



Perstorp Holding AB (Publ.)

Interim report 1 January – 30 June 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 April - June 2020, continuing operations

- Net sales decreased with 32% to SEK 2,079 m (3,065).
- Organic volume-based sales growth was -22% year-on-year.
- Excluding currency effects, sales prices in the second quarter were substantially lower than the corresponding quarter last year in EMEA and APAC, mainly linked to lower raw material prices.
- EBITDA excluding non-recurring items amounted to SEK 265 m (365).
- EBITDA-margin excluding non-recurring items was 12.7% (11.9).
- Solid free cash flow generation at SEK 323 (221).

Key figures in summary, continuing operations

SEK m unless otherwise stated	Quarter 2		Quarter 1-2		Latest	Full year
	2020	2019	2020	2019	12 months	2019
Net Sales	2,079	3,065	4,799	6,283	10,157	11,641
EBITDA	239	362	658	775	1,310	1,427
% of net sales	11.5	11.8	13.7	12.3	12.9	12.3
EBITDA excluding non-recurring items ¹⁾	265	365	686	840	1,400	1,554
% of net sales	12.7	11.9	14.3	13.4	13.8	13.3
Operating earnings (EBIT)	94	232	375	518	746	889
% of net sales	4.5	7.6	7.8	8.2	7.3	7.6
Net earnings/loss	294	-41	15	-1,112	-141	-1,268
Free cash flow	323	221	202	231	1,052	1,081

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



President's Comments – Q2 2020

“The second quarter was characterized by a clear slowdown of demand. Although EBITDA decreased by 27% during the quarter, Perstorp has demonstrated its ability to act with agility, defending margins and swiftly implementing programs for fixed cost reductions and cash preservation. Our available funds increased during the quarter by SEK 290 m and amounted to SEK 1,234 m at June 30th”

Today we report a very special quarter, marked by a pandemic with a global impact none of us have experienced before. For Perstorp, like for so many others, this has meant a vast number of sudden challenges within many areas of the company. Although the most intense period now seems to have transformed into a period with unprecedented low visibility and high degree of uncertainty, the effects of the ongoing covid-19 pandemic are likely to characterize society and our business for a significant time ahead.

The second quarter started with Europe and parts of Asia being in severe lockdown mode, and with an acceleration of the virus spread in the US with lockdown actions in several states as a consequence. On the other hand, China started to open up again, and there has been several reports about a relatively speedy recovery of the Chinese economy. The Covid-19 pandemic has led to a substantial drop in raw material prices, both compared to second quarter last year and the last quarter, with a price for Brent crude at historically low levels.

Decreased volumes but margins and cash protected

For Perstorp, the second quarter was characterized by a clear slowdown of demand, however with a great deal of variation between sectors and geographies. The largest volume loss took place in the Americas. We also experienced a drop of volumes in Europe, although at a somewhat lower rate, while there were some signs of recovery in APAC. Net sales amounted to SEK 2,079 m, a 32% decrease over the second quarter last year. This was mainly due to lower volumes driven by the Covid-19 situation driving country and industry lockdowns in all three geographies; Europe, APAC and Americas. Volume based sales growth for the period was -22% compared to the same period last year. EBITDA excluding non-recurring items amounted to SEK 265 m (365) with an EBITDA margin of 12.7% (11.9). LTM EBITDA amounted to SEK 1,400 m compared to 1,554 m for the full year 2019.

Although EBITDA decreased by 27% during the quarter, Perstorp has demonstrated its ability to act with agility, defending margins and swiftly implementing programs for fixed cost reductions and cash preservation. Our available funds increased during the quarter by SEK 290 m and amounted to SEK 1,234 m at June 30.

Demand has weakened for two of the three Business Areas

The decrease in demand has primarily been seen in two of the three Business Areas.

Business Area Specialty Polyols & Solutions was primarily affected by lower volumes partly offset by improved unit margins for most product lines and a favorable product mix. EBITDA for the second quarter amounted to SEK 131 m (218).

Business Area Advanced Chemicals experienced lower volumes and lower unit margins for some of the product lines due to price pressure. EBITDA amounted to SEK 61 m (165).

