



Perstorp Holding AB (Publ.)

Year end report 1 January – 31 December 2020

Year end report 1 January – 31 December 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 October – December 2020, continuing operations

- Net sales, from continuing operations, decreased with -7% to SEK 2,284 m (2,463), driven by negative FX effects and lower raw material prices, and +8% compared to Q3.
- Organic volume-based sales growth was +6% year-on-year and +4% compared to Q3.
- EBITDA excluding non-recurring items amounted to SEK 257 m (275). FX effects were SEK -42 m compared to the same period last year. At constant FX, EBITDA increased by 9% year on year due to solid volumes and cost control.
- EBITDA-margin excluding non-recurring items for continuing operations was 11.3% (11.2).
- Continued solid free cash flow generation of SEK 364 m (549).
- In the end of the quarter, Perstorp Group was granted a liquidity enhancing Revolving Credit Facility of SEK 600 m, backed by the Swedish Export Credit Agency (EKN).
- Available funds at December 31st amounted to SEK 2,037 m (1,248), including the newly granted Revolving Credit Facility of SEK 600 m.

Key figures in summary, continuing operations

SEK m unless otherwise stated	Quarter 4		Full year		Quarter 3
	2020	2019	2020	2019	2020
Net Sales	2,284	2,463	9,194	11,641	2,111
EBITDA	232	241	1,068	1,427	178
% of net sales	10.2	9.8	11.6	12.3	8.4
EBITDA excluding non-recurring items ¹⁾	257	275	1,128	1,554	185
% of net sales	11.3	11.2	12.3	13.3	8.8
Operating earnings (EBIT)	90	101	503	889	38
% of net sales	3.9	4.1	5.5	7.6	1.8
Net earnings/loss	145	-96	64	-1,268	-96
Free cash flow	364	549	823	1,081	257

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



President's Comments – Q4 2020

"The chemical industry in the EU has officially been acknowledged for being imperative for the economic recovery for leading the way into the future post-Covid-19. With our revised strategic direction, Perstorp is an evident part of this future."

2020 has been a challenging year in many ways, ever since the first signs of Covid-19 came to light at the end of January. The world has experienced both second and third outbreaks of Covid-19 during the fall but despite new lockdowns and other restrictions, the fourth quarter was characterized by clear signs of economic recovery. Several financial stimulation programs have been launched globally, and many of the programs have an obvious connection to the global sustainability agenda and push societies and industries to accelerate their transformation. In some cases, there has been a shortage of raw materials, especially in the Asian markets. Raw material prices turned upwards again after record low levels, but are still not at the levels in Q4/19.

Increased volumes, increased EBITDA at constant FX and sound cash flow

For Perstorp, the fourth quarter was characterized by signs of recovering demand, and product volumes increased in all three main geographies – EMEA, Americas and APAC, with the strongest driver in APAC. Volume based sales growth for the period was 6% compared to the same period last year, and trends positively with a 4% increase compared to Q3/20. Net sales amounted to SEK 2,284 m, a -7% decrease over the fourth quarter last year impacted by unfavorable FX effects of -5%. EBITDA amounted to SEK 257 m (275) including a negative FX of SEK 42 m, and with an EBITDA margin of 11.3% (11.2). It is encouraging to see that, adjusted for the FX effect, EBITDA improved compared to the same period last year. For the full year 2020 EBITDA amounted to SEK 1,128 m (1,554), including SEK -69 m of negative FX effects.

Perstorp has 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. Fixed costs were for the full year reduced by SEK 92 m. Free cash flow in the fourth quarter amounted to SEK 364 m (549). In December, Perstorp Group was granted a liquidity enhancing Revolving Credit Facility of SEK 600 m, backed by the Swedish Export Credit Agency (EKN). The available funds at December 31st amounted to respectable SEK 2,037 m (1,248).

