



4TH QUARTER 2019

Oslo, 5 February 2020

Agenda



- Per A Sørli, President & CEO
 - Highlights
 - Proposed dividend
 - Business areas
 - Strategic projects update
 - Sustainability
 - Outlook
- Per Bjarne Lyngstad, CFO
 - Financial performance

Highlights – 4th quarter 2019



- EBITA adj.¹ 73 mNOK (94 mNOK)
- 35 mNOK impact from operational incidents at the Sarpsborg site, mainly affecting Speciality Cellulose
- Favourable product mix, but reduced sales volume and higher costs and depreciation in Performance Chemicals
- Continued strong improvement in Ingredients
- Positive net currency impact
- Strong cash flow from operations¹

¹ Alternative performance measure, see Appendix for definition

Highlights – full year 2019



- EBITA adj.¹ 589 mNOK (580 mNOK)
- Favourable product mix, but higher costs and increased depreciation in Performance Chemicals
- Improved product mix, higher wood costs and operational incidents in Speciality Cellulose
- Positive development for bioethanol
- Increased sales prices for wood based vanillin
- Positive net currency impact

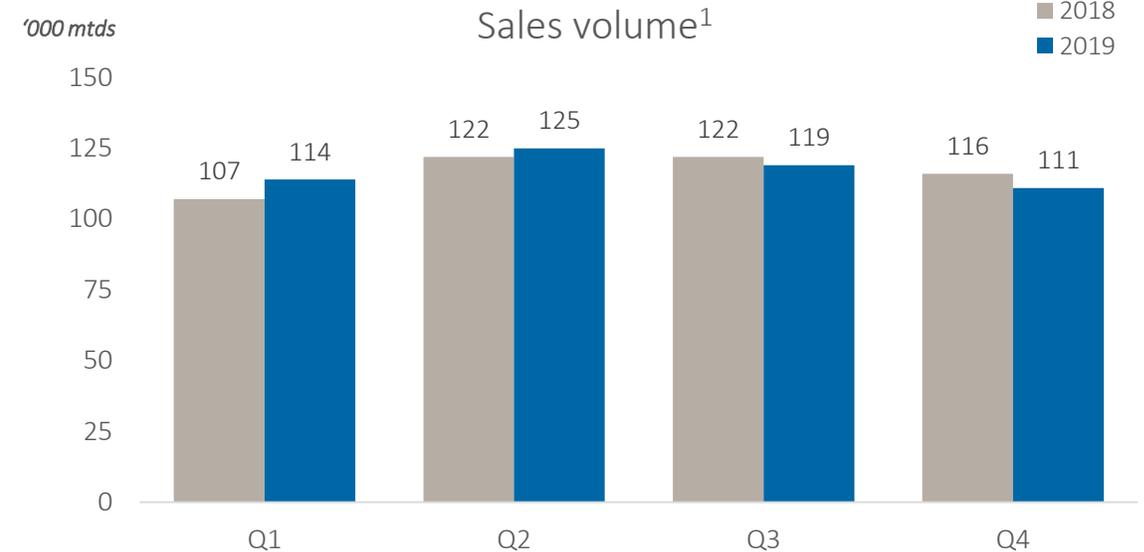
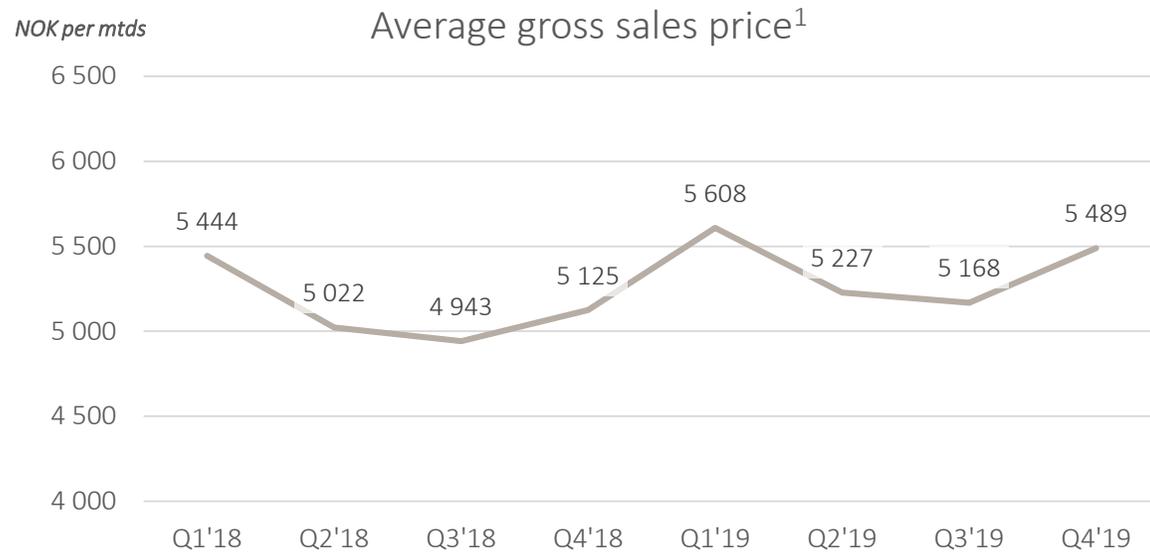
¹ Alternative performance measure, see Appendix for definition

Dividend proposal for 2019



- Borregaard's dividend policy
 - To pay regular and progressive dividends reflecting the expected long-term earnings and cash flows of the Group
 - Annual dividend is targeted between 30% and 50% of net profit
- A dividend of NOK 2.30 per share is proposed by the Board of Directors
 - 55% of net earnings
 - Total dividend payment of 229 mNOK

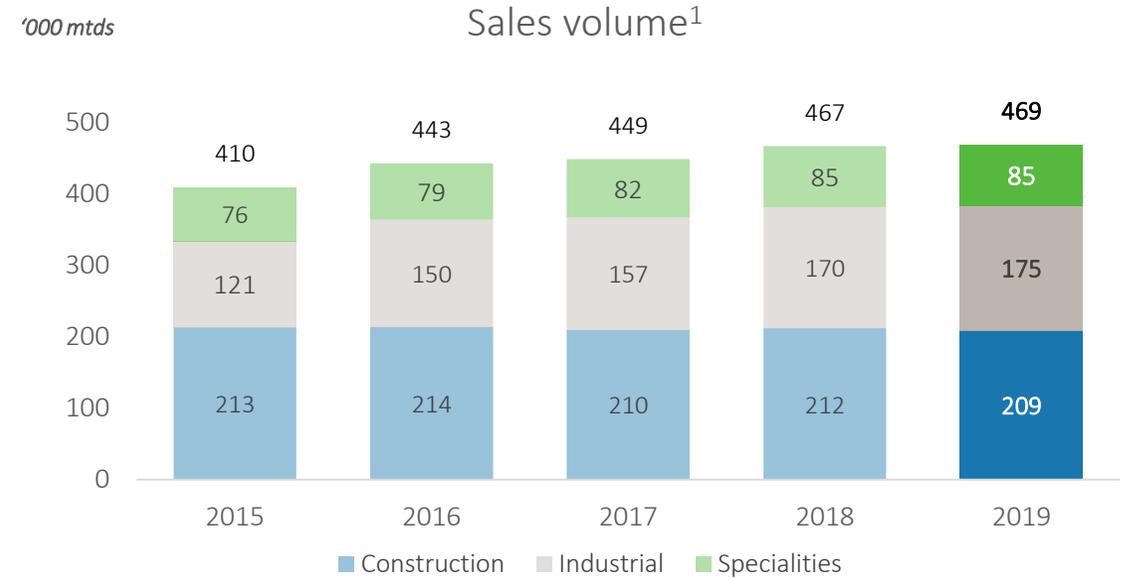
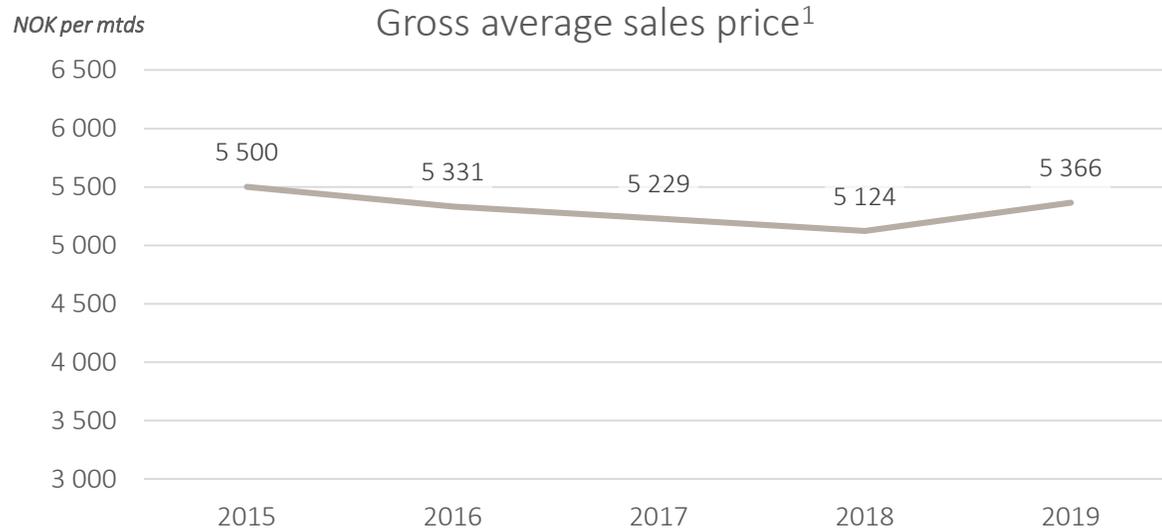
Performance Chemicals markets – Q4



- Average price in sales currency was in line with Q4-18
 - Favourable product mix
 - Sales to concrete admixtures declined, more than compensated by growth in other construction applications
- Sales volume declined by 4% vs Q4-18
 - Lower Industrial volumes, Specialities and Construction in line with Q4-18
- Raw material supply from Flambeau ceased late in Q3-19
- Positive FX effects

¹ Average sales price and sales volume reflect 100% of sales and volume from the J/V in South Africa. Average sales price is calculated using actual FX rates, excluding hedging impact.

