



Borregaard at SEB Nordic Seminar
Copenhagen, 7 January 2020

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Borregaard is a global leader in biochemicals

*High value added through full raw materials utilisation
Borregaard's biochemicals are sustainable and environmentally
friendly substitutes for petrochemicals*

SPECIALITY
CELLULOSE
& CELLULOSE
FIBRILS

▲ 45% FIBRES



LIGNIN
& VANILLIN

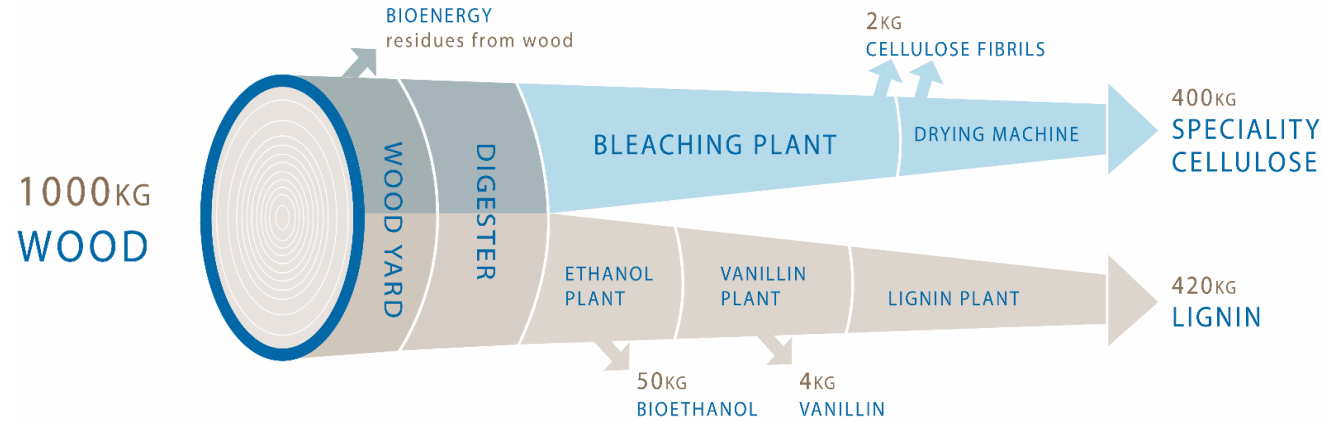
▲ 30% BINDING MATERIAL

BIOETHANOL

▲ 25% SUGAR

Operates the world's most advanced biorefinery

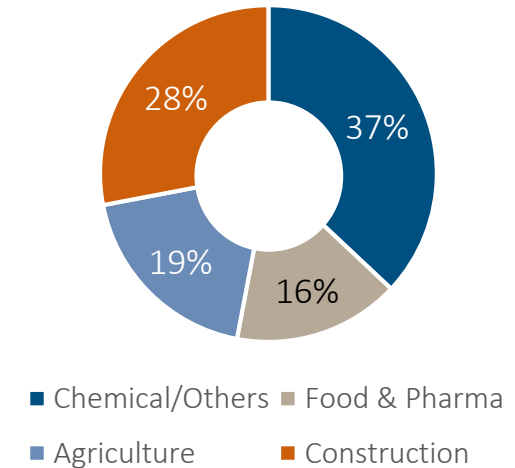
Integrated production system serving diverse markets



Integration models:

- Own integrated
- Partner integrated
- Independent

End markets 2018



- SPECIALITY CELLULOSE**
- Construction materials
 - Filters
 - Inks and coatings
 - Casings
 - Food/Pharma/Personal care
 - Textiles

