

Perstorp Holding AB (Publ.)

Interim report 1 January – 31 March 2020

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Perstorp Holding AB (Publ.), corporate reg. no. 556667-4205, Parent company for Perstorp.

Perstorp is an international specialty chemicals Group and a global leader in high growth niches. The Group has around 1,350 employees and manufacturing facilities in Europe, North America and Asia. The Perstorp Group is controlled by the European private equity company PAI Partners.

Key figures in summary January – March 2020, continuing operations

- Net sales from continuing operations decreased by 15% to SEK 2,720 m (3,218).
- Sales prices in the first quarter were lower than the corresponding quarter last year mainly due to lower material prices and to some extent price pressure for some product lines, partly offset by positive exchange rates.

Organic volume-based sales growth was -4% year-on-year, reflecting notably lower demand for deicers due to the mild winter.

- EBITDA excluding non-recurring items, from continuing operations amounted to SEK 421 m in the first quarter compared to SEK 475 m in the corresponding period last year.
- EBITDA-margin excluding non-recurring items for continuing operations improved to 15.5% (14.8).

Key figures in summary, continuing operations

SEK m unless otherwise stated	Quarter 1		Latest	Full year
	2020	2019	12 months	2019
Net Sales	2,720	3,218	11,143	11,641
EBITDA	419	413	1,433	1,427
% of net sales	15.4	12.8	12.9	12.3
EBITDA excluding non-recurring items ¹⁾	421	475	1,500	1,554
% of net sales	15.5	14.8	13.5	13.3
Operating earnings (EBIT)	281	286	884	889
% of net sales	10.3	8.9	7.9	7.6
Net earnings/loss	-279	-1,071	-476	-1,268
Free cash flow	-121	10	950	1,081

¹⁾ Non-recurring items are mainly attributable to restructuring costs.



President's Comments – Q1 2020

“Profitable Growth continues to be our long term focus. Despite the Covid-19 situation, supply of raw material, production and delivery to our customers have during Q1/20 worked well. Due to the high degree of uncertainty, it is still too early to estimate the financial impacts on Perstorp from Covid-19.”

The start of 2020 with the pandemic outbreak has provided an increased degree of uncertainty regarding both short-term and long-term effects. The first quarter started with the lockdown of China, which was then followed by lockdowns in several other countries, having a huge impact on the world economy. The Covid-19 outbreak has led to decreased raw material prices, both compared to Q1/19 and the last quarter, with a price on Brent crude at historically low levels. In order to be prepared for a slowdown of demand due to the Covid-19 outbreak, mitigation actions were swiftly installed during the quarter with strong focus on liquidity preservation which enabled to limit the impact on results to date.

Lower volumes but higher EBITDA margin

Net sales amounted to SEK 2,720 m, a 15% decrease over the first quarter last year. This was mainly due to lower sales prices and lower volumes, and was to some degree offset by positive FX effects due to a weak Swedish krona. Organic volume based sales growth for the period was -4% compared to the same period last year, due to notably lower deicer volumes. EBITDA excluding non-recurring items amounted to SEK 421 m (475) with an EBITDA margin of 15.5% (14.8). LTM EBITDA amounted to SEK 1,500 m compared to 1,554 m for the full year 2019 as cost reductions compensated somewhat for lower volumes.

The Business Areas are delivering stable results

In Business Area Specialty Polyols & Solutions, EBITDA amounted to SEK 319 m (311), with positive impact from exchange rates, partly offset by slightly weaker unit margins and lower volumes in some areas of the business.

Also Business Area Advanced Chemicals held up relatively well and EBITDA amounted to SEK 147 m (151). The business experienced lower unit margins which to some extent was offset by higher volumes and positive impact from exchange rates.

Business Area Animal Nutrition continued to show a positive volume development, but margins were down, mainly attributable to Acids & Salts. EBITDA amounted to SEK 37 m (45).

All Business Areas also started to see the first effects from the cost reduction plan initiated this year.