Performance Chemicals markets – full year

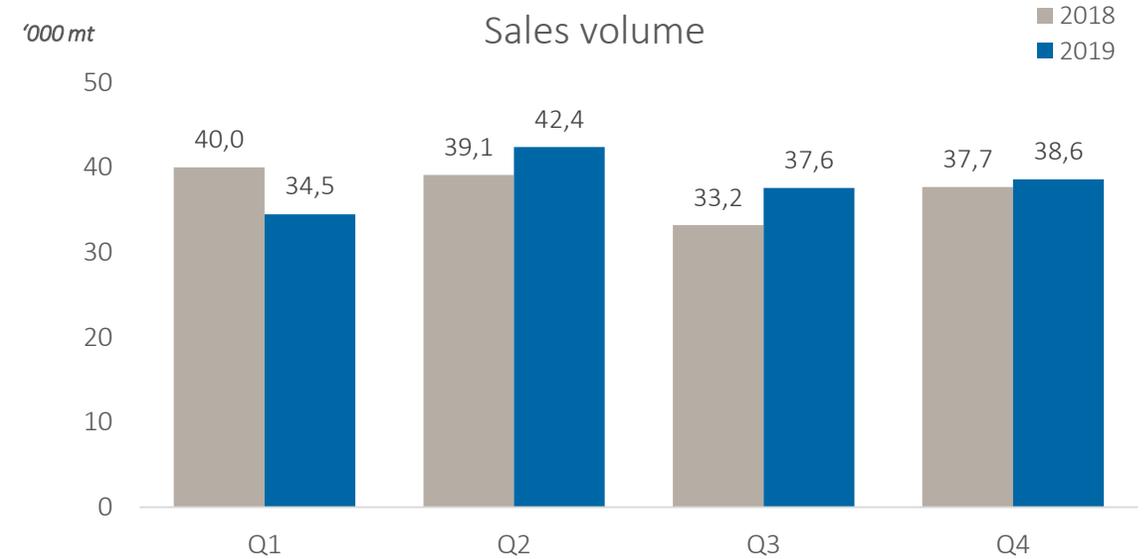
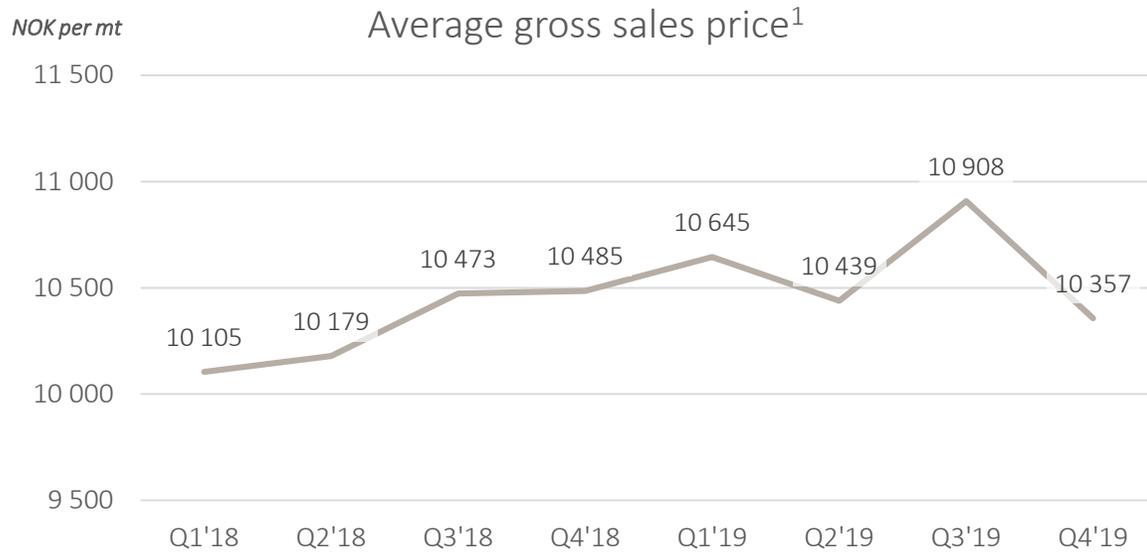


- Average price in sales currency slightly below 2018
 - Continued strong competition in concrete admixtures and certain low value Industrial applications
 - Favourable product mix
 - Sales to concrete admixtures declined, more than compensated by growth in other construction applications
- Sales volume increased marginally
 - Growth for Industrial products, stable volume for Specialities and a slight decline in Construction
 - Florida sales volume in accordance with the ramp-up plan, but profitability below expectations

¹ Average sales price and sales volume reflect 100% of sales and volume from the J/V in South Africa.

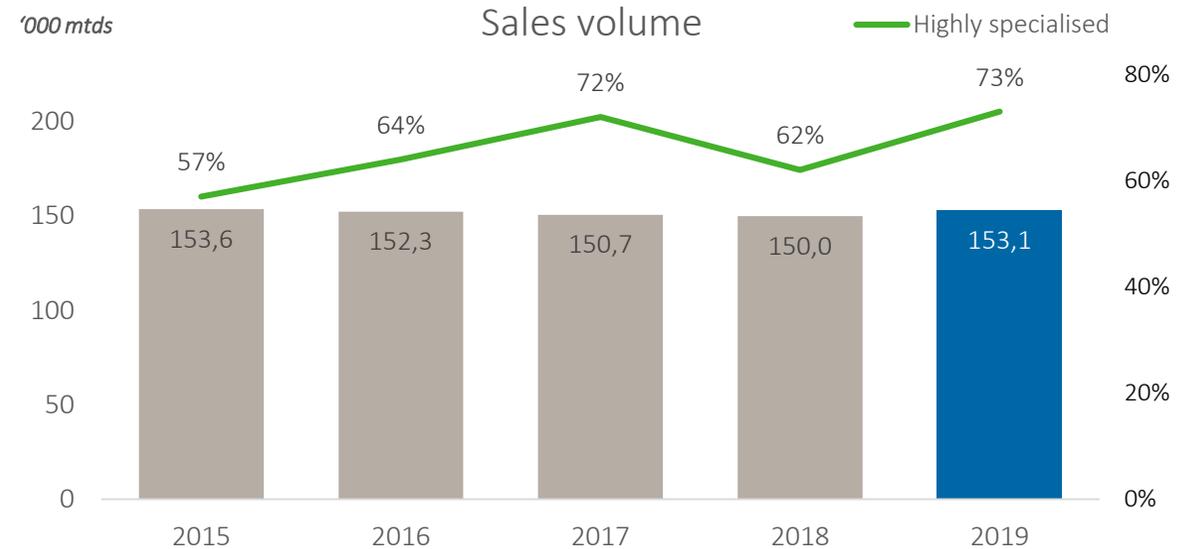
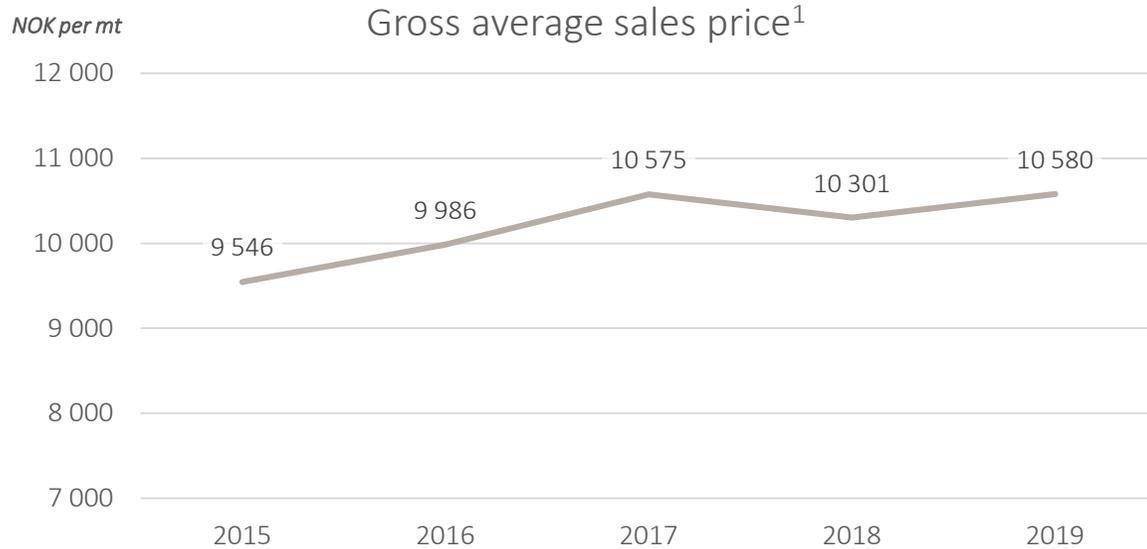
¹ Average sales price is calculated using actual FX rates, excluding hedging impact.

