

Q2

Perstorp Holding AB (Publ.)

Interim report April – June 2021

Conference call July 20th, 2021

Disclaimer

- This presentation contains financial information regarding the businesses and assets of Perstorp Holding AB (publ) (the "Company") and its consolidated subsidiaries (the "Group"). Such financial information have not been audited, reviewed or verified by the Company's auditors. The inclusion of such financial information in this presentation should not be regarded as a representation or warranty as to the accuracy or completeness of such information's portrayal of the financial condition or results of operations by the Group.
- This presentation contains information, data and predictions about our markets and our competitive position. While we believe this data to be reliable, it has not been independently verified and, while we are not aware of any material misstatements therein, we make no representation or warranty as to the accuracy or completeness of such information.
- This presentation contains forward-looking statements that are based on the current expectations of the management of Perstorp. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other governmental actions, fluctuations in exchange rates and other factors.
- The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. Neither the Company nor the Group undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation.

Today's agenda

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

Business performance

Jan Secher, President & CEO



Executive summary Q2 2021

- Sales amounted to SEK 3,272 m (2,079), a 57% increase consisting of:
 - +65% organic growth whereof +37% sales prices and +28% volumes
 - -8% FX effects
- EBITDA* amounted to SEK 595 m (265) corresponding to a margin of 18.2% (12.7) impacted by negative FX impact (year-on-year) of SEK -53 m. Highest EBITDA and EBITDA margin ever in Perstorp's** history.
- Continued solid free cash flow generation of SEK 409 m (323)
- Available funds amounted to SEK 2,406 m (1,234) at the end of the period
- Successfully managed to defend and improve margins over and above increased raw material prices

* Excluding non-recurring items

** Continuing operations



Business overview 1/2

- Favorable market dynamics for both Intermediates and Specialties across regions
- Strong demand in all regions from most end-user segments
- Unplanned outages and force majeure among some producers continued into Q2/21
- Logistic constraints and cost increases mainly from/in APAC but also in other parts of the world
- Tight availability and costs increases of raw materials constrain production at some customers
- Volatile acid market and curtailed traveling has delayed recovery of Animal Nutrition business

SEK m	Organic Growth Q2/21 vs Q2/20
Polyols	78%
Oxo	84%
Formates	41%
Animal Nutrition	-19%
Other & elim.	-
Perstorp Group	65%

