



# Perstorp Holding AB (Publ.)

Interim report 1 January – 30 September 2020

# Interim report 1 January – 30 September 2020

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 July - September 2020, continuing operations

- Net sales decreased with 27% to SEK 2,111 (2,895) m.
- Organic volume-based sales growth was -6% year-on-year, but positively 12% compared to Q2/20.
- Sales prices in the third quarter were substantially lower than the corresponding quarter last year, mainly linked to lower raw material prices and negative exchange rate effect.
- EBITDA excluding non-recurring items amounted to SEK 185 (439) m.
- EBITDA-margin excluding non-recurring items was 8.8% (15.2).
- Continued solid free cash flow generation of SEK 257 (301) m, following focus on cash preservation.
- Available funds amounted to SEK 1,151 (942) m.

## Key figures in summary, continuing operations

SEK m unless otherwise stated	Quarter 3		Quarter 1-3		Latest	Full year
	2020	2019	2020	2019	12 months	2019
Net Sales	2,111	2,895	6,910	9,178	9,373	11,641
EBITDA	178	411	836	1,186	1,077	1,427
% of net sales	8.4	14.2	12.1	12.9	11.5	12.3
EBITDA excluding non-recurring items <sup>1)</sup>	185	439	871	1,279	1,146	1,554
% of net sales	8.8	15.2	12.6	13.9	12.2	13.3
Operating earnings (EBIT)	38	270	413	788	514	889
% of net sales	1.8	9.3	6.0	8.6	5.5	7.6
Net earnings/loss	-96	-60	-81	-1,172	-177	-1,268
Free cash flow	257	301	459	532	1,008	1,081

<sup>1)</sup> Non-recurring items are mainly attributable to restructuring costs.



## President's Comments – Q3 2020

"The chemical industry's power to innovate is strong and continued recovery of demand will follow the recovery of the various sectors that we serve. Digitalization and sustainability will become even more important as we face the global challenges – but also opportunities – that lie ahead of us."

The third quarter was continuously dominated by efforts to respond to direct and indirect effects from the global pandemic. Although, a second outbreak of Covid-19 seems to be underway, the world is expected to be better prepared this time. On the other hand, it also means that the low visibility and high degree of uncertainty still will characterize societies and businesses during an unforeseeable future. On a macroeconomic level, clear signs of recovery have been seen in China, and globally, huge financial stimulation programs have been launched, not the least in the EU. Many of the programs have a clear connection to the global sustainability agenda and push societies and industries to accelerate their transformation. The Covid-19 pandemic initially led to a substantial drop in raw material prices, and the levels are still low compared to Q3/19. However for Brent crude and Propylene, prices increased in the third quarter compared to last quarter, although from historically low levels.

### Increased volumes, cash protected but lower unit margins

For Perstorp, the third quarter was characterized by signs of recovering demand, however still with a great deal of variation between sectors/industry segments and geographies. Capacity utilization was low in parts of the chemical industry, despite the demand increase seen in the quarter, which kept prices down. The quarter was also burdened by a negative currency effect due to a stronger Swedish krona. Compared to the previous quarter, sales improved including the negative exchange rate effects into account, volumes were coming back, but EBITDA was weaker due to the price pressure for some product lines and currency effects.

Net sales amounted to SEK 2,111 m, a 27% decrease over the third quarter last year. Volume based sales growth for the period was -6% compared to the same period last year, but positively 12% compared to Q2/20. EBITDA amounted to SEK 185 m (439) with an EBITDA margin of 8.8% (15.2). LTM EBITDA amounted to SEK 1,146 m compared to 1,554 m for the full year 2019.

Although the decrease of EBITDA compared to the same period last year, volumes have started to stabilize seen in the light of Covid-19. Perstorp has also since the outbreak of the pandemic demonstrated its ability to act with determination and agility, when implementing and managing programs for fixed cost reductions and cash preservation resulting in a free cash flow of SEK 257 m (301). Our available funds amounted to SEK 1,151 m at September 30.

### EBITDA challenged in all three Business Areas

Business Area Specialty Polyols & Solutions was severely hit by a general decrease in demand during the previous quarter, and recovery has been slow in some segments. Some of the volumes came back, however not to levels seen in Q3/19. Due to mainly over capacity, prices remained low leading to a substantial drop in EBITDA, which for the third quarter amounted to SEK 102 m (296).

