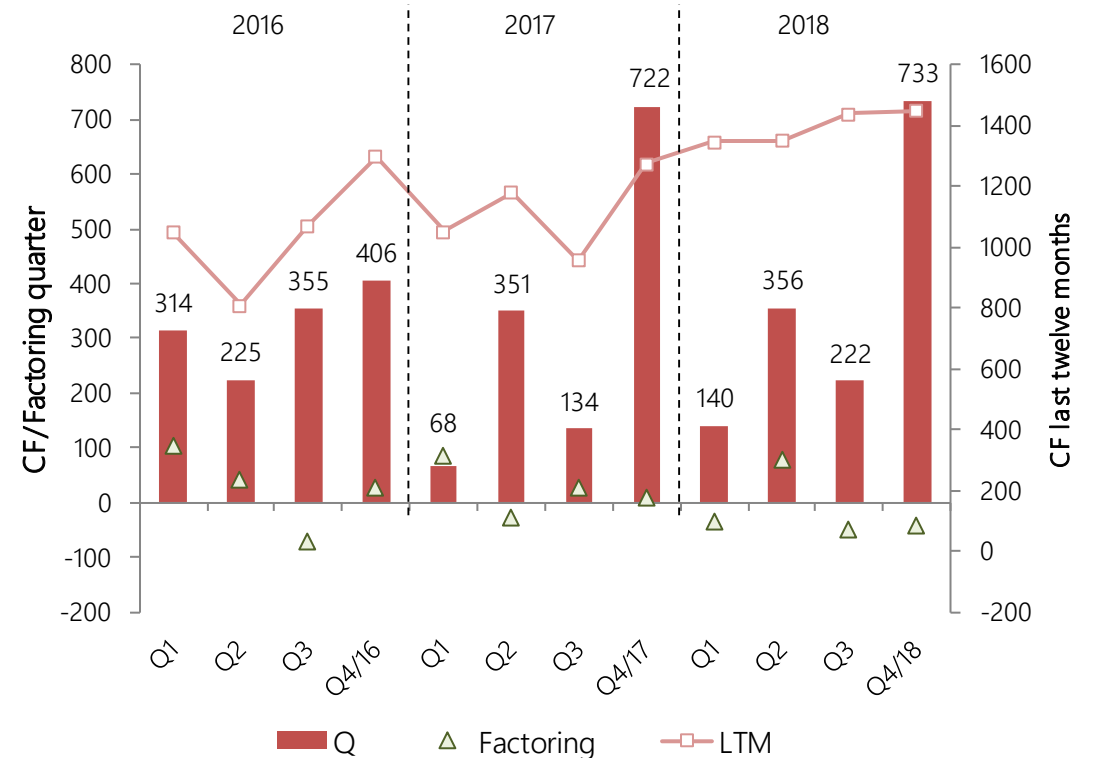


- Q4/18 EBITDA (SEK 528 m) and LTM EBITDA (SEK 2,324 m) negatively impacted by ca SEK 30 m in Q4/18 respective ca SEK 80 m LTM Q4/18 linked to the scheduled maintenance turnaround in Stenungsund

Free cash flow

- Free cash flow in Q4/18 was SEK 733 m compared to SEK 722 m in Q4/17
- The improved free cash flow was driven by higher earnings and released working capital somewhat offset by increased capital expenditures
- Utilization of the trade receivable program amounted to € 114 m (€ 114 m Q4/17) at end of Q4/18