Short term focus on preserving a strong liquidity position

We are closely following and monitoring the development of the Covid-19 situation in order to safeguard the health and safety of our employees as well as our business continuity. Uncertainty is still high regarding the outbreak's development and government actions in countries where we operate. Given these circumstances, we expect continued challenges and will act accordingly, hence we have temporarily installed a Crisis Management Organization. It supports faster adjustments in the entire supply chain as well as serving for speedy decision making and adjustments to new business environment which is changing at a pace we are not used to seeing. The short term focus is on preserving a strong liquidity position, which is backed up by impactful measures such as a strict spend control program and a substantial reduction of our capital expenditures.

Continued pro-active development of commercial activities

Despite the volatile macroeconomic sentiment and the fact that most external conferences and meetings have been cancelled, Perstorp has continued with a pro-active market approach. The communication via digital channels and social media has been intensified and additional webinars have been held. The implementation of a new CRM-system has continued, which enables us to improve the way we work both internally and in the relations with our customers. To serve the sudden and growing need of sanitizing products, and to provide support to the Swedish health system, Perstorp swiftly converted parts of the production at our Perstorp site, to produce hand sanitizer and surface disinfectant, and the first batch of products have now been bottled and reached healthcare institutions across Sweden. We do this at a zero profit action to support the healthcare system.

In Business Area Specialty Polyols & Solutions the Pro Environment polyols have grown considerably now that Neeture™ (renewable Neo) has been commercialized. Furthermore, the way we managed to serve our customers in China during the severe Covid-19 situation in February and March was impressive, resulting in very limited negative impact on our business, as well as our customers.

In Business Area Advanced Chemicals, new business was achieved in various segments, such as pharma, agriculture, mining, coolants and paint additives. The first Pro Environment grades of 2-EHA and Valeric Acid were launched to the market, and our true non-phthalate plasticizer Pevalen™ reached all-time-high sales.

Business Area Animal Nutrition has announced a new business model for the Americas and filled the positions as new Regional Head and global Innovation Director. As a result of its intensified digital communication, the number of LinkedIn followers doubled since last quarter.

Continuous strive for an even safer work environment

Our safety performance remains a top priority and showed a slightly positive trend. We performed well in the area of process safety events, and for OSHA recordables we were almost on the 12 month target. We will continue to strive towards our increasingly ambitious targets. To protect both our employees' health, our business and the needs of the society, related to Covid-19, all personnel who can work from home are doing so.

Profitable Growth continues to be our long term focus. Despite the Covid-19 situation, supply of raw material, production and delivery to our customers have during Q1/20 worked well. Due to the high degree of uncertainty, it is still too early to estimate the financial impacts on Perstorp from Covid-19.

Malmö April 2020



Jan Secher

President and CEO

Financial overview January – March 2020

Income statement, continuing operations

SEK m	Quarter 1	
	2020	2019
Net Sales	2,720	3,218
Cost of goods sold	-2,226	-2,680
Gross earnings	494	538
Operating earnings (EBIT)	281	286
Exchange rate effects on net debt	-362	-184
Other financial income and expenses	-162	-1,175
Earnings before tax	-243	-1,073
Tax	-36	2
Net earnings/loss	-279	-1,071
EBITDA	419	413
EBITDA excluding non-recurring items	421	475

Net sales and earnings, continuing operations¹⁾

Net sales for continuing operations during the first quarter amounted to SEK 2,720 m (3,218), a decrease of SEK 498 m or 15%. Volumes decreased by 7% compared to the same period last year, main drivers being lower demand for Deicers due to the mild winter, no Capa re-sale activity and to a lesser extent lower demand for Neo in Asia.

Organic volume based sales growth was -4% in the first quarter 2020. Excluding currency effects, sales prices were 14% lower than last year mainly linked to lower raw material prices and to some extent price pressure for certain product lines.