Business Area Advanced Chemicals experienced a somewhat tighter market in Q3, with the fire at the Borealis plant in Stenungsund as one of the causes. Volumes were back to pre-Covid-19 levels for several products, and a somewhat stricter pricing approach was possible, although customer delivery disturbances have impacted the result negatively. EBITDA for the quarter amounted to SEK 94 m (138).



Business Area Animal Nutrition volumes were at par with Q3/19, but a less favorable product mix and lower unit margins for some of the product lines had a negative impact on EBITDA, which amounted to SEK 25 m (49).

#### Fit for future

Related to changes in and acceleration of macroeconomic trends, both new challenges and opportunities are arising. To be forward leaning in these anticipated changes, Perstorp has decided to revisit its current strategic positions.

Earlier this month, the European Commission issued its “Chemical Strategy for Sustainability”, which calls upon “the increased investment and innovative capacity of the chemicals industry to provide safe and sustainable chemicals, vital to offer new solutions and support both the green and the digital transitions of our economy and society.” We are indeed at the crossroads of a major transition of the chemical industry in Europe, and we at Perstorp are eager to be on the fore front. Very timely we have made a decision about new and ambitious reduction targets for CO<sub>2</sub>, both for Scope 1&2 and Scope 3\*, which both will be in line with the Paris Agreement. This is yet another step in our objective to become Finite Material Neutral.

#### Award winning work to mitigate consequences of Covid-19

We continue to follow the regional development of the Covid-19 situation in order to safeguard 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 further notice, since workplaces potentially are one of the major sources of virus spread.

Safety performance remains a top priority. Our performance in the area of process safety events continues to be well in line with our high ambitions, but for OSHA recordables we have seen a negative trend over the last 6 months. A root cause analysis has been performed and we will now focus our efforts on reversing the trend.

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 Net Promotor Scores from our customers have improved considerably reaching a record high, from already good levels in 2019. The market approach has been pro-active, and most marketing and communication activities have moved to digital channels and social media. These are a few of many examples of where our employees have made extensive additional efforts, shown agility and a positive forward looking attitude. Another example is the recently won Responsible Care Award from CEFIC. Perstorp won the category “Upholding and Reshaping Production Lines”, for our initiative to convert production at site Perstorp to produce sanitizers for the Swedish health care sector at cost price. I want to take this opportunity to thank our employees for all the good efforts made to mitigate the Covid-19 situation.

The chemical industry’s power to innovate is strong and continued recovery of demand will follow the recovery of the various sectors that we serve. Digitalization and sustainability will become even more important as we face the global challenges – but also opportunities – that lie ahead of us. I have high expectations of an even stronger Perstorp being part of the future post-COVID-19.

Malmö, October 2020



Jan Secher

President and CEO

\*Greenhouse Gas Protocol <https://ghgprotocol.org/>

## Financial overview July - September 2020

### Income statement, continuing operations

SEK m	Quarter 3	
	2020	2019
<b>Net Sales</b>	<b>2,111</b>	<b>2,895</b>
Cost of goods sold	-1,871	-2,427
<b>Gross earnings</b>	<b>240</b>	<b>468</b>
<b>Operating earnings (EBIT)</b>	<b>38</b>	<b>270</b>
Exchange rate effects on net debt	27	-140
Other financial income and expenses	-149	-163
<b>Earnings before tax</b>	<b>-84</b>	<b>-33</b>
Tax	-12	-27
<b>Net earnings/loss</b>	<b>-96</b>	<b>-60</b>
<b>EBITDA</b>	<b>178</b>	<b>411</b>
<b>EBITDA excluding non-recurring items</b>	<b>185</b>	<b>439</b>

### Net sales and earnings, continuing operations <sup>1)</sup>

Net sales during the third quarter amounted to SEK 2,111 (2,895) m, a decrease of SEK 784 m or 27%.

The decrease was due to lower sales volumes linked to demand, following COVID-19. In addition, sales prices were 10% lower than last year linked to lower raw material prices and in some product areas increased price competition together with negative exchange rate effect.

Organic volume based sales growth was -5.6% in the third quarter 2020.

Average Dated Brent oil price decreased by 30 % in the third quarter 2020 compared to the same period 2019 but increased from the very low levels last quarter and was up 27%. The higher price on Dated Brent oil, compared to the second quarter 2020, has also impacted pricing on downstream derivatives like propylene and ethylene during the third quarter of 2020.

The Swedish krona strengthened against both the USD and the EUR, resulting in negative exchange rate effects on sales of approximately 4% vs same quarter previous year.