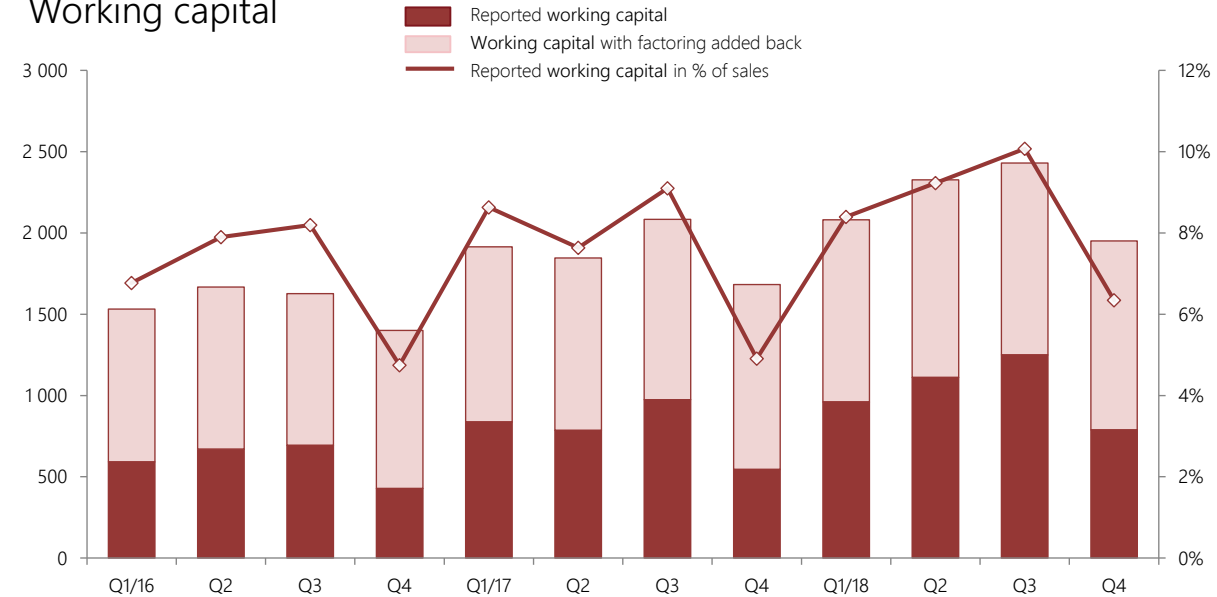
Free cash flow SEK m



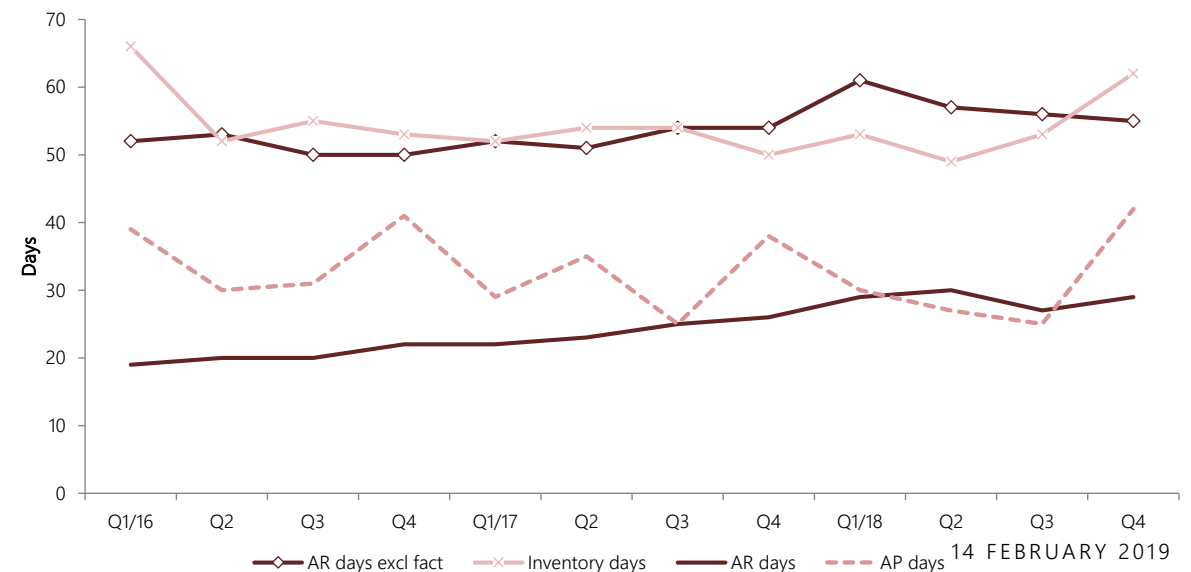
Working capital

- Reported working capital decreased by SEK 460 m during Q4/18 vs. Q3/18
- Accounts receivables including factoring decreased by SEK 155 m from Q3/18 following lower sales in December
- Accounts payable increased by SEK 290 m vs. Q3/18, mainly linked to timing effects
- Inventory value increased by SEK 120 m vs Q3/18, partly related to low inventory levels in Q3/18 due to maintenance turnaround

