

Perstorp Holding AB (Publ.)

Interim report, January-December 2015

Conference call February 18th, 2016



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Important notice

- ➔ Unless otherwise stated, the financial information presented in this document represents the Group's continuing operations, i.e. excluding:
 - 15% stake in Vencorex (the former Coating Additives business unit, 51% divested in May 2012 and 34% divested in August 2014)

- ➔ The Board of Directors decided to realign Perstorp's organizational structure as part of its transformation. The biofuel business is operated and managed in a separate and new business area – BioProducts. At the same time the business area Intermediate & Derivatives changed name to Advanced Chemicals & Derivatives. Therefore, beginning in the second quarter 2015, Perstorp report its financial performance based on the three reportable segments Specialties & Solutions, Advanced Chemicals & Derivatives and BioProducts. As a consequence of this, historical segment numbers have been adjusted accordingly for comparative purposes



Business performance



Jan Secher
President & CEO



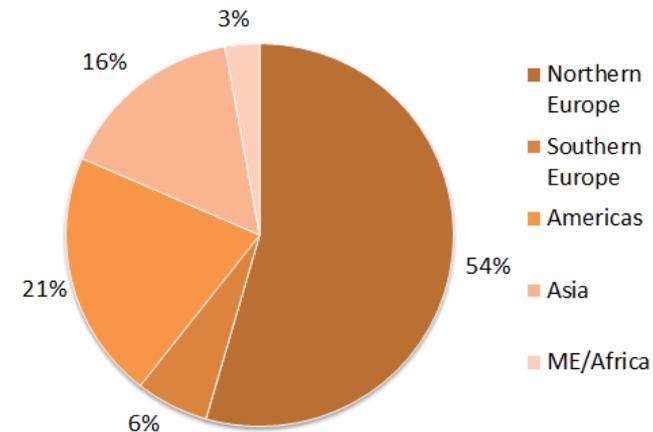
Executive summary

- ➔ Q4 sales amounted to SEK 2,431 m, a 7% decrease over last year which recorded sales of SEK 2,606 m. Net sales adjusted for the scheduled maintenance shutdown decreased about 5%
- ➔ Organic volume-based sales growth was flat vs. Q4 2014. Adjusted for the scheduled maintenance shutdown in Stenungsund, the organic volume-based sales growth increased about 2%, despite the volatile environment
- ➔ EBITDA excluding non-recurring items amounted to SEK 238 m in Q4/15 compared to SEK 279 m last year. Adjusted for the scheduled maintenance shutdown in Stenungsund, EBITDA excluding non-recurring items amount to c. SEK 310 m, c. SEK 30 m above last year
- ➔ The 10th consecutive quarter of y-o-y improved earnings if adjusting for the shutdown in Stenungsund
- ➔ In December, Perstorp finalized the acquisition of a biofuel plant in Fredrikstad, Norway

Market overview

➔ The fourth quarter continued to be influenced by volatile raw material prices. Brent crude oil dropped another c. 20% in the fourth quarter affecting downstream derivatives like Naphtha, Olefins and Methanol. This has impacted purchasing behavior and resulted in a degree of uncertainty and restraint, since customers have made an assessment that lower prices could be possible to negotiate moving forward

Q4/2015, Net Sales by region, %

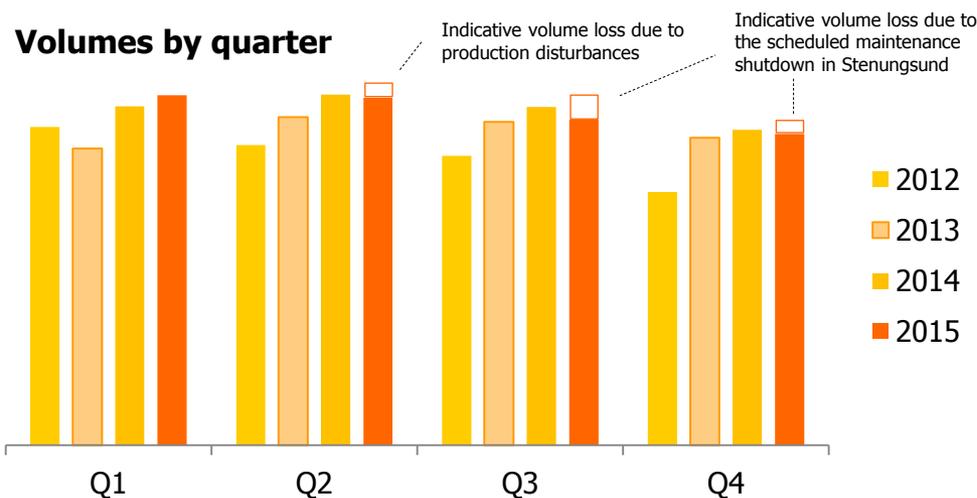


- ➔ Sales in EMEA were 4% lower than the corresponding period last year primarily following lower sales prices and negative effect from the scheduled maintenance shutdown in Stenungsund. Volumes were c. 3% above last year, mainly driven by higher volumes in BioFuels, partly offset by negative effects from the scheduled maintenance shutdown
- ➔ Sales and volumes in Americas were around 20% below Q4 last year following a combination of strong comparisons, weak demand in South America and a significantly depressed oil drilling market. However FY2015 Americas sales were up 10% supported by the stronger USD
- ➔ Sales in APAC were 4% below Q4 last year following lower sales prices. Volumes were around 7% higher than the fourth quarter last year linked to a number of our key product lines