Average Dated Brent oil price decreased by 21% in the first quarter 2020 compared to the corresponding quarter last year and was 20% lower than in the fourth quarter 2019. The lower price on Dated Brent has also impacted pricing on downstream derivatives like propylene and ethylene during the first quarter of 2020. The Swedish krona continued to weaken against both the USD and the EUR compared to the corresponding quarter 2019, resulting in a positive exchange rate effects on sales of approximately 3%, but were flat compared to the fourth quarter 2019.

EBITDA excluding non-recurring items amounted to SEK 421 m (475), corresponding to an EBITDA margin of 15.5% (14.8). The lowered EBITDA was attributable to negative impact on margins and somewhat lower volumes, partly offset by positive mix effects, lower fixed costs and exchange rate impact.

Depreciation and amortization amounted to SEK 138 m (127) and EBIT amounted to SEK 281 m (286) for the period.

Net financial expenses, excluding currency effects on net debt, amounted to SEK 162 m compared to SEK 1,175 m for the corresponding period in 2019. The deviation is mainly a result of the refinancing of the capital structure, which was completed during the first quarter 2019.

Tax amounted to SEK -36 m (2) which is mainly related to deferred tax costs linked to utilization of tax losses carry forward. The net result amounted to SEK -279 m (-1,071).

¹⁾ Continuing operations excludes the divested unites Perstorp UK Ltd, Perstorp Bioproducts AB and Perstorp Bioproducts AS.

Free cash flow analysis, continuing operations

SEK m	Quarter 1		Latest 12 months	Full year 2019
	2020	2019		
EBITDA excluding non-recurring items	421	475	1,500	1,554
Change in Working Capital ²⁾	-430	-364	76	142
Maintenance Capex	-58	-53	-301	-296
Free Cash Flow before Strategic Capex	-67	58	1,275	1,400
% of EBITDA excluding non-recurring items	-16	12	85	90
Strategic Capex	-54	-48	-325	-319
Free Cash Flow	-121	10	950	1,081
% of EBITDA excluding non-recurring items	-29	2	63	70

¹⁾ For further details on total cash flow, please see page 11.

²⁾ Excluding currency transaction effects and provisions.

Available funds and debt

SEK m	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
Available funds	944	967	1,248
Net debt	9,982	9,227	8,993
Net debt excluding pension liabilities	9,505	8,822	8,526
Leverage ¹⁾	6.3x	5.0x	5.5x

¹⁾ Net debt excluding pension liabilities / EBITDA excluding non-recurring items.

Free cash flow

Free Cash flow in the first quarter 2020 amounted to SEK -121 m (10). The free cash flow was affected by somewhat lower earnings and unfavorable seasonal change of working capital that is expected to reverse in second quarter 2020.

Utilization of the factoring program at March 31, 2020 amounted to EUR 92 m (99).

Net debt and leverage

The Group's available funds, liquid funds and unutilized credit facilities, were SEK 944 m (967) at the end of the period, compared with SEK 1,248 m at the end of the fourth quarter 2019.

Leverage was 6.3x at the end of the first quarter 2020 compared to 5.5x at the end of the fourth quarter 2019. Net debt at first quarter 2020 was impacted by the ca. 7 % SEK weakening, which had limited effect on EBITDA.



Business Area

Speciality Polyols & Solutions

Business Area

Specialty Polyols & Solutions

SEK m	Quarter 1	
	2020	2019
<i>Continuing operations</i>		
Net sales	1,522	1,854
EBITDA	322	311
EBITDA excl. non-recurring items	319	311
EBITDA margin excl. non-recurring items, %	21.0	16.8

Business Area Specialty Polyols & Solutions consists of Business units Penta, TMP/Neo, Formates and Business Development.

January - March 2020

During the first quarter 2020 net sales amounted to SEK 1,522 m (1,854) which was 18% lower than the corresponding quarter 2019. The decrease was mainly due to weaker demand for Deicers due to the mild winter, lower volumes of Neo in Asia and lower raw material prices.

Organic volume-based sales growth was -11%.