Speciality Cellulose markets – Q4



- 7% lower average price in sales currency
 - Lower price for cellulose products which were declassified after operational incidents
- Slightly higher sales volume and a significant reduction in inventory
- Higher bioethanol sales volume
- Positive FX impact

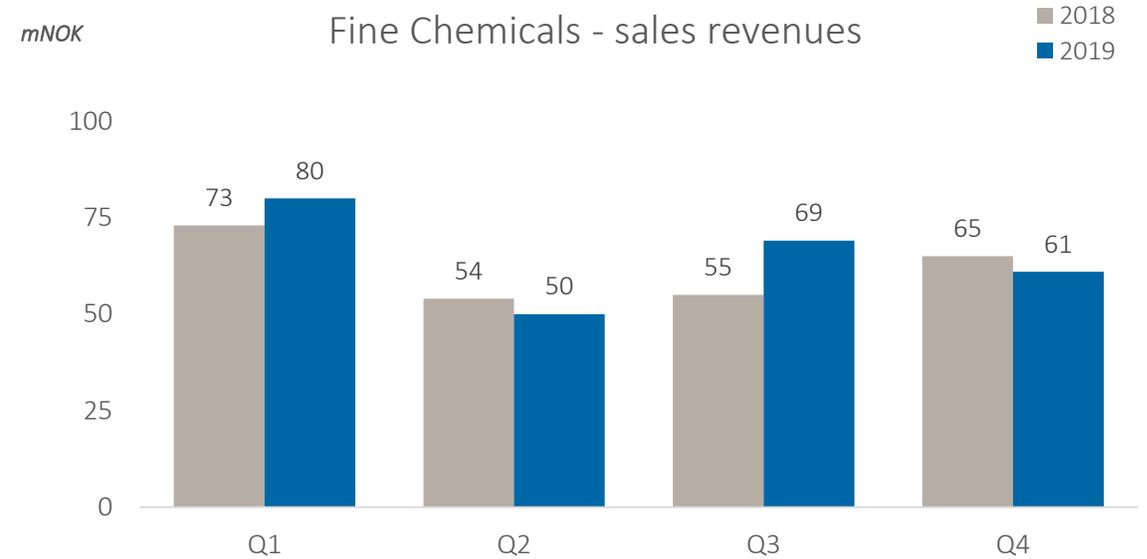
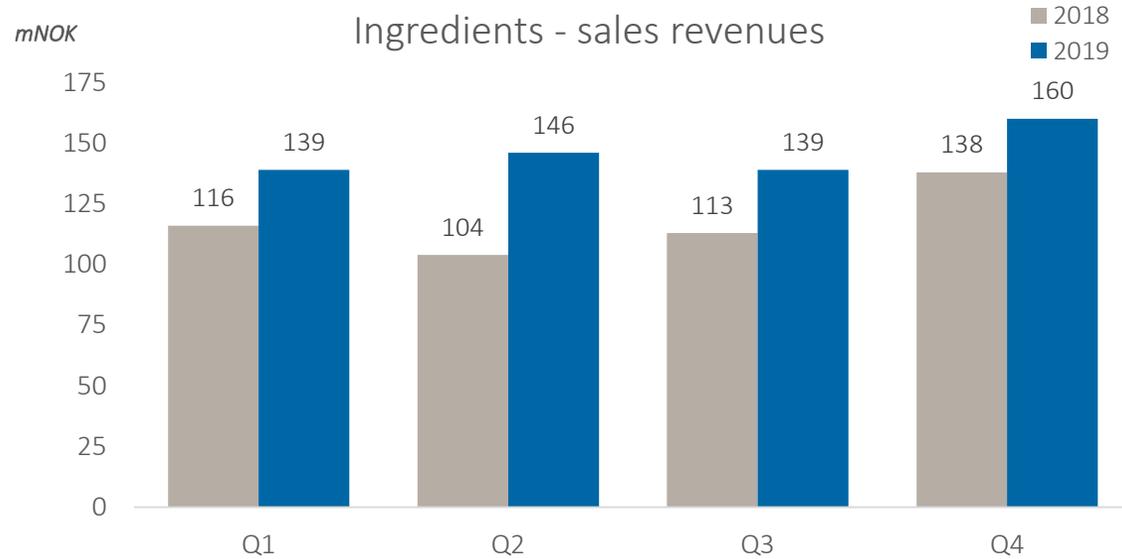
Speciality Cellulose markets – full year



- Cellulose prices were slightly below 2018 mainly as a result of sales of declassified cellulose
- Improved product mix, sales of highly specialised grades increased to 73% (62%)
- Bioethanol had higher sales and production volume, improved product mix and lower production costs
- Positive FX effects

¹ Average sales price is calculated using actual FX rates, excluding hedging impact.

Ingredients & Fine Chemicals markets – Q4 & full year



- Ingredients

- Strong demand and higher sales for wood based vanillin
- Sales revenues increased by 24% in 2019 due to higher sales prices for wood based vanillin

- Fine Chemicals

- Sales volume in line with Q4-18, but with a weaker product mix
- Sales revenues increased by 5% in 2019

Completed and ongoing strategic projects



- Specialisation, diversification and growth within Performance Chemicals
 - Florida plant (1st phase) started up mid 2018
 - Upgrade and increased specialisation in Sarpsborg from Q3-2019
 - Extension of joint venture agreement in South Africa to 2032
- Develop the unique biorefinery asset in Sarpsborg
 - High-end bioethanol expansion started up in Q1-18
 - Ice Bear capacity expansion completed end 2018
 - Wood based vanillin capacity expansion, completion 1H-21
- Establish Cellulose Fibrils as a new business area
 - Commercial-scale production facility completed in Q4-16
 - Exilva market introduction ongoing

- *Expansion investments of 1.7 billion NOK in 2015-2019*
- *All investments projects completed on time and within budget*
- *Going forward, focus will primarily be on market execution*

Cellulose Fibrils – the SenseFi project discontinued

- Advanced texture system for food
- Market potential not considered sufficient to move the project from demonstration phase to commercial operation
- Write-downs and costs of 11 mNOK as Other expenses¹ in Q4-19
- EBITA adj¹ impact of -9 mNOK in 2019



¹ Alternative performance measure, see Appendix for definition

Cellulose Fibrils – Exilva status



- Additive for industrial applications
 - Improves flow, stability, flexibility and strength in industrial formulations and materials
- Market introduction ongoing
 - ≈50 regular customers
 - Volumes still relatively small
- Strong pipeline growth
 - >1800 prospective customers received samples and/or in lab/trial phase
 - More than 500 new prospects last six months
 - Long lead times
- Horizon 2020 grant ends in April 2020

Sustainability - Integral part of market offering

RAW MATERIALS



Natural, renewable,
sustainable raw materials

PROCESSES



Efficient and sustainable
production and value chain

PRODUCTS



Sustainable
biochemicals

Sustainable and certified wood

- Documentation
- PEFC¹⁾ and FSC¹⁾ standards
- Lignin raw materials from certified forests

Reduced emissions improve LCA²⁾

- Target based CO₂-reductions
 - Energy conservations
 - New/Green energy sources
- Reduced emissions to water and air
- “Greener” logistical solutions

Products add sustainable value to customers

- **Climate:** LCA²⁾ shows favourable GHG footprint
- **Biobased:** Natural raw materials preferred
- **EHS³⁾:** Non-toxic, harmless products

1) PEFC: Programme for the Endorsement of Forest Certification, FSC: Forest Stewardship Council

2) Life Cycle Analysis

3) Environment, Health and Safety

Sustainability



Science Based Targets for GHG emissions approved by CDP¹

- Targeted reductions in greenhouse gas emissions:
 - 53% by 2030
 - 100% by 2050
 - Base year = 2009
- Targets are in line with the ambitions in the Paris Agreement and the Norwegian Climate law

Borregaard maintained a CDP 'A' rating in 2019

- Highlighted as a global leader in corporate climate action
- Achieved a place on the CDP Climate Change 'A List'
 - 8,400 companies reported to CDP in 2019
 - 179 (2.1%) were awarded an 'A' rating

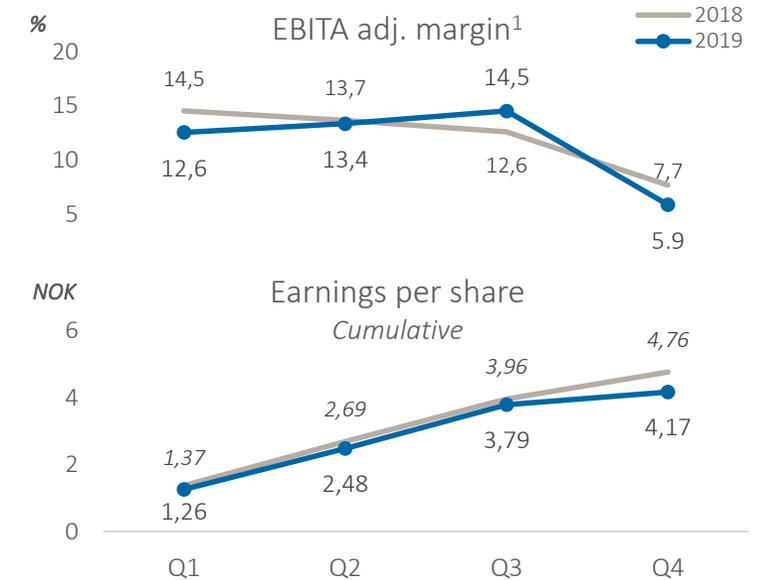
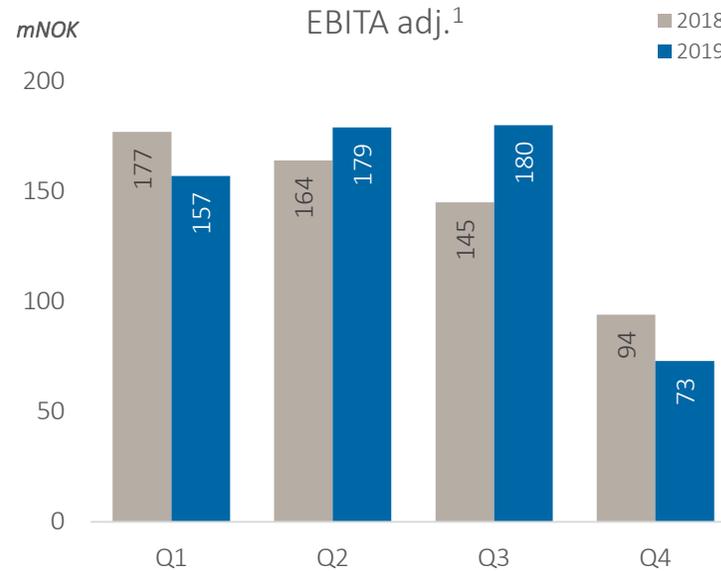
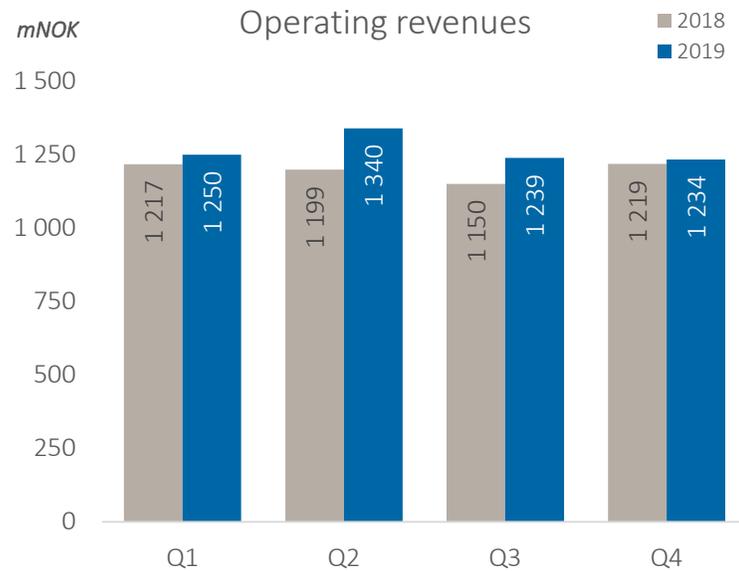
Outlook