Key net sales drivers during Q4

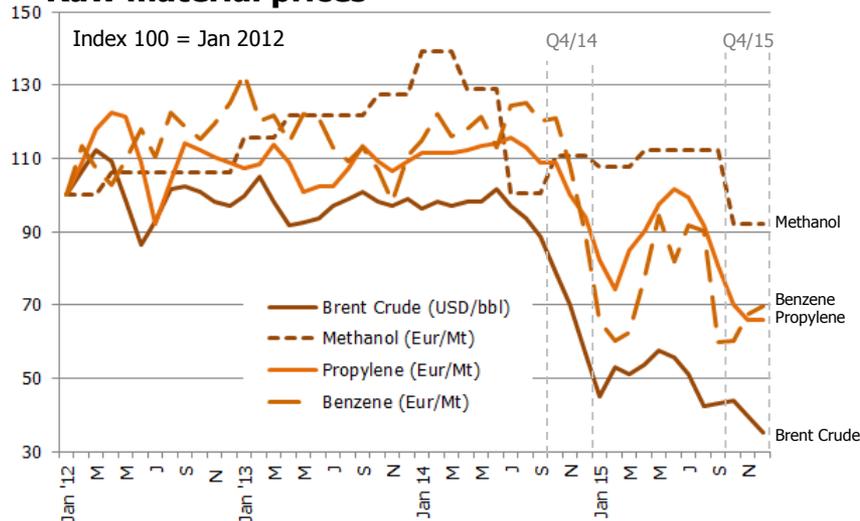
- ➔ Reasonable underlying volume development
 - Organic volume-based sales growth was flat year-on-year. Excluding the scheduled maintenance shutdown in Stenungsund, the organic volume-based sales growth was about +2%
 - Reported volumes were 1% below Q4/2014 and were negatively affected by the scheduled maintenance shutdown in Stenungsund
 - Adjusted for the shutdown, reported volumes were 2% above Q4/2014

- ➔ Average selling prices in SEK decreased year-on-year
 - Reported SEK-prices in Q4/15 decreased 5-6% year-on-year
 - FX-effects had a positive impact on net sales with around 4% compared to Q4/14
 - Prices in local currency were c. 10% lower than in Q4/14 mainly following lower raw material prices



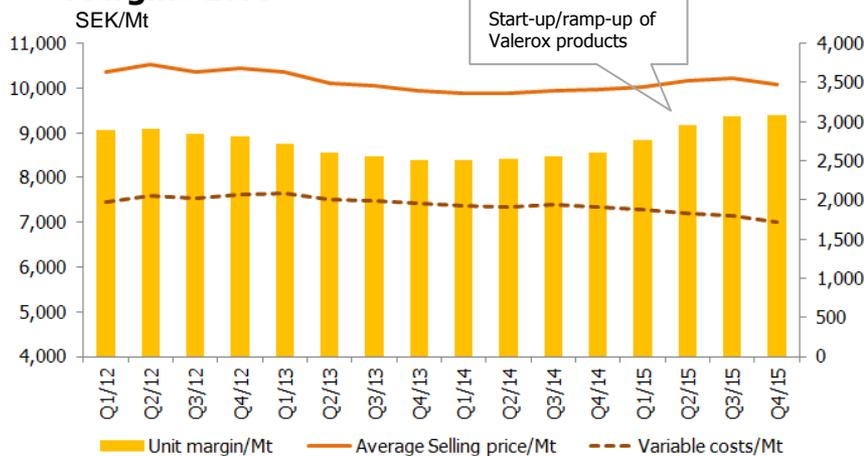
Raw materials and margins

Raw material prices



- ➔ Key raw material prices decreased during the quarter
 - Average price for Brent crude oil decreased by 13% in Q4/15 vs Q3/15 and was c. 40% lower than Q4/14
 - Propylene decreased 26% in Q4/15
 - Benzene decreased 18% in Q4/15
 - Methanol decreased 18% in Q4/15

Margins LTM



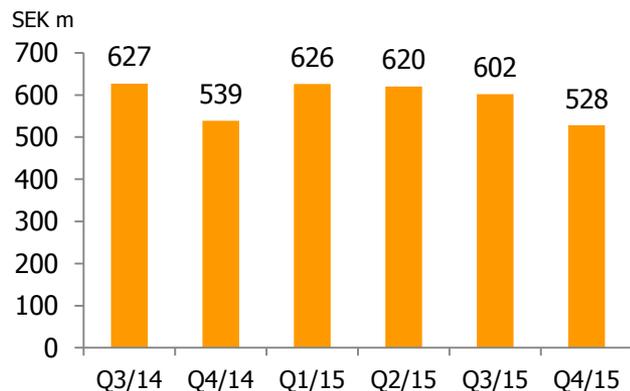
- ➔ Year-on-year unit margins were stable helped by successful margin management, positive FX-effects but offset by negative shutdown effects. Continuous focus on pricing excellence in combination with lower raw material prices have enabled enhanced margins
- ➔ Margins achieved in Q4/15 were lower than Q3/15, negatively affected by shutdown effects

Specialties & Solutions

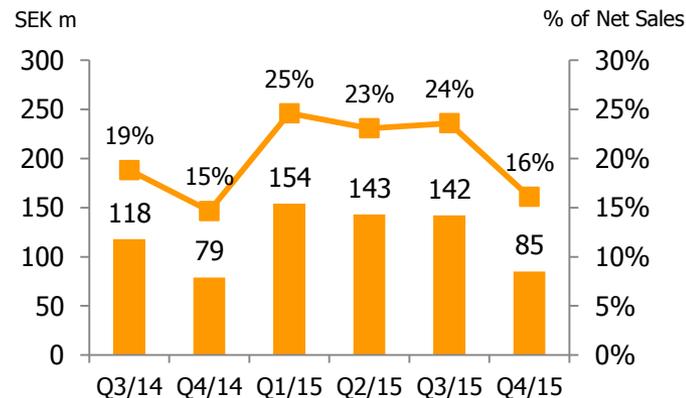
➔ Stronger unit margins offsetting decreased sales