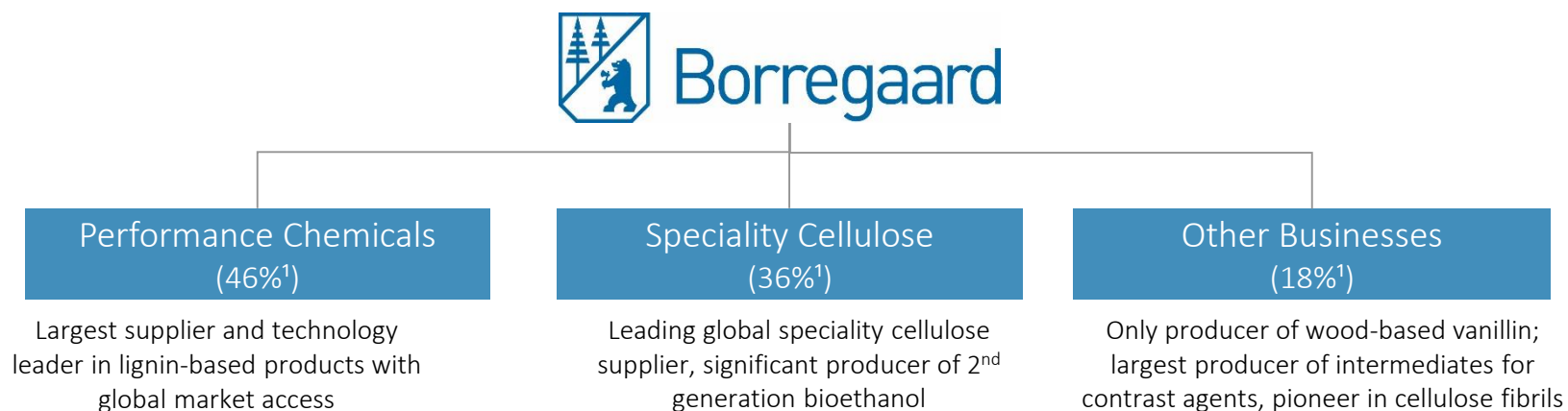
- LIGNIN**
- Concrete additives
 - Animal feed
 - Agrochemicals
 - Batteries
 - Briquetting
 - Soil conditioner

- VANILLIN**
- Food
 - Perfumes
 - Pharmaceuticals

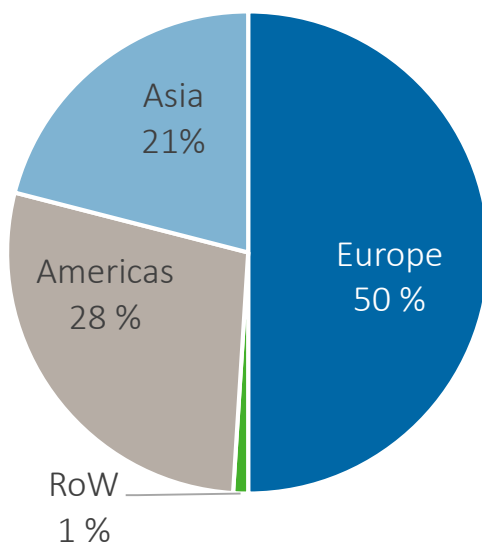
- BIOETHANOL**
- Biofuel
 - Car care products
 - Household chemicals
 - Solvents
 - Food
 - Personal care
 - Pharma

- CELLULOSE FIBRILS**
- Adhesives
 - Coatings
 - Agricultural chemicals
 - Personal care
 - Home care
 - Construction

Global niche player with a market driven organisation



Sales distribution (2018)



Market driven organisation

- ~110 FTEs strong sales/technical service organisation
- Dedicated sales force for each business unit
- ~90% of sales handled through own organisation

1) Segment revenue as a % of total revenue 2018

2) USA/Canada: 23%, rest of Americas 5%

The specialisation strategy

- **Specialisation in global niches**
 - Markets with high barriers to entry
 - Leading market positions through application knowledge and proximity to markets
 - Diversified market strategy and global market positions secure maximum flexibility
- **Strong innovation efforts and continuous improvement**
 - Business driven innovation model that involves the entire organisation
 - Continuous productivity improvement through more efficient organisation, competence development and smart use of technology
- **Competence is the main competitive advantage**
 - Competence differentiates Borregaard from the competitors
 - Combination of competences in sales & marketing, R&D and production