- Performance Chemicals
 - Continued strong competition and further price pressure for lignin products to concrete admixtures and certain low value Industrial applications expected to be partly compensated by diversification and specialisation in 2020
 - Sales volume forecast to increase by 0-5%
 - 40 mNOK cost savings from the upgrade in Norway will be gradually realised through 2020, full effect from 2021
 - 20 mNOK cost savings from restructuring of the German lignin operation will have full effect in 2020
- Speciality Cellulose
 - Average price in sales currency expected to increase by 2% from 2019
 - Wood cost in H1-20 will be 25-30 mNOK lower than in H1-19
 - Sales volume in Q1-20 is expected to be higher vs Q1-19, with similar product mix
- Other Businesses
 - The current price level for wood based vanillin is expected to continue
 - Capacity expansion in Ingredients will be gradually realised in 2020 with full effect from H2-21
 - No major changes in the market conditions for Fine Chemicals
 - Sales are gradually increasing for Cellulose Fibrils, but lead time for sales prospects are long
 - The remaining EU Horizon 2020 grant will end in April 2020



FINANCIAL PERFORMANCE Q4-19

Borregaard key figures – Q4

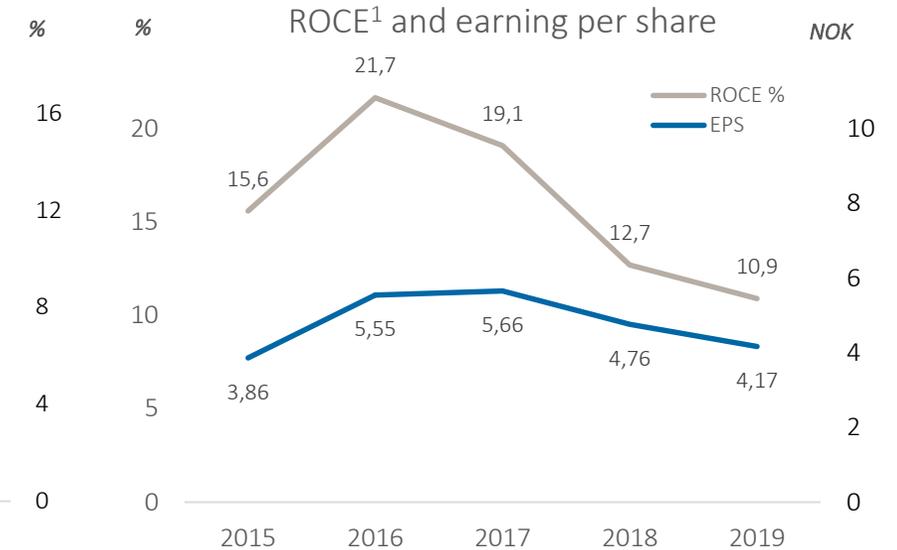
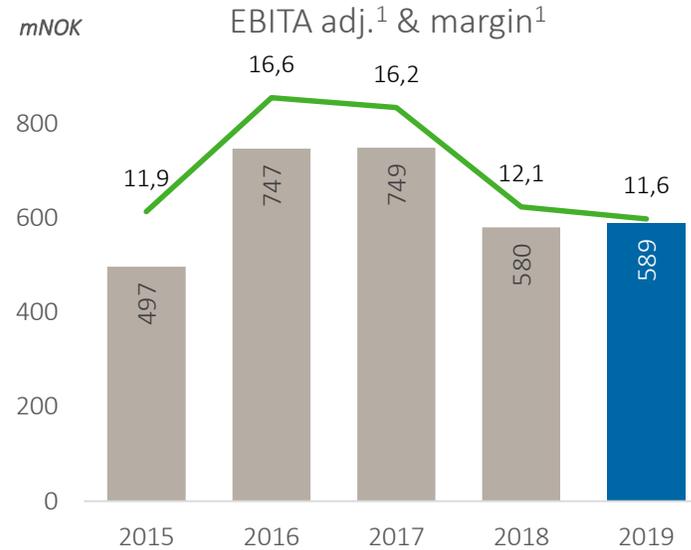
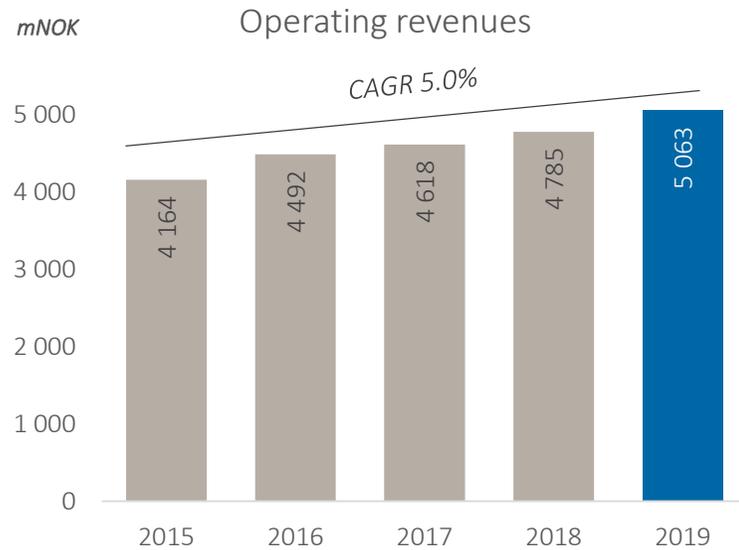


- Revenues 1% above Q4-18
- EBITA adj.¹ 73 mNOK for the Group
 - Other Businesses improved, Performance Chemicals and Speciality Cellulose had weaker results vs Q4-18
 - 35 mNOK impact from operational incidents at the Sarpsborg site
 - Positive FX effects
- EPS at NOK 0.38 (NOK 0.80)
 - 11 mNOK as Other expenses¹ (SenseFi project) and 22 mNOK increase in Net financial expenses



¹ Alternative performance measure, see Appendix for definition

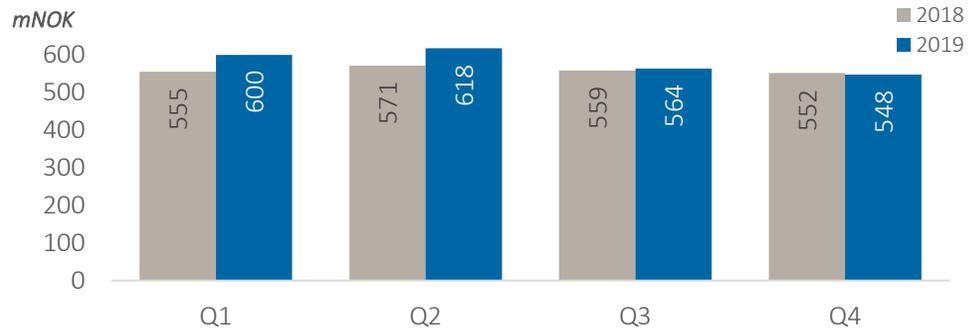
Borregaard key figures – full year



- Revenues up 6% vs 2018
- Slightly improved EBITA adj.¹
 - Other Businesses improved significantly, Performance Chemicals and Speciality Cellulose had weaker results
 - Positive FX impact
 - Impact on EBITA adj.¹ from implementation of IFRS 16 Leases was +10 mNOK
- EPS for 2019 ended at NOK 4.17 (4.76)
 - Increased net financial expenses and -27 mNOK in Other income and expenses¹

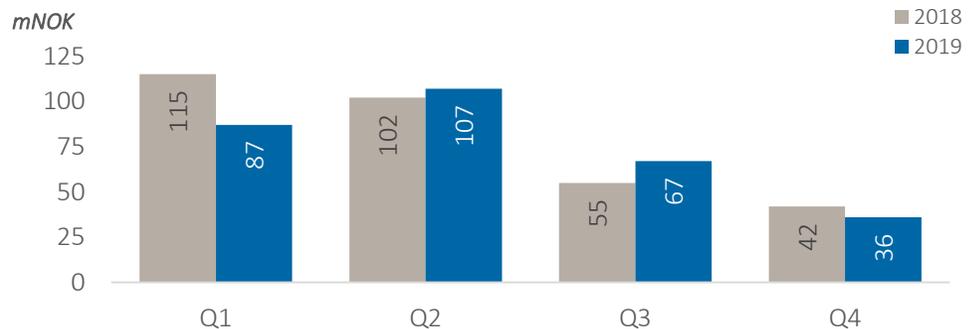
Performance Chemicals key figures – Q4

Operating revenues



- Revenues 1% below Q4-18
- Sales volume 4% lower
- Average price in sales currency in line with Q4-18
- Positive net FX impact
- *Full year growth 4%*