EBITDA excluding non-recurring items amounted to SEK 185 m (439), corresponding to an EBITDA margin of 8.8% (15.2).

The lower EBITDA was mainly attributable to negative impact from lower volumes, negative exchange rate effect and lower unit margins for some product lines due to increased price competition.

Depreciation and amortization amounted to SEK 140 (141) m. EBIT amounted to SEK 38 (270) m for the period.

Net financial expenses, excluding currency effects on net debt, amounted to SEK 149 (163) m.

Tax amounted to SEK -12 (-27) m and net result amounted to SEK -96 (-60) m.

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

## Financial overview January - September 2020

### Income statement, continuing operations

SEK m	Quarter 1-3	
	2020	2019
<b>Net Sales</b>	<b>6,910</b>	<b>9,178</b>
Cost of goods sold	-5,865	-7,707
<b>Gross earnings</b>	<b>1,045</b>	<b>1,471</b>
<b>Operating earnings (EBIT)</b>	<b>413</b>	<b>788</b>
Exchange rate effects on net debt	0	-376
Other financial income and expenses	-446	-1,502
<b>Earnings before tax</b>	<b>-33</b>	<b>-1,090</b>
Tax	-48	-82
<b>Net earnings/loss</b>	<b>-81</b>	<b>-1,172</b>
<b>EBITDA</b>	<b>836</b>	<b>1,186</b>
<b>EBITDA excluding non-recurring items</b>	<b>871</b>	<b>1,279</b>

### Net sales and earnings, continuing operations<sup>1)</sup>

Net sales for the first nine months of 2020 amounted to SEK 6,910 (9,178) m, a decrease of SEK 2 268 m or 25%. The sales decrease was resulting from softer demand in all regions together with lower prices linked to both raw materials and price competition.

Organic volume based sales growth was -9%. Excluding currency effects, sales prices in the first nine months of 2020 were 14% lower than last year due to both lower raw material prices and increased price competition for some product lines. During the first nine months of 2020, the Swedish krona was more or less on the same level against USD and EUR compared to the corresponding period in 2019, with limited exchange rate effects on sales.

EBITDA excluding non-recurring items amounted to SEK 871 (1,279) m, corresponding to an EBITDA margin of 12.6% (13.9). The decrease in earnings compared to last year was mainly attributable to lower volumes, lower unit margins for some product lines and negative revaluation exchange rate effects which partly was offset by lower fixed costs due to tight spend control following COVID-19.

Depreciation and amortization for the period amounts to SEK 423 (398) m and EBIT amounted to SEK 413 (788) m for the period.

Net financial expenses, excluding currency effects on net debt, amounted to SEK 446 m compared to SEK 1,502 m for the corresponding period in 2019. The deviation is mainly a result of the re-financing of the capital structure, which was completed during the first quarter 2019.

Tax amounted to SEK -48 (-82) m and net result amounted to SEK -81 (-1,172) m.

<sup>1)</sup> 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 3		Quarter 1-3		Latest	Full year
	2020	2019	2020	2019	12 months	2019
EBITDA excluding non-recurring items	185	439	871	1,279	1,146	1,554
Change in Working Capital <sup>2)</sup>	141	30	-113	-366	395	142
Maintenance Capex	-35	-53	-139	-159	-276	-296
<b>Free Cash Flow before Strategic Capex</b>	<b>291</b>	<b>416</b>	<b>619</b>	<b>754</b>	<b>1,265</b>	<b>1,400</b>
% of EBITDA excluding non-recurring items	157	95	71	59	110	90
Strategic Capex	-34	-115	-160	-222	-257	-319
<b>Free Cash Flow</b>	<b>257</b>	<b>301</b>	<b>459</b>	<b>532</b>	<b>1,008</b>	<b>1,081</b>
% of EBITDA excluding non-recurring items	139	69	53	42	88	70

<sup>1)</sup> For further details on total cash flow, please see page 17.

<sup>2)</sup> Excluding currency translation effects and provisions.

## Available funds and debt

SEK m	Sept 30, 2020	Sept 30, 2019	Dec 31, 2019
Available funds	1,151	942	1,248
Net debt	8,992	9,615	8,993
Net debt excl. Parent company loans and pension liabilities	8,521	9,133	8,526
Leverage <sup>1)</sup>	7.4x	5.5x	5.5x

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

## Free cash flow July – September

Free Cash flow during the third quarter amounted to 257 (301) m. The lower earnings was counterbalanced by favorable development of working capital and lower investments, compared to the same period previous year.