EBITDA above Q4/19 levels at constant FX

For Business Area Specialty Polyols & Solutions, supply/demand balances were improved compared to the third quarter 2020, mainly due to stronger underlying demand and availability constraints. Volumes were stronger than Q4/19 and compared to Q3/20 the recovery continued. EBITDA amounted to SEK 174 m (204) and adjusted for the negative FX effect, EBITDA was above the corresponding quarter 2019. The positive trend continues and it is a substantial increase compared to Q3/20.

Business Area Advanced Chemicals experienced a stable demand where several product volumes were higher than in Q4/19. The general market suffered from global supply shortages and Perstorp still had supply constraints due to

Borealis fire in May 2020. EBITDA amounted to SEK 67 m (70). Adjusted for negative FX effects, EBITDA was stronger compared to Q4/19.

Business Area Animal Nutrition volumes were on par with Q4/19, but a less favorable product mix, lower unit margins for some of the product lines and FX effects had a negative impact on EBITDA, which amounted to SEK 18 m (23). This is disappointing given our investments in the organization but Animal Nutrition is a relationship intensive business and we have not been able to introduce our next generation products coming from our innovation pipeline to the extent that we had forecasted, and a part of the reason are the travel restrictions as a consequence of Covid-19.

Focus forward

Related to changes in and acceleration of macroeconomic trends, Perstorp has revisited its strategic positions, resulting in a updated strategic direction. The Board of Directors approved this revised direction in December, which together with an organizational change will be rolled out during Q1/21. The outcome means in essence that Perstorp will quickly return to its growth journey, including continuing investing in our new production site in Saykha, India, but focus its growth initiatives primarily to the area of specialty chemicals and in some selected customer segments, where innovation and services are prioritized. Sustainability and Digital Transformation will be highly important enablers for success. Our Intermediate businesses will remain important, but will be run lean and with focus on competitiveness and cash generation.

Excellence and care in mitigating the 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, 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 continued to be well in line with our high ambitions, but for OSHA recordables we saw a negative trend during 2020, compared to our very high ambitions and tough requirements. A root cause analysis has been performed and a lot of efforts are focused on reversing the trend. In November we successfully held our company wide event "Let's talk Care 365" where all employees on the same day were asked to engage on the topic of health & safety.

Despite the volatile macroeconomic sentiment during the year, Perstorp has continued many of its development projects to prepare the organization to get back to the growth trajectory. The share of Pro-Environment products (based on renewable raw materials) was record high. The market approach has been pro-active, and most marketing and communication activities have moved to digital channels and social media. Despite having worked from home to a large degree during the year, our employees have made extraordinary efforts, shown agility and a positive forward looking attitude.

The chemical industry in the EU has officially been acknowledge for being imperative for the economic recovery and for leading the way into the future post-Covid-19. We will help innovate new solutions to address both old and new issues, and with our revised strategic direction, Perstorp is an evident part of this future.

Malmö February 2021



Jan Secher

President and CEO

Financial overview October - December 2020

Income statement, continuing operations

SEK m	Quarter 4	
	2020	2019
Net Sales	2,284	2,463
Cost of goods sold	-1,987	-2,103
Gross earnings	297	360
Operating earnings (EBIT)	90	101
Exchange rate effects on net debt	297	172
Other financial income and expenses	-211	-229
Earnings before tax	176	44
Tax	-31	-140
Net earnings/loss	145	-96
EBITDA	232	241
EBITDA excluding non-recurring items	257	275

Net sales and earnings, continuing operations¹⁾

Net sales for continuing operations during the fourth quarter amounted to SEK 2,284 m (2,463), a decrease of SEK 179 m or 7%. Excluding FX effects, sales prices were 2% lower than last year mainly linked to raw material prices

Volumes increased by 4% compared to the same period last year following stronger end-user demand in several segments and restocking, despite the production disturbances in Stenungsund. Organic volume based sales growth was +6% in the fourth quarter 2020.