EBITA adj.¹



- Favourable product mix, but lower sales volume
- Higher operating costs
- Higher depreciation
- Positive net FX impact
- *Full year EBITA adj.¹ 297 mNOK (314 mNOK)*

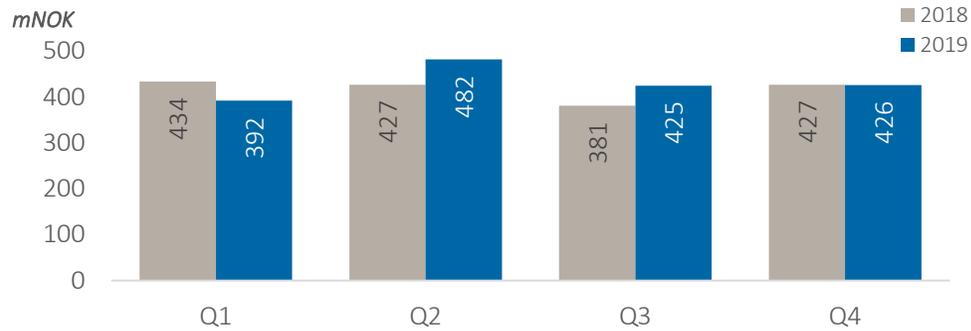
EBITA adj. margin¹



- EBITA adj. margin¹ declined vs Q4-18
- *Full year EBITA adj. margin¹ 12.7 (14.0)*

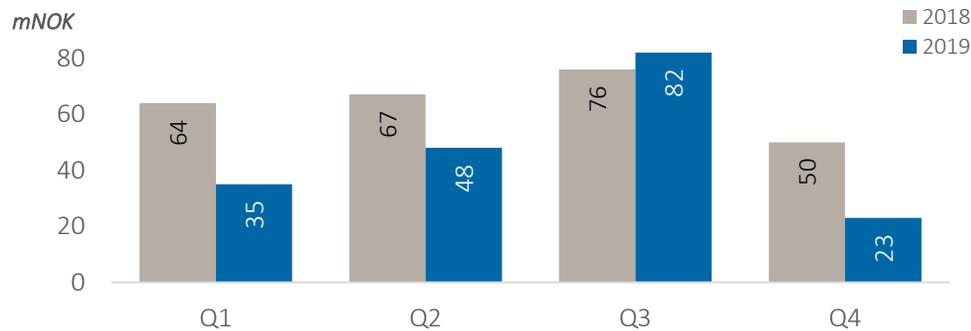
Speciality Cellulose key figures – Q4

Operating revenues



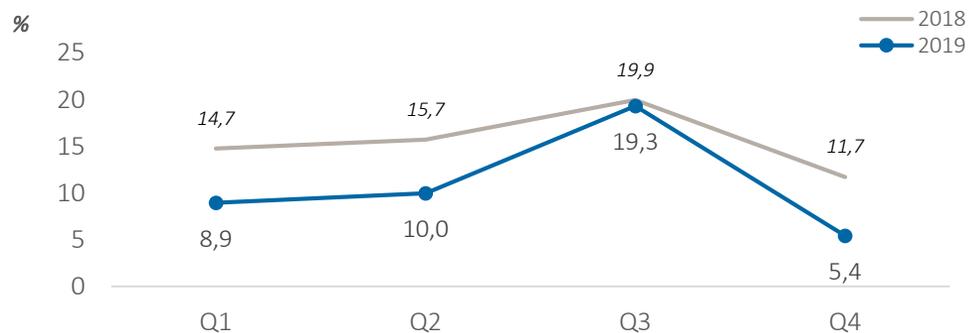
- Revenues in line with Q4-18
- Slightly higher sales volume
- 7% lower sales prices, mainly from declassified cellulose products
- Positive FX effects
- *Full year growth 3%*

EBITA adj.¹



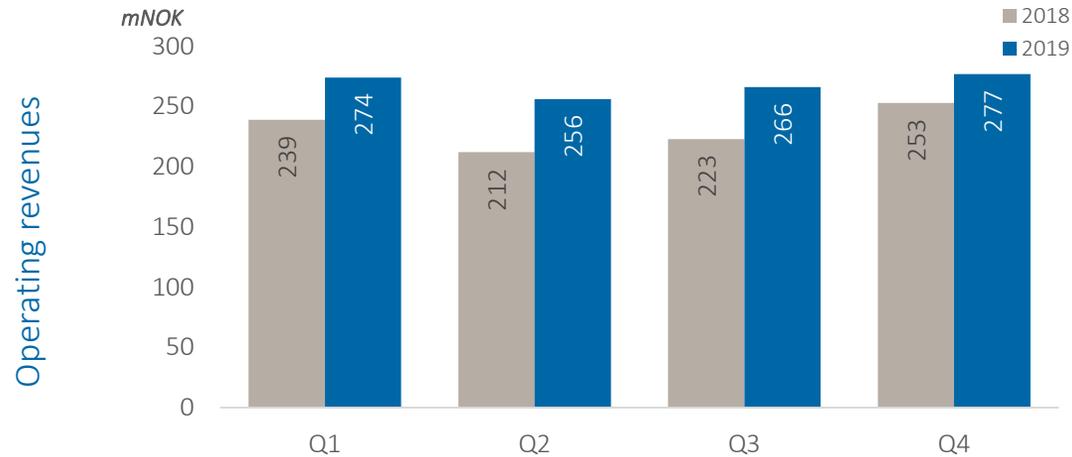
- Lower sales prices and production output due to the operational incidents at the Sarpsborg site
- Higher sales volume and improved result for bioethanol
- Positive net FX impact
- *Full year EBITA adj.¹ 188 mNOK (257mNOK)*

EBITA adj. margin¹

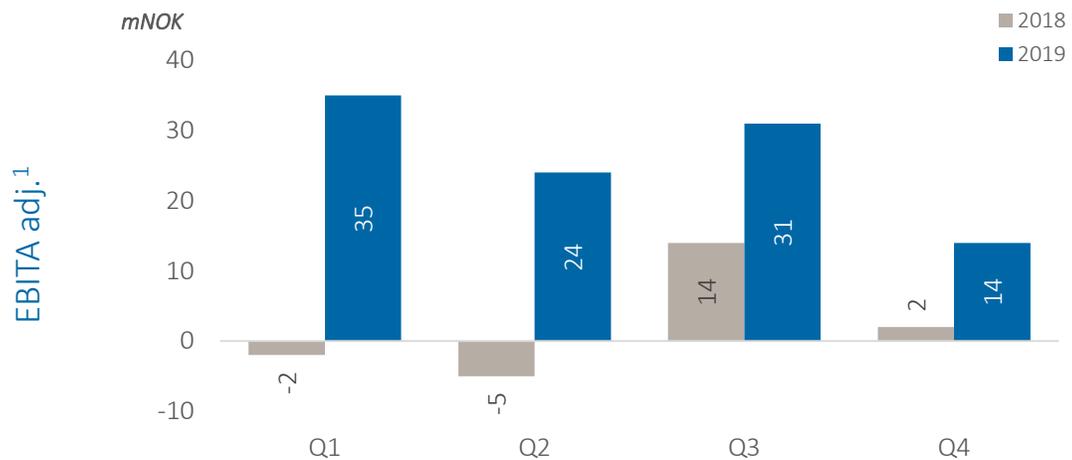


- EBITA adj. margin¹ below Q4-18
- *Full year EBITA adj. margin¹ 10.9 (15.4)*

Other Businesses key figures – Q4



- Revenues 9% above Q4-18
- Higher sales and strong demand for wood based vanillin
- *Full year growth 16%*

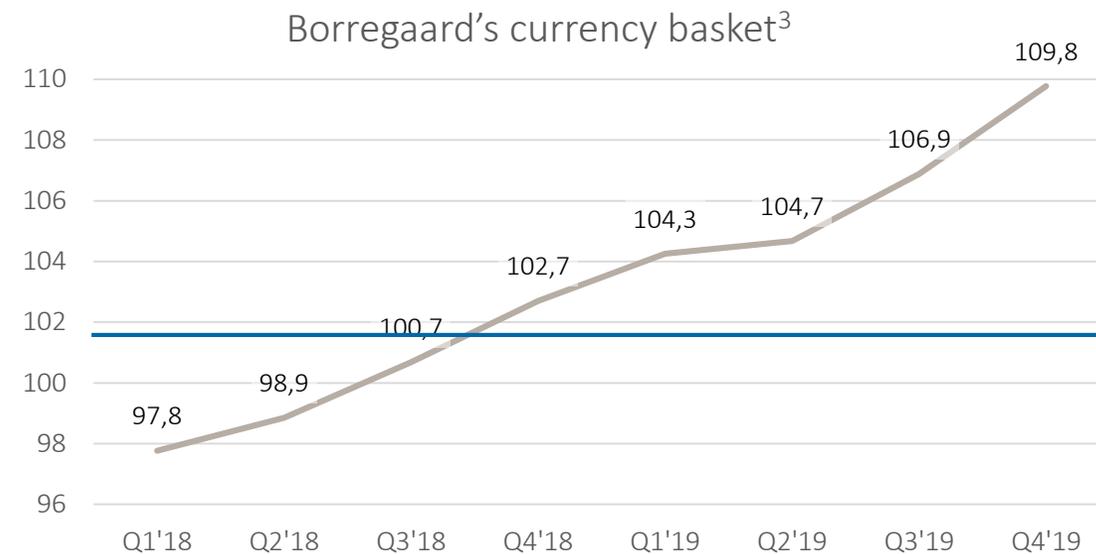
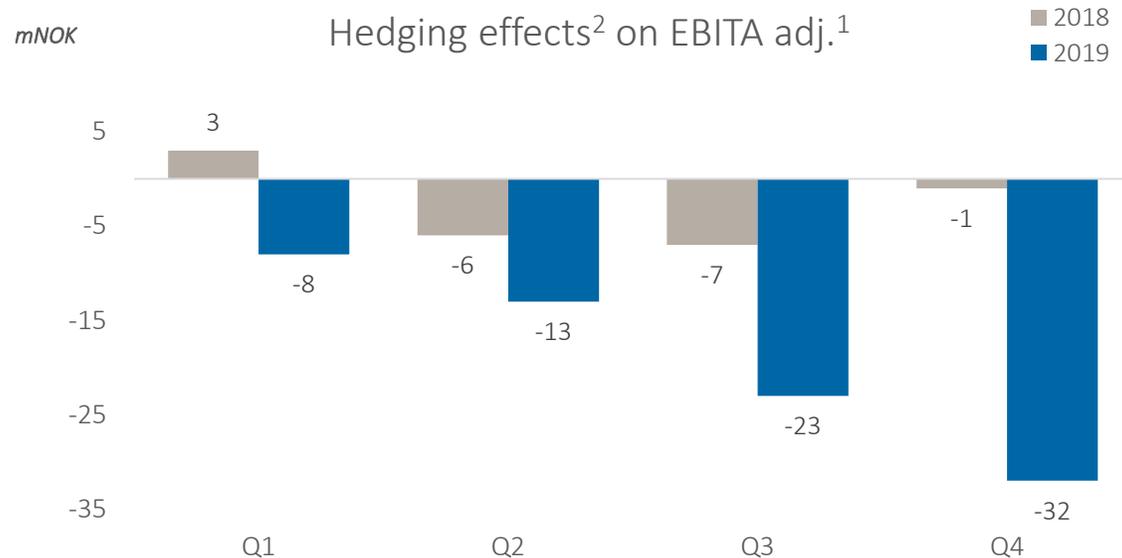