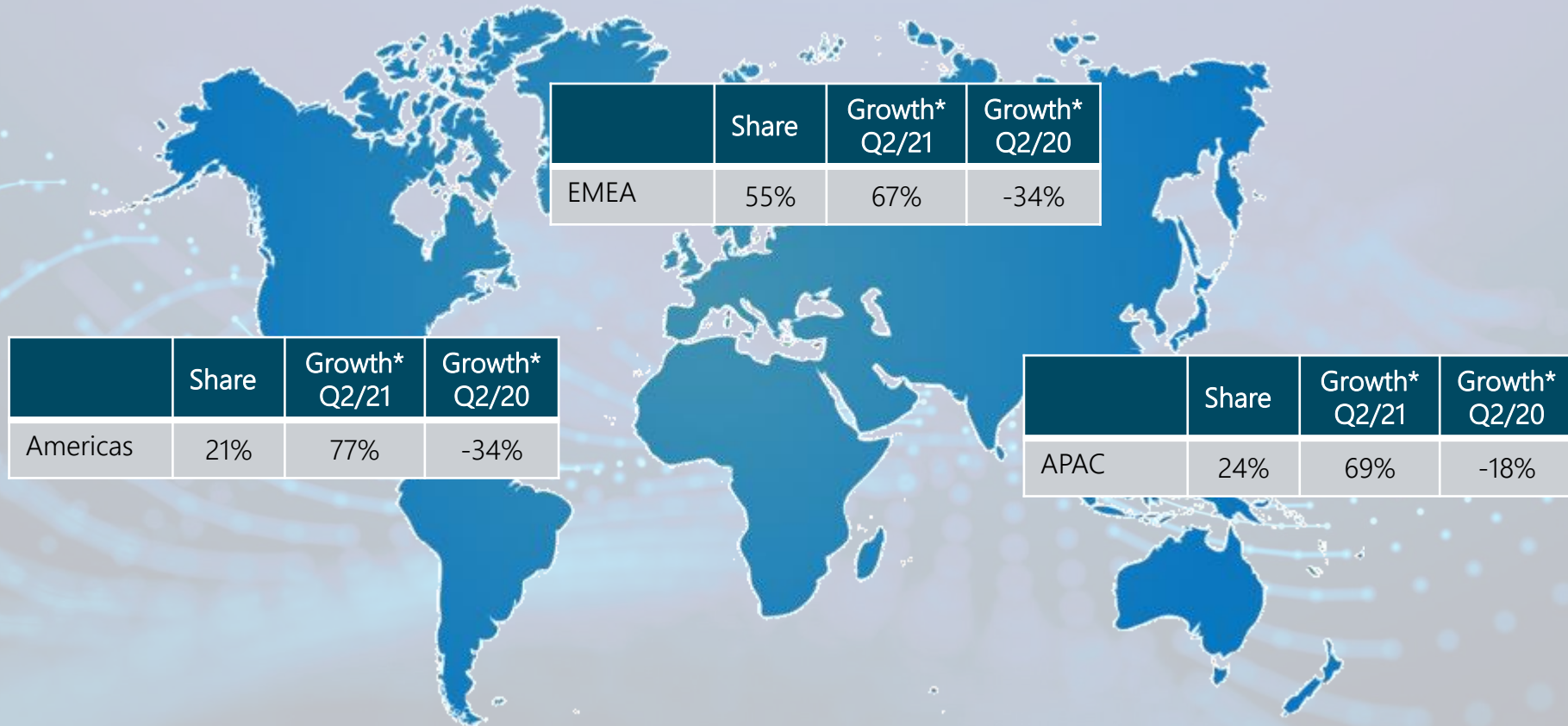
Product dimension overview. Consists of Price and volume, excluding FX

Business overview 2/2

- Price increases, more than compensating for raw material prices increases, implemented by Perstorp in Q2/21 in all regions
- Allocation in place for most products from Perstorp, customers have asked for more product than Perstorp can deliver
- Perstorp's Pro Environment portfolio continued to grow, new record high sales volumes in Q2/21
- Green field Penta plant in India (Project Elephant) progresses according to plan with 1.2 million safe manhours completed
- Aart Mateboer hired as new EVP Animal Nutrition and member of the Perstorp Executive Leadership Team



Regional overview Q2 2021 vs. Q2 2020



Focus Segment: Resins & Coatings – Q2 2021

Easing supply-chain disruptions and more vaccinations supporting continued strong performance in 2021

General Market*

- Strong demand across all major Resins & Coatings segments and with tight availability across raw material platforms.
- Global Construction is predicted to grow 6.7%. American Jobs Plan Act drives new major new investments in infrastructure.
- Automotive demand stagnated in Q2, as semiconductor shortage continued to negatively impact light vehicle production. Sales in Western Europe slumped to -20% lower than pre-Covid-19 pandemic levels during May.

Perstorp's Performance

- Continuously high demand across all Resins & Coatings product lines. Price increase for all product platforms continued in Q2, with significant positive impact from Penta, TMP and NEO.
- Record sales in passive fire protection segment (intumescent paints) continued, also fuelled by investments in new EV related supply chain transformations (i.e. battery factories).



Focus Segment: Engineered Fluids – Q2 2021

Demand continues positive recovery despite supply disruptions

General Market

- Overall continued positive recovery trend in the market in key segments such as aviation, refrigeration and di-electric, with a strong underlying demand.
- Industry-wide global supply challenges continued to disrupt production and logistic schedules.
- Market indicators in RAC (room air conditioning) promising. China's new minimum energy performance standards (MEPS) drives RAC market transition to high efficiency variable-frequency technology

Perstorp's performance

- Continued strong sales in all sub-segments: refrigeration fluids, metal working fluids, di-electric fluids and aviation.
- Major volume recovery in Americas and EMEA and continued strong growth in APAC.
- Strong margin performance supported by a tight supply/demand balance and price increases
- Major Perstorp products continues to be sold out into our sub-segments.