Business Area Animal Nutrition continued to show a positive volume development, but was impacted by lower unit margins and higher costs related to further buildup of the new sales and marketing organization. EBITDA amounted to SEK 44 m (69).

Agility and ability to transform swiftly

In order to be prepared for the consequences of Covid-19, in particular the risk of business interruptions and a steep drop in demand, mitigation actions were swiftly introduced already in the first quarter. A temporarily installed Crisis Management Organization has had the task to track and support faster adjustments in the entire supply chain as well as serving for speedy decision making. There has been an increased focus on both internal and external communication as means to keep motivation and transparency with our stakeholders. Despite the Covid-19 situation, supply of raw materials, production and delivery to our customers have during the second quarter worked well, with very few interruptions.

We continue to follow the regional development of the Covid-19 situation in order to safeguard the health and safety of our employees as well as our business continuity. National and regional guidelines are followed and those employees that have been able to conduct their work from home have been asked to do so until after summer, when a gradual return to the offices will be evaluated.

During the beginning of the quarter our main supplier in Stenungsund had a severe fire. By activating our prepared contingency plans we have been able to secure our main raw material supplies and keep customer delivery disturbances to a minimum.

Continued development of the company

Our safety performance remains a top priority. We have continued to perform well in the area of process safety events, but for OSHA recordables we have recently seen a slightly downward trend. We have ambitious targets and continue with our persistent work.

Despite the volatile macroeconomic sentiment, Perstorp has continued many of its development projects to prepare the organization to get back to the growth trajectory. The market approach has stepped up in pro-activity; communication via digital channels and social media has intensified and webinars have been held very successfully. The implementation of a new CRM-system has continued, which has given us new opportunities and tools to improve the way we work both in the relations with our customers as well as internally.

Perstorp has decided to postpone the construction of the new Penta plant in Gujarat, India. The lockdown situation in India has had a large impact on the construction site and the current demand situation is uncertain. All construction work is put on hold for the time being but the ambition is to resume full operations when the visibility for the future has improved and it is possible to resume work as planned.

In uncertain times like this, it is of great importance to protect the short term but also important to take the time to look at the bigger picture and possible opportunities and threats. I have taken a considerable amount of my time over the last two months to speak with a lot of people and institutions both within our industry and outside. All with the objective to try to set a framework and direction for our leaders to use when they in turn set the direction for the business going forward.

Malmö, July 2020



Jan Secher

President and CEO

Financial overview April – June 2020

Income statement, continuing operations

SEK m	Quarter 2	
	2020	2019
Net Sales	2,079	3,065
Cost of goods sold	-1,768	-2,600
Gross earnings	311	465
Operating earnings (EBIT)	94	232
Exchange rate effects on net debt	335	-52
Other financial income and expenses	-135	-164
Earnings before tax	294	16
Tax	0	-57
Net earnings/loss	294	-41
EBITDA	239	362
EBITDA excluding non-recurring items	265	365

Net sales and earnings, continuing operations ¹⁾

Net sales during the second quarter amounted to SEK 2,079 m (3,065), a decrease of SEK 986 m or 32%. The decrease was mainly due to lower volumes driven by the Covid-19 situation driving country and industry lockdowns in all three geographies; Europe, APAC and the Americas. In addition to lower demand, sales prices were substantially lower than last year linked to lower raw material prices. Exchange rate impact in sales was limited in the quarter.

Organic volume based sales growth was -22% in the second quarter 2020.

Average Dated Brent oil price decreased by 50% in the second quarter 2020 compared to the corresponding quarter last year and was 32 % lower than in the first quarter 2020. The lower price on Dated Brent oil, compared to the second quarter 2019, has also impacted pricing on downstream derivatives like propylene and ethylene during the second quarter of 2020.

The Swedish krona, in the second quarter, was more or less on the same level against USD and EUR from last quarter but weakened against USD and to some extent against EUR compared to the corresponding quarter 2019, resulting in a positive exchange rate effects on sales of less than 1%.

EBITDA excluding non-recurring items amounted to SEK 265 m (365), corresponding to an EBITDA margin of 12.7% (11.9).

The lower EBITDA was mainly attributable to the negative impact from lower volumes and lower unit margins for some product lines. The negative impact was partially offset by a positive product mix together with lower fixed costs following strict spend control.