- **Ingredients:** Continued strong result
- **Fine Chemicals:** Weaker product mix and result vs Q4-18
- **Cellulose Fibrils:** Reduced cost coverage² not fully compensated by higher sales and improved productivity
- **Corporate costs** were in line with Q4-18
- Positive net FX effects for Other Businesses
- *Full year EBITA adj.¹ 104 mNOK (9 mNOK)*

¹ Alternative performance measure, see Appendix for definition

² The Exilva project has received funding from the Bio-Based Industries Joint Undertaking (BBI) under the European Union's Horizon 2020 research and innovation programme under grant agreement No 709746.

Currency impact



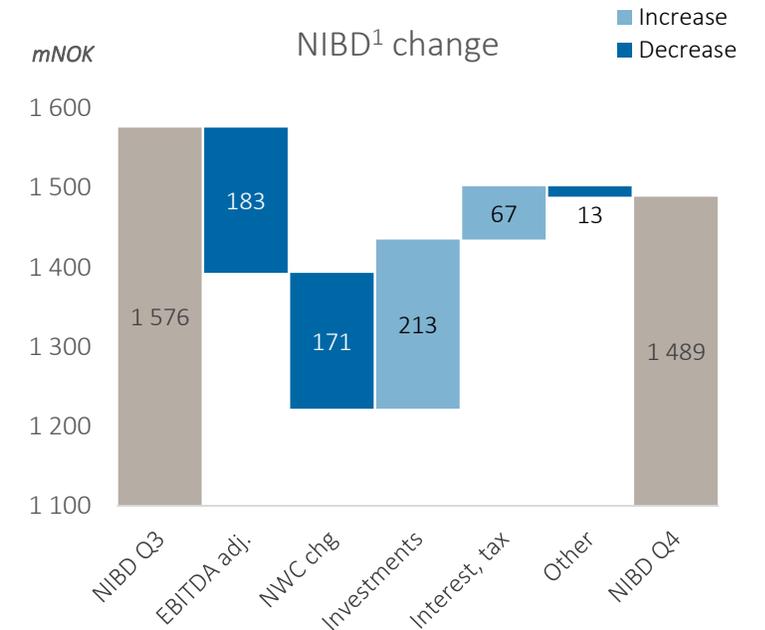
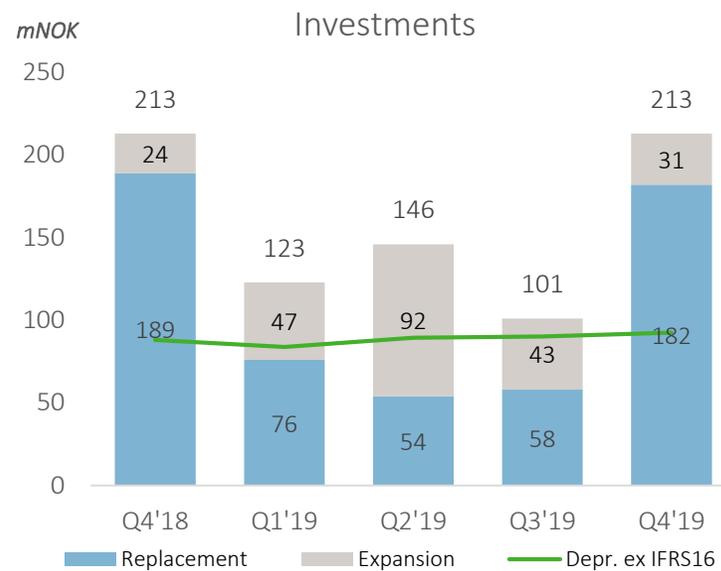
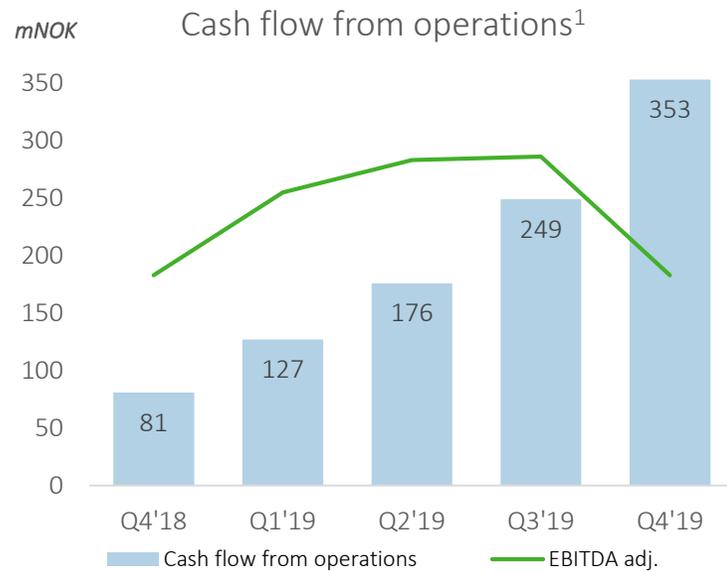
- Net FX EBITA adj.¹ impact +15 mNOK vs Q4-18
 - Includes change in hedging effects and based on estimated FX exposure
 - Net FX EBITA adj.¹ impact YTD +95 mNOK
- Net FX EBITA adj.¹ impact in 2020 estimated to be +30 mNOK vs 2019
 - Assuming rates as of 4 February (USD 9.23 and EUR 10.19) on expected FX exposure
 - Net FX EBITA adj.¹ impact in Q1 estimated to be +5 mNOK vs Q1-19
- Significant FX exposure, but delayed impact of FX rate fluctuations due to hedging policy

¹Alternative performance measure, see Appendix for definition.

²See appendix for currency hedging strategy, future hedges and hedging effects by segment.

³Currency basket based on Borregaard's net exposure in 2018 (=100): USD 65% (approx. 190 mUSD), EUR 34% (approx. 84 mEUR), Other 1% (GBP, BRL, JPY, SEK, ZAR).

Cash flow, investments and NIBD

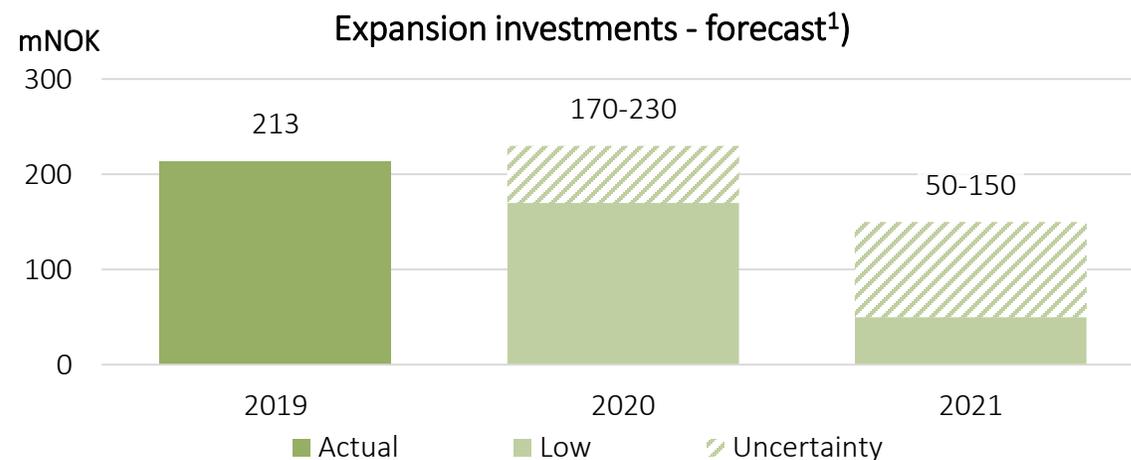
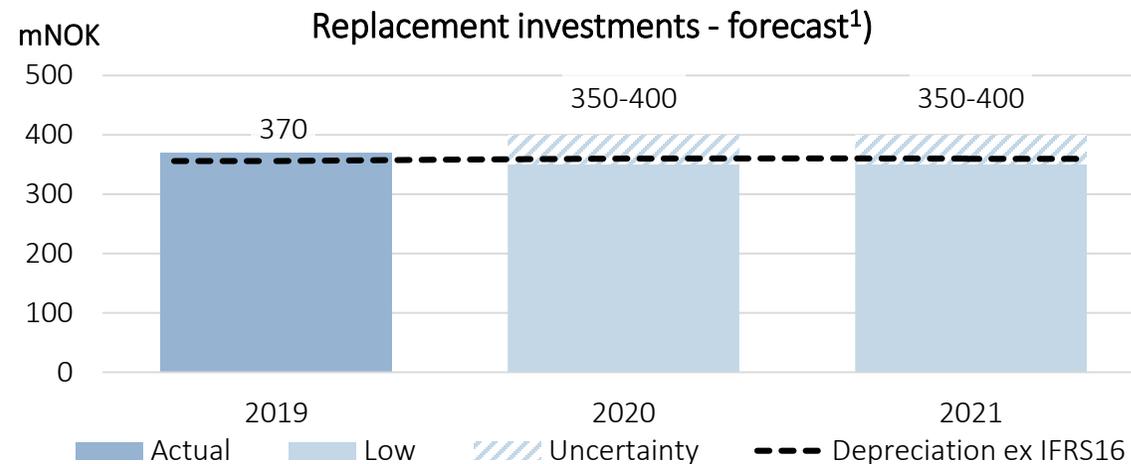