Working capital

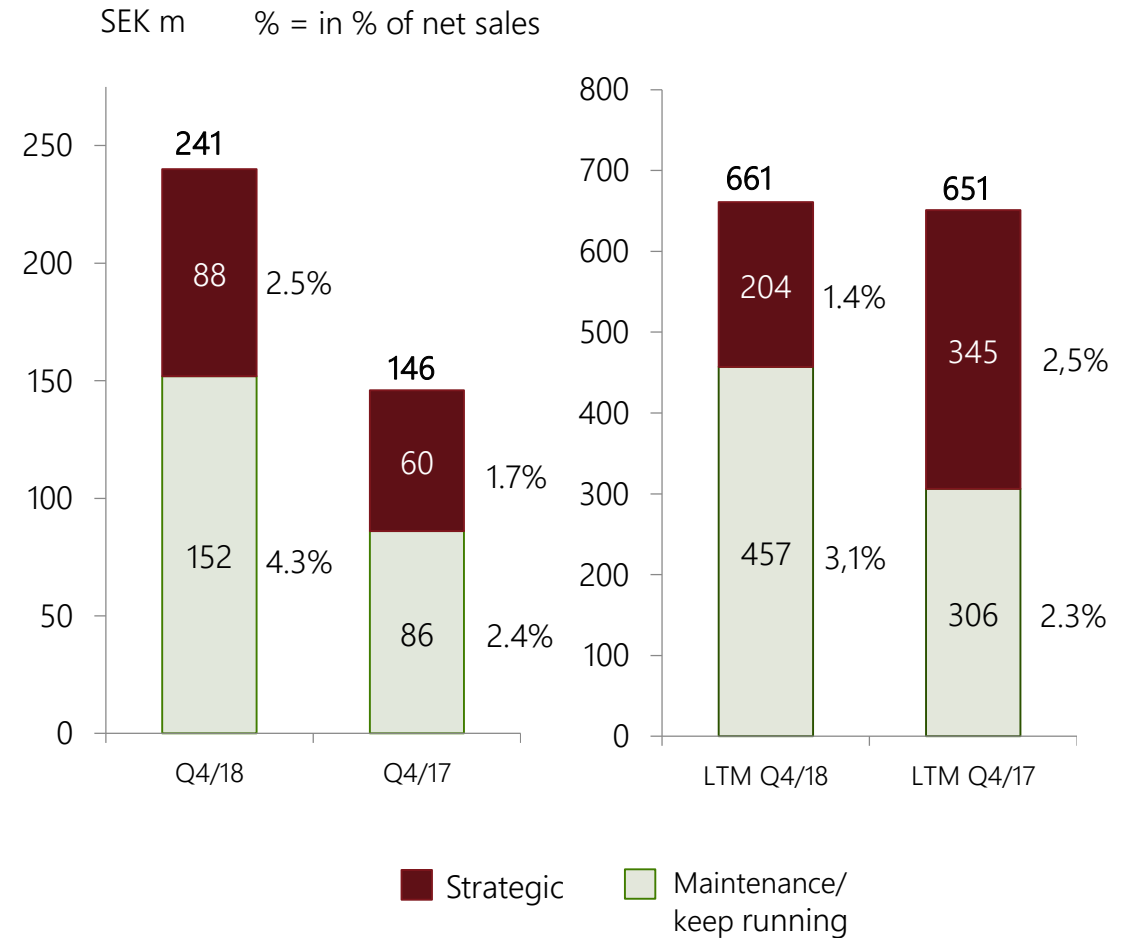


Days



Investments

- Total investments amounted to SEK 241 m in Q4/18 which was SEK 95 m higher than in Q4/17
- Maintenance investments amounted to SEK 152 m in Q4/18 compared to SEK 86 m in Q4/17. The increase was mainly related to the maintenance turnaround in Stenungsund
- Strategic investments include selective capacity expansions, smaller debottlenecking investments in our key platforms and acquisitions



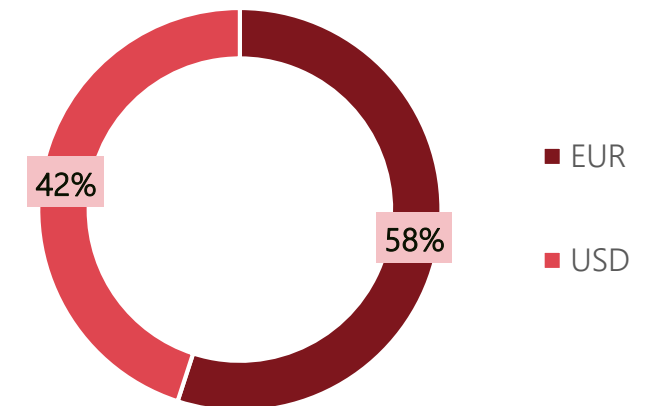
Indebtness

Total Group

	USD m Equiv.	SEK m ¹⁾	x EBITDA excl non-rec. ²⁾
Cash on balance sheet	-63	-565	
Senior secured notes (€)	548	4,912	
Senior secured notes (\$)	220	1,974	
Net senior secured debt	705	6,321	2,7 x
Second lien notes (\$)	420	3,768	
Net second lien debt	1,125	10,089	4,3 x
Mezzanine loans (€)	327	2,936	
Other debt ³⁾	9	77	
Net debt, excl. pensions and shareholder loan	1,461	13,103	5,6 x