Utilization of the factoring program on September 30, 2020 amounted to EUR 72 (82) m.

## Free cash flow January - September

Free Cash flow for January – September amounted to SEK 459 m (532). The free cash flow was negatively impacted by lower earnings counterbalanced by favorable development of working capital and lower investments compared to the same period previous year.

## Net debt and leverage

The Group's available funds, liquid funds and unutilized credit facilities, amounted to SEK 1,151 (942) m at the end of the period, compared with SEK 1,248 m at the end of 2019.

Leverage was 7.4x (5.5x) at the end of the third quarter 2020 compared to 5.5x at the end of 2019.



Business Area

Speciality Polyols & Solutions



## Business Area

### Specialty Polyols & Solutions

SEK m	Quarter 3		Quarter 1-3	
	2020	2019	2020	2019
<i>Continuing operations</i>				
Net sales	1,127	1,564	3,790	5,085
EBITDA	97	296	556	824
EBITDA excl. non-recurring items	102	296	552	825
EBITDA margin excl. non-recurring items, %	9.1	18.9	14.6	16.2

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

### July - September 2020

Net sales in the third quarter 2020 amounted to SEK 1,127 (1,564) m. The lower sales were mainly attributable to weaker demand and lower prices mainly due to lower raw material prices together with increased price pressure in some geographical areas. Market interest and demand of Perstorp's pro-environmental polyols has increased and sales volumes increased considerably. Exchange rates had a negative impact on sales of approximately 5%.

Organic volume based sales growth was -13% but increased with 15% compared to the second quarter 2020.

EBITDA excluding non-recurring items in the third quarter was SEK 102 (296) m corresponding to an EBITDA margin of 9.1% (18.9). The decrease was due to a combination of lower volumes, lower unit margins for several product lines together with negative exchange rate impact.

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 3		Quarter 1-3	
	2020	2019	2020	2019
<i>Continuing operations</i>				
Net sales	756	937	2,395	3,011
EBITDA	88	140	292	454
EBITDA excl. non-recurring items	94	138	302	454
EBITDA margin excl. non-recurring items, %	12.4	14.7	12.6	15.1

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

### July-September 2020

Net sales in the third quarter 2020 amounted to SEK 756 (937) m. The decrease was attributable to lower sales prices linked to lower raw material prices and product mix. Exchange rates had a negative impact on sales of approximately 3%.

Organic volume based sales growth was +5% but increased with 22% compared to the second quarter 2020.

EBITDA excluding non-recurring items, in the third quarter, amounted to SEK 94 (138) m, corresponding to an EBITDA margin of 12.4% (14.7). The decrease was resulting from lower unit margins of most Oxo product lines due to price pressure together with negative exchange rate impact.





Business Area  
Animal Nutrition



## Business Area

### Animal Nutrition

SEK m	Quarter 3		Quarter 1-3	
	2020	2019	2020	2019
<i>Continuing operations</i>				
Net sales	271	313	873	925
EBITDA	24	49	105	163
EBITDA excl. non-recurring items	25	49	106	163
EBITDA margin excl. non-recurring items, %	9.2	15.7	12.1	17.6

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

### July - September 2020

Net sales in third quarter 2020 amounted to SEK 271 (313) m. The decrease in sales was attributable to a combination of lower demand for some products linked to COVID-19, product mix effects and increased price pressure. Exchange rates had a negative impact on sales of approximately 3%.

Organic volume based sales growth was 1%.

EBITDA excluding non-recurring items in the third quarter was SEK 25 (49) m corresponding to an EBITDA margin of 9.2% (15.7). The decrease was a result of a combination of lower volumes for some product lines, lower unit margins, increased price competition together with unfavorable product and customer mix for some product lines.