- Cash flow from operations¹ increased significantly vs Q4-18 and previous quarters in 2019
 - Significant reduction in net working capital in Q4
- Investments in line with Q4-18 and slightly below forecast
 - Expansion investments mainly related to completion of lignin operation upgrade in Norway
 - Limited carry-over to 2020
- NIBD¹ declined by 87 mNOK in Q4

¹ Alternative performance measure, see Appendix for definition

Investment forecast 2020-2021

- Replacement investments
 - Targeted at depreciation level
 - Upgrade of caustic soda production facility cannot be handled within target
- Expansion investments
 - Capacity expansion for wood based vanillin the main project (130 mNOK, H2-19 to mid 2021)
 - A few smaller expansion projects are ongoing or planned
- New projects may lead to additional investments



¹ Uncertainty is related to final investment decisions, timing of investment payments, execution time and risk and unexpected events e.g.

Q&A



- Per A Sørli, President & CEO
- Per Bjarne Lyngstad, CFO



APPENDIX

Borregaard – key figures

| Amounts in NOK million | Q4-2019 | Q4-2018 | Change | YTD-2019 | YTD-2018 | Change |
|---|-------------|-------------|--------------|-------------|-------------|--------------|
| Operating revenues | 1 234 | 1 219 | 1 % | 5 063 | 4 785 | 6 % |
| EBITDA adj. ¹ | 183 | 183 | 0 % | 1 007 | 903 | 12 % |
| EBITA adj. ¹ | 73 | 94 | -22 % | 589 | 580 | 2 % |
| Amortisation intangible assets | -1 | -1 | | -4 | -4 | |
| Other income and expenses ¹ | -11 | 0 | | -27 | 0 | |
| Operating profit | 61 | 93 | -34 % | 558 | 576 | -3 % |
| Financial items, net | -31 | -9 | | -91 | -14 | |
| Profit before taxes | 30 | 84 | -64 % | 467 | 562 | -17 % |
| Income tax expenses | -12 | -19 | | -116 | -137 | |
| Profit for the period | 18 | 65 | -72 % | 351 | 425 | -17 % |
| Profit attributable to non-controlling interests | -20 | -15 | | -66 | -51 | |
| Profit attributable to owners of the parent | 38 | 80 | | 417 | 476 | |
| Cash flow from operating activities (IFRS) | 288 | 70 | | 697 | 558 | |
| Earnings per share | 0,38 | 0,80 | -53 % | 4,17 | 4,76 | -12 % |
| EBITDA adj. Margin ¹ | 14,8 % | 15,0 % | | 19,9 % | 18,9 % | |
| EBITA adj. Margin ¹ | 5,9 % | 7,7 % | | 11,6 % | 12,1 % | |

Effects of IFRS 16 Leases – Ytd December 2019

INCOME STATEMENT (mNOK)

| | <u>IAS 17</u> | <u>IFRS 16</u> | <u>Change</u> |
|--------------------------|---------------|----------------|---------------|
| EBITDA adj. ¹ | 935 | 1 007 | 72 |
| Depreciation | -356 | -418 | -62 |
| EBITA adj. ¹ | 579 | 589 | 10 |
| Operating profit | 548 | 558 | 10 |
| Net financial items | -74 | -91 | -17 |
| Profit before tax | 474 | 467 | -7 |
| Earnings per share | 4,24 | 4,17 | -0,07 |

BALANCE SHEET (mNOK)

| | | | |
|--------------|-------|-------|-----|
| Total assets | 6 364 | 6 744 | 380 |
| Equity | 3 471 | 3 464 | -7 |

OTHER KEY FIGURES AND RATIOS

| | <u>IAS 17</u> | <u>IFRS 16</u> | <u>Change</u> |
|---|---------------|----------------|---------------|
| EBITDA adj. margin ¹ | 18,5 % | 19,9 % | 1,4%-p |
| EBITA adj. margin ¹ | 11,5 % | 11,6 % | 0,1%-p |
| Capital employed ¹ | 5 323 | 5 601 | 278 |
| Return on capital employed ¹ | 10,9 % | 10,5 % | -0,6%-p |
| Net interest-bearing debt ¹ | 1 489 | 1 876 | 387 |
| Leverage ratio ¹ | 1,59 | 1,86 | -0,27 |
| Equity ratio ¹ | 54,5 % | 51,4 % | -3,1%-p |

IAS 17: Operating leases off-balance sheet as a single expense. Finance leases on balance sheet

IFRS 16: Operating leases recognise assets and liabilities on balance sheet. Operating leases to report depreciation and interest separately.

Green background: Reported figures in 2019

Operating revenues and EBITA adj.¹ per segment

Amounts in NOK million

| Operating revenues | Q4-2019 | Q4-2018 | Change |
|-----------------------|--------------|--------------|------------|
| Borregaard | 1 234 | 1 219 | 1 % |
| Performance Chemicals | 548 | 552 | -1 % |
| Speciality Cellulose | 426 | 427 | 0 % |
| Other Businesses | 277 | 253 | 9 % |
| Eliminations | -17 | -13 | |

Amounts in NOK million

| EBITA adj. ¹ | Q4-2019 | Q4-2018 | Change |
|-------------------------|-----------|-----------|--------------|
| Borregaard | 73 | 94 | -22 % |
| Performance Chemicals | 36 | 42 | -14 % |
| Speciality Cellulose | 23 | 50 | -54 % |
| Other Businesses | 14 | 2 | |

Amounts in NOK million

| Operating revenues | YTD-2019 | YTD-2018 | Change |
|-----------------------|--------------|--------------|------------|
| Borregaard | 5 063 | 4 785 | 6 % |
| Performance Chemicals | 2 330 | 2 237 | 4 % |
| Speciality Cellulose | 1 725 | 1 669 | 3 % |
| Other Businesses | 1 073 | 927 | 16 % |
| Eliminations | -65 | -48 | |

Amounts in NOK million

| EBITA adj. ¹ | YTD-2019 | YTD-2018 | Change |
|-------------------------|------------|------------|------------|
| Borregaard | 589 | 580 | 2 % |
| Performance Chemicals | 297 | 314 | -5 % |
| Speciality Cellulose | 188 | 257 | -27 % |
| Other Businesses | 104 | 9 | |

¹ Alternative performance measure, see Appendix for definition

Cash flow

| Amounts in NOK million | Q4-2019 | Q4-2018 | YTD-2019 | YTD-2018 |
|---|-------------|-------------|-------------|-------------|
| Amounts in NOK million | | | | |
| Profit before taxes | 30 | 84 | 467 | 562 |
| Amortisation, depreciation and impairment charges | 121 | 90 | 432 | 327 |
| Change in net working capital, etc | 171 | -102 | -85 | -194 |
| Dividend (share of profit) from JV | 2 | 0 | 5 | 6 |
| Taxes paid | -36 | -2 | -122 | -143 |
| Cash flow from operating activities | 288 | 70 | 697 | 558 |
| Investments property, plant and equipment and intangible assets * | -213 | -213 | -583 | -762 |
| Other capital transactions | 8 | 2 | 29 | 13 |
| Cash flow from Investing activities | -205 | -211 | -554 | -749 |
| Dividends | 0 | 0 | -224 | -199 |
| Proceeds from exercise of options/shares to employees | 1 | 1 | 35 | 23 |
| Buy-back of shares | -4 | 0 | -60 | -32 |
| Gain/(loss) on hedges for net investments in subsidiaries | 5 | -40 | -26 | -22 |
| Net paid to/from shareholders | 2 | -39 | -275 | -230 |
| Proceeds from interest-bearing liabilities | 52 | 39 | 1 750 | 1 292 |
| Repayment from interest-bearing liabilities | -143 | -24 | -1 621 | -960 |
| Change in interest-bearing receivables/other liabilities | -1 | 14 | -3 | -2 |
| Change in net interest-bearing liabilities | -92 | 29 | 126 | 330 |
| Cash flow from financing activities | -90 | -10 | -149 | 100 |
| Change in cash and cash equivalents | -7 | -151 | -6 | -91 |
| Cash and cash equivalents at beginning of period | 92 | 231 | 86 | 180 |
| Change in cash and cash equivalents | -7 | -151 | -6 | -91 |
| Currency effects cash and cash equivalents | -4 | 6 | 1 | -3 |
| Cash and cash equivalents at the end of the period | 81 | 86 | 81 | 86 |
| * Investment by category | | | | |
| Replacement Investments | 182 | 189 | 370 | 346 |
| Expansion investments ¹ | 31 | 24 | 213 | 416 |