- Net debt, excluding shareholder loan and pension liability, increased by SEK 85 m during Q4/18 mainly related to interest payments, capitalization of Mezzanine interest and currency effects which partly was offset by positive cash-flow from operations
- Reported leverage was 5.6x compared to 5.7x at Q4/17
- Available funds per end of Q4/18 amounted to SEK 1,120 m

DEBT BY CURRENCY

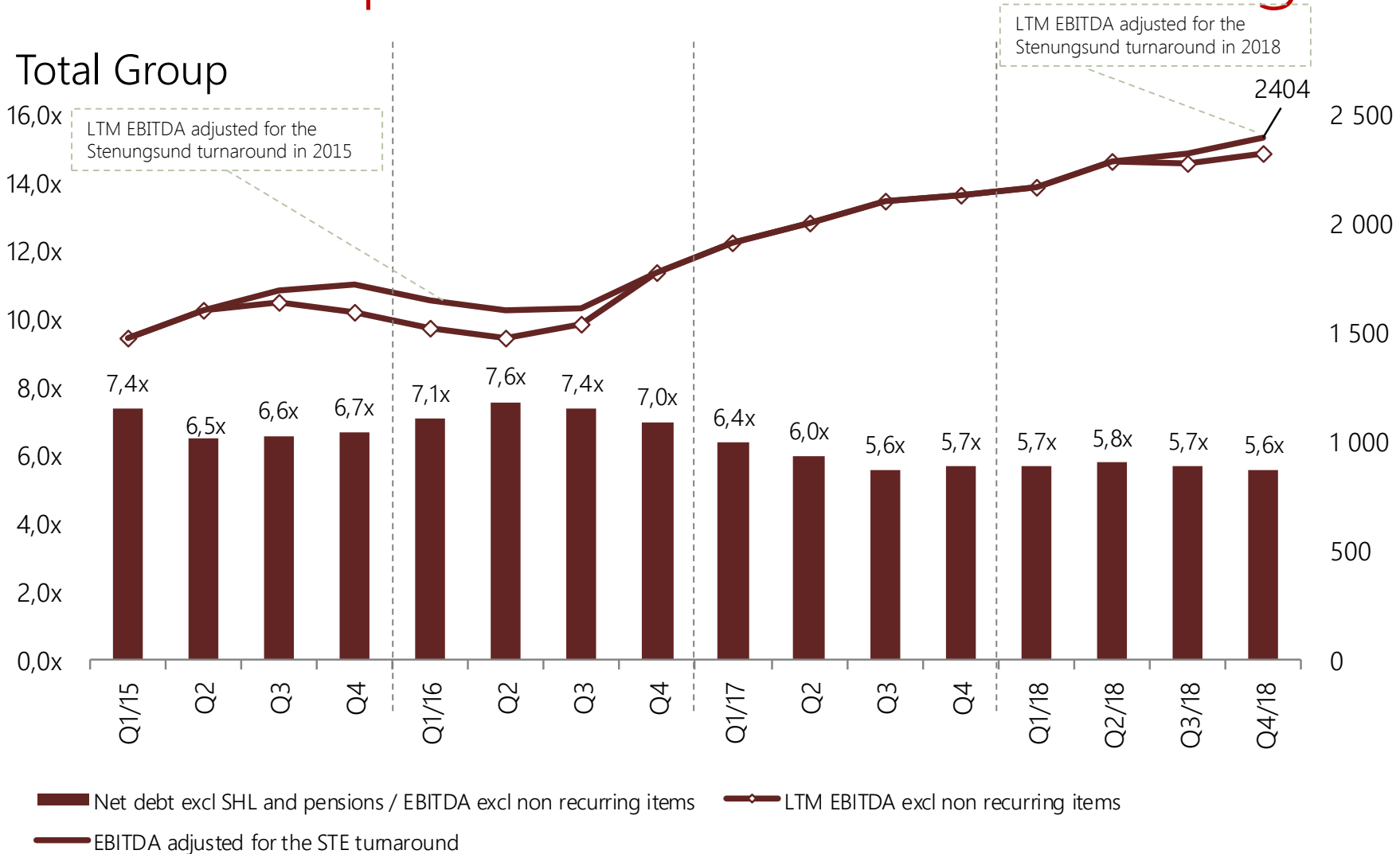


¹⁾ Fx rates; USD 8.97 and Euro 10.28

²⁾ Based on EBITDA excl. non-recurring items of SEK 2,324 m

³⁾ Including drawn SSRFC

Financial performance and leverage



Summary



Jan Secher
President & CEO

Q4 conclusion and current trading

- EBITDA excluding non-recurring items amounted to SEK 528 m in Q4/18 compared to SEK 485 m in Q4/17. Adjusted for the scheduled maintenance turnaround in Stenungsund, EBITDA excluding non-recurring items amounted to SEK 558 m. Excluding the turnaround effect the fourth quarter again marked a record high LTM EBITDA of SEK 2,404 m
- Free cash flow in Q4/18 was SEK 733 m which was SEK 11 m higher than corresponding period last year. Higher EBITDA and positive change in working capital was partly offset by increased capital expenditures
- Following the company's positive development, Perstorp, together with its shareholders, is assessing a potential refinancing of the capital structure
- We expect the demand in the first quarter 2019 to be softer than the same period last year, however the deterioration is not increasing rapidly
- At the start of 2019 a new operating model and organization has been launched with the main objective to better address customer demands for supply reliability and focused innovation. As a consequence there will be three new Business Areas, BA Specialty Polyols & Solutions, BA Advanced Chemicals and BA Animal Nutrition

Q&A

Appendix



Free cash flow details¹⁾

SEK m	Q4-18	Q4-17	YTD Q4-18	YTD Q4-17	Q3-18
EBITDA excl non-rec items	528	485	2,324	2,133	566
Change in working capital ¹⁾	445	383	-214	-207	-178
Maintenance capex	-152	-86	-457	-306	-134
