

Welcome to Borregaard's Capital Markets Day

17 September 2020

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AGENDA

09:00 – 09:50

- Opening and welcome by NFF
- Strategy, sustainability and financials
 - Per A. Sørli, President and CEO
 - Per Bjarne Lyngstad, CFO

09:50 – 10:00

- Break

10:00 – 11:15

- Business areas and markets
 - BioSolutions – Tom Erik Foss-Jacobsen, EVP
 - BioMaterials – Gisle Løhre Johansen, EVP
 - Cellulose fibrils – Pål Romberg, EVP

11:15 – 11:30

- Q&A moderated by NFF, incl questions from the audience
 - Mikkel Nyholt-Smedseng, Analyst , Carnegie AS
 - Anne Gjøen, Analyst, Handelsbanken Capital Markets

STRATEGY AND SUSTAINABILITY

Per A. Sørli
President & CEO



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

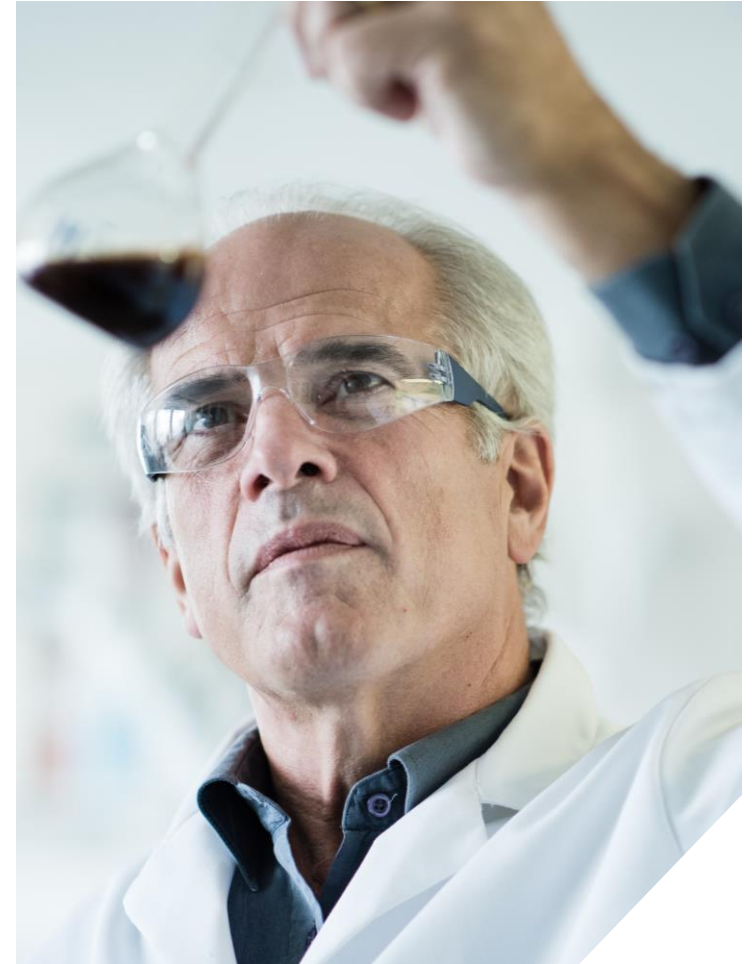
STRATEGIC PRIORITIES (CMD 2018) UPDATE

Increased specialisation and volume growth

- Successful market introduction of new lignin volumes from Florida
Sales volume on track, margins lower than expected so far
- Ice Bear product range
Value proven
- Cellulose fibrils
Strong pipeline development and volume growth from a low level
- Grow specialities volume in Performance Chemicals and Speciality Cellulose
On track

Sustainability

- Increase market awareness of Borregaard's biobased products
Positive development, particularly in biovanillin and agchem (biopolymers)



STRATEGIC PRIORITIES (CMD 2018) UPDATE

Ongoing and potential expansion initiatives

- Complete lignin operation upgrade and increased specialisation, Sarpsborg (2019)
On track
- Florida lignin expansion – 2nd phase (50,000 mtds)
Pending
- Exilva (Cellulose fibrils) – 2nd phase (1,000 mtds)
Pending
- Explore other specialisation and capacity expansion opportunities
Biovanillin, bioethanol and pharma intermediates

- *Expansion investments of 1.7 billion NOK in 2015-2019*
- *All investments projects completed on time and within budget*



STRATEGIC PRIORITIES – KEY CONSIDERATIONS

BioSolutions

- Lower raw material supply base than previously expected (South Africa, Spain)
- Primarily reduced supply of hardwood lignin
- Specialisation and diversification main focus going forward

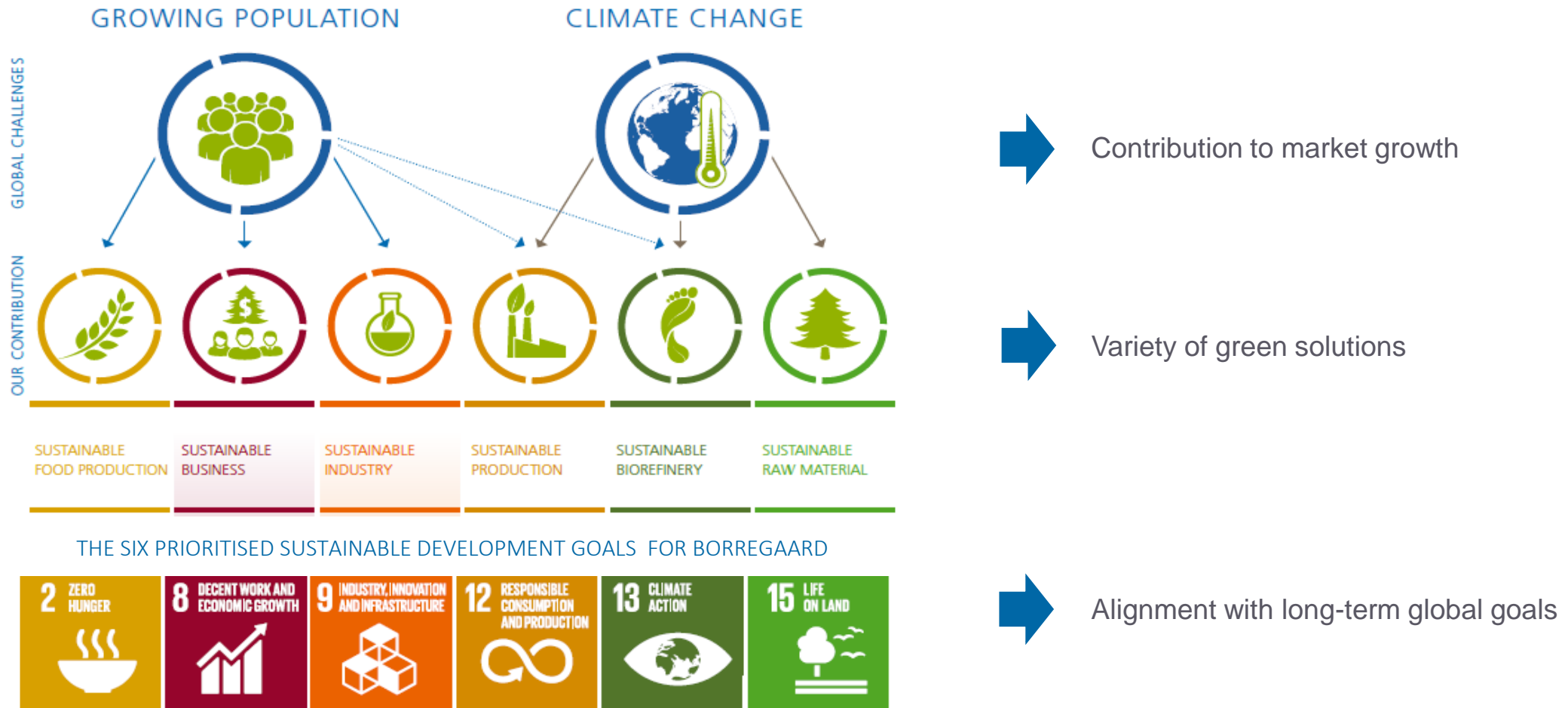
Expansion opportunities

- Explore value-adding initiatives at Sarpsborg biorefinery
- Florida and Exilva plants – second step capacity expansion

Opportunities for bio-based products

- Continued emphasis on ESG aspects across entire value chain

ALIGNMENT WITH UN'S SUSTAINABLE DEVELOPMENT GOALS



DOCUMENTED SUSTAINABILITY PERFORMANCE: LCA¹⁾ APPROACH

RAW MATERIALS



Natural, renewable,
sustainable raw materials

PROCESSES



Efficient and sustainable
production and value chain

PRODUCTS



Sustainable
biobased products

Favourable environmental/climate footprint compared with
non-renewable/oil-based alternatives

SUSTAINABLE SOURCING OF WOOD RAW MATERIALS

RAW MATERIALS



Sustainable and certified wood

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

FOREST AS CLIMATE ACTION

UN Special Report on Climate Change and Land



Carbon storage:
Plant more trees

Biodiversity:
Forest restoration

Fossil carbon alternative:
Wood-based products

Prerequisite in certification schemes

IMPROVED ENVIRONMENTAL FOOTPRINT FROM PROCESSES

PROCESSES



Improved environmental footprint

- CO₂-reductions, CDP A rating
- Reduced emissions to water and air
- “Greener” logistical solutions

SCIENCE BASED TARGETS



Targeted reductions approved by CDP¹⁾(base year 2009):

- 53% by 2030
- 100% by 2050

CO₂ reductions 2009-2019: 35-40%

Plans for further reductions (2030)

- Increased use of bio energy
- Increased use of electricity for steam production
- Energy conservation

PRODUCTS WITH MULTIPLE SUSTAINABILITY FEATURES

PRODUCTS



Favourable CO₂ footprint

GHG
emissions



Natural, renewable raw material



Improved EHS performance



CORONAVIRUS EFFECTS ON BORREGAARD'S BUSINESS

Health and safety first

- Emergency measures established and procedures implemented to limit the risk of infection throughout the global organisation

Operational effects

- Production at the calcium sulphite line at Sappi's Saiccor pulp mill stopped in April, affecting supply of lignin raw material in South Africa
- As a consequence, the South African lignin plant has been mothballed
- The scheduled annual maintenance stop at the Sarpsborg biorefinery in Q4-20 will be split into 3-4 shorter stops in Q3/Q4-20

Reduced demand in some biopolymers sectors and for certain speciality cellulose grades

- Biopolymers sales volume for 2020 forecast to decrease by 10-15%, mainly impacting concrete admixtures/low-value industrial applications
- Reduced demand from high-value applications like oil field chemicals and automotive
- Temporary setback in growth prospects for speciality cellulose wood pulp to cellulose ethers (construction)
- Possibility for lower growth in world economy and indirect consequences from affected suppliers, business partners or infrastructure

Sales of bioethanol partly shifted from fuel to disinfectants

- Bioethanol sales to disinfectants expected to be significantly lower in H2-20 vs the peak in Q2-20

STRATEGIC PRIORITIES

Specialisation and diversification within BioSolutions

- Specialisation through innovation and market development
- Balance market risk through diversification of product portfolio
- Timing of further volume expansion guided by demand development and profitability

Increased value added from the unique Sarpsborg biorefinery

- Leverage high-value lignin raw material base in biopolymers and biovanillin
- Enhance product mix in speciality cellulose and bioethanol
- Strong focus on innovation and productivity efforts

Development of the cellulose fibrils business

- Continued market development across multiple applications and geographies
- Timing of second step expansion guided by demand development