Depreciation and amortization amounted to SEK 145 m (129). EBIT amounted to SEK 94 m (232) for the period.

Net financial expenses, excluding currency effects on net debt, amounted to SEK 135 m (164).

Tax amounted to SEK 0 m (-57) and net result amounted to SEK 294 m (-41).

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

Financial overview January - June 2020

Income statement, continuing operations

SEK m	Quarter 1-2	
	2020	2019
Net Sales	4,799	6,283
Cost of goods sold	-3,994	-5,280
Gross earnings	805	1,003
Operating earnings (EBIT)	375	518
Exchange rate effects on net debt	-27	-236
Other financial income and expenses	-297	-1,339
Earnings before tax	51	-1,057
Tax	-36	-55
Net earnings/loss	15	-1,112
EBITDA	658	775
EBITDA excluding non-recurring items	686	840

Net sales and earnings, continuing operations¹⁾

Net sales for the first six months of 2020 amounted to SEK 4,799 m (6,283), a decrease of SEK 1,484 m or 24%.

Organic volume based sales growth was -11%.

Excluding currency effects, sales prices in the first half of 2020 were substantially lower than last year mainly linked to lower raw material prices.

During the first six months of 2020, the Swedish krona weakened somewhat against the USD and EUR compared to the corresponding period in 2019, resulting in positive exchange rate effects on sales of approximately 2%.

EBITDA excluding non-recurring items amounted to SEK 686 m (840), corresponding to an EBITDA margin of 14.3% (13.4). The decrease in earnings compared to last year of SEK 154 m was attributable to lower volumes together with lower unit margins for some product lines, partially offset by a positive product mix together with lower fixed costs following strict spend control.

Depreciation and amortization for the period amounted to SEK 283 m compared to SEK 257 m.

Net financial expenses, excluding currency effects on net debt, amounted to SEK 297 m compared to SEK 1,339 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 (-55) which is primarily related to deferred tax costs linked to utilization of tax losses carry forward, mainly during the first quarter 2020.

Net result amounted to SEK 15 m (-1,112).

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

Free cash flow analysis, continuing operations¹⁾

SEK m	Quarter 2		Quarter 1-2		Latest	Full year
	2020	2019	2020	2019	12 months	2019
EBITDA excluding non-recurring items	265	365	686	840	1,400	1,554
Change in Working Capital ²⁾	176	-32	-254	-396	284	142
Maintenance Capex	-46	-54	-104	-107	-293	-296
Free Cash Flow before Strategic Capex	395	279	328	337	1,391	1,400
% of EBITDA excluding non-recurring items	149	76	48	40	99	90
Strategic Capex	-72	-58	-126	-106	-339	-319
Free Cash Flow	323	221	202	231	1,052	1,081
% of EBITDA excluding non-recurring items	122	61	29	28	75	70

¹⁾ For further details on total cash flow, please see page 17.

²⁾ Excluding currency translation effects and provisions.

Available funds and debt

SEK m	June 30, 2020	June 30, 2019	Dec 31, 2019
Available funds	1,234	939	1,248
Net debt	9,067	9,292	8,993
Net debt excl. pension liabilities	8,598	8,883	8,526
Leverage ¹⁾	6.1x	5.4x	5.5x

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

Free cash flow April - June

Free Cash flow in the second quarter 2020 amounted to SEK 323 m (221). The lower earnings were counterbalanced by favorable development of working capital. Total investment was at the same level as the corresponding period last year. Utilization of the factoring program at June 30, 2020 amounted to EUR 62 m (92).

Free cash flow January - June

Free Cash flow for the first 6 month amounted to SEK 202 m (231). The free cash flow was affected by the lower earnings in combination with somewhat higher investments, counterbalanced to a certain extent by favorable development of working capital.

Net debt and leverage

The Group's available funds, liquid funds and unutilized credit facilities, were SEK 1,234 m (939) at the end of the period, compared with SEK 944 m at the end of the first quarter 2020 and SEK 1,248 at the end of the year 2019.

Net debt, excluding pension liability, decreased by SEK 907 m during Q2/20 mainly related to a stronger SEK primarily against USD and EUR and by a positive cash flow from operations.