- Q4/15 net sales amounted to SEK 528 m, 2% lower than Q4/14 impacted by lower volumes and lower sales prices, partly offset by positive FX-effects. Organic volume-based sales growth was -3%
- Q4/15 EBITDA amounted to SEK 85 m, an increase of 9% compared to Q4/14, impacted by stronger unit margins due to successful margin management when raw material prices declined and favorable FX-effects
- FY net sales amounted to SEK 2,376 m, 2% higher than last year
- FY EBITDA amounted to SEK 524 m (401) corresponding to an EBITDA margin of 22%

Net sales development



EBITDA¹ and margin development



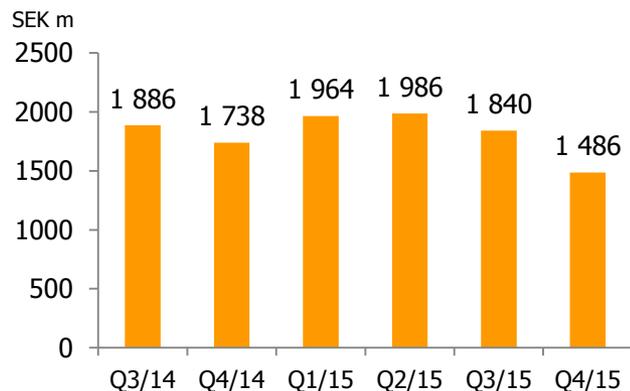
1= EBITDA excluding non recurring items

Advanced Chemicals & Derivatives

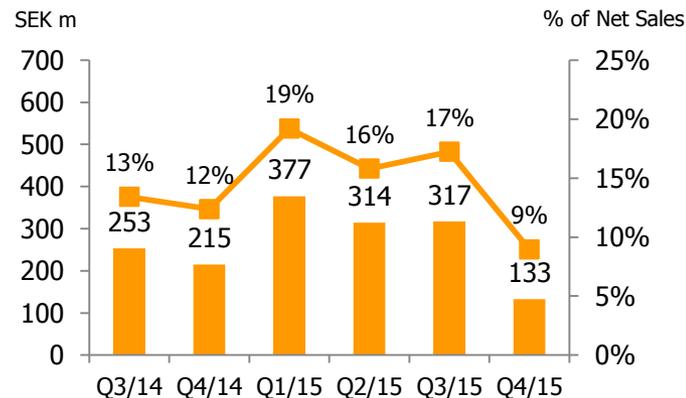
➔ Earnings negatively marked by shutdown effects

- Q4/15 net sales amounted to SEK 1,486 m, 14% lower than Q4/14 impacted by lower sales prices, slightly lower volumes following negative effects from the scheduled maintenance shutdown, partly offset by positive FX-effects. Organic volume-based sales growth was -1%
- Q4/15 EBITDA amounted to SEK 133 m, a decrease of 38% compared to Q4/14, negatively impacted by the scheduled maintenance shutdown and production disturbances in Stenungsund and less favorable market situation on formates and Oxo alcohols
- FY net sales amounted to SEK 7,276 m, 1% lower than last year
- FY EBITDA amounted to SEK 1,141 m (899) corresponding to an EBITDA margin of 15.7%

Net sales development



EBITDA¹ and margin development

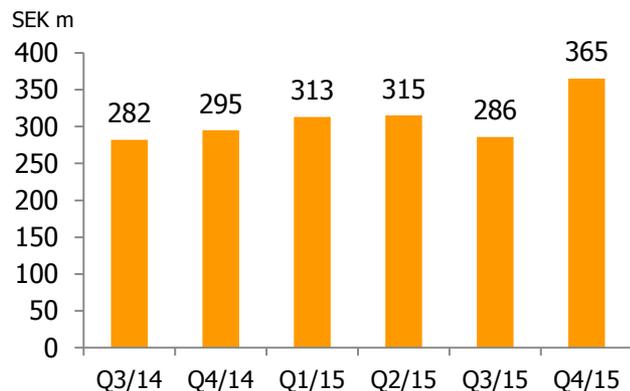


1= EBITDA excluding non recurring items

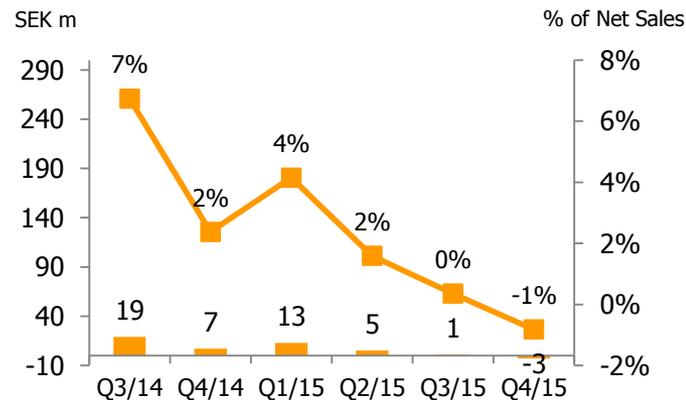
BioProducts

- ➔ Strong volumes but margin pressure due to increased competition
 - Q4/15 net sales amounted to SEK 365 m, 24% higher than Q4/14 impacted by higher sales volumes due to timing effects and slightly higher sales prices. Organic volume-based sales growth was 17%
 - Q4/15 EBITDA amounted to SEK -3 m (7), impacted by a decline in unit margins due to higher raw material prices and increased competition following lower oil prices
 - Full year net sales amounted to SEK 1,279 m, 7% higher than last year
 - Full year EBITDA amounted to SEK 16 m (60) corresponding to an EBITDA margin of 1.3%
- ➔ Acquisition of biodiesel plant in Fredrikstad finalized in Q4
 - Almost double the production capacity with start-up in Q1/2016
 - Opens up a new market