## Consolidated income statement

### Income statement, consolidated group

SEK m	Note	Quarter 3		Quarter 1-3		Latest	Full year
		2020	2019	2020	2019	12 months	2019
<b>Continuing operations</b>							
<b>Net Sales</b>	<b>3</b>	<b>2,111</b>	<b>2,895</b>	<b>6,910</b>	<b>9,178</b>	<b>9,373</b>	<b>11,641</b>
Cost of goods sold		-1,871	-2,427	-5,865	-7,707	-7,968	-9,810
<b>Gross earnings</b>		<b>240</b>	<b>468</b>	<b>1,045</b>	<b>1,471</b>	<b>1,405</b>	<b>1,831</b>
Selling, administration and R&D costs		-181	-182	-576	-629	-803	-856
Other operating income and expenses <sup>1)</sup>		-23	-6	-55	-47	-82	-74
Write-down of assets		0	-11	-4	-11	-9	-16
Result from participations in associated companies		2	1	3	4	3	4
<b>Operating earnings (EBIT)</b>	<b>5</b>	<b>38</b>	<b>270</b>	<b>413</b>	<b>788</b>	<b>514</b>	<b>889</b>
Exchange-rate effects on net debt		27	-140	0	-376	172	-204
Other financial income and expenses		-149	-163	-446	-1,502	-675	-1,731
<b>Earnings/loss before tax</b>		<b>-84</b>	<b>-33</b>	<b>-33</b>	<b>-1,090</b>	<b>11</b>	<b>-1,046</b>
Tax		-12	-27	-48	-82	-188	-222
<b>Net earnings/loss</b>		<b>-96</b>	<b>-60</b>	<b>-81</b>	<b>-1,172</b>	<b>-177</b>	<b>-1,268</b>
<b>Discontinued operation</b>	<b>7</b>						
Net sales	3	-	-	-	112	1	113
Operating earnings (EBIT)		-	-	-	4,760	-3	4,757
Earnings/loss before tax		-	0	-	4,758	-3	4,755
Tax		-	0	-	-12	0	-12
<b>Net earnings/loss</b>		<b>-</b>	<b>0</b>	<b>-</b>	<b>4,746</b>	<b>-3</b>	<b>4,743</b>
<b>Group, total</b>							
Net sales		2,111	2,895	6,910	9,290	9,374	11,754
Operating earnings (EBIT)		38	270	413	5,548	511	5,646
Earnings/loss before tax		-84	-33	-33	3,668	8	3,709
Tax		-12	-26	-48	-94	-188	-234
<b>Net earnings/loss</b>		<b>-96</b>	<b>-59</b>	<b>-81</b>	<b>3,574</b>	<b>-180</b>	<b>3,475</b>

### Consolidated Group

<b>EBITDA</b>	<b>3</b>	<b>178</b>	<b>411</b>	<b>836</b>	<b>5,955</b>	<b>1,074</b>	<b>6,193</b>
<b>EBITDA excluding non-recurring items</b>	<b>3</b>	<b>185</b>	<b>440</b>	<b>871</b>	<b>1,359</b>	<b>1,147</b>	<b>1,635</b>

<sup>1)</sup> 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 3		Quarter 1-3		Latest	Full year
	2020	2019	2020	2019	12 months	2019
<b>Net result for the period</b>	<b>-96</b>	<b>-59</b>	<b>-81</b>	<b>3,574</b>	<b>-180</b>	<b>3,475</b>
<b>Other comprehensive income</b>						
<i>Items that will not be reclassified to profit or loss</i>						
Remeasurements of defined benefit plan	-	-55	-	-55	11	-44
<i>Items that may be subsequently reclassified to profit or loss</i>						
Currency translation effect	75	-66	52	-31	93	10
<b>Other comprehensive income net after tax</b>	<b>75</b>	<b>-121</b>	<b>52</b>	<b>-86</b>	<b>104</b>	<b>-34</b>
<b>Total comprehensive income</b>	<b>-21</b>	<b>-180</b>	<b>-29</b>	<b>3,488</b>	<b>-76</b>	<b>3,441</b>
<b>Attributable to:</b>						
Parent company's shareholder	-22	-188	-38	3,459	-83	3,414
Non-controlling interest	1	8	9	29	7	27