Leverage was 6.1x (5.4x) at the end of the second quarter 2020 compared to 5.5x at the end of 2019.



Business Area

Speciality Polyols & Solutions

Business Area

Specialty Polyols & Solutions

SEK m	Quarter 2		Quarter 1-2	
	2020	2019	2020	2019
<i>Continuing operations</i>				
Net sales	1,141	1,667	2,663	3,521
EBITDA	137	217	459	528
EBITDA excl. non-recurring items	131	218	450	529
EBITDA margin excl. non-recurring items, %	11.5	13.1	16.9	15.0


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

April - June 2020

Net sales in the second quarter 2020 amounted to SEK 1,141 m (1,667). The lower sales compared to previous year were mainly attributable to weaker demand and corresponding lower volumes of all large product lines in combination with lower raw material prices. Exchange rates had a positive impact on sales of approximately 1%.

Organic volume based sales growth was -24%.

EBITDA excluding non-recurring items in the second quarter was SEK 131 m (218) corresponding to an EBITDA margin of 11.5% (13.1). The decrease was due lower volumes and negative currency effects from revaluation of net receivables which to some extent was offset by improved unit margins and lower fixed costs.

A close-up photograph of a person's hands and feet resting on a blue, textured mat. The mat has a ribbed pattern and is partially unrolled. The person's skin is dark, and their hands are positioned on the mat, with fingers slightly spread. The background is blurred, showing a light-colored floor and a dark object in the distance.

Business Area
Advanced Chemicals

Business Area

Advanced Chemicals

SEK m	Quarter 2		Quarter 1-2	
	2020	2019	2020	2019
<i>Continuing operations</i>				
Net sales	660	1,053	1,639	2,074
EBITDA	57	168	204	314
EBITDA excl. non-recurring items	61	165	208	316
EBITDA margin excl. non-recurring items, %	9.2	15.7	12.7	15.2

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

April-June 2020

Net sales in the second quarter 2020 amounted to SEK 660 m (1,053). The decrease compared to previous year was mainly attributable to substantially weaker demand for both Oxo and Plasticizers products linked to Covid-19, especially in the automotive and aviation segments. In addition, raw material prices, mainly on Naphtha and Propylene, were substantially lower than corresponding quarter last year. Exchange rates had a positive impact on sales of less than 1%.

Organic volume base sales growth was -31%.

EBITDA excluding non-recurring items amounted to SEK 61 m (165), corresponding to an EBITDA margin of 9.2% (15.7) explained by lower volumes and to some extent price pressure on certain product lines.



Business Area
Animal Nutrition

Business Area

Animal Nutrition

SEK m	Quarter 2		Quarter 1-2	
	2020	2019	2020	2019
<i>Continuing operations</i>				
Net sales	314	307	602	612
EBITDA	44	69	81	114
EBITDA excl. non-recurring items	44	69	81	114
EBITDA margin excl. non-recurring items, %	14.0	22.5	13.5	18.6

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

April - June 2020

Net sales in the second quarter 2020 amounted to SEK 314 m (307), an increase of 2%. Feed Additives showed a 14% year-over-year growth. Acids & Salts was 6% lower compared to previous year, mainly attributable to price pressure and additional supply from Chinese competitors. Exchange rates had a positive impact on sales of approximately 1%.

Organic volume based sales growth was +13%

EBITDA excluding non-recurring items in the second quarter was SEK 44 m (69) corresponding to an EBITDA margin of 14.0% (22.5). The decrease was due to lower unit margins for some products lines and higher fixed costs.