Focus Segment: Animal Nutrition – Q2 2021

Market eagerly waiting to move back to “old normal”

General Market

- Feed prices increased across the board (Corn, Soy, Wheat), at a 5-year high, meat prices are only slowly following this trend resulting in pressure on the use of feed additives.
- Tight supply situation for acid raw materials, caused by force majeure in the market. High freight costs from APAC one of the main driver.
- US and EU markets slowly open up for travel and customer visits: vital for new business development activities.
- APAC continued to struggle with consequences of Covid-19, limiting new business developments in several key markets like India and Philippines.

Perstorp's performance

- Disappointing quarter with challenges in the acid market, continued impact from curtailed traveling.
- Strong sales in APAC and solid growth in some key focus segments, such as Gut Health in China and India, and Acid Blends in Vietnam.



Remaining Segments – Q2 2021

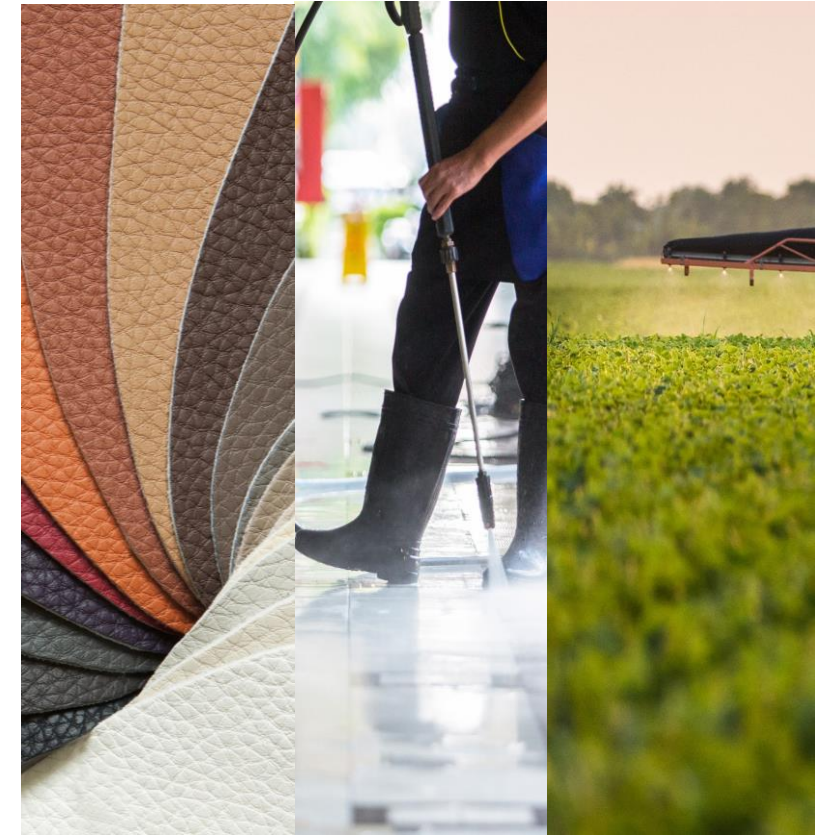
High demand in all three regions and across several of our key secondary markets, combined with a global shortness of supply, supported continued strong performance

General Market

- PVC plasticizer market remained robust in several market segments, Wire and Cable, Pool liners and Membranes for construction. Shortage of PVC resin has dampened an even stronger growth.
- PVB film market segments have continued strong growth in Automotive and Construction applications.
- Global pharmaceutical market continued to grow beyond GDP during the Covid-19 pandemic and is forecasted to remain strong in the foreseeable period/planning horizon, which has increased demand for API (Active Pharmaceutical Ingredient).

Perstorp's performance

- Performance across Oxo and Plasticizer portfolios impacted by limited raw material availability, but according to plan and at significantly higher profitability.
- The entire portfolio of acids to Engineered Fluids, API, Feed and Food, Coolants applications has delivered strong volumes with increasing prices and margins.
- Record high volumes to our main 3GO/PVB film customers at satisfactory margins and to none contracted customers at high margins.