Sustainability

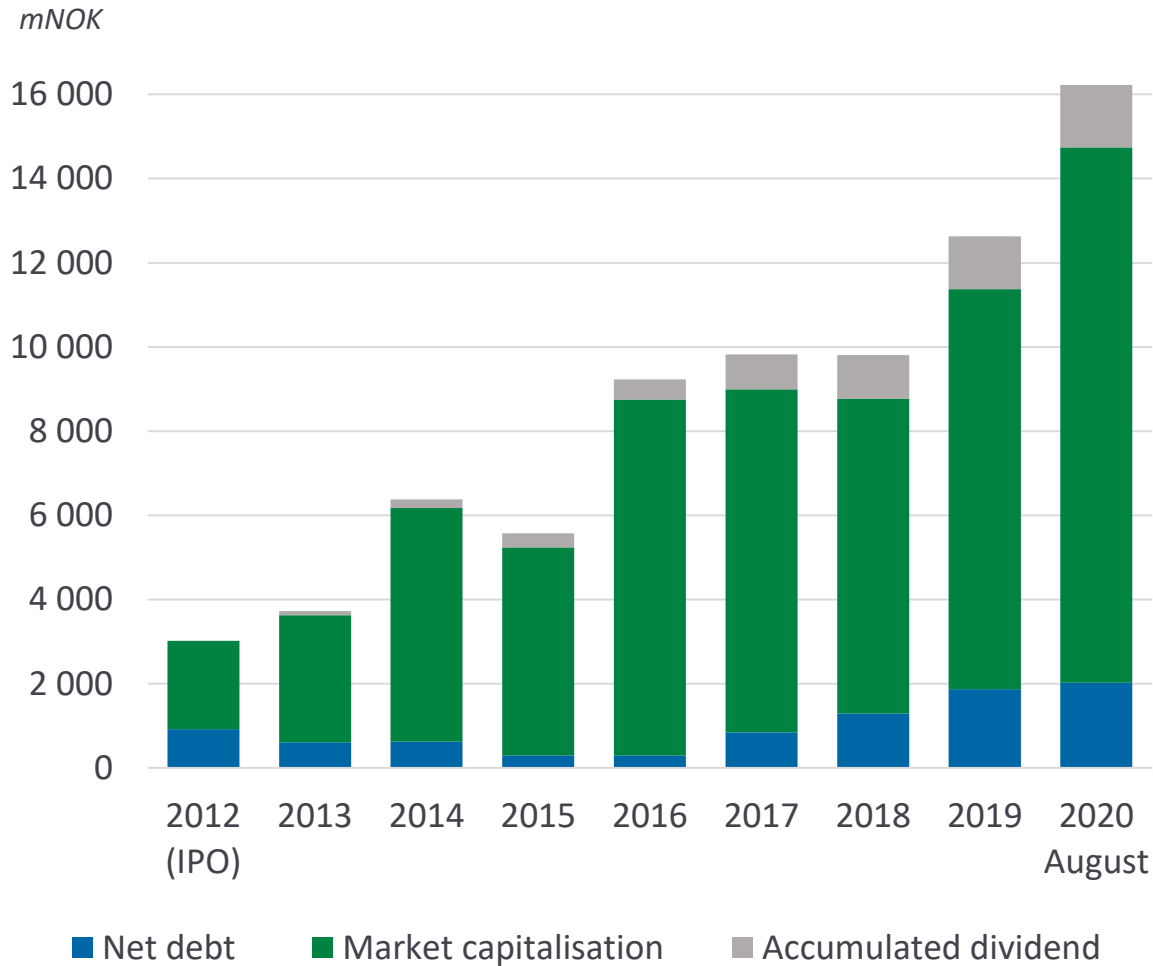
- Continued emphasis on ESG aspects across entire value chain

FINANCIALS

Per Bjørne Lyngstad
CFO



VALUE CREATION SINCE IPO



	CAGR
Share price, including reinvestment of dividend	29.7%
Enterprise value = market cap + net debt	22.3%

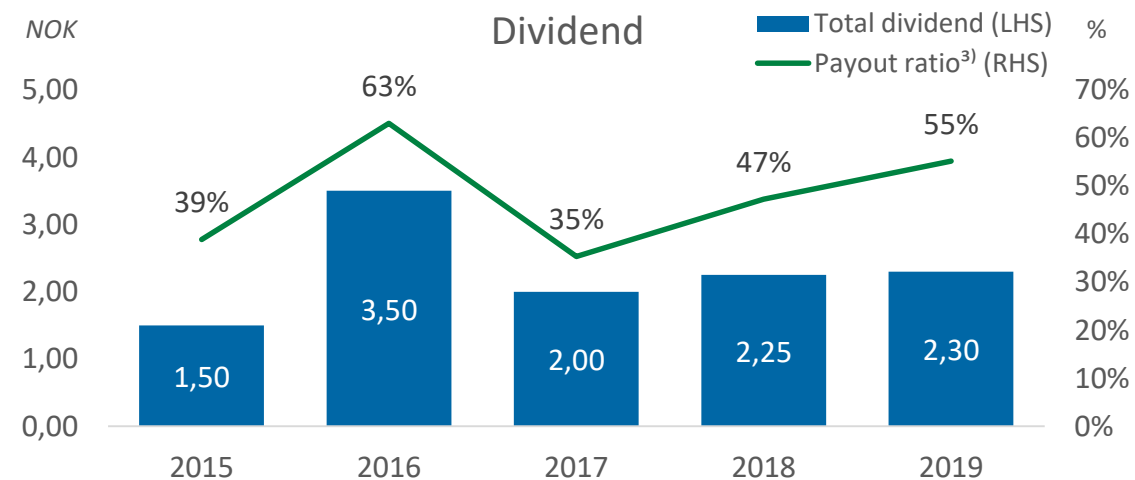
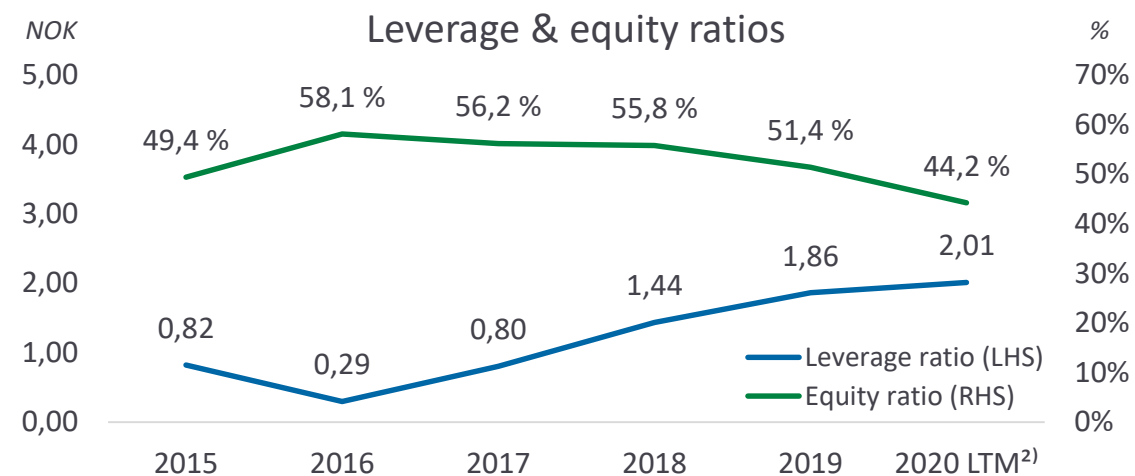
SOLID FINANCIAL POSITION

Solid capital structure despite significant expansion investments

- Leverage ratio¹⁾ 2.01 and equity ratio¹⁾ 44.2% (Q2-20)
 - Maintain key financial ratios corresponding to an investment grade rated company
 - Leverage ratio target: Between 1.0 and 2.25 (unchanged)
- Revolving credit facilities refinanced at attractive terms

Increasing dividend payments

- Target: Regular and progressive dividends, between 30% and 50% of net profit (unchanged)

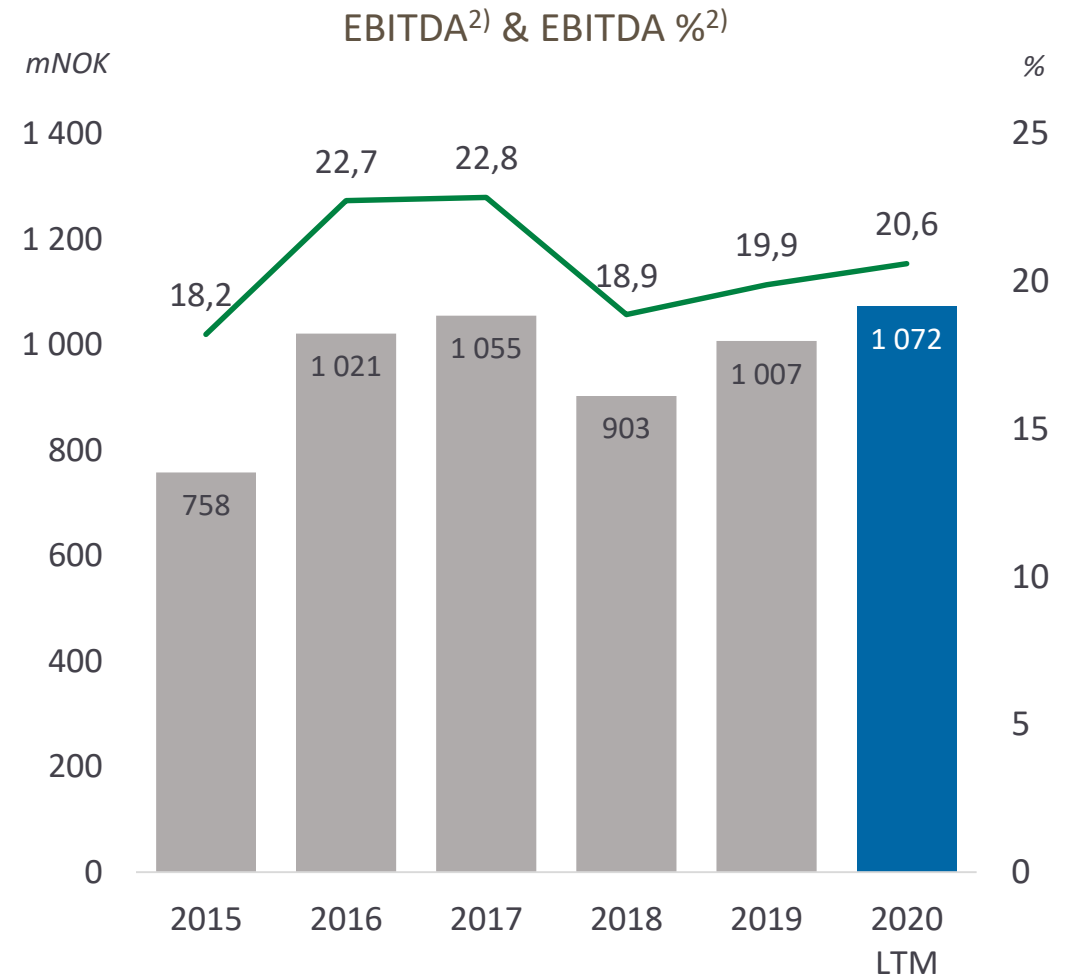
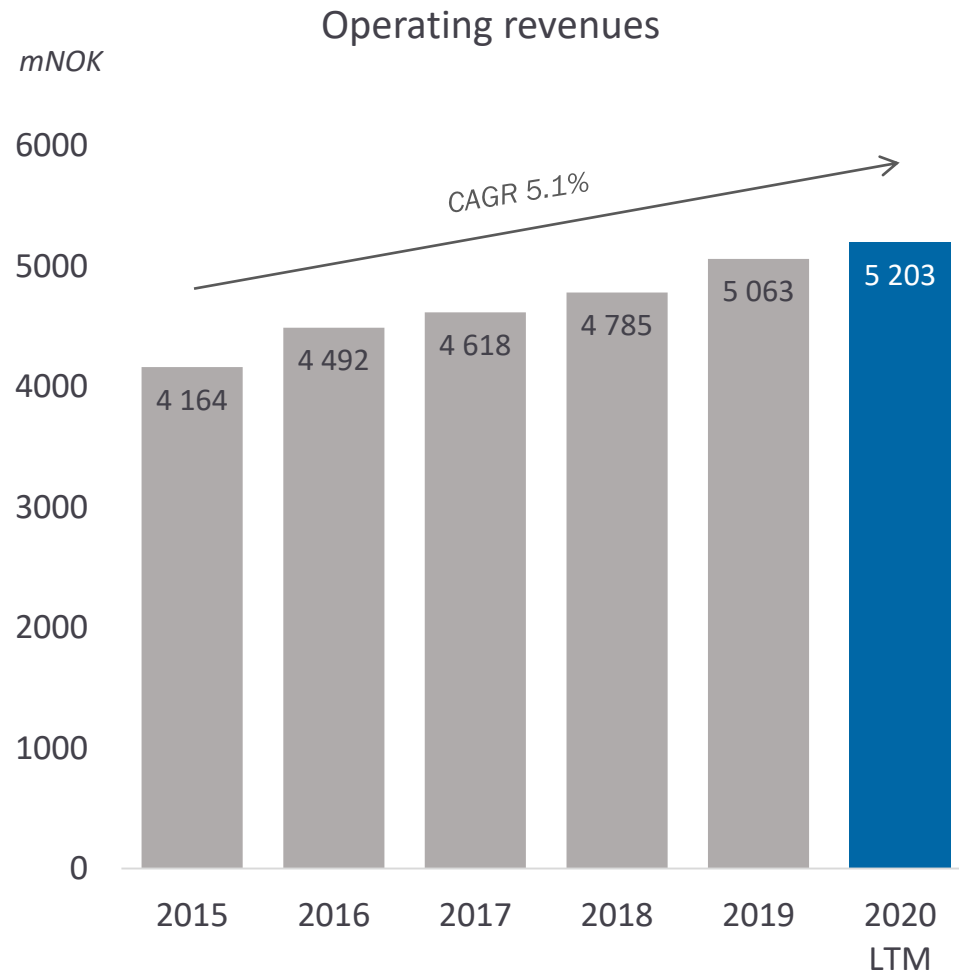