Consolidated income statement

Income statement, consolidated group

SEK m	Note	Quarter 2		Quarter 1-2		Latest	Full year
		2020	2019	2020	2019	12 months	2019
Continuing operations							
Net Sales	3	2,079	3,065	4,799	6,283	10,157	11,641
Cost of goods sold		-1,768	-2,600	-3,994	-5,280	-8,524	-9,810
Gross earnings		311	465	805	1,003	1,633	1,831
Selling, administration and R&D costs		-191	-231	-395	-447	-804	-856
Other operating income and expenses ¹⁾		-24	-4	-32	-41	-65	-74
Write-down of assets		-3	0	-4	0	-20	-16
Result from participations in associated companies		1	2	1	3	2	4
Operating earnings (EBIT)	5	94	232	375	518	746	889
Exchange-rate effects on net debt		335	-52	-27	-236	5	-204
Other financial income and expenses		-135	-164	-297	-1,339	-689	-1,731
Earnings/loss before tax		294	16	51	-1,057	62	-1,046
Tax		0	-57	-36	-55	-203	-222
Net earnings/loss		294	-41	15	-1,112	-141	-1,268
Discontinued operation	7						
Net sales	3	-	0	-	113	0	113
Operating earnings (EBIT)		-	-11	-	4,760	-3	4,757
Earnings/loss before tax		-	-10	-	4,758	-3	4,755
Tax		-	-1	-	-13	1	-12
Net earnings/loss		-	-11	-	4,745	-2	4,743
Group, total							
Net sales		2,079	3,065	4,799	6,396	10,157	11,754
Operating earnings (EBIT)		94	221	375	5,278	743	5,646
Earnings/loss before tax		294	6	51	3,701	59	3,709
Tax		0	-58	-36	-68	-202	-234
Net earnings/loss		294	-52	15	3,633	-143	3,475

Consolidated Group

EBITDA	3	239	351	658	5,544	1,307	6,193
EBITDA excluding non-recurring items	3	265	364	686	919	1,402	1,635

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

Consolidated income statement

Comprehensive income report

SEK m	Quarter 2		Quarter 1-2		Latest	Full year
	2020	2019	2020	2019	12 months	2019
Net result for the period	294	-52	15	3,633	-143	3,475
Other comprehensive income						
<i>Items that will not be reclassified to profit or loss</i>						
Remeasurements of defined benefit plan	-	-	-	-	-44	-44
<i>Items that may be subsequently reclassified to profit or loss</i>						
Currency translation effect	44	5	-23	35	-48	10
Other comprehensive income net after tax	44	5	-23	35	-92	-34
Total comprehensive income	338	-47	-8	3,668	-235	3,441
Attributable to:						
Parent company's shareholder	344	-53	-16	3,647	-249	3,414
Non-controlling interest	-6	6	8	21	14	27

Consolidated balance sheet

Balance sheet, consolidated group

SEK m	Note	June 30, 2020	June 30, 2019	Dec 31, 2019
Tangible fixed assets		4,741	4,610	4,767
Intangible fixed assets		4,349	4,387	4,382
Participation in associated companies		77	74	75
Other non-current assets		1,090	1,165	1,109
Inventories		1,277	1,595	1,440
Other current assets		1,056	1,440	1,078
Cash & cash equivalents, incl. short-term investments		1,146	333	453
Total assets		13,736	13,604	13,304
Total equity	6	1,141	1,410	1,158
Pension liability, others		491	408	488
Other non-current liabilities		10,421	9,857	9,704
Current liabilities		1,683	1,929	1,954
Total equity & liabilities		13,736	13,604	13,304
Working capital	4	903	1,188	680
Net debt	8	9,067	9,292	8,993
Net debt excluding pension liabilities		8,598	8,883	8,526
Capital employed		11,380	10,985	10,623
Number of full-time employees, end of period		1,383	1,376	1,366
Contingent liabilities		276	222	276
Assets pledged		6,522	7,845	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		-16	8	-8
Dividend to non controlling interest		-	-9	-9
Closing balance, June 30, 2020		1,013	128	1,141

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	3,647	21	3,668
Transactions with owners, recognized directly in equity	-	-1	-1
Closing balance, June 30, 2019	1,262	148	1,410