Net sales development



EBITDA¹ and margin development



¹= EBITDA excluding non recurring items

Financial review



Magnus Heimburg
CFO



Financial highlights

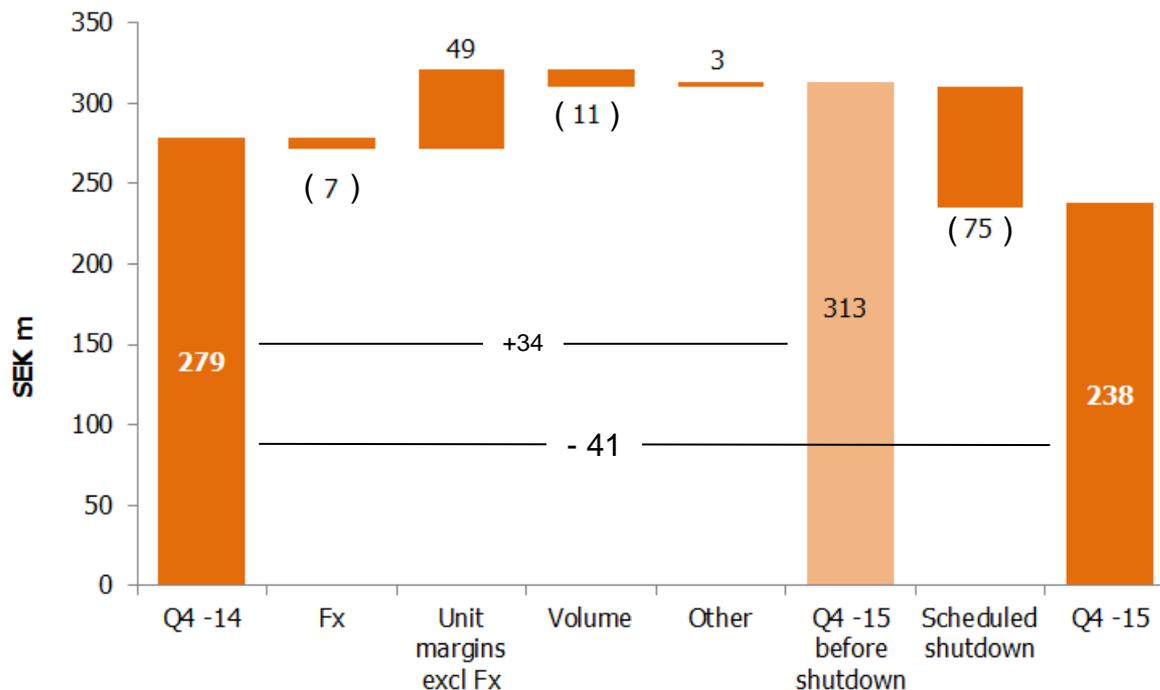
Q4 2015

SEK m	Q4 -15	Q4 -14	FY 2015	FY 2014
Net Sales	2,431	2,606	11,149	11,084
% growth (y-o-y)	-6.7%		0.6%	
Marginal Contribution	698	692	3,415	2,898
% of sales	28.7%	26.6%	30.6%	26.1%
EBITDA, reported	227	291	1,653	1,269
% of sales	9.3%	11.2%	14.8%	11.4%
EBITDA, excl non recurring items	238	279	1,667	1,318
% of sales	9.8%	10.7%	15.0%	11.9%

- ➔ Net sales decreased around 7% in the fourth quarter compared to last year, whereas volumes were 1% lower. Lower net sales was primarily a consequence of lower sales prices following decreasing raw material prices and negative effects from the scheduled maintenance shutdown in Stenungsund
- ➔ The negative effects from the scheduled maintenance shutdown amount to SEK c. 75 m in the fourth quarter, i.e. adjusted for the scheduled maintenance shutdown, EBITDA excluding non recurring items amounts to c. SEK 310 m and FY2015 c. SEK 1,800 m

Bridge EBITDA excl. non recurring items

Q4 -15 vs. Q4 -14



- ➔ Q4/15 EBITDA excluding non recurring items decreased SEK 41 m year-on-year, explained by the scheduled shutdown in Stenungsund but partly offset by stronger unit margins
- ➔ Adjusting for the scheduled shutdown, earnings increased around SEK 35 m driven by successful margin management

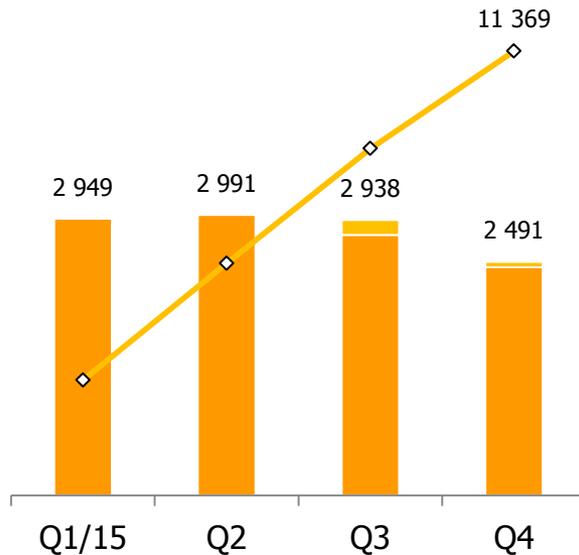
Financial impact of the scheduled maintenance shutdown in Stenungsund