## Consolidated balance sheet

### Balance sheet, consolidated group

SEK m	Note	Sept 30, 2020	Sept 30, 2019	Dec 31, 2019
Tangible fixed assets		4,674	4,690	4,767
Intangible fixed assets		4,315	4,437	4,382
Participation in associated companies		78	75	75
Other non-current assets		1,083	1,172	1,109
Inventories		1,127	1,525	1,440
Other current assets		1,101	1,425	1,078
Cash & cash equivalents, incl. short-term investments		461	271	453
<b>Total assets</b>		<b>12,839</b>	<b>13,595</b>	<b>13,304</b>
Total equity	6	1,120	1,230	1,158
Pension liability, others		492	493	488
Other non-current liabilities		9,688	10,072	9,704
Current liabilities		1,539	1,800	1,954
<b>Total equity &amp; liabilities</b>		<b>12,839</b>	<b>13,595</b>	<b>13,304</b>
Working capital	4	785	1,178	680
Net debt	8	8,992	9,615	8,993
Net debt excluding pension liabilities		8,521	9,133	8,526
Capital employed		10,613	11,093	10,623
Number of full-time employees, end of period		1,377	1,367	1,366
Contingent liabilities		279	282	276
Assets pledged		6,568	6,358	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
<b>Opening balance, January 1, 2020</b>		<b>1,029</b>	<b>129</b>	<b>1,158</b>
Total comprehensive income		-38	9	-29
Dividend to non controlling interest		-	-9	-9
<b>Closing balance, September 30, 2020</b>		<b>991</b>	<b>129</b>	<b>1,120</b>

### Total equity, 2019

SEK m	Equity attributable to owners of the parent	Non-controlling interest	Total equity
<b>Opening balance, January 1, 2019</b>	<b>-2,378</b>	<b>128</b>	<b>-2,250</b>
Change in accounting principles	-7	-	-7
<b>Adjusted opening balance, January 1, 2019</b>	<b>-2,385</b>	<b>128</b>	<b>-2,257</b>
Total comprehensive income	3,459	29	3,488
Transactions with owners, recognized directly in equity	-	-1	-1
<b>Closing balance, September 30, 2019</b>	<b>1,074</b>	<b>156</b>	<b>1,230</b>



## Consolidated cash flow statement

SEK m	Quarter3		Quarter 1-3		Latest	Full year
	2020	2019	2020	2019	12 months	2019
<i>Operating activities</i>						
Operating earnings	38	270	413	788	514	889
Adjustments						
Depreciation and write-down	140	141	423	398	563	538
Other	-1	11	-5	-131	-29	-155
Operating activities in discontinued operations	-	-	-	78	0	78
Interest received and other financial items	1	2	2	4	4	6
Interest paid and other financial items	-260	-205	-418	-1,249	-563	-1,394
Income tax paid	-10	-6	-50	-46	-62	-58
Interest and taxes paid in discontinued operation	-	-	-	-6	0	-6
<b>Cash flow from operating activities before change in operating capital</b>	<b>-92</b>	<b>213</b>	<b>365</b>	<b>-164</b>	<b>427</b>	<b>-102</b>
Changes in working capital						
Increase (-) Decrease (+) in net working capital <sup>1)</sup>	141	30	-113	-366	395	142
Discontinued operations	-	-	-	-38	0	-38
<b>Cash flow from operating activities</b>	<b>49</b>	<b>243</b>	<b>252</b>	<b>-568</b>	<b>822</b>	<b>2</b>
<i>Investing activities</i>						
Investments in other participations	-	-	-	-2	0	-2
Acquisition of tangible and intangible fixed assets	-69	-168	-299	-381	-533	-615
Sale of net assets, subsidiaries	-	-	-	6,057	0	6,057
Sale of shares, other participations	-	-	-	5	0	5
Discontinued operations	-	-	-	-7	0	-7
<b>Cash flow from investing activities</b>	<b>-69</b>	<b>-168</b>	<b>-299</b>	<b>5,672</b>	<b>-533</b>	<b>5,438</b>
<i>Financing activities</i>						
Dividend paid to non-controlling interests in subsidiaries	-	-	-9	-29	-34	-54
New loans	-	-	-	8,800	0	8,800
Amortization of loans	-8	-10	-27	-13,978	-36	-13,987
Change in credit utilization <sup>3)</sup>	-654	-133	99	-209	-12	-320
<b>Cash flow from financing activities</b>	<b>-662</b>	<b>-143</b>	<b>63</b>	<b>-5,416</b>	<b>-82</b>	<b>-5,561</b>
<b>Change in liquid funds</b>	<b>-682</b>	<b>-68</b>	<b>16</b>	<b>-312</b>	<b>207</b>	<b>-121</b>
Liquid fund opening balance, incl. short-term investments	1,146	333	453	565	271	565
Translation difference in liquid funds	-3	6	-8	18	-17	9
<b>Liquid funds, end of period<sup>2)</sup></b>	<b>461</b>	<b>271</b>	<b>461</b>	<b>271</b>	<b>461</b>	<b>453</b>

<sup>1)</sup> Including trade receivable financing program<sup>2)</sup> Restricted and held on escrow<sup>3)</sup> 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 September 30, 2020 amounted to 3,273 m (3,410) compared to SEK 3,565 m at December 31, 2019.