Average Dated Brent oil price decreased 28% in the fourth quarter 2020 compared to the corresponding quarter last year but was 5% higher than in the third quarter 2020. Also prices for downstream derivatives like propylene and ethylene decreased during the fourth quarter of 2020 (15% respectively 20%) compared to the same period last year, they were in line with the third quarter this year.

The Swedish krona continued to strengthen against both the USD and the EUR compared to the corresponding quarter 2019, resulting in a negative FX effect on sales of approximately 5% and a small negative effect compared with the third quarter this year.

EBITDA excluding non-recurring items amounted to SEK 257 m (275), corresponding to an EBITDA margin of 11.3% (11.2). The EBITDA was impacted by a negative exchange rate effects of approximately SEK 40 m, partly offset by lower fixed costs. Excluding FX effects, fixed cost decreased by 7% compared to the corresponding quarter last year. Unit margins were in line with previous year.

Depreciation and amortization amounted to SEK 142 m (140). EBIT amounted to SEK 90 m (101) for the period.

Net financial expenses, excluding FX effects on net debt, amounted to SEK 211 m (229).

Tax amounted to SEK -31 m (-140) and net result amounted to SEK 145 m (-96).

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

Financial overview January - December 2020

Income statement, continuing operations

SEK m	Full Year	
	2020	2019
Net Sales	9,194	11,641
Cost of goods sold	-7,852	-9,810
Gross earnings	1,342	1,831
Operating earnings (EBIT)	503	889
Exchange rate effects on net debt	297	-204
Other financial income and expenses	-657	-1,731
Earnings before tax	143	-1,046
Tax	-79	-222
Net earnings/loss	64	-1,268
EBITDA	1,068	1,427
EBITDA excluding non-recurring items	1,128	1,554

Net sales and earnings, continuing operations¹⁾

Net sales for continuing operations during the period January to December amounted to SEK 9,194 m (11,641), a decrease of SEK 2,447 m or 21%. Excluding FX effects, sales prices were 11% lower than last year mainly linked to raw material prices but also to some extent price competition in certain product lines.

Volumes decreased by 8% compared to the same period last year mainly resulting from softened demand, increased competition and production disturbances in Stenungsund in the fourth quarter 2020. Organic volume based sales growth was -5%.

The Swedish krona strengthened against both the USD and the EUR during 2020 resulting in negative FX effects on sales of approximately 1%.

EBITDA excluding non-recurring items amounted to SEK 1,128 m (1,554), corresponding to an EBITDA margin of 12.3% (13.3). The decrease in earnings compared to last year of SEK 426 m was attributable to lower volumes and unit margins for several product lines linked to softened demand and increased competition and negative FX effects partly balanced by lower fixed costs.

Depreciation and amortization amounted to SEK 565 m (538) and EBIT amounted to SEK 503 m (889) for the period.

Net financial expenses, excluding FX effects on net debt, amounted to SEK 657 m compared to SEK 1,731 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 -79 (-222) m and net result amounted to SEK 64 (-1,268) m.

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

Free cash flow analysis, continuing operations¹⁾

SEK m	Quarter 4		Full year	
	2020	2019	2020	2019
EBITDA excluding non-recurring items	257	275	1,128	1,554
Change in Working Capital	300	508	187	142
Maintenance Capex	-105	-137	-244	-296
Free Cash Flow before Strategic Capex	452	646	1,071	1,400
% of EBITDA excluding non-recurring items	176	235	95	90
Strategic Capex	-88	-97	-248	-319
Free Cash Flow	364	549	823	1,081
% of EBITDA excluding non-recurring items	142	200	73	70

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

Available funds and net debt

SEK m	Dec 31, 2020	Dec 31, 2019
Available funds	2,037	1,248
Net debt	8,110	8,993
Net debt excl. pension liabilities	7,673	8,526
Reported leverage ¹⁾	6.8x	5.5x

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

Free cash flow October-December

Free Cash flow during the fourth quarter, amounted to SEK 364 m (549). The somewhat lower earnings was counterbalanced by lower investments compared to the same period last year and a favorable development of working capital.