1) Alternative performance measures – see Appendix

2) Last twelve months as per June 2020

3) Total dividend per share divided by earnings per share¹⁾

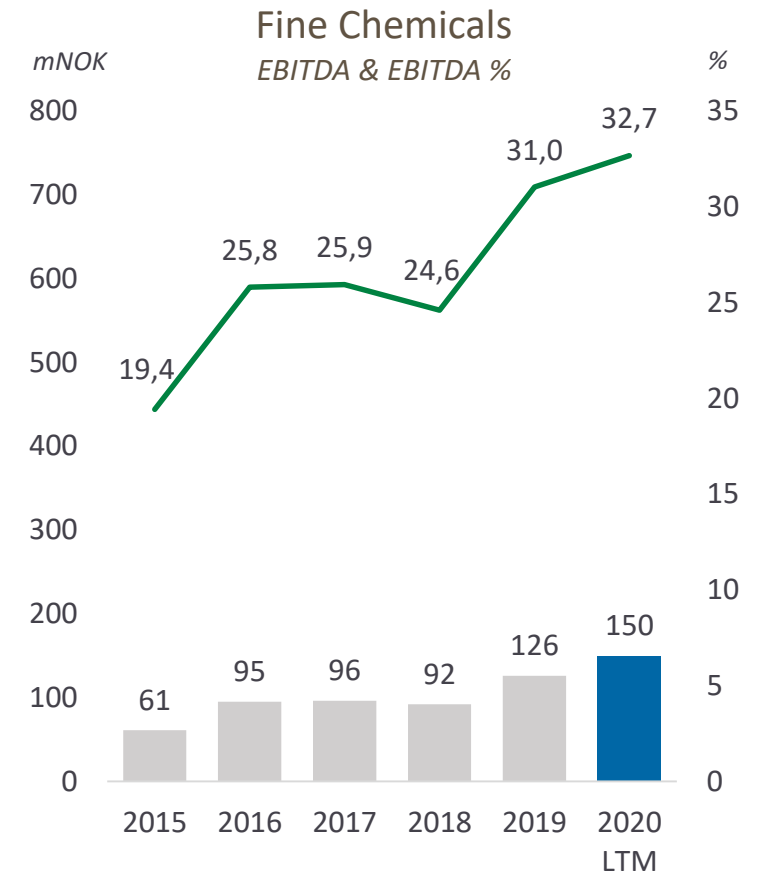
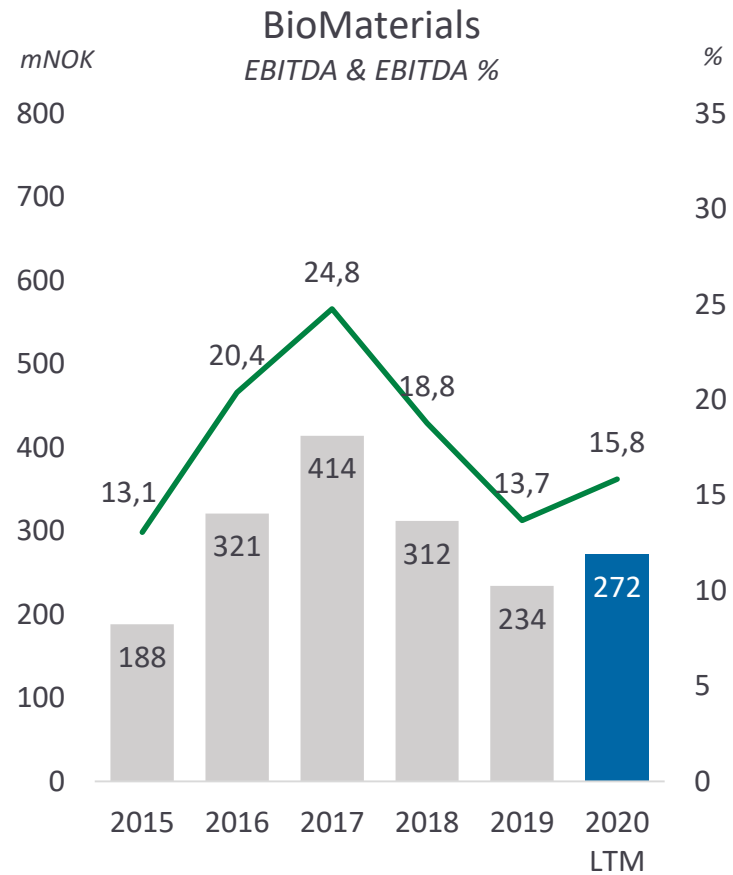
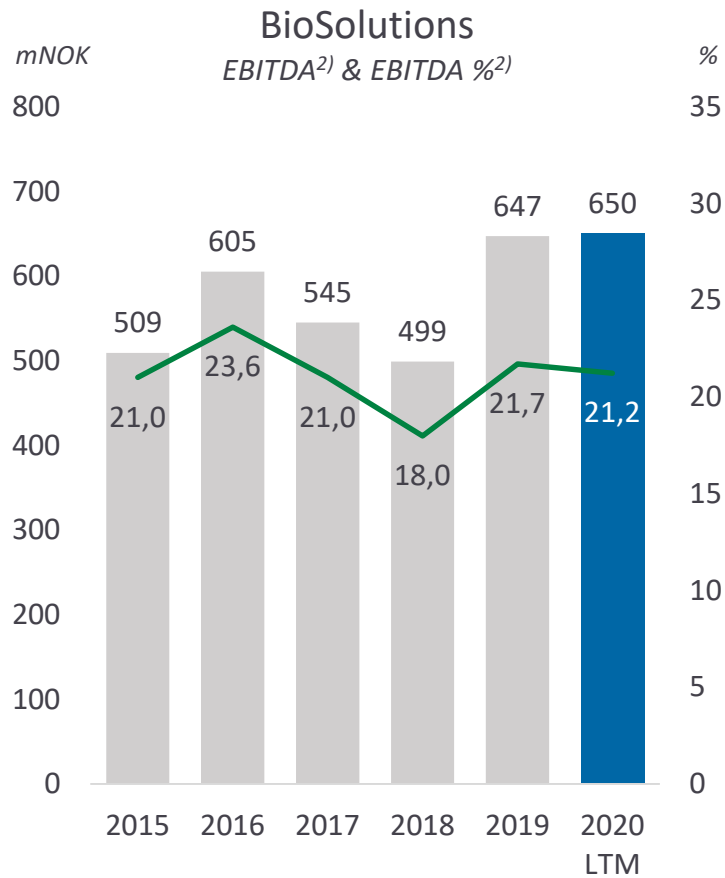
KEY FIGURES 2015 – 2020 LTM¹⁾



1) Last twelve months as per June 2020

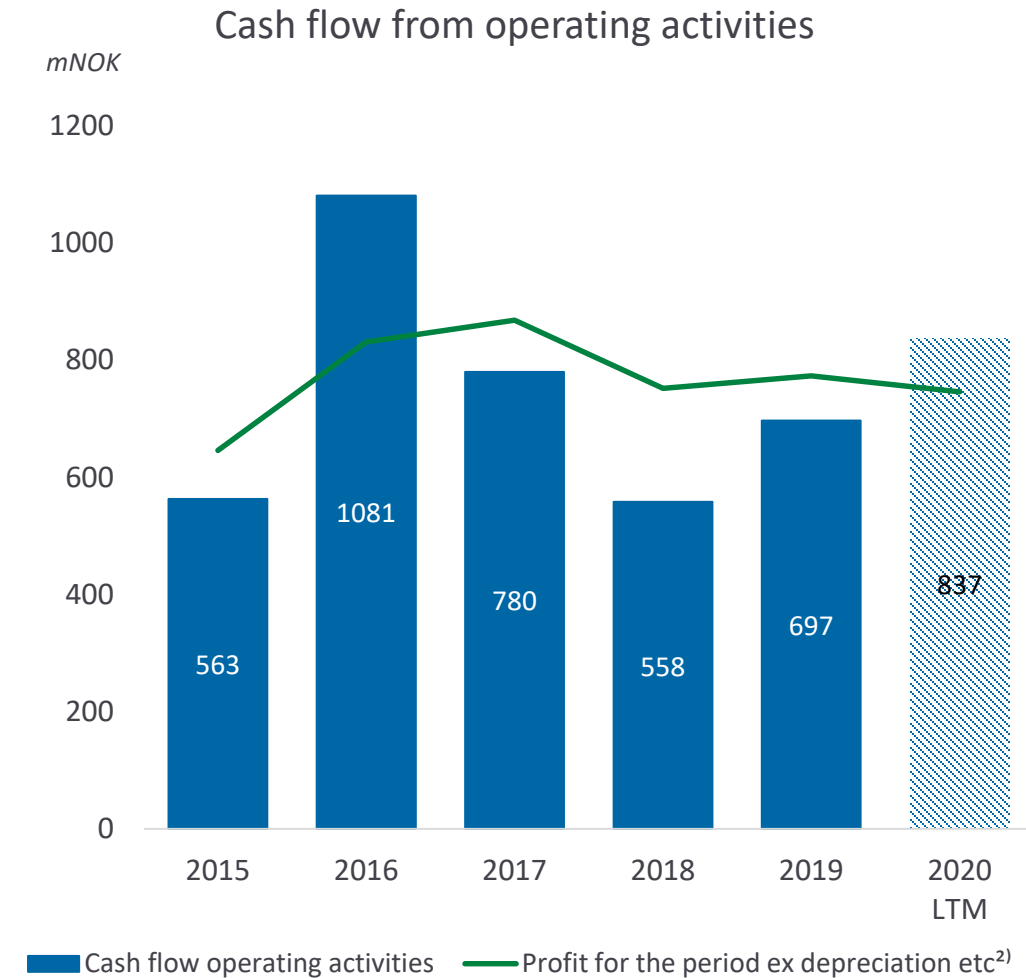
2) Alternative performance measures - see Appendix

KEY SEGMENT FIGURES 2015 – 2020 LTM¹⁾



1) Last twelve months as per June 2020
 2) Alternative performance measures - see Appendix

CASH FLOW 2015 – 2020 LTM¹⁾



Strong cash conversion over time

- 95% of profit ex depreciation, amortisation and write-downs last 5 years ends up as cash flow from operating activities