EBITDA excluding non-recurring items amounted to SEK 319 m (311), corresponding to an EBITDA margin of 21.0% (16.8). The increase was due to positive impact from exchange rates, mix effects for certain product lines and somewhat lower fixed cost. This was partly offset by decreased margins on Neo and lower volumes.



Business Area
Advanced Chemicals

Business Area

Advanced Chemicals

SEK m	Quarter 1	
	2020	2019
<i>Continuing operations</i>		
Net sales	979	1,021
EBITDA	147	146
EBITDA excl. non-recurring items	147	151
EBITDA margin excl. non-recurring items, %	15.0	14.8

Business Area Advanced Chemicals consists of Business units Oxo and Plasticizers.

January - March 2020

First quarter 2020 net sales amounted to SEK 979 m (1,021), which was 4% lower than the corresponding period in 2019. Positive impact from higher sales volumes for most Oxo product lines and positive exchange rate impact was offset by lower sales prices linked to lower raw material prices, increased price pressure on some products and to lower volumes.

Organic volume-based sales growth was 8%.

EBITDA excluding non-recurring items was SEK 147 m (151), corresponding to an EBITDA margin of 15.0% (14.8). The slight decrease was resulting from lower volumes together with lower margins for Plasticizers which partly was offset by higher sales volumes and improved margins on most Oxo products lines and positive exchange rate effects.



Business Area
Animal Nutrition

Business Area

Animal Nutrition

SEK m	Quarter 1	
	2020	2019
<i>Continuing operations</i>		
Net sales	288	305
EBITDA	37	45
EBITDA excl. non-recurring items	37	45
EBITDA margin excl. non-recurring items, %	12.8	14.8

Business Area Animal Nutrition consists of Business Units Feed Additives and Acids and Salts.

January - March 2020

Net Sales in the first quarter 2020 amounted to SEK 288 m (305). The decline was due to lower raw material prices and some price pressure on Acids and Salts products. The negative impact was to some extent offset by higher Feed Additives volumes.

Organic volume based sales growth was 5%.

EBITDA excluding non-recurring items in the first quarter was SEK 37 m (45), corresponding to an EBITDA margin of 12.8% (14.8). The result was positively impacted by improved volumes and foreign exchange effects but more than offset by lower margins for Acid and Salts products and higher fixed costs.

Consolidated income statement

Income statement, consolidated group

SEK m	Note	Quarter 1		Latest	Full year
		2020	2019	12 months	2019
Continuing operations					
Net Sales	3	2,720	3,218	11,143	11,641
Cost of goods sold		-2,226	-2,680	-9,356	-9,810
Gross earnings		494	538	1,787	1,831
Selling, administration and R&D costs		-204	-216	-844	-856
Other operating income and expenses ¹⁾		-8	-37	-45	-74
Write-down of assets		-1	0	-17	-16
Result from participations in associated companies		0	1	3	4
Operating earnings (EBIT)	5	281	286	884	889
Exchange-rate effects on net debt		-362	-184	-382	-204
Other financial income and expenses		-162	-1,175	-718	-1,731
Earnings/loss before tax		-243	-1,073	-216	-1,046
Tax		-36	2	-260	-222
Net earnings/loss		-279	-1,071	-476	-1,268
Discontinued operation	7				
Net sales	3	-	113	0	113
Operating earnings (EBIT)		-	4,771	-14	4,757
Earnings/loss before tax		-	4,768	-13	4,755
Tax		-	-12	0	-12
Net earnings/loss		-	4,756	-13	4,743
Group, total					
Net sales		2,720	3,331	11,143	11,754
Operating earnings (EBIT)		281	5,057	870	5,646
Earnings/loss before tax		-243	3,695	-229	3,709
Tax		-36	-10	-260	-234
Net earnings/loss		-279	3,685	-489	3,475

Consolidated Group

EBITDA	3	419	5,193	1,419	6,193
EBITDA excluding non-recurring items	3	421	555	1,501	1,635

¹⁾ Other operating income and expenses primarily includes exchange rate effects on operational net receivables and non-recurring income and costs.