Consolidated cash flow statement

SEK m	Quarter 2		Quarter 1-2		Latest	Full year
	2020	2019	2020	2019	12 months	2019
Operating activities						
Operating earnings	94	232	375	518	746	889
Adjustments						
Depreciation and write-down	145	130	283	257	564	538
Other	46	-59	-4	-142	-17	-155
Operating activities in discontinued operations	-	-	-	78	0	78
Interest received and other financial items	1	1	1	2	5	6
Interest paid and other financial items	-1	-151	-158	-1,044	-508	-1,394
Income tax paid	-12	-15	-40	-40	-58	-58
Interest and taxes paid in discontinued operation	-	-	-	-6	0	-6
Cash flow from operating activities before change in operating capital	273	138	457	-377	732	-102
Changes in working capital						
Increase (-) Decrease (+) in net working capital ¹⁾	176	-32	-254	-396	284	142
Discontinued operations	-	-	-	-38	0	-38
Cash flow from operating activities	449	106	203	-811	1,016	2
Investing activities						
Acquisition of net assets, subsidiaries	-	-	-	-	-	-
Investments in other participations	-	-	-	-2	-	-2
Acquisition of tangible and intangible fixed assets	-118	-111	-230	-213	-632	-615
Sale of net assets, subsidiaries	-	-	-	6,057	-	6,057
Sale of shares, other participations	-	5	-	5	-	5
Discontinued operations	-	-	-	-7	-	-7
Cash flow from investing activities	-118	-106	-230	5,840	-632	5,438
Financing activities						
Dividend paid to non-controlling interests in subsidiaries	-9	-	-9	-29	-34	-54
New loans	-	-27	-	8,800	-	8,800
Amortization of loans	-9	-9	-19	-13,968	-38	-13,987
Change in credit utilization ³⁾	-9	96	753	-76	509	-320
Cash flow from financing activities	-27	60	725	-5,273	437	-5,561
Change in liquid funds, incl. short-term investments	304	60	698	-244	821	-121
Liquid fund opening balance, incl. short-term investments	858	272	453	565	333	565
Translation difference in liquid funds	-16	1	-5	12	-8	9
Liquid funds, end of period²⁾	1,146	333	1,146	333	1,146	453

¹⁾ Including trade receivable financing program²⁾ Whereof restricted and held on escrow³⁾ 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 June 30, 2020 amounted to 3,361 m (3,578) compared to SEK 3,565 m at December 31, 2019.

Income statement

SEK m	Note	Quarter 2		Quarter 1-2		Latest	Full year
		2020	2019	2020	2019	12 months	2019
Net Sales		15	13	23	21	73	71
Gross earnings		13	13	21	21	70	70
Sales, marketing and admin costs		-34	-47	-70	-84	-166	-180
Other operating income and expenses		-1	-1	-2	-5	-13	-16
Operating earnings (EBIT)		-22	-35	-51	-68	-109	-126
Financial income and expenses	8	266	-99	-153	-1,273	-239	-1,359
Appropriations		-	-	-	-	37	37
Earnings/loss before tax		244	-134	-204	-1,341	-311	-1,448
Tax		-	-	-	-	94	94
Net earnings/loss ¹⁾		244	-134	-204	-1,341	-217	-1,354

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

Balance sheet

SEK m	Note	June 30, 2020	June 30, 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		5,515	5,497	5,503
Other non-current assets		475	412	475
Short term financial receivables group		913	239	124
Other current assets		40	34	30
Cash & cash equivalents		0	0	0
Total assets		14,674	13,915	13,864
Total equity		3,361	3,578	3,565
Other non-current liabilities		9,623	8,962	8,860
Current liabilities		1,690	1,375	1,439
Total equity & liabilities		14,674	13,915	13,864



Key figures and FX rates

Key figures

SEK m unless otherwise stated	2020		2019		
	Q2	Q1	Q4	Q3	Q2
<i>Continuing operations</i>					
Net Sales	2,079	2,720	2,463	2,895	3,065
Organic volume-based sales growth, %	-21.8	-3.9	-7.4	1.7	-5.6
Marginal contribution	726	879	760	829	874
EBITDA excluding non-recurring items	265	421	275	439	365
% of net sales	12.7	15.5	11.2	15.2	11.9
Cash conversion, % of EBITDA excluding non-recurring items	122	-29	200	69	61
<i>Consolidated Group</i>					
Net earnings/loss	294	-279	-99	-59	-52
Earnings, per share, diluted, SEK	5.87	-5.57	-1.98	-1.20	-1.04
Net debt excluding pension liabilities	8,598	9,505	8,526	9,133	8,883
Leverage ¹⁾	6.1x	6.3x	5.5x	5.5x	5.4x