### Income statement

SEK m	Note	Quarter 3		Quarter 1-3		Latest	Full year
		2020	2019	2020	2019	12 months	2019
<b>Net Sales</b>		<b>35</b>	<b>31</b>	<b>58</b>	<b>52</b>	<b>77</b>	<b>71</b>
<b>Gross earnings</b>		<b>35</b>	<b>30</b>	<b>56</b>	<b>51</b>	<b>75</b>	<b>70</b>
Sales, marketing and admin costs		-60	-56	-130	-140	-170	-180
Other operating income and expenses		-5	-6	-7	-11	-12	-16
<b>Operating earnings (EBIT)</b>		<b>-30</b>	<b>-32</b>	<b>-81</b>	<b>-100</b>	<b>-107</b>	<b>-126</b>
Financial income and expenses		-58	-136	-211	-1,409	-161	-1,359
Appropriations		-	-	-	-	37	37
<b>Earnings/loss before tax</b>		<b>-88</b>	<b>-168</b>	<b>-292</b>	<b>-1,509</b>	<b>-231</b>	<b>-1,448</b>
Tax		-	-	-	-	94	94
<b>Net earnings/loss <sup>1)</sup></b>		<b>-88</b>	<b>-168</b>	<b>-292</b>	<b>1,509</b>	<b>-137</b>	<b>-1,354</b>

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

### Balance sheet

SEK m	Note	Sept 30, 2020	Sept 30, 2019	Dec 31, 2019
Tangible fixed assets		0	0	0
Intangible fixed assets		0	1	1
Shares in group companies		7,731	7,731	7,731
Long term receivables group		5,416	5,657	5,503
Other non-current assets		476	426	475
Short term financial receivables group		193	78	124
Other current assets		37	31	30
Cash & cash equivalents		0	0	0
<b>Total assets</b>		<b>13,853</b>	<b>13,924</b>	<b>13,864</b>
Total equity	6	3,273	3,410	3,565
Other non-current liabilities		8,897	9,263	8,860
Current liabilities		1,683	1,251	1,439
<b>Total equity &amp; liabilities</b>		<b>13,853</b>	<b>13,924</b>	<b>13,864</b>



## Key figures and FX rates

### Key figures

SEK m unless otherwise stated	2020			2019	
	Q3	Q2	Q1	Q4	Q3
<i>Continuing operations</i>					
Net Sales	2,111	2,079	2,720	2,463	2,895
Organic volume-based sales growth, %	-5.6	-21.8	-3.9	-7.4	1.7
Marginal contribution	651	726	879	760	829
EBITDA excluding non-recurring items	185	265	421	275	439
% of net sales	8.8	12.7	15.5	11.2	15.2
Cash conversion, % of EBITDA excluding non-recurring items	139	122	-29	200	69
<i>Consolidated Group</i>					
Net earnings/loss	-96	294	-279	-99	-59
Earnings, per share, diluted, SEK	-1.91	5.87	-5.57	-1.98	-1.20
Net debt excluding pension liabilities and shareholder loans	8,521	8,598	9,505	8,526	9,133
Leverage <sup>1)</sup>	7.4x	6.1x	6.3x	5.5x	5.5x

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

### Currency rates

<b>Closing rate</b>					
USD	8.99	9.35	10.08	9.32	9.80
EUR	10.54	10.48	11.08	10.43	10.73
GBP	11.52	11.47	12.39	12.21	12.07
<b>Average rate</b>					
USD	8.87	9.68	9.67	9.63	9.59
EUR	10.36	10.65	10.66	10.66	10.66
GBP	11.45	12.02	12.37	12.38	11.81