Consolidated income statement

Comprehensive income report

SEK m	Quarter 1		Latest 12 months	Full year 2019
	2020	2019		
Net result for the period	-279	3,685	-489	3,475
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of defined benefit plan	0	0	-44	-44
<i>Items that may be subsequently reclassified to profit or loss</i>				
Currency translation effect	-67	30	-87	10
Other comprehensive income net after tax	-67	30	-131	-34
Total comprehensive income	-346	3,715	-620	3,441
Attributable to:				
Parent company's shareholder	-360	3,700	-646	3,414
Non-controlling interest	14	15	26	27

Consolidated balance sheet

Balance sheet, consolidated group

SEK m	Note	March 31, 2020	March 31, 2019	Dec 31, 2019
Tangible fixed assets		4,854	4,618	4,767
Intangible fixed assets		4,475	4,395	4,382
Participation in associated companies		76	73	75
Other non-current assets		1,095	1,231	1,109
Inventories		1,430	1,607	1,440
Other current assets		1,351	1,394	1,078
Cash & cash equivalents, incl. short-term investments		858	272	453
Total assets		14,139	13,590	13,304
Total equity	6	812	1,457	1,158
Pension liability, others		501	405	488
Other non-current liabilities		11,089	9,799	9,704
Current liabilities		1,737	1,929	1,954
Total equity & liabilities		14,139	13,590	13,304
Working capital	4	1,161	1,138	680
Net debt	7	9,982	9,227	8,993
Net debt excluding pension liabilities		9,505	8,822	8,526
Capital employed		11,688	10,923	10,623
Number of full-time employees, end of period		1,384	1,383	1,366
Contingent liabilities		293	221	276
Assets pledged		6,397	7,658	6,212

Consolidated statement of changes in equity

Total equity, 2020

SEK m	Note	Equity attributable to owners of the parent	Non-controlling interest	Total equity
Opening balance, January 1, 2020		1,029	129	1,158
Total comprehensive income		-360	14	-346
Closing balance, March 31, 2020		669	143	812

Total equity, 2019

SEK m	Equity attributable to owners of the parent	Non-controlling interest	Total equity
Opening balance, January 1, 2019	-2,378	128	-2,250
Change in accounting principles	-7	-	-7
Adjusted opening balance, January 1, 2019	-2,385	128	-2,257
Total comprehensive income	3,700	15	3,715
Transactions with owners, recognized directly in equity	-	-1	-1
Closing balance, March 31, 2019	1,315	142	1,457

Consolidated cash flow statement

SEK m	Quarter 1		Latest	Full year
	2020	2019	12 months	2019
Operating activities				
Operating earnings	281	286	884	889
Adjustments				
Depreciation and write-down	138	127	549	538
Other	-50	-83	-122	-155
Operating activities in discontinued operations	-	78	0	78
Interest received and other financial items	0	1	5	6
Interest paid and other financial items	-157	-893	-658	-1,394
Income tax paid	-28	-25	-61	-58
Interest and taxes paid in discontinued operation	-	-6	0	-6
Cash flow from operating activities before change in operating capital	184	-515	597	-102
Changes in working capital				
Increase (-) Decrease (+) in net working capital ¹⁾	-430	-364	76	142
Discontinued operations	-	-38	0	-38
Cash flow from operating activities	-246	-917	673	2
<i>Investing activities</i>				
Investments in other participations	-	-2	0	-2
Acquisition of tangible and intangible fixed assets	-112	-102	-625	-615
Sale of net assets, subsidiaries	-	6,057	0	6,057
Sale of shares in other participations	-	-	5	5
Discontinued operations	-	-7	0	-7
Cash flow from investing activities	-112	5,946	-620	5,438
<i>Financing activities</i>				
Dividend paid to non-controlling interests in subsidiaries	-	-29	-25	-54
New loans	-	8,827	-27	8,800
Amortization of loans	-10	-13,959	-38	-13,987
Change in credit utilization ³⁾	762	-172	614	-320
Cash flow from financing activities	752	-5,333	524	-5,561
Change in liquid funds, incl. short-term investments	394	-304	577	-121
Liquid fund opening balance, incl. short-term investments	453	565	272	565
Translation difference in liquid funds	11	11	9	9
Liquid funds, end of period²⁾	858	272	858	453