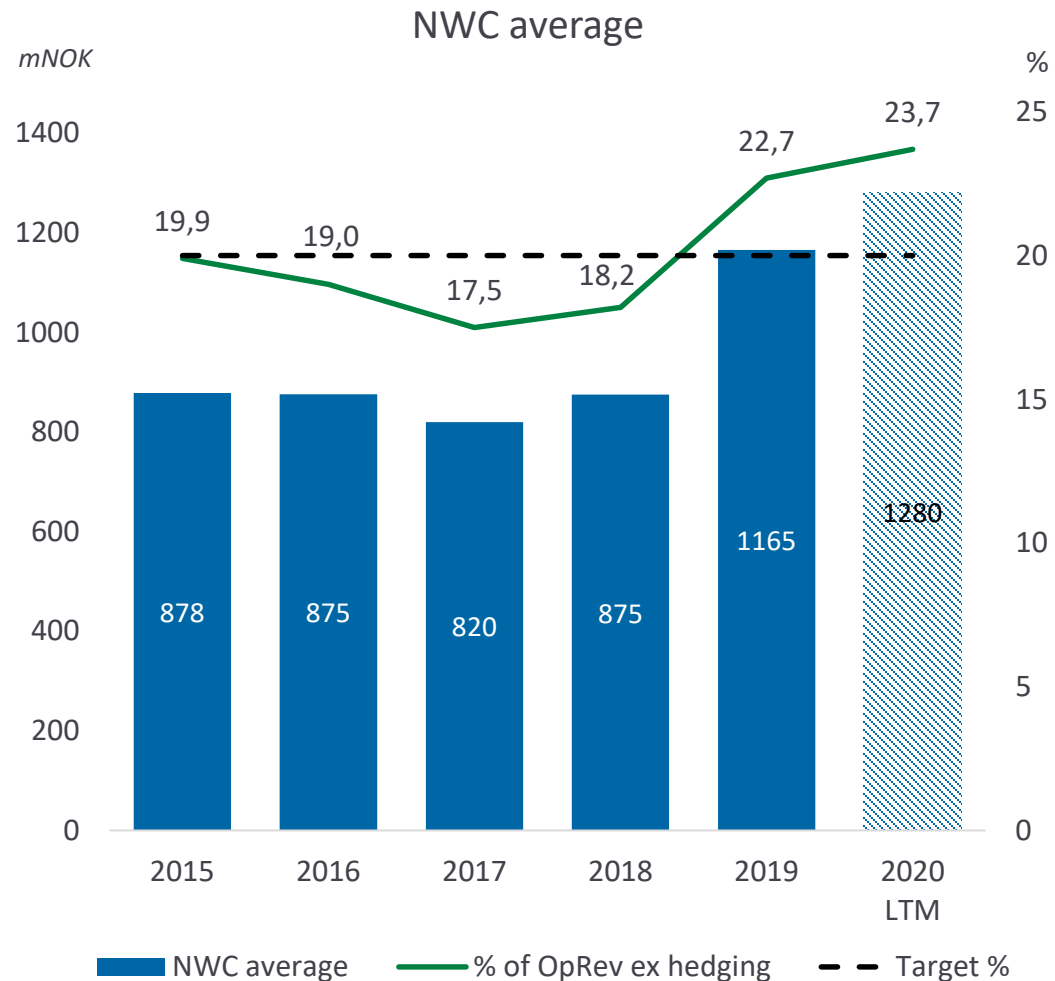
Net working capital

- Significant fluctuations
- Increasing trend

1) Last twelve months as per June 2020

2) Profit/loss for the period (before minority interest), excluding depreciation, amortisation and write-downs

NET WORKING CAPITAL (NWC) 2015 – 2020 LTM¹⁾



Increase in net working capital from 2018

- Accounts receivable stable over time relative to revenues
- Inventories increasing (volume, costs, specialisation, FX)
- Accounts payable decreasing relative to revenues, mainly from lower investments
- Negative impact from change in accruals²⁾
- Absolute numbers affected by FX and increased revenues

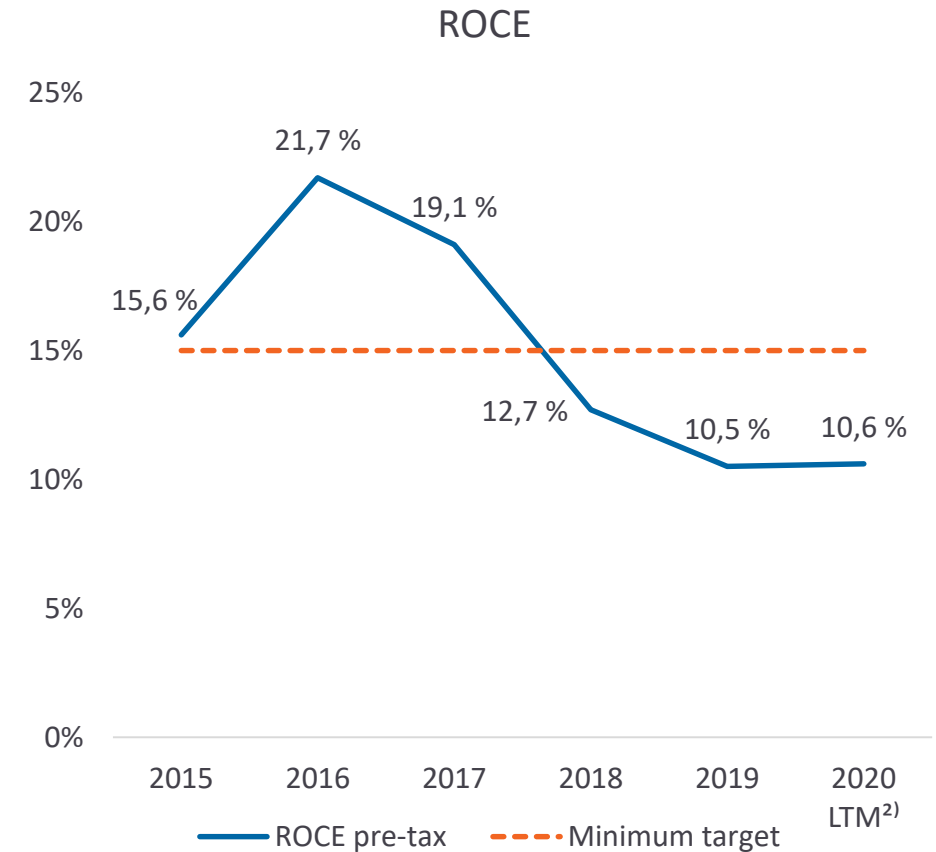
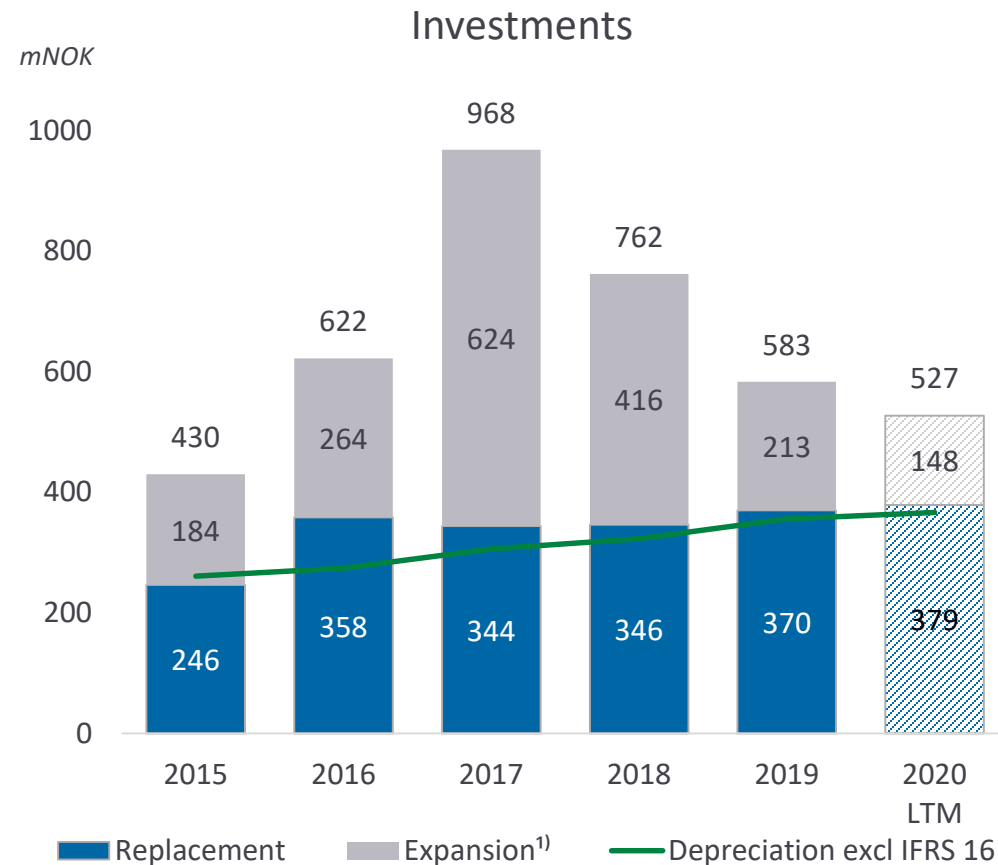
Reduction of inventories key to meet 20% target

- Biopolymers inventories will be reduced
- Inventories in other businesses will depend on sales and cost development

1) Last twelve months as per June 2020

2) Change in accruals from utilising prepaid EU grant, reduction of environmental accruals and increase in outstanding CO₂ compensation i.a.

INVESTMENTS AND RETURN ON CAPITAL EMPLOYED (ROCE¹)



Cash flow target: Replacement investments at depreciation level

ROCE target: >15% pre-tax over a business cycle

1) Alternative performance measures - see Appendix

2) Last twelve months as per June 2020

INVESTMENT FORECAST 2020-2023

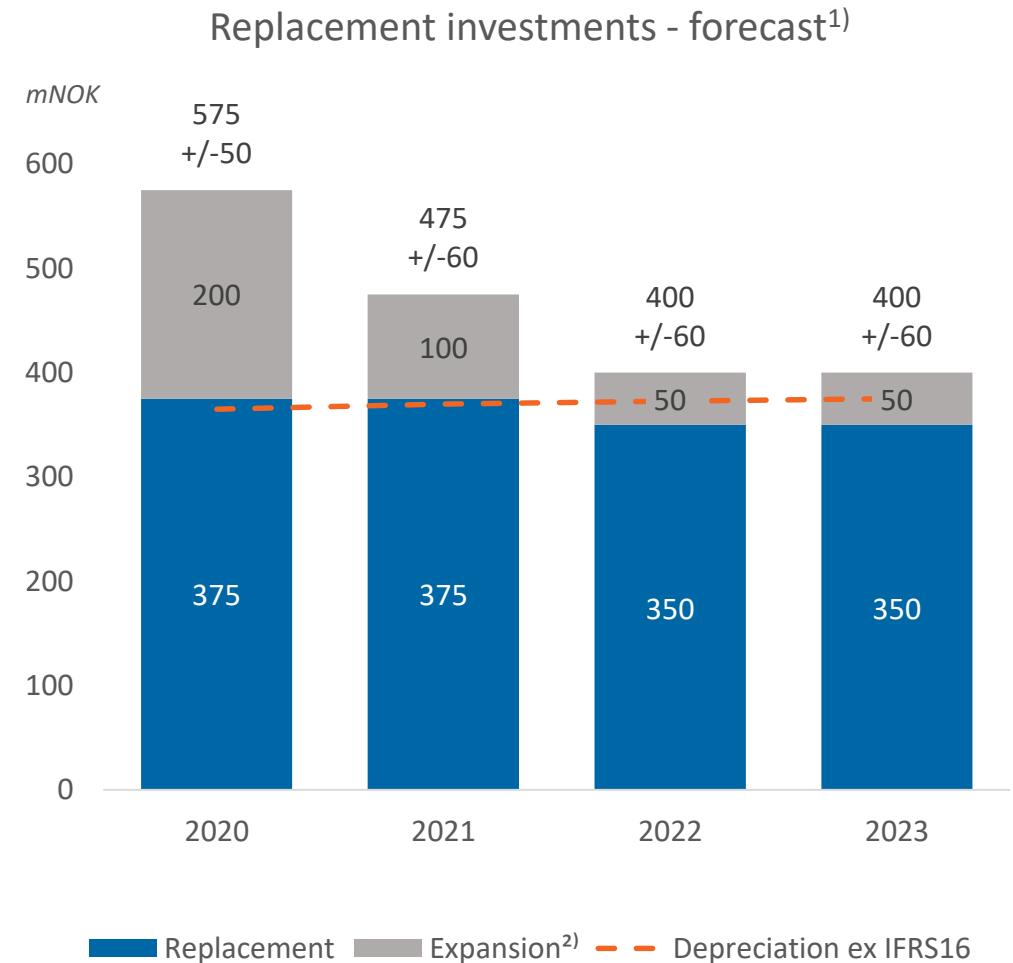
Replacement investments

- Targeted at depreciation level
- Upgrade of caustic soda production facility a major investment in 2020 and 2021