Navigating a peak in the business cycle

- Majority of Borregaard's markets are GDP driven
- Exposure to cyclical markets reduced over time
 - Construction as an example
- ESG driving force in some end-use markets
- Global supplier
 - Some flexibility between markets
- Major expansion projects completed
 - Still a well capitalised company

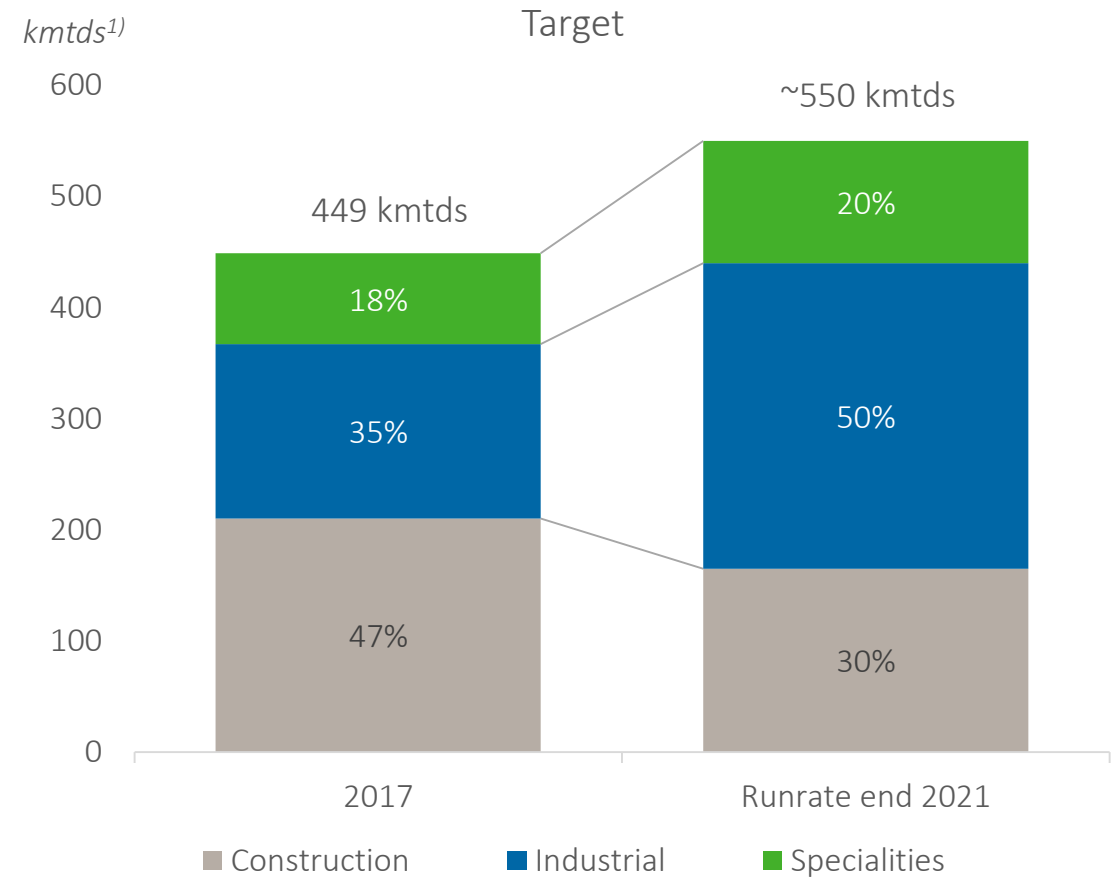
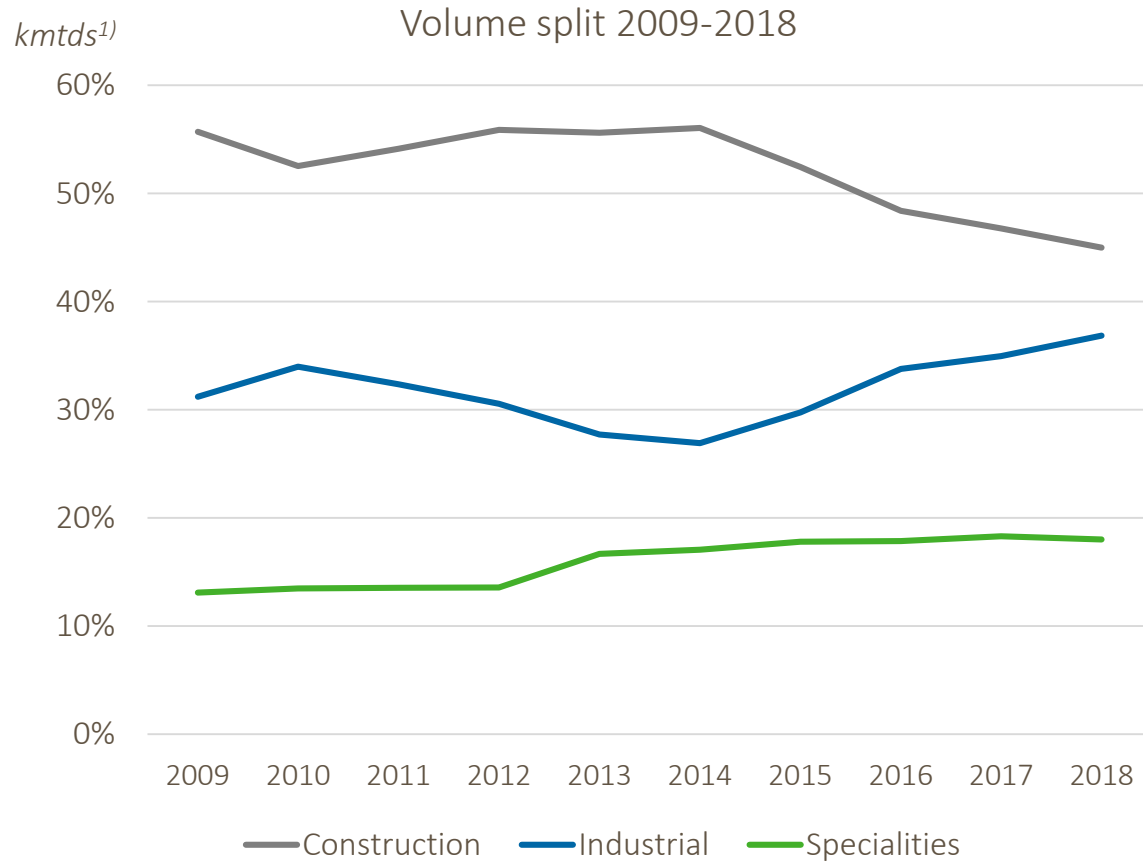
Completed and ongoing strategic projects