Negative impact from the shutdown

SEK m	Q3 -15	Q4 -15	H2 -15
Sales	c. 160	c. 60	c. 220
EBITDA	c. 55	c. 75	c. 130

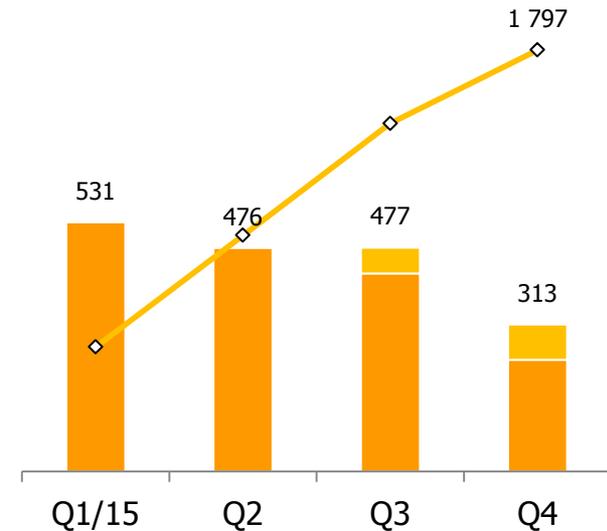
Sales

Adjusted for the scheduled maintenance shutdown
SEKm



EBITDA excluding non recurring items

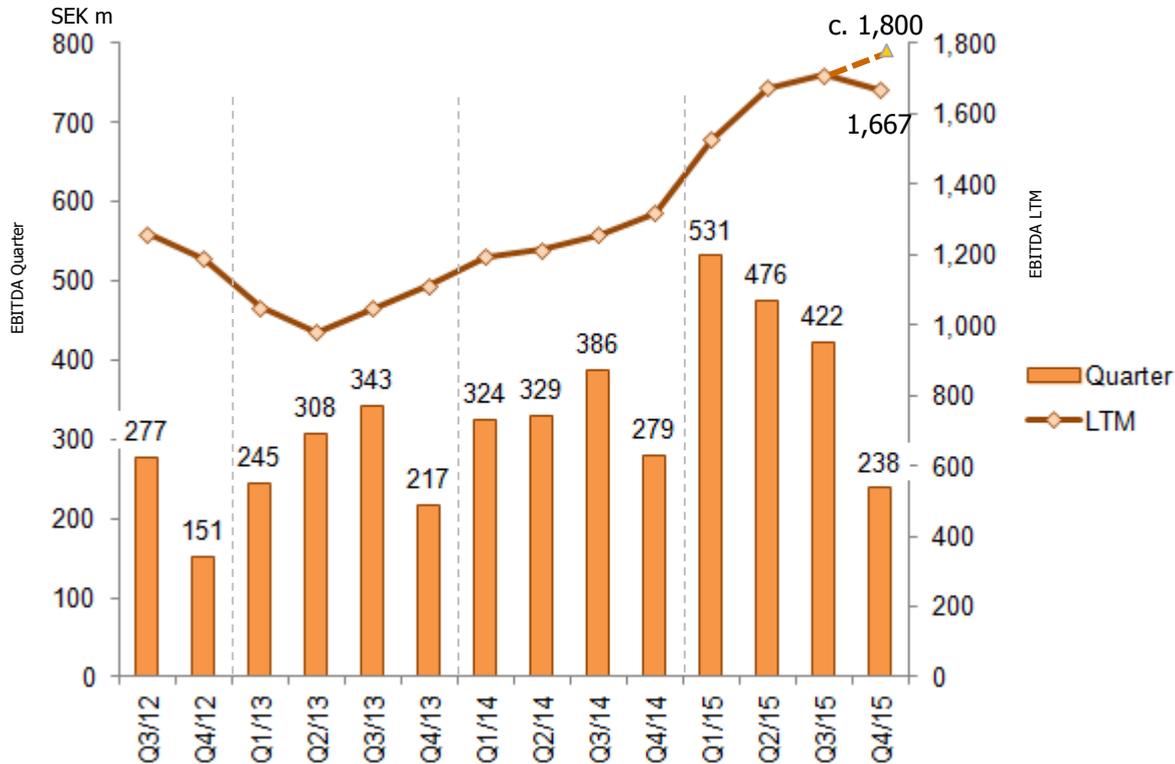
Adjusted for the scheduled maintenance shutdown
SEKm



LTM development

Q3/12 to Q4/15

EBITDA excluding non recurring items

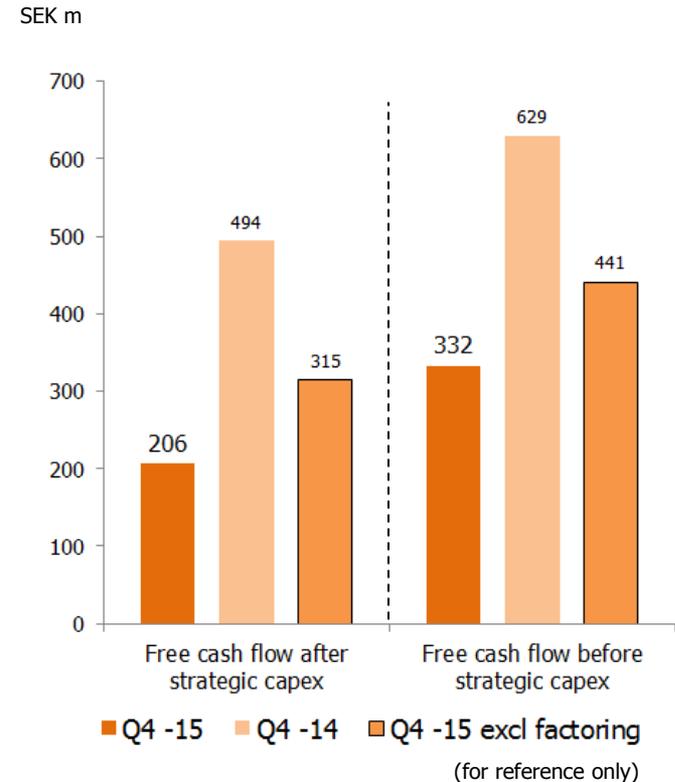


➔ Adjusting for the negative effects, the LTM EBITDA would have been around SEK 1,800 m