Market Activities – Q2 2021

- Resins & Coatings has been overall promoted with focus on sustainability benefits; Waterborne UV coatings, as an example, are combining superior product quality with minimal environmental impact.
- Emoltene™ 100 Pro, partly based on renewable content, launched to the plasticizer market. The product is based on traceable mass balance and ready to be dropped straight into existing flexible PVC formulations with the added benefit of a lower carbon footprint.
- Production expansion-announced for 2-EHA at site Stenungsund in 2022.
- In Animal Nutrition, introduction started of TMR (Total Mix Ration) products for increased preservation efficiency. Pipeline of new gut health solutions on track for soft launch in Q4 2021.
- In June the Swedish Energy Agency granted Perstorp's Project AIR EUR 30 million as part of the total financing. Additional financing has been applied for at European Innovation fund.
- This year we celebrate that it is 140 years ago since Wilhelm Wendt founded the company that today is the Perstorp Group.



Financial review

Ulf Berghult, CFO

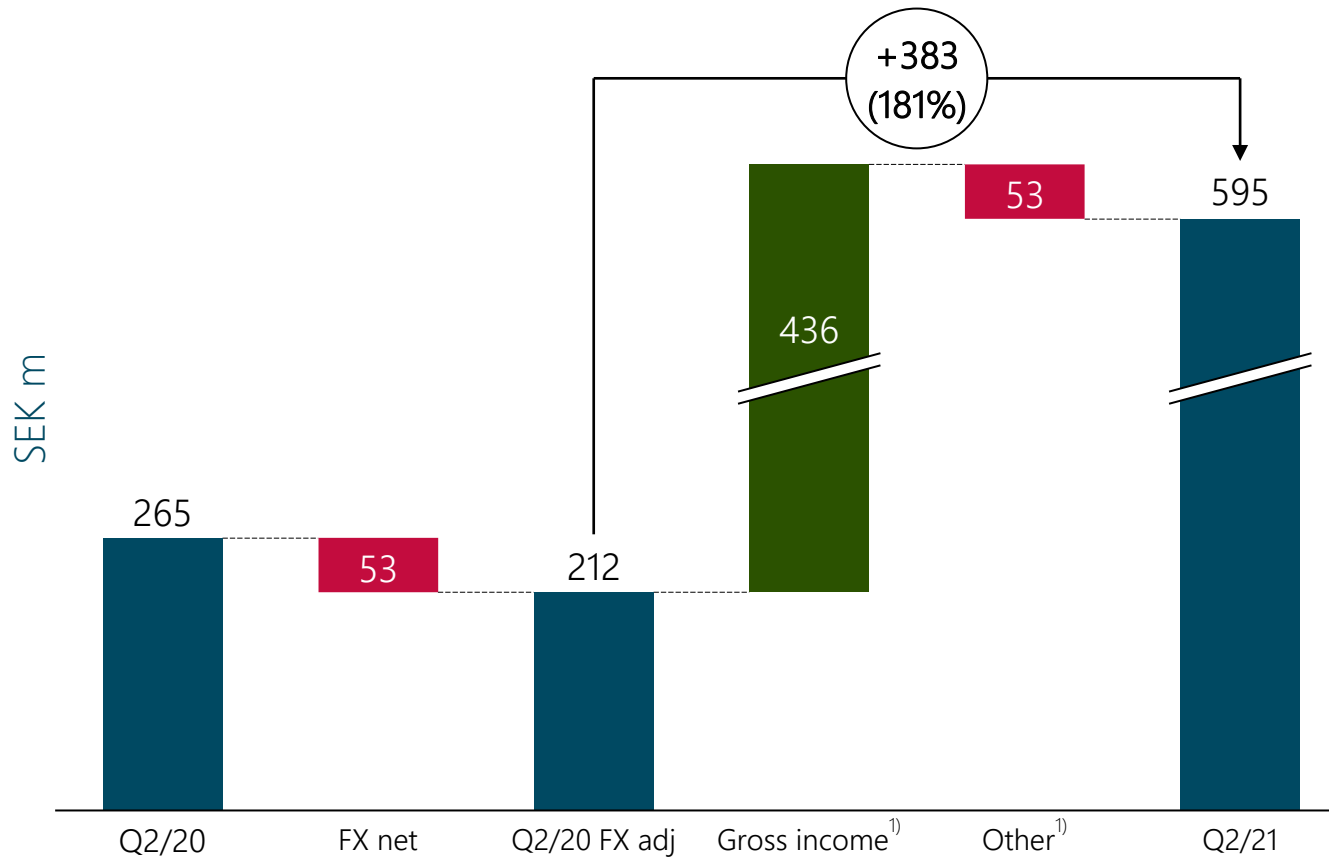


Financial highlights

SEK m	Q2/21	Q2/20	Delta	YTD Q2/21	YTD Q2/20	LTM Q2/21	FY 2020
Net Sales	3,272	2,079	1,194	6,138	4,799	10,533	9,194
% Sales growth (y-o-y)	57%	-32%	-	28%	-24%	4%	-21%
% Organic growth	65%	-32%	-	36%	-25%	11%	-20%
% FX effects	-8%	0%	-	-8%	2%	-7%	-1%
EBITDA, excl. non-recurring items	595	265	330	1,100	686	1,542	1,128
% of sales	18.2%	12.7%	5.5%	17.9%	14.3%	14.6%	12.3%
Non-recurring items	-1	-26	25	-20	-28	-52	-60
EBITDA, reported	594	239	355	1,080	658	1,490	1,068
% of sales	18.1%	11.5%	6.7%	17.6%	13.7%	14.1%	11.6%