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

Currency rates

Closing rate					
USD	9.35	10.08	9.32	9.80	9.27
EUR	10.48	11.08	10.43	10.73	10.56
GBP	11.47	12.39	12.21	12.07	11.75
Average rate					
USD	9.68	9.67	9.63	9.59	9.45
EUR	10.65	10.66	10.66	10.66	10.62
GBP	12.02	12.37	12.38	11.81	12.15

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 2		Quarter 1-2		Latest	Full year
	2020	2019	2020	2019	12 months	2019
Net Sales						
Specialty Polyols & Solutions	1,141	1,667	2,663	3,521	5,577	6,435
Advanced Chemicals	660	1,053	1,639	2,074	3,402	3,837
Animal Nutrition	314	307	602	612	1,211	1,221
Internal sales						
Specialty Polyols & Solutions	-6	0	-9	-2	-11	-4
Advanced Chemicals	-84	-142	-216	-281	-454	-519
Animal Nutrition	-2	-4	-5	-8	-10	-13
Other/eliminations	56	184	125	367	442	684
Continuing operations	2,079	3,065	4,799	6,283	10,157	11,641
Discontinued operations	-	-	-	113	0	113
TOTAL GROUP	2,079	3,065	4,799	6,396	10,157	11,754
EBITDA						
Specialty Polyols & Solutions	137	217	459	528	943	1,012
Advanced Chemicals	57	168	204	314	414	524
Animal Nutrition	44	69	81	114	153	186
Other/eliminations	1	-92	-86	-181	-200	-295
Continuing operations	239	362	658	775	1,310	1,427
Discontinued operations	0	-11	0	4,769	-3	4,766
TOTAL GROUP	239	351	658	5,544	1,307	6,193
<i>Non allocated items</i>						
Depreciation, Amortization and write down	-145	-130	-283	-266	-564	-547
Operating earnings (EBIT)	94	221	375	5,278	743	5,646
Financial income and expenses	200	-215	-324	-1,577	-684	-1,937
Earnings/loss before tax	294	6	51	3,701	59	3,709
Tax	0	-58	-36	-68	-202	-234
Net result	294	-52	15	3,633	-143	3,475
EBITDA excluding non-recurring items						
Specialty Polyols & Solutions	131	218	450	529	950	1,029
Advanced Chemicals	61	165	208	316	416	524
Animal Nutrition	44	69	81	114	153	186
Other/eliminations	29	-87	-53	-119	-119	-185
Continuing operations	265	365	686	840	1,400	1,554
Discontinued operations	-	-1	-	79	2	81
TOTAL GROUP	265	364	686	919	1,402	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	June 30, 2020	June 30, 2019	Dec 31, 2019
Inventories	1,277	1,595	1,440
Accounts receivable	684	1,022	681
Other current assets	369	356	387
Accounts payable	-420	-634	-767
Other current liabilities	-1,007	-1,151	-1,061
Total working capital	903	1,188	680

5. Leasing, continuing operations

SEK m	Quarter 2		Quarter 1-2	
	2020	2019	2020	2019
Impact on income statement, IFRS16 ¹⁾				
Depreciation on right of use assets	-12	-10	-24	-19
Interest on lease liability	-2	-2	-4	-4

¹⁾ The effect on EBITDA is

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6. Equity

At the end of June 2020 equity for the parent company, Perstorp Holding AB, amounts to SEK 3,361 m (3,578). Consolidated equity, including non-controlling interest, for the Perstorp Group amounts to SEK 1,141 m (1,410).

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's health authorities is followed. As a result, additional quality and hygiene measures have been implemented at our production sites and offices, employees that can work remotely from home must do so and social distancing shall be applied everywhere. In addition, all non-critical travel has been stopped.

The impact of Covid-19 on Perstorp's customers continues to evolve in different segments and regions which is described in this report. Considering the uncertainty in the market, management 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.

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

After the balance sheet date, but before the release of this report, it was announced that Ulf Berghult will join Perstorp as of mid-February 2021 in the position as CFO, taking over from Johan Ryrberg who is temporarily holding the position after Magnus Heimburg who has decided to leave the company to become the CEO of Preem.

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, July 20, 2020



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