- Specialisation, diversification and growth within Performance Chemicals
 - Florida plant (1st phase) started up mid 2018
 - Upgrade and increased specialisation in Sarpsborg (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
 - Lignin upgrade/specialisation in operation from July 2019
 - 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

Driving specialisation and diversification

Industrial and Specialities targeted to represent 70% of total sales volume by end 2021



¹⁾ Metric tonne dry solid (thousand)

Integral part of market offering

RAW MATERIALS



Natural, renewable,
sustainable raw materials

Sustainable and certified wood

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

PROCESSES



Efficient and sustainable
production and value chain

Reduced emissions improve LCA²⁾

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

PRODUCTS



Sustainable
biochemicals

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

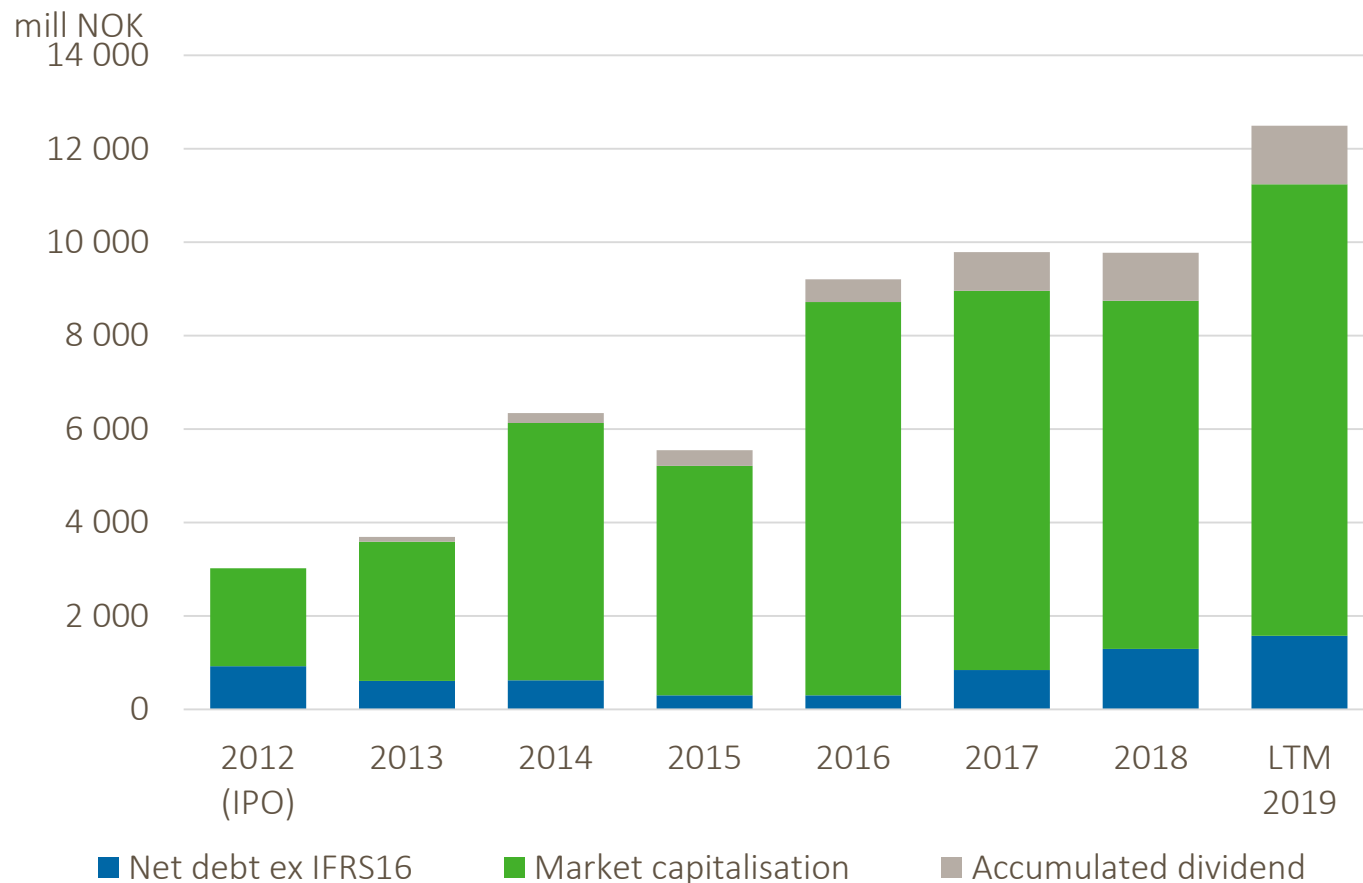
Positive trend for Borregaard's wood based vanillin

	Vanilla beans	Plant based vanillin				Oil based vanillin & ethyl vanillin	
							
Raw material	Beans	Ferulic acid from bran/straw	Eugenol from clove	Lignin from wood	Guaiacol from creosote/tar	Guaiacol	Guethol
Key selling points	Natural/flavor profile	Plant based/natural raw material/sustainability /flavor profile				Price	
Sales volume (MT) ¹⁾	≈2400 ²⁾	≈2000				≈15 000	≈5 000
Indicative price level USD/kg ¹⁾	≈500	≈400	25 - 100			10 - 15	
# of manufacturers ¹⁾	1000+	5	4	1	3	3 - 5	5
Growth ¹⁾		≈10%				≈1%	