Expansion investments

- Capacity expansion for wood-based vanillin the main project (130 mNOK, completion 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

2) Alternative performance measures - see Appendix

MAJOR EXPANSION INVESTMENTS - BIOSOLUTIONS

Florida – Biopolymers New lignin plant



Investment 890 mNOK (110 mUSD) in 100,000 mtds¹ capacity (phase 1)

Volume ramp-up in line with 3-year plan, profitability behind expectations, mainly due to an unfavourable product mix and higher distribution and fixed costs

Sarpsborg site – Biopolymers Upgrade and specialisation of plant



Investment 450 mNOK in increased drying capacity, storage tanks and improved solutions for logistics, infrastructure and energy

Cost savings in Norway according to plan, additional restructuring of German operation. Reduced exposure to cyclical market segments and further specialisation

Sarpsborg site – Biovanillin Capacity expansion



Investment 130 mNOK in increased capacity of at least 250 tonnes for wood-based vanillin

Completion of capacity increase mid-2021, part of the increase in production already realised during last twelve months

EBITDA improvement target next 3 years:

150-250 mNOK vs 2020 LTM²⁾ through volume increase, optimisation of product mix, further specialisation and cost savings

1) Metric tonne dry solid
2) Last twelve months as per June 2020

MAJOR EXPANSION INVESTMENTS – BIOMATERIALS & FINE CHEMICALS

Sarpsborg site – Speciality cellulose
Ice Bear project



Sarpsborg site – Cellulose fibrils
Exilva plant and commercialisation



Smaller expansion projects
Bioethanol and pharma intermediates



Investment 215 mNOK in increased capacity and quality improvement for high purity cellulose

Investment 225 mNOK in commercial scale (1,000 tonnes dry material) production facility for Exilva cellulose fibrils

Investments totalling more than 100 mNOK in increased capacity for water-free bioethanol and pharma intermediates

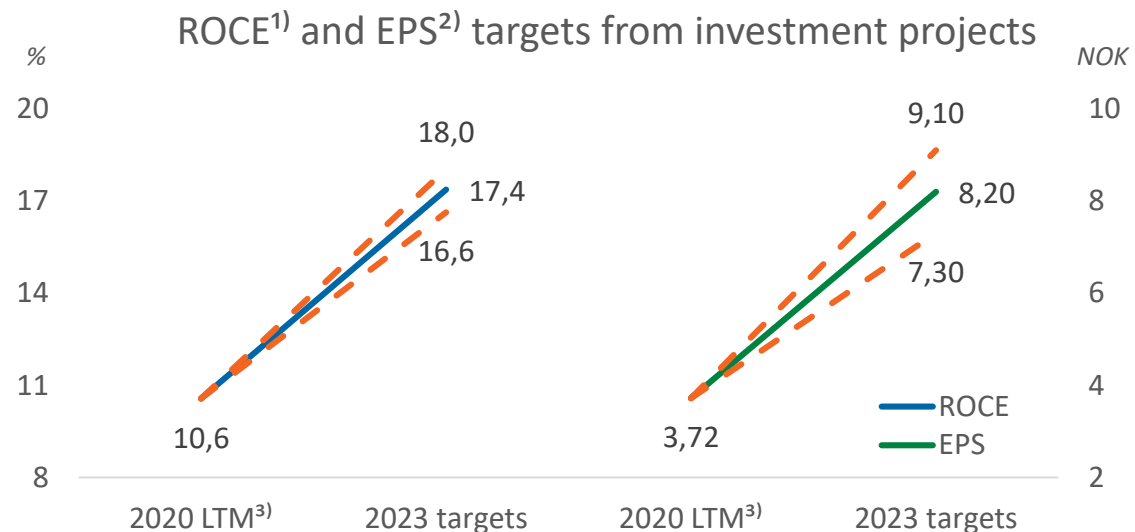
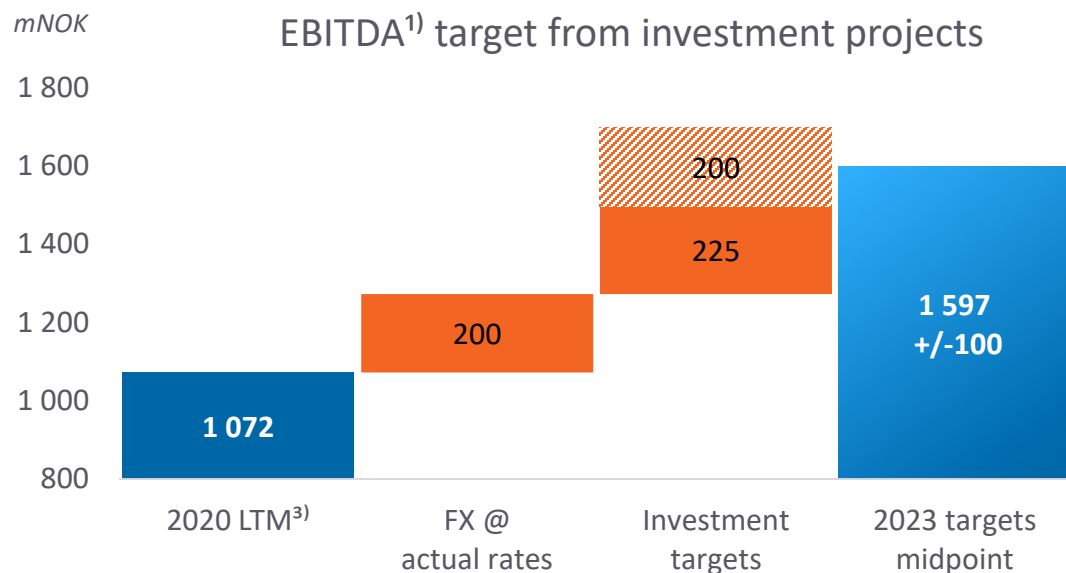
Ice Bear volume has gradually increased, significant contributor to stabilise results over time and reduce exposure to textile cellulose

Strong interest from the market and growing number of commercial customers. Sales volume still low and lead-times continue to be quite long

Successful bioethanol expansion with extraordinary result in Q2-20, cost effective debottlenecking for pharma intermediates

**EBITDA improvement target next 3 years:
75-125 mNOK vs 2020 LTM¹⁾ through volume increase and further specialisation**

IMPACT FROM INVESTMENTS ON KEY FINANCIALS



If targets are met, Borregaard will improve profitability and meet ROCE objective in 2023

Assumptions

- Actual FX rates USD 9.00 and EUR 10.70 vs NOK, including effects from existing hedging positions
- Forecasted investments at midpoints. NWC increasing with revenues. Dividend increased in line with policy. Potential larger expansion investments beyond forecast may negatively affect key financials in the period
- Other parameters constant (major uncertainties are market demand, world economy, Covid-19 situation, general cost inflation and input factor prices)

1) Alternative performance measures - see Appendix

2) Earnings per share

3) Last twelve months as per June 2020

BIOSOLUTIONS

Tom Erik Foss-Jacobsen
Executive Vice President



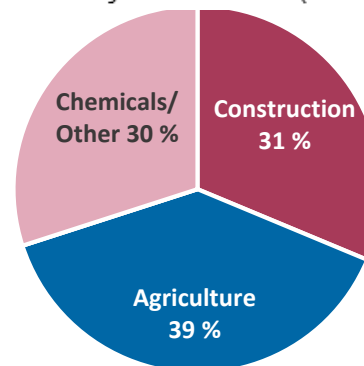
DIVERSITY: 650 PRODUCTS TO AROUND 3,000 CUSTOMERS

BioSolutions properties

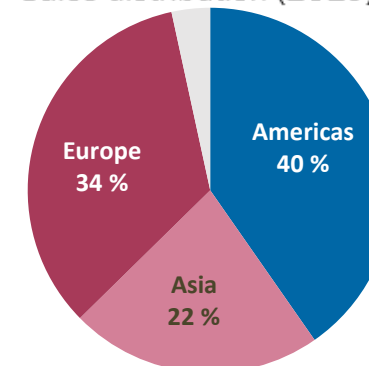
Properties	Applications
Binding agent	<ul style="list-style-type: none"> • Ceramics • Dust solutions • Feed • Granulation aid
Dispersing agent/ rheology control	<ul style="list-style-type: none"> • Carbon black and pigments • Concrete admixtures • Dyestuffs • Metals and minerals • Micronutrients • Plant protection and plant nutrition
Crystal growth control	<ul style="list-style-type: none"> • Batteries • Oil field chemicals • Water treatment
Functional additive	<ul style="list-style-type: none"> • Antioxidants • Complexing agent • Phenol replacement • SoftAcid • Soil conditioner • UV protection
Flavours and fragrances	<ul style="list-style-type: none"> • Food • Fragrances • Personal care • Pharmaceuticals

Revenues by end market and region¹⁾

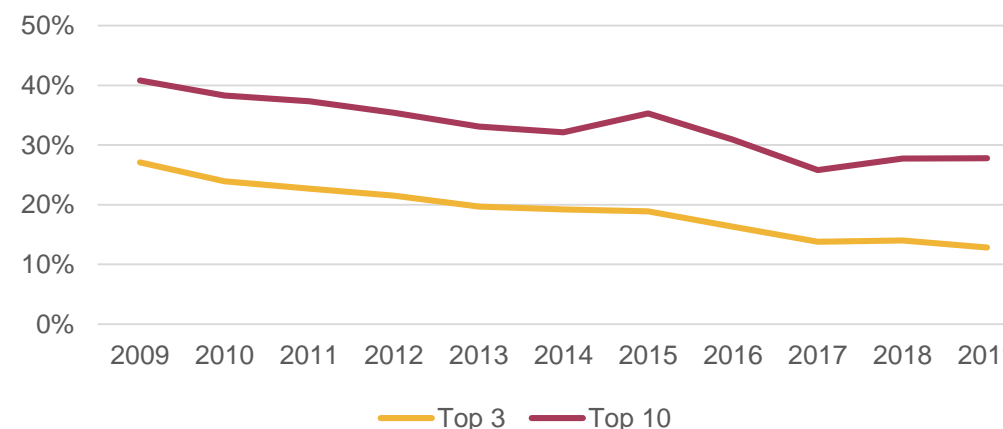
Revenue by end-market (2019)