¹⁾ Including trade receivable financing program

²⁾ Whereof restricted

³⁾ Including payment of bank fees related to refinancing

Parent company

Perstorp Holding AB (publ.) is fully owned by Financière Forêt S.à.r.l and the parent company of the Perstorp Holding Group. Perstorp Holding AB (publ.) had no external sales. Shareholder's equity at March 31, 2020 amounted to 3,117 m (3,712) compared to SEK 3,565 m at December 31, 2019.

Income statement

SEK m	Note	Quarter 1		Latest	Full year
		2020	2019	12 months	2019
Net Sales		8	8	71	71
Cost of goods sold		0	0	-1	0
Gross earnings		8	8	70	70
Sales, marketing and admin costs		-36	-37	-179	-180
Other operating income and expenses		-1	-4	-13	-16
Operating earnings (EBIT)		-29	-33	-122	-126
Financial income and expenses		-419	-1,174	-604	-1,359
Appropriations		-	-	37	37
Earnings/loss before tax		-448	-1,207	-689	-1,448
Tax		-	-	94	94
Net earnings/loss ¹⁾		-448	-1,207	-595	-1,354

¹⁾ Comprehensive income equals net earnings/loss for the year

Balance sheet

SEK m	Note	March 31, 2020	March 31, 2019	Dec 31, 2019
Tangible fixed assets		0	1	0
Intangible fixed assets		0	1	1
Shares in group companies		7,731	7,731	7,731
Long term receivables group		5,753	5,493	5,503
Other non-current assets		484	409	475
Short term financial receivables group		701	4,847	124
Other current assets		32	24	30
Cash & cash equivalents		0	0	0
Total assets		14,701	18,506	13,864
Total equity		3,117	3,712	3,565
Non current liabilities		10,235	8,982	8,860
Current liabilities		1,349	5,812	1,439
Total equity & liabilities		14,701	18,506	13,864



Key figures and FX rates

Key figures

SEK m unless otherwise stated	2020	2019			
	Q1	Q4	Q3	Q2	Q1
<i>Continuing operations</i>					
Net Sales	2,720	2,463	2,895	3,065	3,218
Organic volume-based sales growth, %	-3.9	-7.4	1.7	-5.6	0.0
Marginal contribution	879	760	829	874	943
EBITDA excluding non-recurring items	421	275	439	365	475
% of net sales	15.5	11.2	15.2	11.9	14.8
Cash conversion, % of EBITDA excluding non-recurring items	-29	200	69	61	2
<i>Consolidated Group</i>					
Net earnings/loss	-279	-99	-59	-52	3,685
Earnings, per share, diluted, SEK	-5.57	-1.98	-1.20	-1.04	73.71
Net debt excluding pension liabilities	9,505	8,526	9,133	8,883	8,822
Leverage ¹⁾	6.3x	5.5x	5.5x	5.4x	5.0x

¹⁾ Net debt excluding pension liabilities / EBITDA excluding non-recurring items.

Currency rates

Closing rate					
USD	10.08	9.32	9.80	9.27	9.28
EUR	11.08	10.43	10.73	10.56	10.42
GBP	12.39	12.21	12.07	11.75	12.08
Average rate					
USD	9.67	9.63	9.59	9.45	9.17
EUR	10.66	10.66	10.66	10.62	10.42
GBP	12.37	12.38	11.81	12.15	11.94

Notes

1. Accounting & valuation principles

The consolidated financial statements for Perstorp Holding AB have been prepared in accordance with IAS 34, Interim Financial Reporting, and the applicable regulations of the Swedish Annual Accounts Act. The Interim Report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act's chapter 9, Interim Reporting. The same accounting principles and calculation methods used in the interim reports were used in the annual accounts for 2019. The accounting principles of the Group and parent company are stated in Note 2 of the 2019 Annual Report.