1) Company estimates

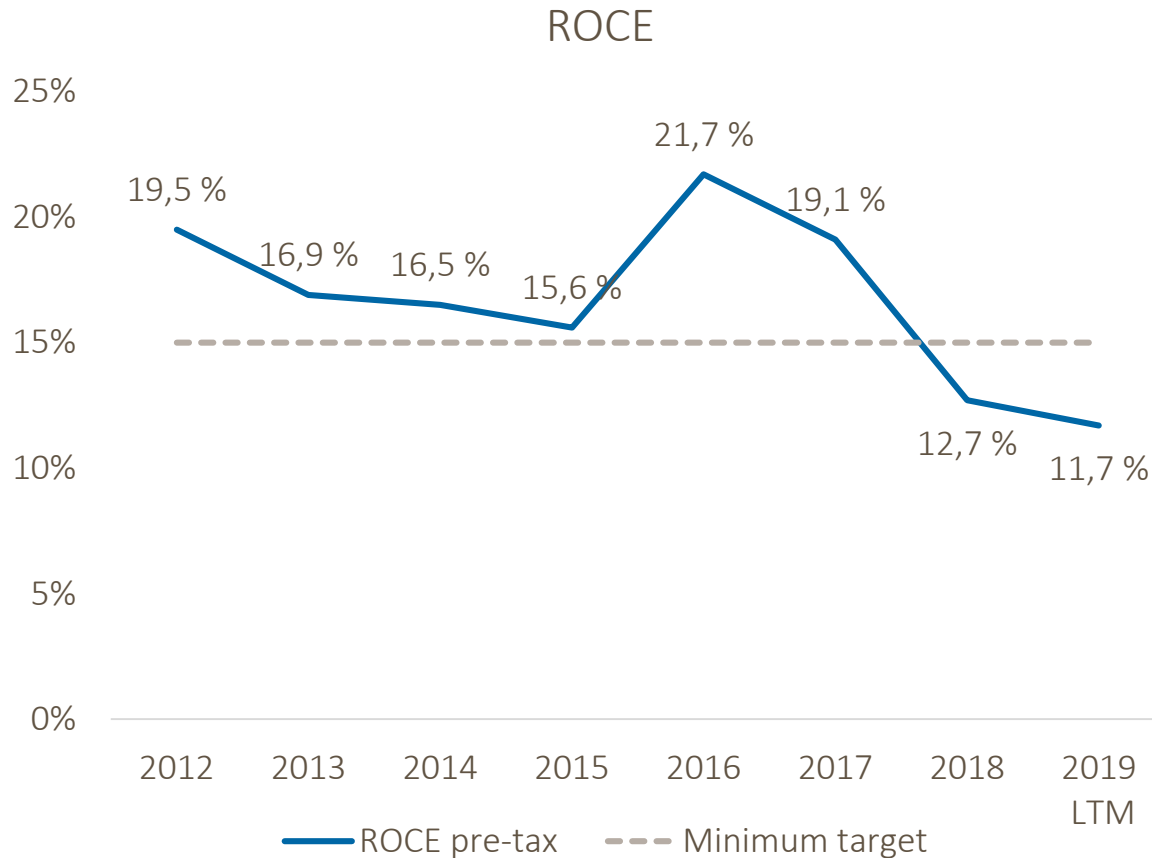
2) Cured vanilla pods contain around 1-2% vanillin, corresponding to around 25 – 50 MT on pure vanillin basis

Value creation since IPO



	CAGR
Share price, including reinvestment of dividend	28.8%
Enterprise value = market cap + net debt	20.8%