EBITDA excl non-recurring items

Q2 2021 vs. Q2 2020

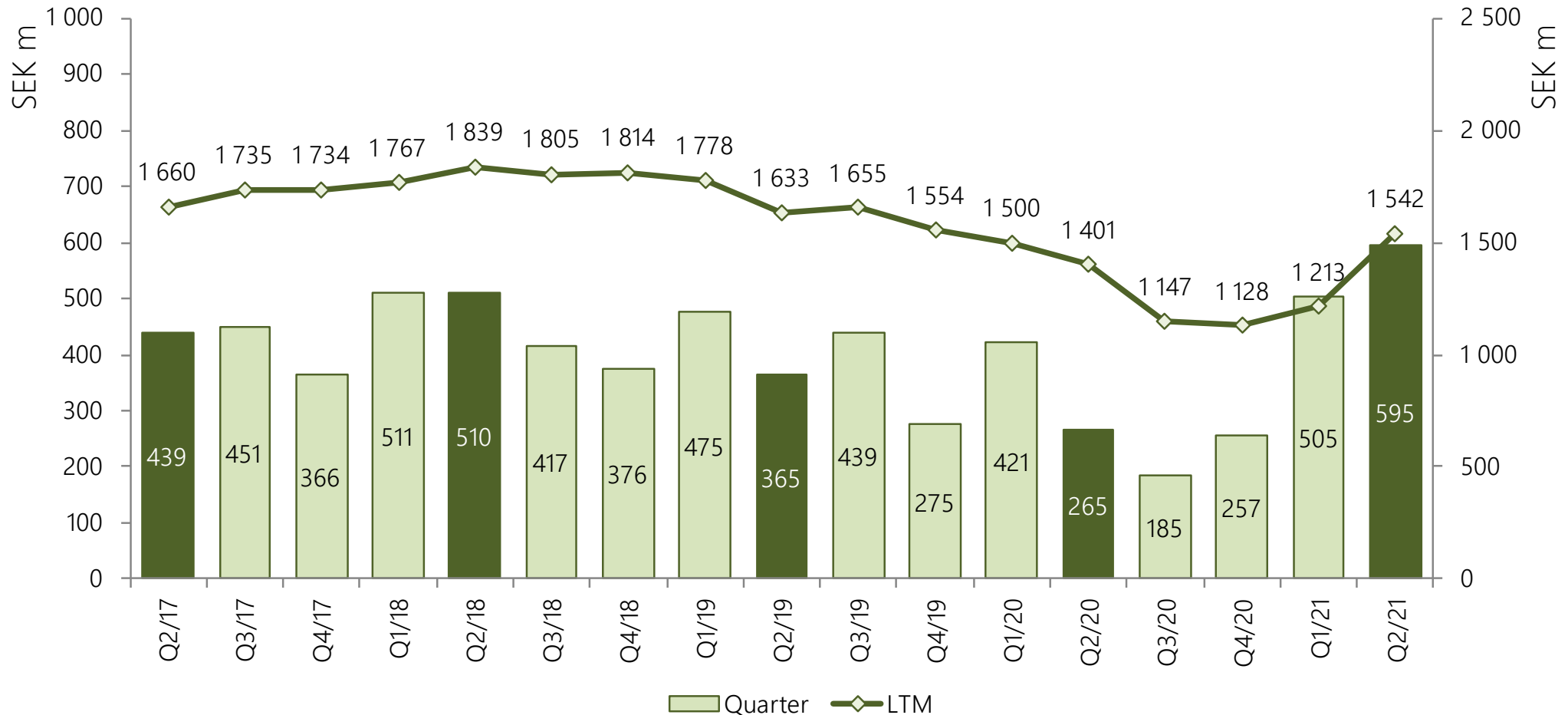


- EBITDA increased SEK 330 m despite negative FX effects
- FX adjusted gross income increased SEK 436 m
- Increase driven by stronger unit margins coming from price increases
- Price increases implemented in all regions supported by favorable market dynamics