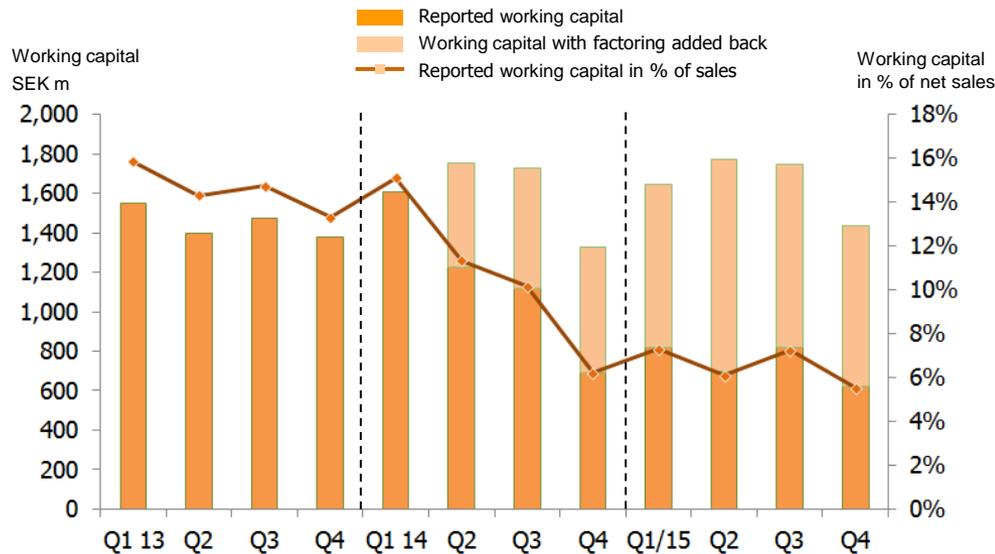
Free cash flow

- ➔ Free cash flow in Q4/15 was SEK 206 m compared to 494 m in Q4/14
- ➔ Cash flow in Q4/15 was lower than Q4/14, primarily due to less favorable development of working capital where Q4/14 recorded a large reduction
- ➔ Utilization of the trade receivable program amount to €89 m per end of Q4/15, with credit approval amounting to €125 m
- ➔ Free cash flow in Q1/16 is expected to be neutral following the normal pattern of increase in working capital due to seasonality effects and inventory build-up

Q4 cash flow



Working capital

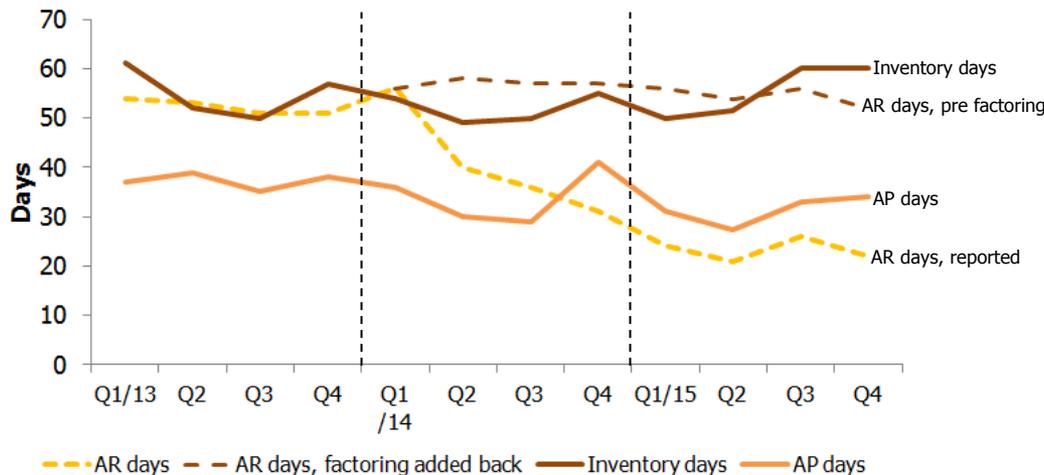


➔ Reported working capital decreased SEK 203 m during Q4. Accounts receivable decreased by SEK 106m, affected by lower sales primarily due to the scheduled maintenance shutdown and seasonality. To some extent this decrease has been offset by a lower utilization of the trade receivable program

➔ Inventory value decreased SEK 40 m during Q4/15 primarily due to lower raw material prices and FX effects, partly offset by higher volumes

➔ The long term off-balance trade receivables financing program affect AR and working capital with around SEK 810 m (€ 89 m)

➔ Working capital is expected to increase during Q1/16 following seasonal effects and planned build-up in inventory



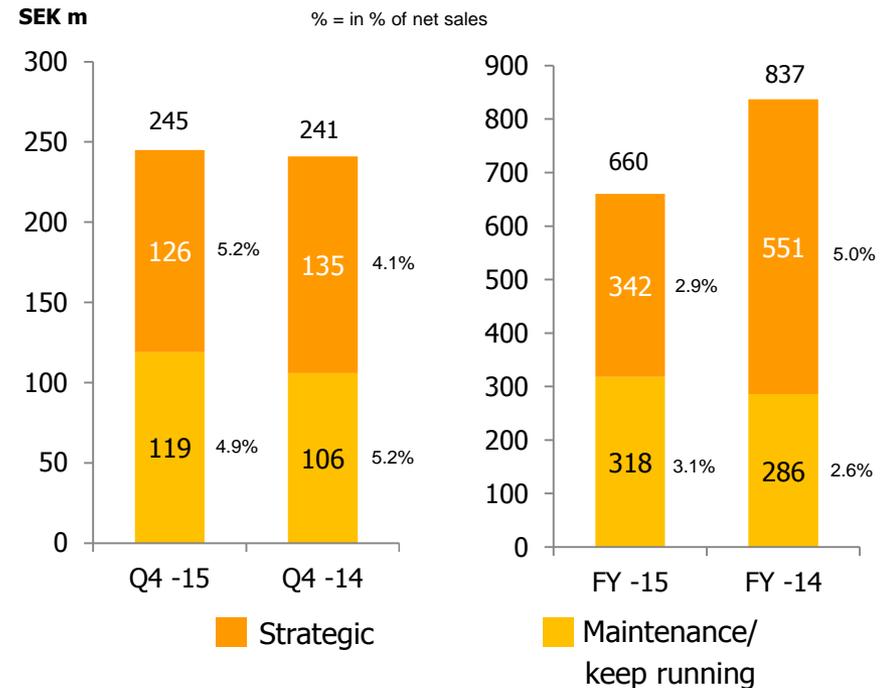
AR days is calculated as AR divided by sales in the most recent period