Free cash flow January-December

Free Cash flow for the full year 2020 amounted to SEK 823 m (1,081). 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.

Available funds

The Group's available funds, liquid funds and unutilized credit facilities, amounted to SEK 2,037 (1,248) m at the end of the period, including the new Revolving Credit Facility of SEK 600 m.



Business Area

Speciality Polyols & Solutions

Business Area

Specialty Polyols & Solutions

SEK m	Quarter 4		Full year	
	2020	2019	2020	2019
<i>Continuing operations</i>				
Net sales	1,324	1,350	5,114	6,435
EBITDA	172	188	728	1,012
EBITDA excl. non-recurring items	174	204	726	1,029
EBITDA margin excl. non-recurring items, %	13.1	15.1	14.2	16.0

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

October - December 2020

During the fourth quarter 2020 net sales amounted to SEK 1,324 m (1,350) which was 2% lower than the corresponding quarter 2019. The decrease was attributable to negative impact from FX effects partly balanced by higher volumes and average sales prices. FX effects had a negative impact on sales of approximately -6%.

Organic volume-based sales growth was 8%, linked to the main products.

EBITDA excluding non-recurring items in the fourth quarter was SEK 174 m (204) corresponding to an EBITDA margin of 13.1% (15.1%). The decrease was attributable to negative FX effects partly balanced by lower fixed costs.



Business Area
Advanced Chemicals

Business Area

Advanced Chemicals

SEK m	Quarter 4		Full Year	
	2020	2019	2020	2019
<i>Continuing operations</i>				
Net sales	737	826	3,132	3,837
EBITDA	60	70	352	524
EBITDA excl. non-recurring items	67	70	369	524
EBITDA margin excl. non-recurring items, %	9.1	8.5	11.8	13.7

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

October - December 2020

Net sales in the fourth quarter 2020 amounted to SEK 737 m (826), which was 11% lower than the corresponding period in 2019. The decrease was mainly attributable to lower sales prices due to lower raw material prices. FX effects had a negative impact on sales of approximately 4%.

Organic volume-based sales growth was 1%, negatively impacted by supply constraint from Borealis in Stenungsund.

EBITDA excluding non-recurring items was SEK 67 m (70), corresponding to an EBITDA margin of 9.1% (8.5). The decrease in EBITDA was attributable to negative FX effects partly balanced by lower fixed costs.



Business Area
Animal Nutrition

Business Area

Animal Nutrition

SEK m	Quarter 4		Full Year	
	2020	2019	2020	2019
<i>Continuing operations</i>				
Net sales	290	296	1,163	1,221
EBITDA	18	23	123	186
EBITDA excl. non-recurring items	18	23	124	186
EBITDA margin excl. non-recurring items, %	6.2	7.8	10.7	15.2

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

October - December 2020

Net sales in the fourth quarter 2020 amounted to SEK 290 m (296), a decrease of 2%. The lower sales were attributable to decreased prices for some product lines and negative FX effects. This was partly balanced by increasing sales volumes.

Organic volume base sales growth was 12%, despite travel restrictions hampering our ability to market our new products.

EBITDA excluding non-recurring items in the fourth quarter was SEK 18 m (23) corresponding to an EBITDA margin of 6.4% (7.8%). The decrease was due to negative FX effects partly balanced by lower fixed costs and higher volumes.