¹ Alternative performance measure, see Appendix for definition

Balance sheet

| Amounts in NOK million | 31.12.2019 | 30.9.2019 | 31.12.2018 |
|----------------------------------|--------------|--------------|--------------|
| Assets: | | | |
| Intangible assets | 93 | 90 | 100 |
| Property, plant and equipment | 4 232 | 4 164 | 3 623 |
| Other assets | 251 | 226 | 230 |
| Investment in joint venture | 99 | 96 | 100 |
| Non-current assets | 4 675 | 4 576 | 4 053 |
| Inventories | 931 | 955 | 856 |
| Receivables | 991 | 1 051 | 956 |
| Cash and cash deposits | 147 | 127 | 86 |
| Current assets | 2 069 | 2 133 | 1 898 |
| Total assets | 6 744 | 6 709 | 5 951 |
| Equity and liabilities: | | | |
| Group equity | 3 306 | 3 145 | 3 123 |
| Non-controlling interests | 158 | 178 | 198 |
| Equity | 3 464 | 3 323 | 3 321 |
| Provisions and other liabilities | 294 | 308 | 271 |
| Interest-bearing liabilities | 1 399 | 1 554 | 1 115 |
| Non-current liabilities | 1 693 | 1 862 | 1 386 |
| Interest-bearing liabilities | 628 | 548 | 272 |
| Other current liabilities | 959 | 976 | 972 |
| Current liabilities | 1 587 | 1 524 | 1 244 |
| Equity and liabilities | 6 744 | 6 709 | 5 951 |
| Equity ratio ¹ (%): | 51,4 % | 49,5 % | 55,8 % |

Net financial items & net interest-bearing debt¹

Amounts in NOK million

| Net financial items | Q4-2019 | Q4-2018 | YTD-2019 | YTD-2018 |
|----------------------------|------------|-----------|------------|------------|
| Net interest expenses | -19 | -12 | -69 | -32 |
| Currency gain/loss | -3 | 0 | -12 | -3 |
| Other financial items, net | -9 | 3 | -10 | 21 |
| Net financial items | -31 | -9 | -91 | -14 |

Amounts in NOK million

| Net interest-bearing debt ¹ (NIBD) | 31.12.2019 | 30.9.2019 | 31.12.2018 |
|---|--------------|--------------|--------------|
| Non-current interest-bearing liabilities | 1 399 | 1 554 | 1 115 |
| Current interest-bearing liabilities including overdraft of cashpool | 628 | 548 | 272 |
| Non-current interest-bearing receivables (included in "Other Assets") | -4 | -4 | -4 |
| Cash and cash deposits | -147 | -127 | -86 |
| Net interest-bearing debt¹ (NIBD) | 1 876 | 1 971 | 1 297 |
| Impact of IFRS 16 Leases | 387 | 395 | |
| Net interest-bearing debt¹ excluding impact of IFRS 16 Leases | 1 489 | 1 576 | |

Currency hedging strategy

Purpose is to delay effects of currency fluctuations and secure competitiveness

- Hedging based on expected EBITA adj. impact¹
 - **Base hedge:** 75%/50% on a rolling basis for 6/9 months for major currencies
 - **Extended hedge:** 75%/50% of the next 24/36 months if USD and EUR are above defined levels
EUR; effective rate above 8.50
USD; gradually at effective rates between 7.50 and 8.50
 - **Contracts**²: 100% hedged
- Balance sheet exposure hedged 100%
- Net investments in subsidiaries hedged up to 90% of book value in major currencies

Contracted FX hedges with EBITA adj. impact (as of 04.02.20)

| | USD million | USD rate | EUR million | EUR rate |
|---------|-------------|----------|-------------|----------|
| Q1-2020 | 36 | 8.36 | 24 | 9.56 |
| Q2-2020 | 35 | 8.36 | 23 | 9.85 |
| Q3-2020 | 35 | 8.20 | 23 | 9.83 |
| Q4-2020 | 35 | 8.25 | 23 | 10.06 |
| 2020 | 141 | 8.29 | 93 | 9.82 |
| 2021 | 142 | 8.38 | 94 | 10.17 |
| 2022 | 100 | 8.77 | 64 | 10.47 |
| 2023 | 8 | 9.26 | 5 | 10.81 |

Hedging effects by segment

| NOK million | Q4-19 | Q4-18 | YTD-19 | YTD-18 |
|-----------------------|------------|-----------|------------|------------|
| Performance Chemicals | -8 | -1 | -19 | 1 |
| Speciality Cellulose | -16 | -1 | -38 | -3 |
| Other Businesses | -8 | 1 | -19 | -9 |
| Borregaard | -32 | -1 | -76 | -11 |

¹ Hedging done mainly in the Norwegian company

² Strict definition of contracts applied for 100% hedging (mutually binding agreement in which price, currency, volume and time are defined)

Credit facilities, solidity and debt

- **Long-term credit facilities**

- 1,500 mNOK revolving credit facilities, maturity 2021
- 400 mNOK 5-year bond issue, maturity 2023
- 40 mEUR 10-year loan, maturity 2024
- 60 mUSD term loan for LT Florida, tenor 8.5 years from completion

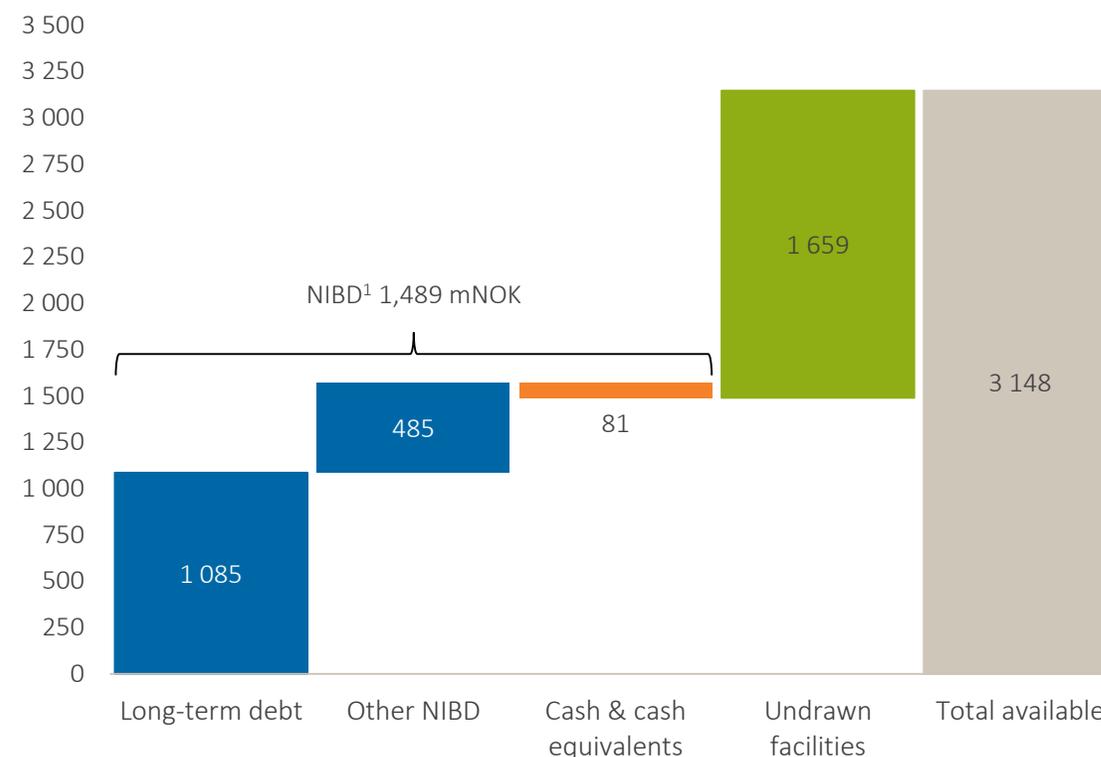
- **Short-term credit facilities**

- 225 mNOK overdraft facilities
- 400 mNOK commercial paper

- **Solidity (covenants)**

- Equity ratio¹ 51.4% (> 25%)
- Leverage ratio¹ LTM 1.59 (< 3.25)

Debt and undrawn facilities
31.12.2019



Alternative performance measures

In the discussion of the reported operating results, financial position and cash flows, Borregaard refers to certain measures which are not defined by generally accepted accounting principles (GAAP) such as IFRS. Borregaard management makes regular use of these non-GAAP measures and is of the opinion that this information, along with comparable GAAP measures, is useful to investors who wish to evaluate the company's operating performance, ability to repay debt and capability to pursue new business opportunities. Such non-GAAP measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

- **Cash flow from operations:** Cash flow from operating activities (IFRS) + tax paid +/- net financial items +/- dividend (share of profit) from JV.
- **EBITA adjusted (EBITA adj.):** Operating profit before amortisation and other income and expenses.
- **EBITA adj. margin:** EBITA adj. divided by operating revenues
- **EBITDA adjusted (EBITDA adj.):** Operating profit before depreciation, amortisation and other income and expenses.
- **Equity ratio:** Equity (including non-controlling interests) divided by equity and liabilities.
- **Expansion investments:** Investments made in order to expand production capacity, produce new products or to improve the performance of existing products. Such investments include business acquisitions, pilot plants, capitalised R&D costs and new distribution set-ups.
- **Other income and expenses:** Non-recurring items or items related to other periods or to a discontinued business or activity. These items are not viewed as reliable indicators of future earnings based on the business areas' normal operations. These items will be included in the Group's operating profit.
- **Leverage ratio:** Net interest-bearing debt divided by last twelve months' (LTM) EBITDA adj., excluding the impact on EBITDA of IFRS 16 Leases.
- **Net interest-bearing debt (NIBD):** Interest-bearing liabilities, excluding the impact of IFRS 16 Leases, minus interest-bearing assets (see slide 26).
- **Return on capital employed (ROCE):** Last twelve months' (LTM) EBITA adj., excluding the impact of IFRS 16 Leases, divided by average capital employed based on the ending balance of the last five quarters. Capital employed is defined by Borregaard as the total of net working capital, intangible assets, property, plant and equipment (excluding the impact of IFRS 16 Leases) and investment in joint venture minus net pension liabilities.

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