¹⁾ Excluding depreciation

LTM Development EBITDA¹⁾

Q2 2017 to Q2 2021



¹⁾ Continuing operations excluding non-recurring items

Consolidated income statement

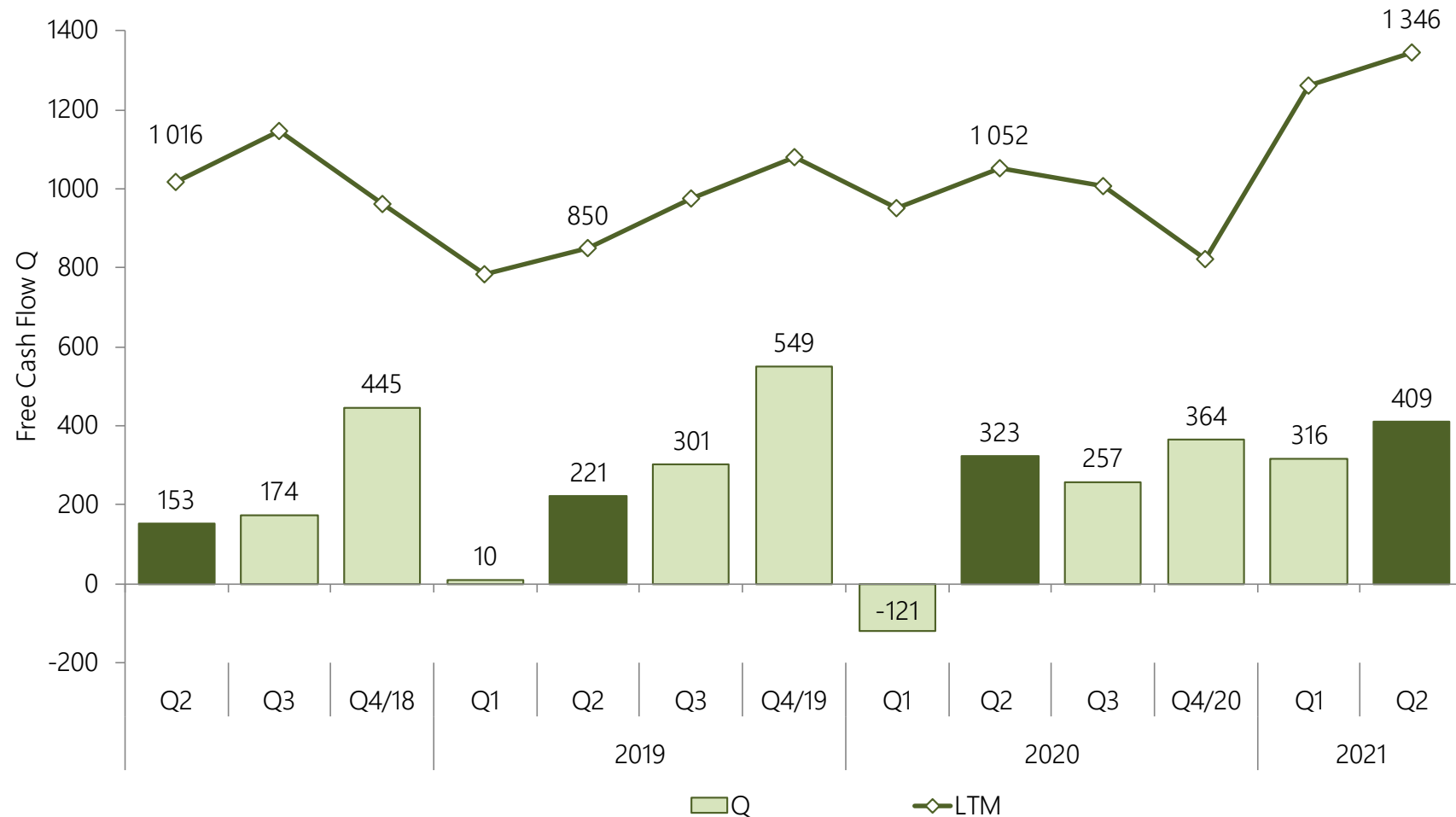
SEK m	Q2/21	Q2/20	Delta	YTD Q2/21	YTD Q2/20	LTM Q2/21	FY 2020
Net Sales	3,273	2,079	1,194	6,138	4,799	10,533	9,194
Cost of goods sold	-2,576	-1,768	-808	-4,858	-3,994	-8,716	-7,852
Gross earnings	697	311	386	1,280	805	1,817	1,342
Selling, administration and R&D costs	-238	-191	-47	-445	-395	-827	-777
Other operating income and expenses	3	-24	27	-18	-32	-46	-60
Write-down of assets	0	-3	3	0	-4	-2	-6
Result from participations in associated companies	1	1	0	2	1	5	4
Operating earnings (EBIT)	463	94	369	819	375	947	503
Exchange-rate effects on net debt	60	335	-275	-77	-27	247	297
Other financial income and expenses	-145	-135	-10	-295	-297	-655	-657
Earnings/loss before tax	378	294	84	447	51	539	143
Tax	-76	0	-76	-102	-36	-145	79
Net earnings/loss	302	294	8	345	15	394	64

Free cash flow

SEK m	Q2/21	Q2/20	Change	YTD Q2/21	YTD Q2/20	LTM Q2/21	FY 2020
EBITDA excl non-rec items	595	265	330	1,100	686	1,542	1,128
Change in working capital	-16	176	-192	-124	-254	317	187
Maintenance capex	-66	-46	-20	-101	-104	-241	-244
Free cash flow before strategic capex	513	395	118	875	328	1,618	1,071
Strategic capex	-104	-72	-32	-150	-126	-272	-248
Free Cash flow	409	323	86	725	202	1,346	823

- Continued solid free cash flow generation in the second quarter 2021
- Free cash flow amounted to SEK 409 m (323)
- Mainly driven by increased EBITDA but offset by build up working capital due to increased business activities and higher capex

Free cash flow development 2018-2021



Indebtness

	SEK m ¹⁾
Senior secured Term loan B (€ + \$)	8,376
Other debt ²⁾	78
Cash on balance sheet	-987
Net debt, excl. pension liabilities	7,467
Pensions	439
Net debt, incl. pension liabilities	7,906