Consolidated income statement

Income statement, consolidated group

SEK m	Note	Quarter 4		Full year	
		2020	2019	2020	2019
Continuing operations					
Net Sales	3	2,284	2,463	9,194	11,641
Cost of goods sold		-1,987	-2,103	-7,852	-9,810
Gross earnings		297	360	1,342	1,831
Selling, administration and R&D costs		-201	-227	-777	-856
Other operating income and expenses ¹⁾		-5	-27	-60	-74
Write-down of assets		-2	-5	-6	-16
Result from participations in associated companies		1	0	4	4
Operating earnings (EBIT)	5	90	101	503	889
Exchange-rate effects on net debt		297	172	297	-204
Other financial income and expenses		-211	-229	-657	-1,731
Earnings/loss before tax		176	44	143	-1,046
Tax		-31	-140	-79	-222
Net earnings/loss		145	-96	64	-1,268
Discontinued operation	7				
Net sales	3	-	0	-	113
Operating earnings (EBIT)		-	-3	-	4,757
Earnings/loss before tax		-	-3	-	4,755
Tax		-	0	-	-12
Net earnings/loss		-	-3	-	4,743
Group, total					
Net sales		2,284	2,463	9,194	11,754
Operating earnings (EBIT)		90	98	503	5,646
Earnings/loss before tax		176	41	143	3,709
Tax		-31	-140	-79	-234
Net earnings/loss		145	-99	64	3,475

Consolidated Group

EBITDA	3	232	238	1,068	6,193
EBITDA excluding non-recurring items	3	257	276	1,128	1,635

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

Consolidated income statement

Comprehensive income report

SEK m	Quarter 4		Full year	
	2020	2019	2020	2019
Net result for the period	145	-99	64	3,475
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of defined benefit plans	22	11	22	-44
<i>Items that may be subsequently reclassified to profit or loss</i>				
Currency translation effect	94	41	146	10
Other comprehensive income net after tax	116	52	168	-34
Total comprehensive income	261	-47	232	3,441
Attributable to:				
Parent company's shareholder	265	-45	227	3,414
Non-controlling interest	-4	-2	5	27

Consolidated balance sheet

Balance sheet, consolidated group

SEK m	Note	Dec 31, 2020	Dec 31, 2019
Tangible fixed assets		4,662	4,767
Intangible fixed assets		4,233	4,382
Participation in associated companies		79	75
Other non-current assets		1,030	1,109
Inventories		1,091	1,440
Other current assets		1,111	1,078
Cash & cash equivalents, incl. short-term investments		575	453
Total assets		12,781	13,304
Total equity	6	1,381	1,158
Pension liability, others		468	488
Other non-current liabilities		8,987	9,704
Current liabilities		1,945	1,954
Total equity & liabilities		12,781	13,304
Working capital	4	443	680
Net debt	8	8,110	8,993
Net debt excluding pension liabilities		7,673	8,526
Capital employed		10,102	10,623
Number of full-time employees, end of period		1,367	1,366
Contingent liabilities		266	276
Assets pledged		7,224	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		227	5	232
Dividend to non-controlling interest		-	-9	-9
Closing balance, December 31, 2020		1,256	125	1,381

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	3,414	27	3,441
Dividend to non-controlling interest	-	-25	-25
Transactions with owners, recognized directly in equity	-	-1	-1
Closing balance, December 31, 2019	1,029	129	1,158

Consolidated cash flow statement

SEK m	Quarter 4		Full year	
	2020	2019	2020	2019
Operating activities				
Operating earnings	90	101	503	889
Adjustments				
Depreciation and write-down	142	140	565	538
Other	43	-24	38	-155
Operating activities in discontinued operations	-	-	-	78
Interest received and other financial items	0	2	2	6
Interest paid and other financial items	-21	-145	-439	-1,394
Income tax paid	-6	-12	-56	-58
Interest and taxes paid in discontinued operation	-	-	-	-6
Cash flow from operating activities before change in operating capital	248	62	613	-102
Changes in working capital				
Increase (-) Decrease (+) in net working capital ¹⁾	300	508	187	142
Discontinued operations	-	-	-	-38
Cash flow from operating activities	548	570	800	2
<i>Investing activities</i>				
Investments in other participations	-	-	-	-2
Acquisition of tangible and intangible fixed assets	-193	-234	-492	-615
Sale of net assets, subsidiaries	-	-	-	6,057
Sale of shares, other participations	-	-	-	5
Discontinued operations	-	-	-	-7
Cash flow from investing activities	-193	-234	-492	5,438
<i>Financing activities</i>				
Dividend paid to non-controlling interests in subsidiaries	-	-25	-9	-54
New loans	-	-	-	8,800
Amortization of loans	-8	-9	-35	-13,987
Change in credit utilization ³⁾	-223	-111	-124	-320
Cash flow from financing activities	-231	-145	-168	-5,561
Change in liquid funds, incl. short-term investments	124	191	140	-121
Liquid fund opening balance, incl. short-term investments	461	271	453	565
Translation difference in liquid funds	-10	-9	-18	9
Liquid funds, end of period²⁾	575	453	575	453