ROCE¹⁾ and profitability objectives

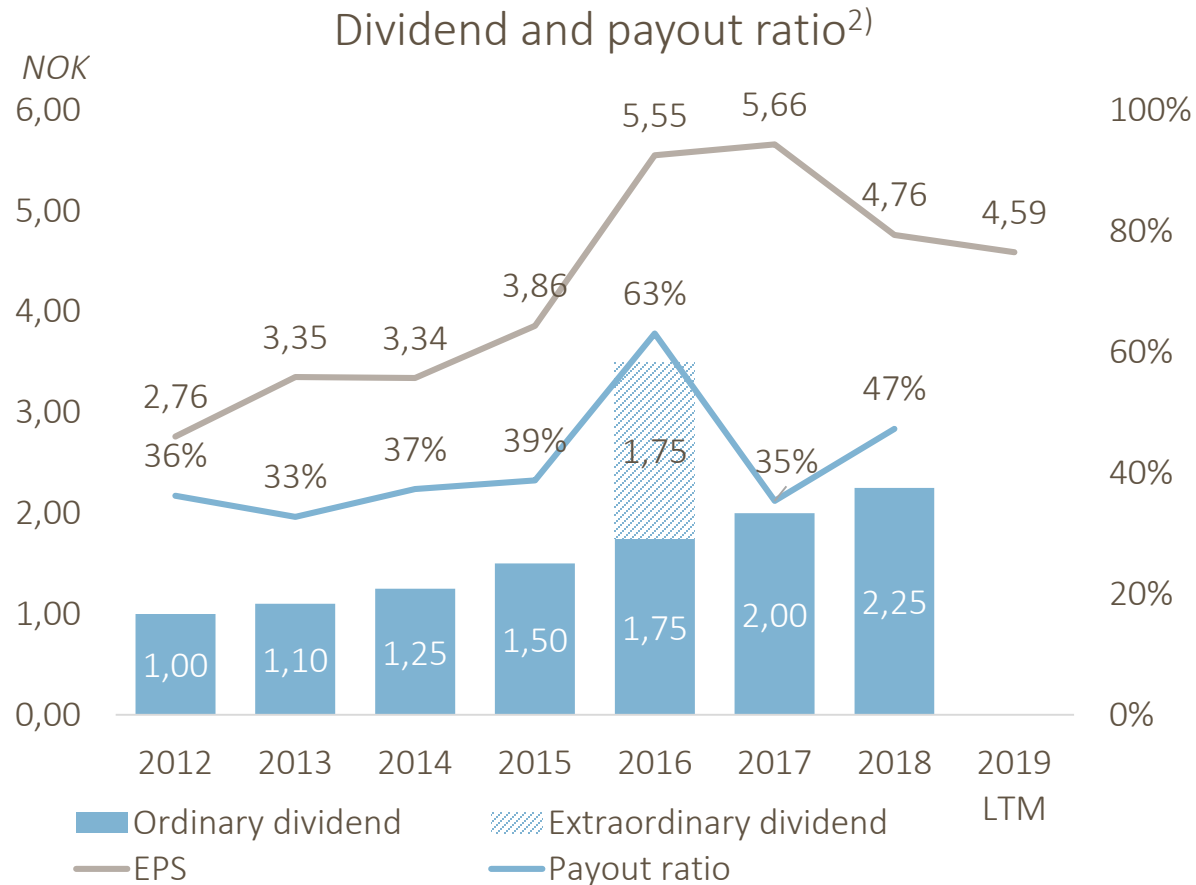


Profitability objectives

- ROCE >15% pre-tax over a business cycle
- IRR >15% pre-tax for expansion investments

Expansion projects and increased raw material prices have negatively impacted ROCE from 2018

EPS¹⁾ and dividend



Dividend policy

- To pay regular and progressive dividends reflecting expected long-term earnings, free cash flow and expansion investments
- Annual dividend is targeted between 30% and 50% of net profit for the preceding fiscal year

1) Earnings per share

2) Total dividend per share divided by earnings per share

Q&A



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