Inventory days is calculated as Inventory value divided by most recent COGS excluding depreciation

AP days is calculated as AP divided by most recent COGS excluding depreciation

Investments

- ➔ Investments amounted to SEK 245 m in Q4/15 and was on the same level as Q4/14
- ➔ Maintenance investments were slightly higher than Q4 last year primarily due to the scheduled maintenance shutdown in Stenungsund
- ➔ Strategic investments amounted to SEK 126 m in Q4/15 including expanding the Oxo capacity in Stenungsund
- ➔ The total investment amount for 2015 amounted to SEK 660 m. Total investment in 2014 amounted to SEK 837 m



Indebtedness

Current capital structure detail

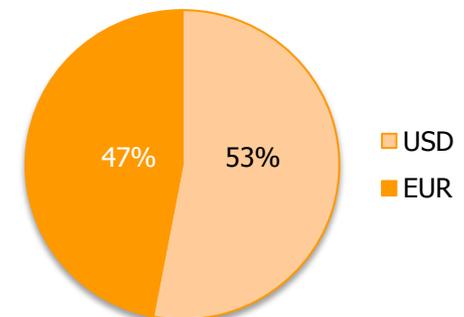
	USDm equiv.	SEKm	x EBITDA excl non-rec.
Cash on balance sheet	-89	-742	
Senior secured notes (€)	295	2,466	
Senior secured notes (\$)	380	3,174	
Net senior secured debt	586	4,898	2.9 x
Second lien notes (\$)	370	3,090	
Net second lien debt	956	7,988	4.8 x
Mezzanine loans (€)	379	3,167	
Other debt	5	40	
Net debt, excl. pensions and shareholder loan	1,340	11,195	6.7 x

- ➔ Net debt, excl. pensions and shareholder loan decreased by SEK c. 70 m during Q4/15, mainly following positive translation effects from exchange rates, partly offset by lower utilization of the factoring program
- ➔ Available funds per end of Q4/15 amount to SEK 934 m (undrawn RCF and cash, excl. restricted)
- ➔ The factoring credit line amounts to €125 m whereof €89 m was used at the end of Q4/15