FCF before strategic capex	821	782	1,654	1,620	254
% of EBITDA excl non-rec.	155%	161%	71%	76%	45
Strategic capex	-88	-60	-204	-345	-33
Free cash flow	733	722	1,450	1,275	222
% of EBITDA excl non-rec.	139%	149%	62%	60%	39

¹⁾ Excluding exchange rate effects and provisions

Segment reporting¹

SEK m	Q4-18	Q3-18	Q2-18	Q1-18	Q4-17	Q3-17	Q2-17	Q1-17
Net Sales	3,524	3,729	3,949	3,680	3,602	3,289	3,288	3,413
Specialties & Solutions	843	876	907	920	868	758	793	785
Advanced Chemicals & Derivatives	2,270	2,356	2,662	2,351	2,244	2,091	2,138	2,129
Other/eliminations	411	497	380	409	490	440	357	499
EBITDA, reported	448	524	615	604	463	571	502	561
Specialties & Solutions	223	247	256	240	187	179	170	189
Advanced Chemicals & Derivatives	298	290	428	394	323	415	369	411
Other/eliminations	-73	-13	-69	-30	-47	-23	-37	-39
EBITDA excl. non recurring items	528	566	623	607	485	575	502	571
Specialties & Solutions	226	247	257	240	188	179	170	189
Advanced Chemicals & Derivatives	307	293	428	396	324	416	369	414
Other/eliminations	-5	26	-62	-29	-27	-20	-37	-32

Quarter on quarter development

SEK m	Q4-18	Q3-18	Q2-18	Q1-18	Q4-17	Q3-17	Q2-17	Q1-17
Net Sales	3,524	3,729	3,949	3,680	3,602	3,289	3,288	3,413
Marginal Contribution	1,027	1,046	1,166	1,101	1,086	1,100	1,038	1,061
% of sales	29.1%	28.1%	29.5%	29.9%	30.1%	33.5%	31.6%	31.1%
EBITDA, reported	448	524	615	604	463	571	502	561
% of sales	12.7%	14.1%	15.6%	16.4%	12.8%	17.4%	15.3%	16.4%
EBITDA, excl. non- recurring items	528	566	623	607	485	575	502	571
% of sales	15.0	15.2%	15.8%	16.5%	13.5%	17.5%	15.3%	16.7%

Cash and available funds

Total group

SEK m	Q4-18
Unrestricted cash	357
Restricted ¹⁾ and escrowed cash ²⁾	208
Cash on Balance Sheet	565

SEK m	Q4-18
Unrestricted cash	357
Unutilized committed credit facilities	763
Reported Available Funds	1,120

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	Q4-18	Q4-17	FY-18	FY-17	Q3-18
USD	9.04	8.32	8.69	8.54	8.95
Euro	10.32	9.79	10.26	9.63	10.41
GBP	11.65	11.04	11.59	10.99	11.66

Period end exchange rates

SEK per LOC	Q4-18	Q4-17	Q3-18
USD	8.97	8.23	8.86
Euro	10.28	9.85	10.29
GBP	11.35	11.10	11.57