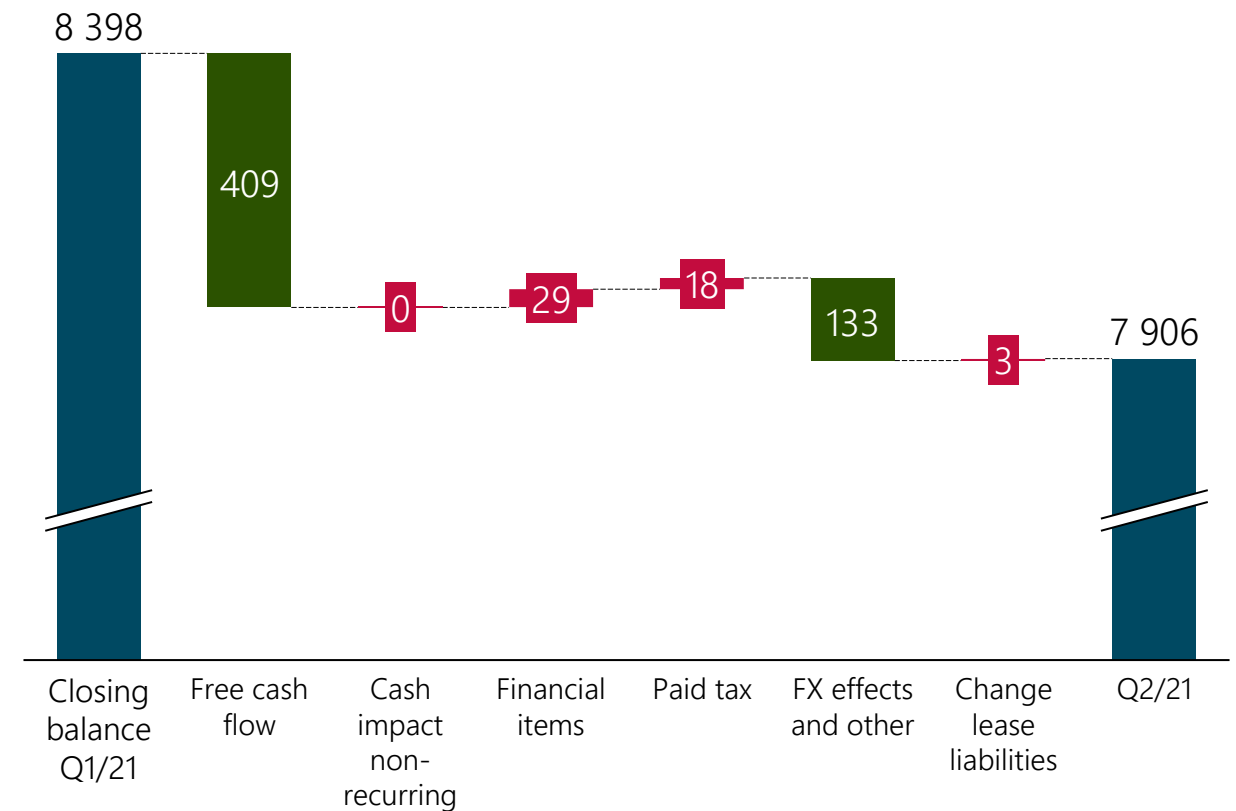
Leverage reported ³⁾	4.8x
Available Funds	2,406
Factoring Utilisation (mEUR)	116

¹⁾ Fx rates; USD 8.51 and Euro 10.12, except for Factoring utilisation

²⁾ Including drawn SRCF

³⁾ Based on Net Debt excl. pensions and EBITDA excl. non-recurring items of SEK 1,542 m

Development of Net debt, incl. pension liabilities



Summary

Jan Secher, President & CEO



Summary

- Highest EBITDA and EBITDA margin ever in Perstorp's* history
- EBITDA of SEK 595 m corresponding to a margin of 18.2% despite negative FX effect
- Solid free cash flow of SEK 409 m
- Continued strong financial flexibility with available funds of SEK 2,406 m
- Further price increases in Q2/21
- Supply situation continue to be tight
- Continue to focus on sustainability activities, e.g. Perstorp's Pro Environment portfolio
- Perstorp continuing investing for the future – new factory in India (Project Elephant) and a sustainable production set-up in Stenungsund (Project Air)

* Continuing operations

Q&A