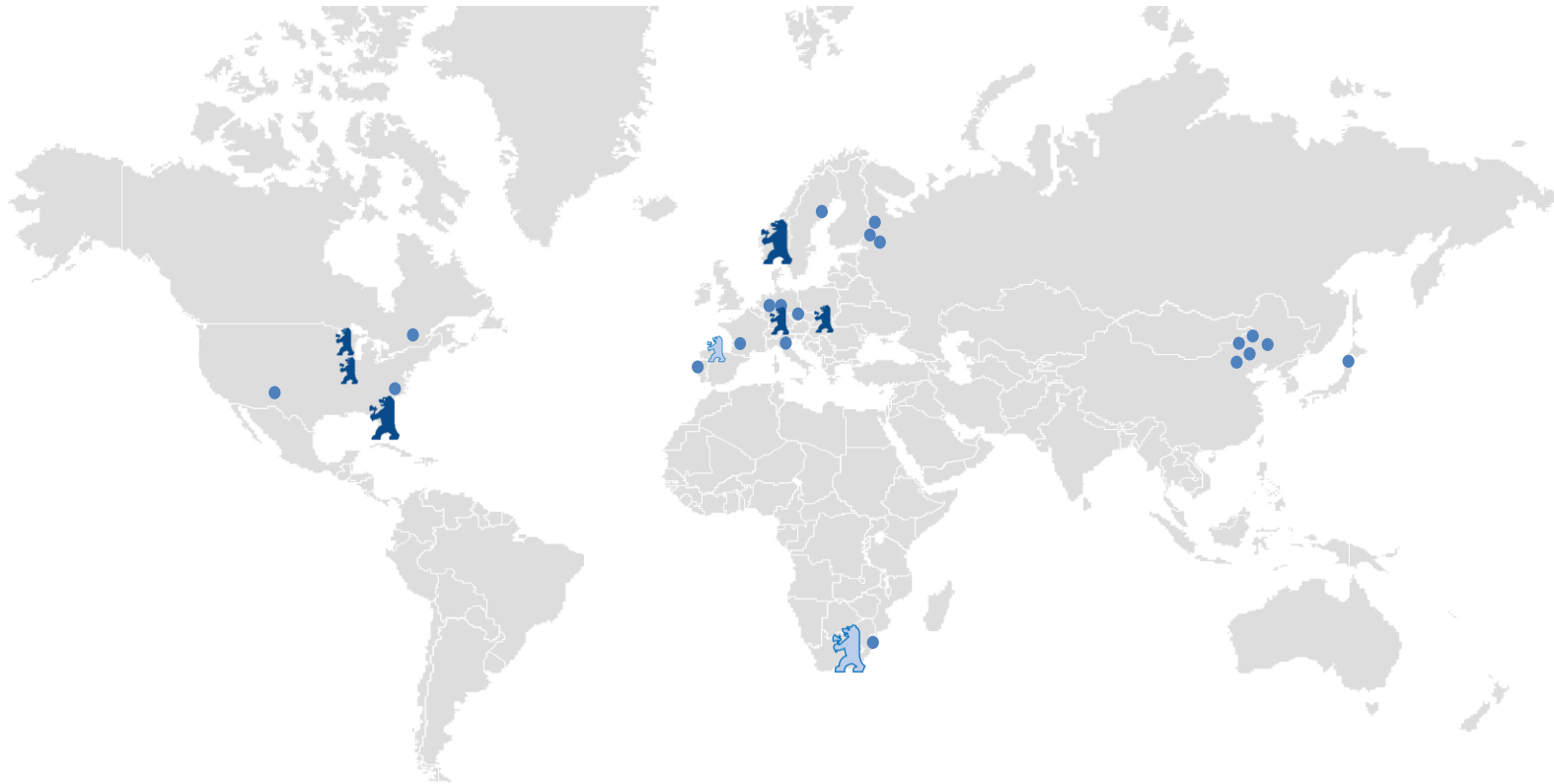
Sales distribution (2019)



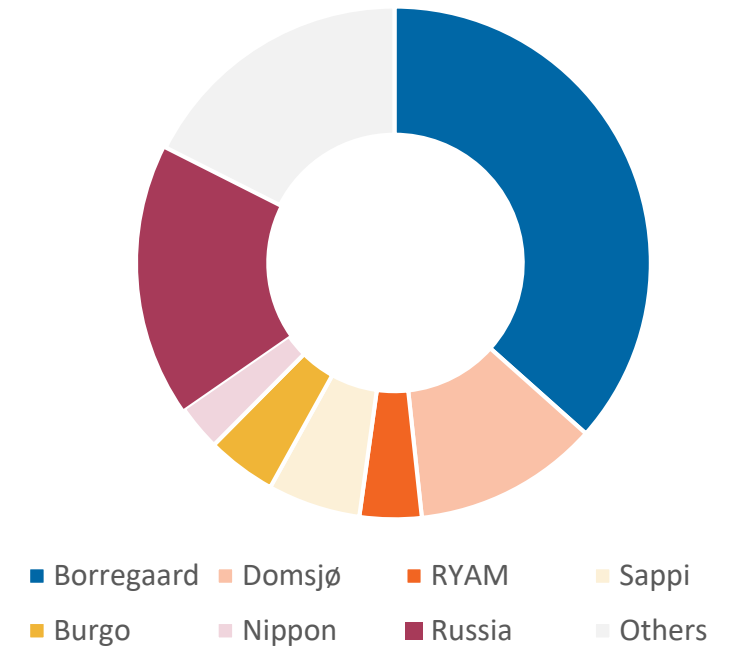
Top 10 and top 3 customers in % of revenues



CURRENT GLOBAL LIGNIN SUPPLY

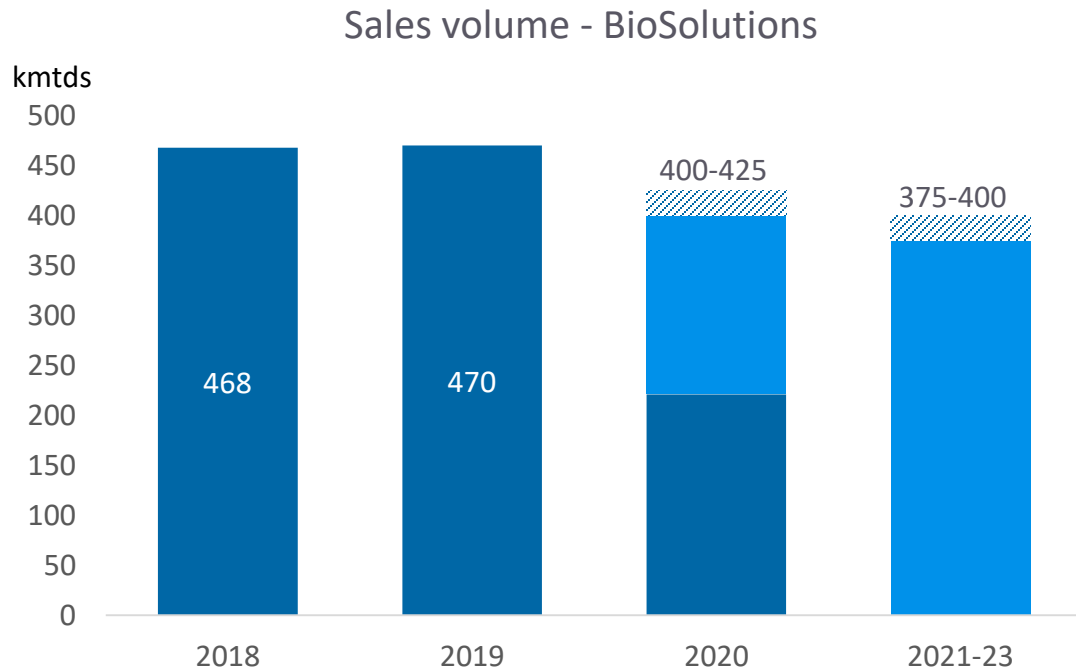


By sales volume



Global lignin supply reduced to ~1 million mtds in 2021 (assuming South Africa and Spain not operating; Florida ramp-up)

IMPLICATIONS OF REDUCED LIGNIN RAW MATERIAL SUPPLY



Lost volume is hardwood-based with limited potential for specialisation

- Construction and Industrial low-end markets affected

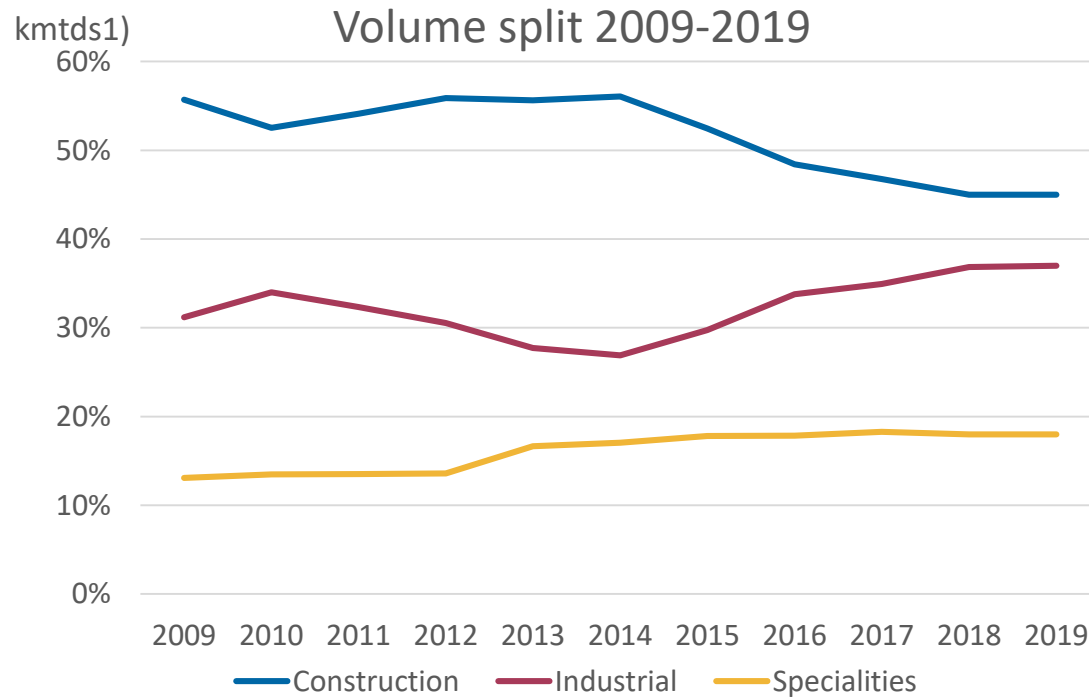
Construction – a cyclical market with increasing use of oil-based alternatives to lignin, reinforced by a low oil price

- Volumes available in markets where its value is recognised

Industrial markets – value-based diversification

Speciality markets not affected

STRATEGIC PRIORITIES – KEY CONSIDERATIONS



New supply situation - an opportunity to sharpen strategy

- Optimise value of biopolymers portfolio
 - Reduce exposure to low-end and cyclical markets
- Diversify based on value-added
 - Focus on advanced applications with high value-added, stable growth and preference for sustainable solutions
- Specialise through innovation and market development
 - Drive value growth based on expertise and sustainable solutions with unique performance

SUSTAINABILITY - COMPETITIVE EDGE

Capitalise on Borregaard's biorefinery model and biobased solutions

- Replace fossil raw materials
- Documented favourable environmental footprint
 - Wood-based biopolymers
 - 2nd generation feedstock
- LCA - Life Cycle Analysis
- EPD - Environmental Product Declarations