¹⁾ Including trade receivable financing program

²⁾ Whereof restricted and held on escrow

³⁾ Including payment of bank fees related to refinancing

127

137

127

137

Parent company

Perstorp Holding AB (publ.) is fully owned by Financière Forêt S.à.r.l and is the parent company of the Perstorp Holding Group. Shareholder's equity at December 31, 2020 amounted to 3,241 m compared to SEK 3,565 m at December 31, 2019.

Income statement

SEK m	Note	Quarter 4		Full year	
		2020	2019	2020	2019
Net Sales		25	19	83	71
Gross earnings		8	19	64	70
Sales, marketing and admin costs		-35	-40	-165	-180
Other operating income and expenses		-13	-5	-20	-16
Operating earnings (EBIT)		-40	-26	-121	-126
Financial income and expenses ¹⁾		162	50	-49	-1,359
Appropriations		-170	37	-170	37
Earnings/loss before tax		-48	61	-340	-1,448
Tax		16	94	16	94
Net earnings/loss ²⁾		-32	155	-324	-1,354

¹⁾ Including dividends from subsidiaries

²⁾ Comprehensive income equals net earnings/loss for the year

Balance sheet

SEK m	Note	Dec 31, 2020	Dec 31, 2019
Tangible fixed assets		0	0
Intangible fixed assets		0	1
Shares in group companies		7,731	7,731
Long term receivables group		5,163	5,503
Other non-current assets		419	475
Short term financial receivables group		79	124
Other current assets		46	30
Cash & cash equivalents		0	0
Total assets		13,438	13,864
Total equity	6	3,241	3,565
Other non-current liabilities		8,157	8,860
Current liabilities		2,040	1,439
Total equity & liabilities		13,438	13,864



Key figures and FX rates

Key figures

SEK m unless otherwise stated	2020				2019
	Q4	Q3	Q2	Q1	Q4
<i>Continuing operations</i>					
Net Sales	2,284	2,111	2,079	2,720	2,463
Organic volume-based sales growth, %	5.9	-5.6	-21.8	-3.9	-7.4
Marginal contribution	690	651	726	879	760
EBITDA excluding non-recurring items	257	185	265	421	275
% of net sales	11.3	8.8	12.7	15.5	11.2
Cash conversion, % of EBITDA excluding non-recurring items	142	139	122	-29	200
<i>Consolidated Group</i>					
Net earnings/loss	145	-96	294	-279	-99
Earnings, per share, diluted, SEK	2.89	-1.91	5.87	-5.57	-1.98
Net debt excluding pension liabilities	7,673	8,521	8,598	9,505	8,526
Leverage ¹⁾	6.8x	7.4x	6.1x	6.3x	5.5x

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

Currency rates

Closing rate					
USD	8.19	8.99	9.35	10.08	9.32
EUR	10.04	10.54	10.48	11.08	10.43
GBP	11.09	11.52	11.47	12.39	12.21
Average rate					
USD	8.63	8.87	9.68	9.67	9.63
EUR	10.28	10.36	10.65	10.66	10.66
GBP	11.38	11.45	12.02	12.37	12.38

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

Reported net debt excluding pension liabilities/Reported EBITDA excluding non-recurring items.

Continuing operations

Excludes the divested units Perstorp UK Ltd and Perstorp Bioproducts AB in 2019.