## 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 <sup>1)</sup>

SEK m	Quarter 3		Quarter 1-3		Latest	Full year
	2020	2019	2020	2019	12 months	2019
<b>Net Sales</b>						
Specialty Polyols & Solutions	1,127	1,564	3,790	5,085	5,140	6,435
Advanced Chemicals	756	937	2,395	3,011	3,221	3,837
Animal Nutrition	271	313	873	925	1,169	1,221
Internal sales						
Specialty Polyols & Solutions	-5	0	-14	-2	-16	-4
Advanced Chemicals	-86	-132	-302	-413	-408	-519
Animal Nutrition	-3	-2	-8	-10	-11	-13
Other/eliminations	51	215	176	582	278	684
<b>Continuing operations</b>	<b>2,111</b>	<b>2,895</b>	<b>6,910</b>	<b>9,178</b>	<b>9,373</b>	<b>11,641</b>
Discontinued operations	-	0	-	112	1	113
<b>TOTAL GROUP</b>	<b>2,111</b>	<b>2,894</b>	<b>6,910</b>	<b>9,290</b>	<b>9,374</b>	<b>11,754</b>
<b>EBITDA</b>						
Specialty Polyols & Solutions	97	296	556	824	744	1,012
Advanced Chemicals	88	140	292	454	362	524
Animal Nutrition	24	49	105	163	128	186
Other/eliminations	-31	-74	-117	-255	-157	-295
<b>Continuing operations</b>	<b>178</b>	<b>411</b>	<b>836</b>	<b>1,186</b>	<b>1,077</b>	<b>1,427</b>
Discontinued operations	-	0	-	4,769	-3	4,766
<b>TOTAL GROUP</b>	<b>178</b>	<b>411</b>	<b>836</b>	<b>5,955</b>	<b>1,074</b>	<b>6,193</b>
<i>Non allocated items</i>						
Depreciation, Amortization and write down	-140	-141	-423	-407	-563	-547
<b>Operating earnings (EBIT)</b>	<b>38</b>	<b>270</b>	<b>413</b>	<b>5,548</b>	<b>511</b>	<b>5,646</b>
Financial income and expenses	-122	-303	-446	-1,880	-503	-1,937
<b>Earnings/loss before tax</b>	<b>-84</b>	<b>-33</b>	<b>-33</b>	<b>3,668</b>	<b>8</b>	<b>3,709</b>
Tax	-12	-26	-48	-94	-188	-234
<b>Net result</b>	<b>-96</b>	<b>-59</b>	<b>-81</b>	<b>3,574</b>	<b>-180</b>	<b>3,475</b>
<b>EBITDA excluding non-recurring items</b>						
Specialty Polyols & Solutions	102	296	552	825	756	1,029
Advanced Chemicals	94	138	302	454	372	524
Animal Nutrition	25	49	106	163	129	186
Other/eliminations	-36	-44	-89	-163	-111	-185
<b>Continuing operations</b>	<b>185</b>	<b>439</b>	<b>871</b>	<b>1,279</b>	<b>1,146</b>	<b>1,554</b>
Discontinued operations	-	0	-	80	1	81
<b>TOTAL GROUP</b>	<b>185</b>	<b>440</b>	<b>871</b>	<b>1,359</b>	<b>1,147</b>	<b>1,635</b>

<sup>1)</sup> The Group is domiciled in Sweden. The result of its net sales from external customers in Sweden is 5% (6), and the total of net sales from external customers from other countries is 95% (94). No sales above 10% derived from a single external customer.

#### 4. Working Capital

SEK m	Sept 30, 2020	Sept 30, 2019	Dec 31, 2019
Inventories	1,127	1,525	1,440
Accounts receivable	617	948	681
Other current assets	471	370	387
Accounts payable	-416	-596	-767
Other current liabilities	-1,014	-1,069	-1,061
<b>Total working capital</b>	<b>785</b>	<b>1,178</b>	<b>680</b>

#### 5. Leasing, continuing operations

SEK m	Quarter 3		Quarter 1-3	
	2020	2019	2020	2019
<b>Impact on income statement, IFRS16 <sup>1)</sup></b>				
Depreciation on right of use assets	-12	-9	-36	-28
Interest on lease liability	-1	-2	-5	-4

<sup>1)</sup> The effect on EBITDA is

14                      11                      42                      34

#### 6. Equity

At the end of September 2020 equity for the parent company, Perstorp Holding AB, amounts to SEK 3,273 (3,410) m. Consolidated equity, including non-controlling interest, for the Perstorp Group amounts to SEK 1,120 (1,230) m.

#### 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 decisions or direction of any relevant country's health authorities are followed. 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.

Considering the continuously high number of new cases of Covid-19 globally, the uncertainty in the market continues. Perstorp has since the outbreak of Covid-19 relentlessly put efforts into securing business contingency and has taken actions in order to minimize the risks during the recovery and restoration phases. 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

No 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 report, 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](http://www.perstorp.com).

Perstorp, October 26, 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](http://www.perstorp.com)