SUSTAINABILITY - COMPETITIVE EDGE IN USE

Plant nutrition – favourable environmental footprint

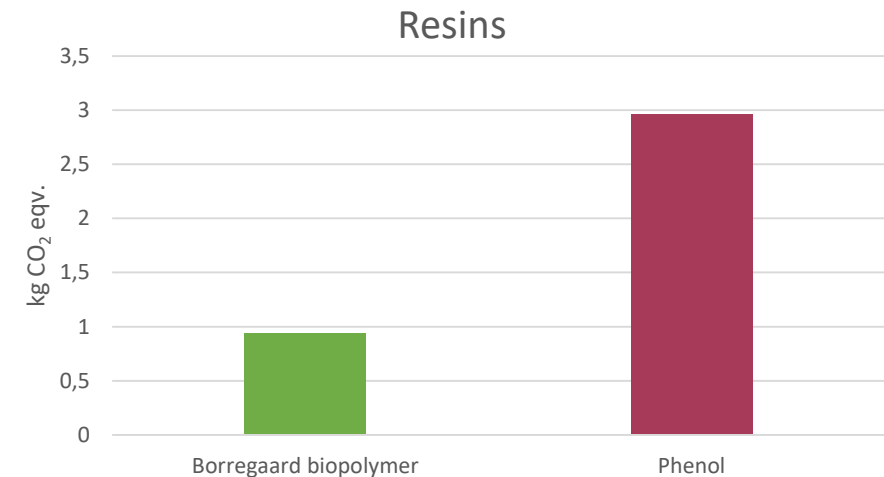
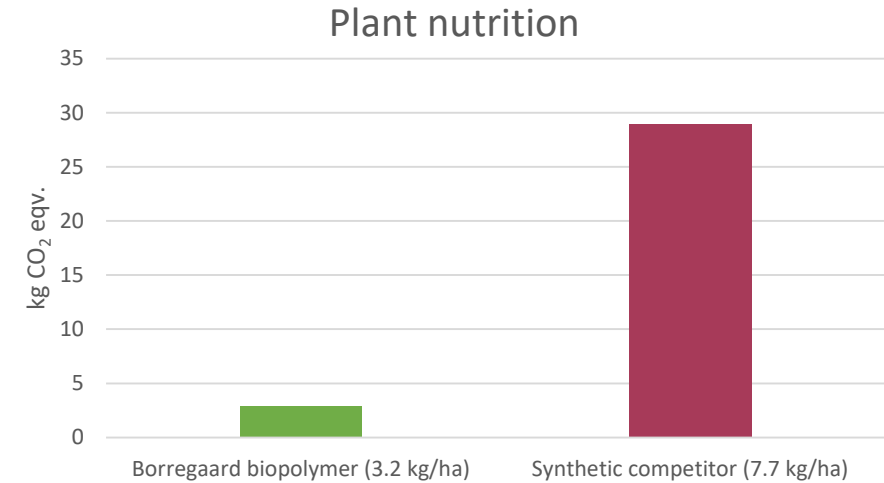
- Borregaard's biopolymers - the sustainable alternative to synthetics for formulating micronutrients
- High efficiency, lower dosage
- 90% reduction in CO₂ emissions compared to synthetics

Resins – sustainable replacement for petrochemicals

- Significantly increases the renewable content in resins
- >65 % reduction CO₂ emissions per feedstock unit

Animal feed additives – alternative to antibiotics

- Alternative to antibiotic growth promoters
- Less corrosive and safer to handle than organic acids in pure form
- Patented SoftAcid® technology



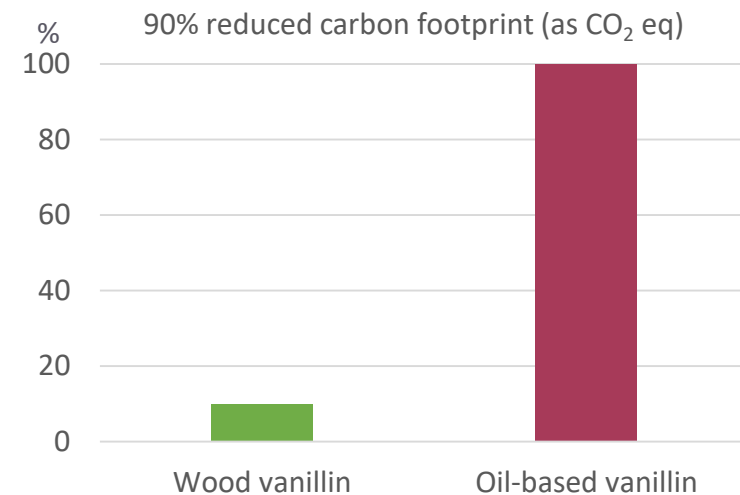
BIOVANILLIN - WELL POSITIONED FOR GROWTH

Strong demand growth for plant-based vanillin

- Consumer preferences
- Sustainability

Competitive edge

- Global market leader in plant-based vanillin
- Attractive flavour profile
- Unique raw material base
- Certified spruce wood, sustainable forestry
- >90% reduced carbon footprint vs oil-based vanillin
- Cost competitive technology
- Capacity expansion ongoing



INNOVATION STRATEGY

Priorities

- Specialisation and diversification
- High value applications
- Unique, tailor-made solutions
- Increase value of Florida product portfolio

Competitive edge

- Unique competence base
- Diverse raw material base and advanced technology
- Sustainability



INNOVATION - INTRODUCING NOVEL PRODUCTS

Plant protection – opportunities in water-based formulations

- New products for water-based formulations, the fastest growing segment in plant protection

Batteries – unique product performance

- New organic expander for improved charging commercialised
- Proven performance in existing (AGM¹) and new (EFB²) battery technology, including automotive start/stop function

Oil field chemicals - launch of the BioDrill product line

- New, high performing, sustainable product for water-based drilling muds



1) Absorbent glass mat

2) Enhanced flooded batteries

STRATEGIC PRIORITIES

- Optimise value of biopolymers portfolio
- Diversification based on value-added
- Specialisation through innovation and market development
- Volume expansion and specialisation at LignoTech Florida
- Execute specialisation and growth projects at Sarpsborg site
- Successful completion of biovanillin capacity expansion by end H1-21



SPECIALITY CELLULOSE

Gisle Løhre Johansen
Executive Vice President



BORREGAARD AND THE SPECIALITY CELLULOSE INDUSTRY

- Borregaard has strong market positions within high-end niches in Europe and Asia
- Production capacity is 160,000 tonnes
- The speciality cellulose market is approx. 1.6 million tonnes
- Top 4 speciality cellulose producers have 90% market share and use hardwood and softwood as raw material
- In addition, there are a few cotton linter pulp (CLP) producers supplying this market – mainly located in China
- Limited volumes from viscose pulp producers entering the speciality segments due to high barriers to entry – mainly targeting nitrocellulose and the casings industry

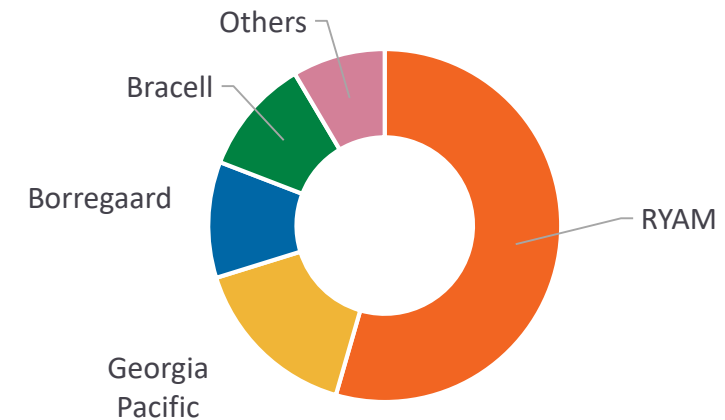
Borregaard focused applications

- Ethers
- Acetate
- Nitrocellulose
- Casings

Market growth ¹⁾

- Ethers: 3 - 4 %
- Acetate: -2 - 0 %
- Nitrocellulose: 0 %
- Casings: 3 - 4 %

Speciality cellulose sales volume by producers



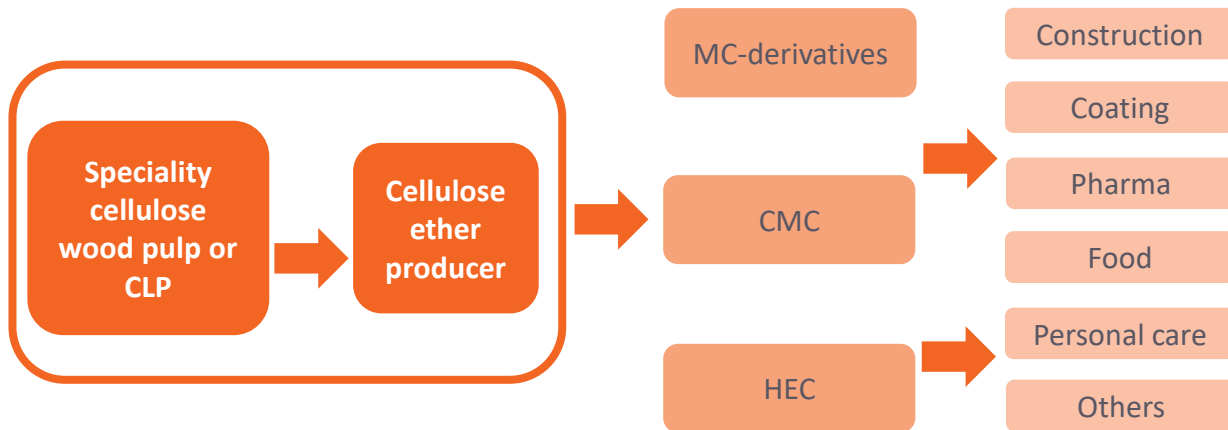
CELLULOSE ETHERS OVERVIEW

Borregaard supplies speciality cellulose wood pulp to cellulose ether producers

The three main products manufactured by the ether producers are:

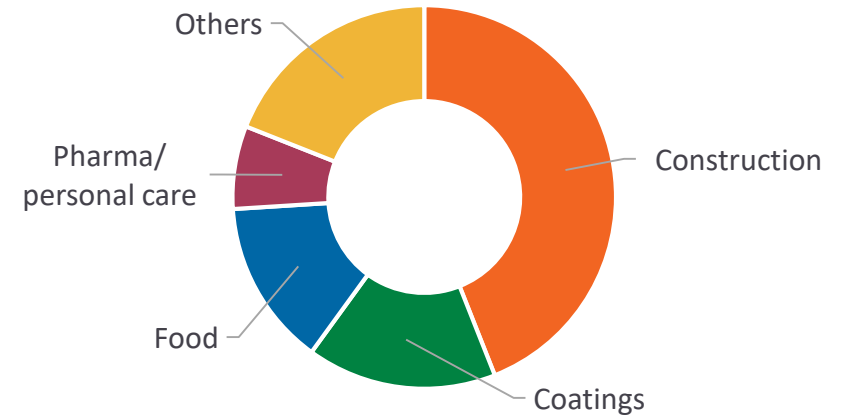
- Methyl cellulose derivatives (MC, MHEC, MHPC)
- Carboxy methyl cellulose (CMC)
- Hydroxy ethyl cellulose (HEC)

Almost all products are used as additives to modify the rheological properties of water-based systems