2. Definitions non IFRS measures

Average capital

Based on monthly balances during the year.

Capital employed

Total assets less interest-free liabilities.

Marginal contribution

Is the difference between net sales and the variable elements of the Group's cost of goods sold, being variable production and distribution cost, freight and commission costs.

Organic volume-based sales growth

Is change in organic production volume sold (i.e., sold production volume times product price) between successive periods assuming a constant price over the relevant period and excluding foreign exchange effects and the impact of acquisitions.

EBITDA

Represents the Group's operating earnings (EBIT) before depreciation and amortization.

EBITDA (excluding non-recurring items)

Represents reported EBITDA as adjusted to exclude restructuring costs, capital gains/losses on divestment of companies and disposal of fixed assets and other non-recurring income and cost.

EBIT

Calculated as the Group's reported operating earnings.

Free cash flow

Calculated as EBITDA (excluding non-recurring items) less investments and change in working capital, excluding exchange rate effects and provisions.

Cash conversion

Free cash flow divided by EBITDA (excluding non-recurring items).

Available funds

The sum of liquid funds and unutilized credit facilities.

Net debt

Interest-bearing liabilities, including provision for pensions, less financial interest-bearing receivables. Activated costs for arranging financing are excluded from Net debt.

Leverage

Net debt excluding pension liabilities/EBITDA excluding non-recurring items.

Continuing operations

Excludes the divested units Perstorp UK Ltd, Perstorp Bioproducts AB and Perstorp Bioproducts AS.

3 Segment information ¹⁾

SEK m	Quarter 1		Latest 12 months	Full year 2019
	2020	2019		
Net Sales				
Specialty Polyols & Solutions	1,522	1,854	6,103	6,435
Advanced Chemicals	979	1,021	3,795	3,837
Animal Nutrition	288	305	1,204	1,221
Internal sales				
Specialty Polyols & Solutions	-3	-2	-5	-4
Advanced Chemicals	-132	-139	-512	-519
Animal Nutrition	-3	-4	-12	-13
Other/eliminations	69	183	570	684
Continuing operations	2,720	3,218	11,143	11,641
Discontinued operations	-	113	-	113
TOTAL GROUP	2,720	3,331	11,143	11,754
EBITDA				
Specialty Polyols & Solutions	322	311	1,023	1,012
Advanced Chemicals	147	146	525	524
Animal Nutrition	37	45	178	186
Other/eliminations	-87	-89	-293	-295
Continuing operations	419	413	1,433	1,427
Discontinued operations	-	4,780	-14	4,766
TOTAL GROUP	419	5,193	1,419	6,193
<i>Non allocated items</i>				
Depreciation, Amortization and write down	-138	-136	-549	-547
Operating earnings (EBIT)	281	5,057	870	5,646
Financial income and expenses	-524	-1,362	-1,099	-1,937
Earnings/loss before tax	-243	3,695	-229	3,709
Tax	-36	-10	-260	-234
Net result	-279	3,685	-489	3,475
EBITDA excluding non-recurring items				
Specialty Polyols & Solutions	319	311	1,037	1,029
Advanced Chemicals	147	151	520	524
Animal Nutrition	37	45	178	186
Other/eliminations	-82	-32	-235	-185
Continuing operations	421	475	1,500	1,554
Discontinued operations	-	80	1	81
TOTAL GROUP	421	555	1,501	1,635

¹⁾ The Group is domiciled in Sweden. The result of its net sales from external customers in Sweden is 6% (6), and the total of net sales from external customers from other countries is 94% (94). No sales above 10% derived from a single external customer.