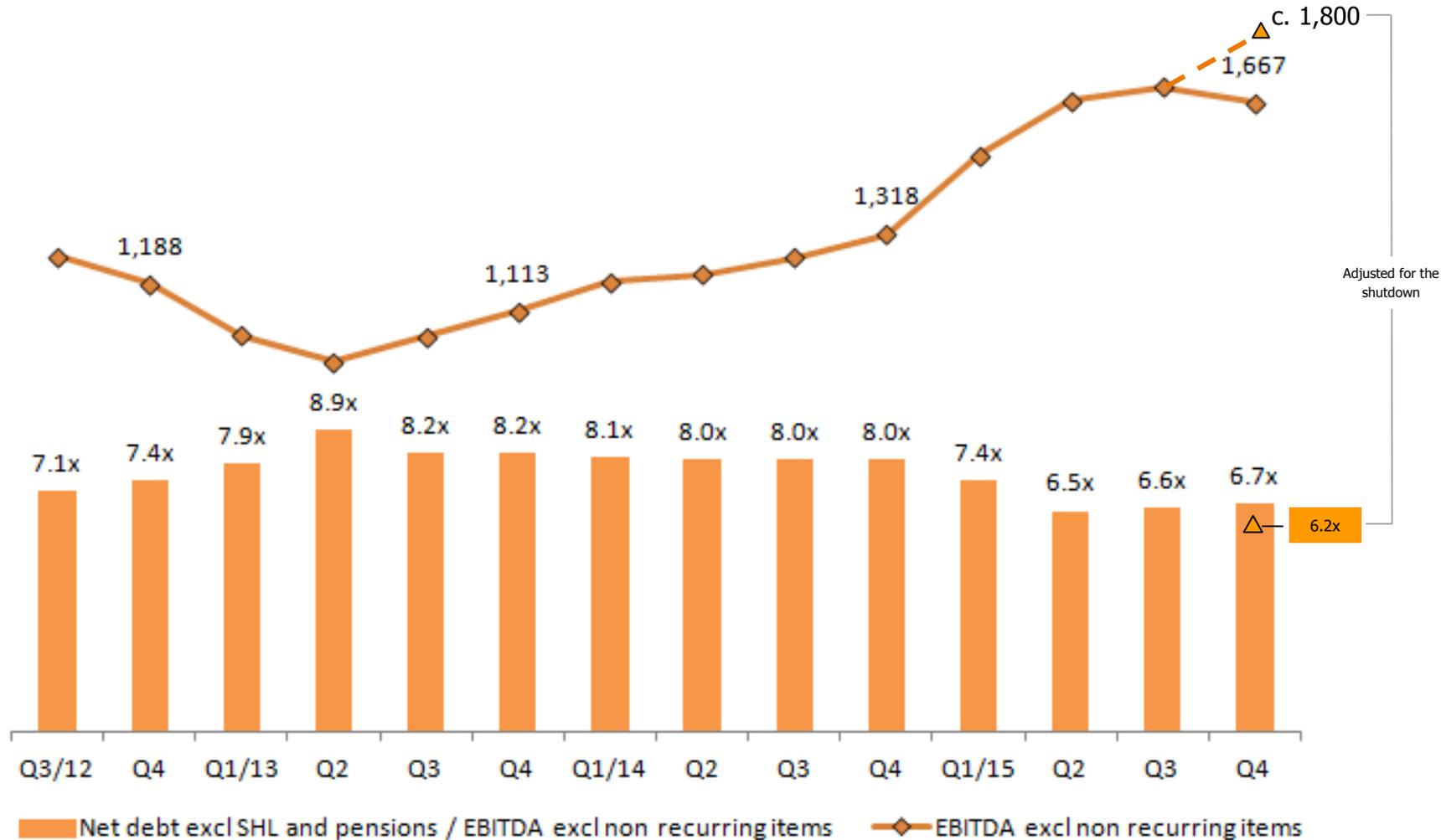
Fx rates; USD 8.35 and Euro 9.14

Based on EBITDA excluding non-recurring items of SEK 1,667 m

Debt by currency



Financial performance and leverage



Summary



Jan Secher
President & CEO



Q4 conclusion and current trading

- ➔ The quarter was marked by negative effects from the scheduled maintenance shutdown in Stenungsund and further price reduction in oil related raw materials impacting market demand and customer behavior
- ➔ Adjusting for the effects from the scheduled maintenance shutdown, LTM EBITDA continue to improve year-on-year
- ➔ We expect earnings to improve substantially in Q1/16 compared to the seasonally low Q4/15. Furthermore, we expect the strong first quarter 2015 to prove a difficult comparison as besides competitive market conditions in the Oxo business, Q1/15 also benefitted from SEK 50m of positive currency revaluation effects
- ➔ The start-up of the second reactor in the Valerox unit was successful. However, the optimization and trimming of the production will continue during the first half of the year

The transformation of Perstorp from Good to Great is continuing with strong focus on professionalism and commercial excellence

Appendix



Free cash flow details

Continuing operations (i.e. excluding Vencorex)

SEK m	Q4-15	Q4 -14	FY-15	FY-14
EBITDA excl non-rec items	238	279	1,667	1,318
Change in working capital ¹	213	456	120	720
Maintenance capex	-119	-106	-318	-286
FCF before strategic capex	332	629	1,469	1,752
% of EBITDA excl non-rec.	139%	225%	88%	133%
Strategic capex	-126	-135	-342	-551
Free cash flow	206	494	1,127	1,201
% of EBITDA excl non-rec.	87%	177%	68%	91%

¹= excluding exchange rate effects and provisions

Segment reporting

Continuing operations (i.e. excluding Vencorex)

SEK m	Q4-15	Q3-15	Q2-15	Q1-15	Q4-14	Q3-14	Q2-14	Q1-14
Net Sales	2,431	2,778	2,991	2,949	2,606	2,838	2,867	2,773
Specialties & Solutions	528	602	620	626	539	627	611	561
Advanced Chemicals & Derivatives	1,486	1,840	1,986	1,964	1,738	1,886	1,890	1,823
BioProducts	365	286	315	313	295	282	305	315
Other/eliminations	64	61	70	46	34	43	61	74
EBITDA, reported	227	420	481	525	291	385	317	276
Specialties & Solutions	85	142	143	154	78	118	118	87
Advanced Chemicals & Derivatives	133	317	314	377	215	252	205	227
BioProducts	-3	1	5	13	7	19	20	14
Other/eliminations	12	-40	19	-19	-9	-4	-26	-52
EBITDA excl non recurring items	238	422	476	531	279	386	329	324
Specialties & Solutions	85	142	143	154	79	118	117	87
Advanced Chemicals & Derivatives	133	317	314	377	215	253	206	227
BioProducts	-3	1	5	13	7	19	20	14
Other/eliminations	23	-38	14	-13	-22	-4	-14	-4

Quarter on quarter development

Continuing operations (i.e. excluding Vencorex)

SEK m	Q4-15	Q3-15	Q2-15	Q1-15	Q4-14	Q3-14	Q2-14	Q1 -14
Net Sales	2,431	2,778	2,991	2,949	2,606	2,838	2,867	2,773
Marginal Contribution	698	851	946	920	692	755	727	723
% of sales	28.7%	30.6%	31.6%	31,2%	26,6%	26.6%	25.4%	26.1%
EBITDA, reported	227	420	481	525	291	385	317	276
% of sales	9,3%	15.1%	16.1%	17.8%	11.2%	13.6%	11.1%	10.0%
EBITDA, excl non-recurring items	238	422	476	531	279	386	329	324
% of sales	9,8%	15.2%	15.9%	18.0%	10.7%	13.6%	11.5%	11.7%

Cash and Available funds

SEK m	Q4-15
Unrestricted cash	514
Restricted ¹ and escrowed cash ²	228
Cash on Balance Sheet	742

SEK m	Q4-15
Unrestricted cash	514
RCF not Drawn	419
Reported Available Funds	934

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 activities (including Vencorex)

Currency

Period average exchange rates

SEK per LOC	Q4 -15	Q4 -14	FY -15	FY -14
USD	8.50	7.41	8.44	6.86
Euro	9.31	9.26	9.36	9.10
GBP	12.91	11.74	12.90	11.29

Period end exchange rates

SEK per LOC	Q4 -15	Q4 -14	Q3 -15
USD	8.35	7.81	8.39
Euro	9.14	9.52	9.41
GBP	12.38	12.14	12.70

Source: Swedish Central Bank, Riksbanken