3 Segment information ¹⁾

SEK m	Quarter 4		Full year	
	2020	2019	2020	2019
Net Sales				
Specialty Polyols & Solutions	1,324	1,350	5,114	6,435
Advanced Chemicals	737	826	3,132	3,837
Animal Nutrition	290	296	1,163	1,221
Internal sales				
Specialty Polyols & Solutions	-6	-2	-20	-4
Advanced Chemicals	-112	-106	-414	-519
Animal Nutrition	-3	-3	-11	-13
Other/eliminations	54	102	230	684
Continuing operations	2,284	2,463	9,194	11,641
Discontinued operations	-	0	-	113
TOTAL GROUP	2,284	2,463	9,194	11,754
EBITDA				
Specialty Polyols & Solutions	172	188	728	1,012
Advanced Chemicals	60	70	352	524
Animal Nutrition	18	23	123	186
Other/eliminations	-18	-40	-135	-295
Continuing operations	232	241	1,068	1,427
Discontinued operations	-	-3	-	4,766
TOTAL GROUP	232	238	1,068	6,193
<i>Non allocated items</i>				
Depreciation, Amortization and write down	-142	-140	-565	-547
Operating earnings (EBIT)	90	98	503	5,646
Financial income and expenses	86	-57	-360	-1,937
Earnings/loss before tax	176	41	143	3,709
Tax	-31	-140	-79	-234
Net result	145	-99	64	3,475
EBITDA excluding non-recurring items				
Specialty Polyols & Solutions	174	204	726	1,029
Advanced Chemicals	67	70	369	524
Animal Nutrition	18	23	124	186
Other/eliminations	-2	-22	-91	-185
Continuing operations	257	275	1,128	1,554
Discontinued operations	-	1	-	81
TOTAL GROUP	257	276	1,128	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	Dec 31, 2020	Dec 31, 2019
Inventories	1,091	1,440
Accounts receivable	633	681
Other current assets	461	387
Accounts payable	-575	-767
Other current liabilities	-1,167	-1,061
Total working capital	443	680

5. Leasing, continuing operations

SEK m	Quarter 4		Quarter 1-4	
	2020	2019	2020	2019
Impact on income statement, IFRS16 ¹⁾				
Depreciation on right of use assets	-12	-11	-48	-39
Interest on lease liability	-2	-2	-7	-8
¹⁾ The effect on EBITDA is	15	17	57	51

6. Equity

At the end of December 2020 equity for the parent company, Perstorp Holding AB, amounts to SEK 3,241 m (3,565). Consolidated equity, including non-controlling interest, for the Perstorp Group amounts to SEK 1,381 m (1,158).

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 fourth quarter 2020 Perstorp has been granted a liquidity enhancing Revolving Credit Facility of SEK 600 m. The RCF is provided by Nordea, Goldman Sachs, SEB and DNB. It involves a scheme for credit guarantees issued by the Swedish Export Credit Agency ("EKN"), which will cover 75% of the granted Revolving Credit Facility.

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

After the balance sheet date, Perstorp announced an updated strategic direction, taken into consideration the changes to the economic landscape that the Covid-19 pandemic had brought. Some of the main conclusions were about the need to improve resilience and to balance the product mix, and that the organization has to be adapted accordingly.

The following areas will from now on be in the strategic focal point in order to create value and enable growth within and beyond the current planning horizon;

- A clear distinction between Specialties and Intermediates in the profile of our offerings
- Focus on the global Resins & Coatings, Engineered Fluids and Animal Nutrition markets
- Increased resilience in volumes and margins
- Choice of strategic investments, including resuming our Indian Penta plant investment with full speed
- Availability and efficiency in supply of products
- Strengthening of our Sustainability profile and digitalization as an important enabler

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 report, Annual- and a Sustainability report.

The complete Annual Report for the full year 2020, will be available in English in April 2021.

Perstorp, February 17, 2021



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 2020 amounted to 9.2 billion.

Learn more at www.perstorp.com