4. Working Capital

SEK m	March 31, 2020	March 31, 2019	Dec 31, 2019
Inventories	1,430	1,607	1,440
Accounts receivable	944	1,005	681
Other current assets	381	335	387
Accounts payable	-548	-663	-767
Other current liabilities	-1,046	-1,146	-1,061
Total	1,161	1,138	680

5. Leasing, continuing operations

SEK m	Q1, 2020	Q1, 2019
Impact on income statement, IFRS16 ¹⁾		
Depreciation on right of use assets	-12	-9
Interest on lease liability	-2	-2

¹⁾ The effect on EBITDA is approximately SEK 14 (11) m.

6. Equity

At the end of March 2020 equity for the parent company, Perstorp Holding AB, amounts to SEK 3,117 m (3,712). Consolidated equity, including non-controlling interest, for the Perstorp Group amounts to SEK 812 m (1,457).

7. Divestment

During the first quarter 2019 the transaction of the divested Caprolactone business was closed. The capital gain amounted to SEK 4,691 m. In the income statement for 2019, the capital gain and the operative result from the Caprolactone business up until the transactions date, has been classified as discontinued operations.

8. Financing

During the first quarter 2019, Perstorp issued redemption notices for all outstanding bonds and notes issued by Prague CE S.A.R.L.. The redemption was financed by the proceeds of the Caprolactone sale as well as new credit facilities, with lower interests, committed by Bank of America, Merrill Lynch, Goldman Sachs Bank USA, DNB, SEB, Standard Chartered Bank and Nordea.

9. Risk and uncertainty

Perstorp is exposed to a number of risks and uncertainty factors, which are reviewed in the Annual Report for 2019.

Perstorp has since the outbreak of Covid-19 monitored the situation closely and actions have been taken to avoid disruptions to our business as well as to protect our employees' health. The company is committed to ensuring that the guidance or direction of any relevant country health authorities are followed. As a result, additional quality and hygiene measures have been implemented at our production sites and offices, non-business critical jobs shall be done from home and social distancing shall be applied. In addition, all non-essential travel has been stopped.

The impact of Covid-19 on Perstorp's customers continues to evolve in different segments and regions. However, the Group's revenue to date has not been adversely impacted. Considering the uncertainty in the market, management has temporarily installed a Crisis Management Organization to safeguard the health and safety of our employees, to secure business contingency and to strive to minimize the recovery and restoration phase of this situation as fast as possible. Perstorp has taken decisive and proactive steps to manage production and stock levels. Actions have also been implemented to manage non critical spend, capex and working capital in order to protect cashflow. To date, the company's logistic and raw material suppliers continue to provide services without disruption. Management is closely following and monitoring the development of Covid-19, the health and safety of our employees as well as the development of our business and will provide further updates in case of material change of the conditions.

10. Key events after the balance sheet date

On April 22nd, Standard & Poor's announced a downgrade of Perstorp's rating to B- with a negative outlook. No other major events have occurred since the balance sheet date and up to the publication of this report.

11. Other information

Perstorp's financial information comprises of Interim-, Annual- and a Sustainability report.

The complete Annual Report for the full year 2019, is available in English and can be downloaded from the Group's website at www.perstorp.com.

Perstorp, May 4, 2020

A handwritten signature in black ink, appearing to read "Jan Secher", is written over a light grey horizontal line.

Jan Secher, President and CEO

The report has not been reviewed by Perstorp's auditors.

One molecule can change everything

Perstorp believes in improving everyday life – making it safer, more convenient and more environmentally sound for billions of people all over the world. As a world leading specialty chemicals company, our innovations provide essential properties for products used every day and everywhere. You'll find us everywhere from your car and smart phone to towering skyscrapers and the local dairy farm. Simply put, we work to make good products even better, with a clear sustainability agenda.

Founded in Sweden in 1881, Perstorp's focused innovation builds on more than 135 years of experience, representing a complete chain of solutions in organic chemistry, process technology and application development. Perstorp has approximately 1,350 employees and manufacturing units in Asia, Europe and North America. Sales in 2019 amounted to 11.6 billion for continuing operations.

Learn more at www.perstorp.com