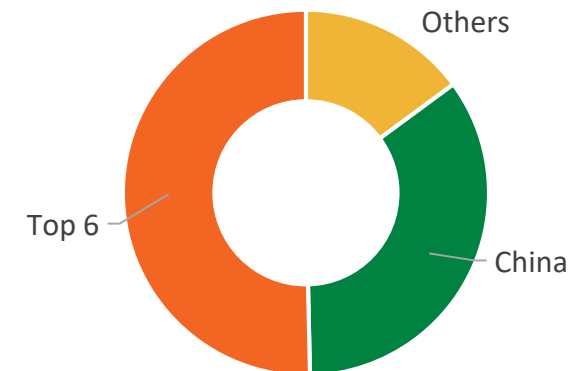


CELLULOSE ETHERS – SOLID GROWTH AND ATTRACTIVE OPPORTUNITIES

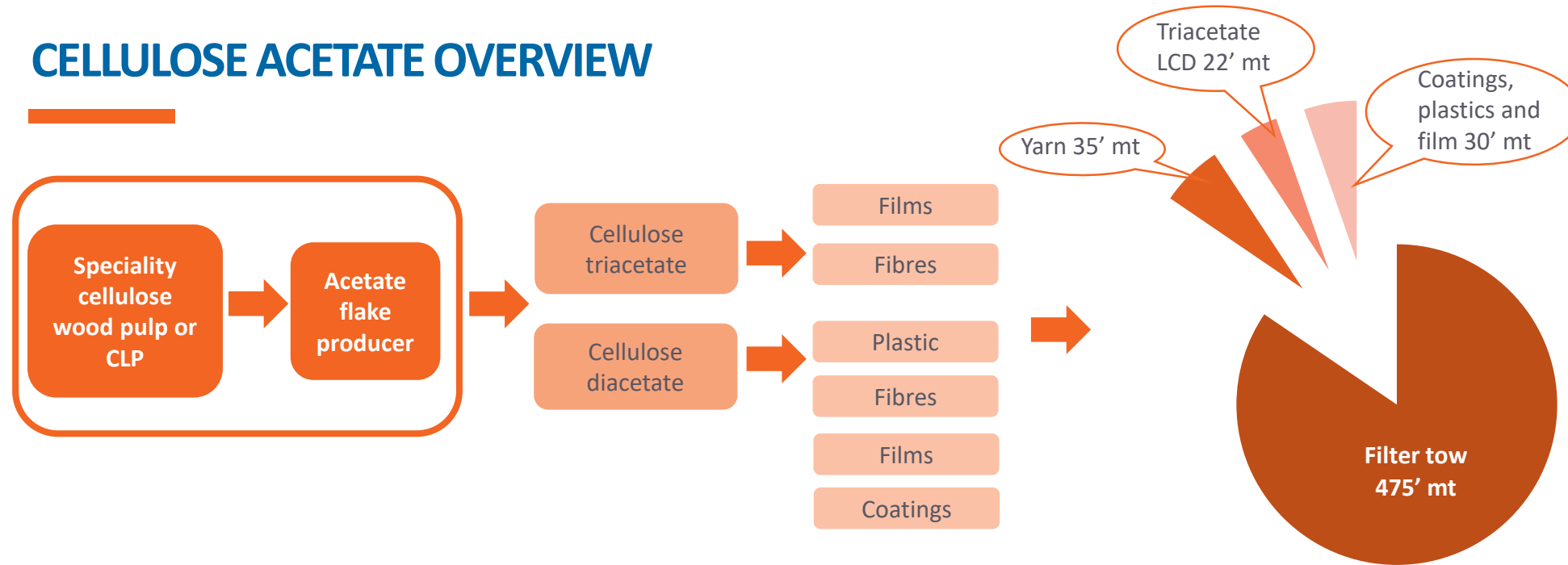
- In 2015-19, demand for ether pulp grew > 4% annually, expected at 3-4% going forward
 - Solid growth in all segments – temporary setback due to Covid-19
- Top 6 cellulose ether producers represent approx. 50 % of global capacity
 - Major players are Dow, SE Tylose, DuPont, Ashland, Lotte and Nouryon
 - High concentration of producers and growth in Europe and Asia
 - 1/3 of global capacity is in China, mainly using cotton linters pulp and refined cotton as a cellulose source, except for non-GMO regulated products for Europe
- New cellulose ether capacity under construction in Europe and Asia
- Industry consolidation ongoing
- Borregaard well positioned for growth and further specialisation in close cooperation with key customers



Cellulose ether industry structure (total 480 kt ether pulp)



CELLULOSE ACETATE OVERVIEW



- Top 5 acetate flake producers represent >90% of global capacity (Celanese, Eastman, Daicel, Cerdia and NCFC)
- Borregaard supplies speciality cellulose wood pulp to acetate flake producers. In 2015-19, demand for acetate pulp declined 2% annually, expected at -2-0% going forward
 - Global cigarette consumption declining, China is the key market
 - ‘Heat-not-burn’ cigarettes (e.g. PMI IQOS) becoming popular, still small share
 - Growing concern for waste issues related to cigarette filters

Ice Bear is an enabler for entering non-filter tow applications

ICE BEAR – CONTINUED GROWTH AND NEW APPLICATIONS

Strategic initiative defending existing market positions and enabling further specialisation and flexibility within acetate

Ramp-up based on market demand and customer qualification

- 2020 sales estimated to 13-17,000 tonnes
- Further growth projected in 2021-23 within several speciality applications

Stricter regulations and issues with fossil-based plastics driven by consumer trends creates opportunities for Ice Bear

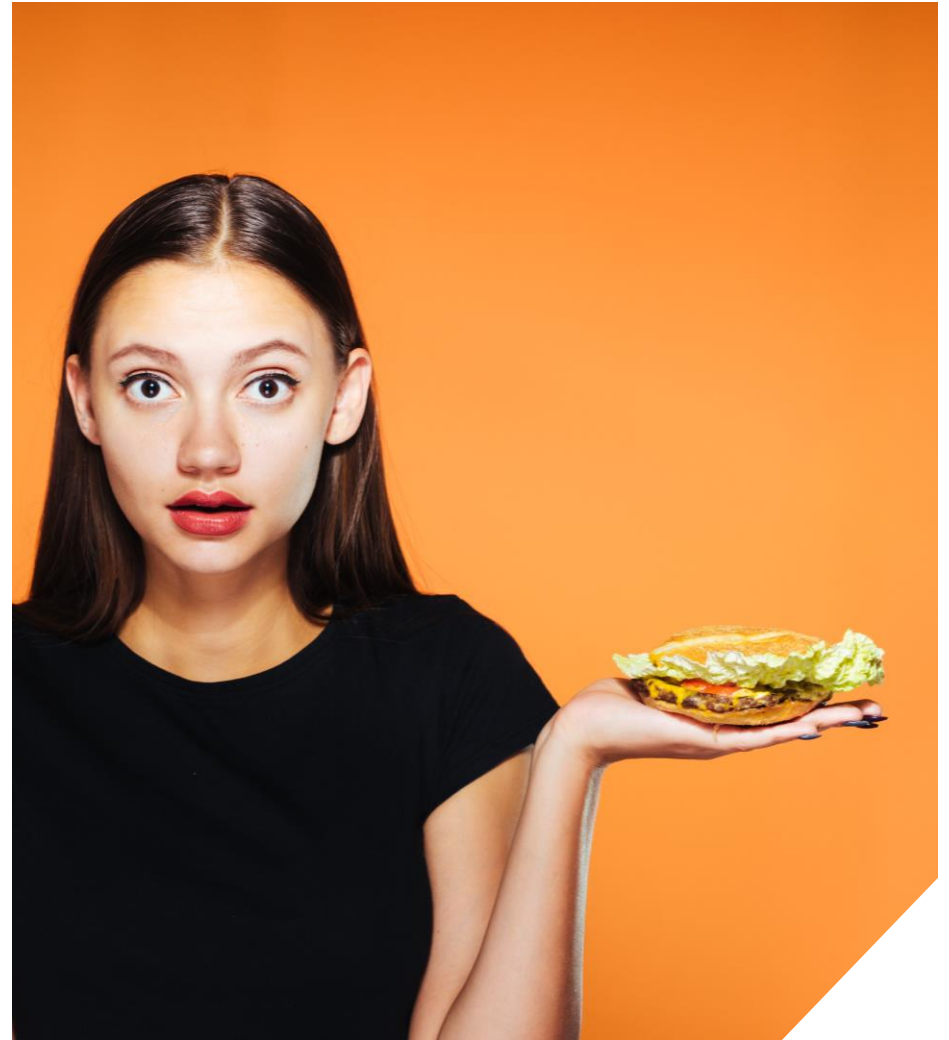
- Acetate yarn and plastics are plant-based products
- End products can be tailored for biodegradability
- Joint product development with key customers

Further opportunities in ethers and tire cord



SPECIALITY CELLULOSE – SUSTAINABILITY DRIVING GROWTH

- Increasing demand for wood certification and sustainability assessments driven by current consumer trends
- Customers active in consumer goods applications (food, pharma and personal care) are very committed to sustainable sourcing of renewable or biodegradable raw materials – growing interest in all segments
- Water based paints with ether-based thickeners gained share over the last 20 years at the expense of solvent based paints driven by reduction of volatile organic carbons emissions by law
- Cotton is becoming increasingly controversial



COTTON LINTER PULP VS. SPECIALITY WOOD PULP

- Cotton linter pulp (CLP), a by-product from cotton farming, is an alternative raw material for cellulose based products like ethers and acetate
- Used "as is" or in blends with fluff pulp
- Where GMO-free is a must, CLP cannot be used
- Cotton's use of land, pesticides and water is increasingly controversial
- CLP has a significantly higher environmental footprint compared to speciality wood pulp
- Growing environmental concern among consumers may favour speciality cellulose produced from wood



SPECIALITY CELLULOSE – STRATEGY 2021-2023

Secure and further develop current strong positions

- Leading supplier and further growth in cellulose ethers
- A key supplier to cellulose acetate
- Strong presence in other speciality segments

Specialisation and innovation

- Further growth within ethers in coatings, construction and regulated segments
- Develop Ice Bear qualities with key acetate customers to enter and grow non-filter segments
- “Niches within niches” - target high value vs volume products

Pursue opportunities from growing consumer trends

- Increased focus on sustainability documentation

CELLULOSE FIBRILS

Pål Romberg
Executive Vice President



EXILVA CELLULOSE FIBRILS

Global leader in micro-/nanofibrils

- Competitors in pilot plant or captive use phase

Large scale plant with 1000 tonnes dry capacity

- Use cellulose as raw material
- Zero emissions

Embryonic but fast-growing market

Product is a network of micro and nano fibrils with large surface area

- 1 gram covers a tennis court

Key benefits

- Improve and control flow
- Create a barrier or a film

More than 30 application areas

- From pharma to concrete



EXILVA – GROWING PIPELINE AND CUSTOMER BASE

50+ regular customers

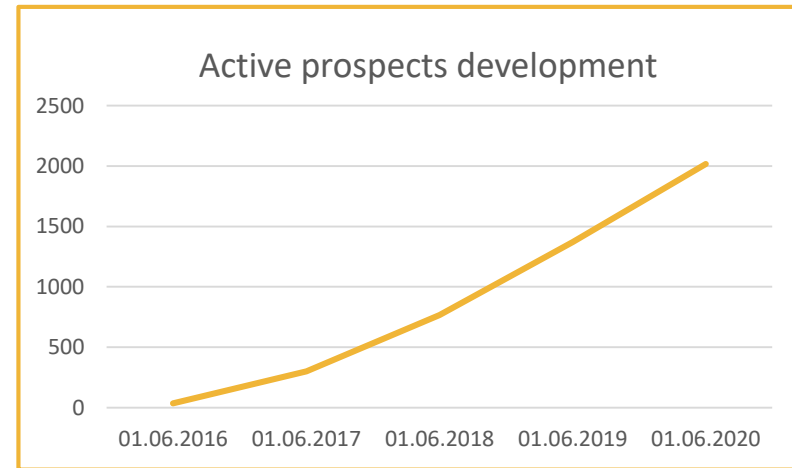
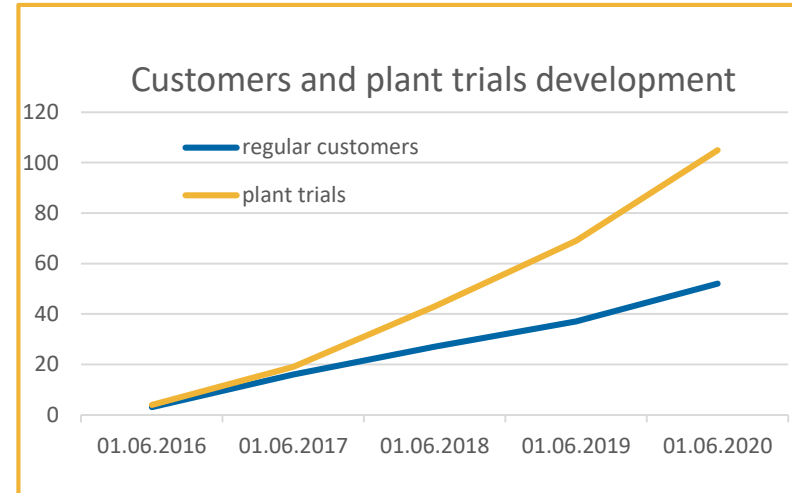
- Sales doubling year on year
- Good growth with key customers

More than 2000 active prospects

- Classified as a prospect when a sample is sent
- Net increase (adjusted for closed/lost) ± 50 per month
- >100 in plant trial phase
- Positive from lab trials ± 400
- Long lead times/feedback; varies from 1-5 years, with 3 years average

Approx 650 prospects closed/lost

- No clear trends on technologies or applications
- <10% lost due to cost issues



SUSTAINABILITY AND PERFORMANCE DRIVING DEMAND

Moving from solvent based to water-based

- Exilva enables some coatings and adhesives to be reformulated to water-based systems without reducing performance

Replacing carbomers

- Carbomers are versatile acrylic copolymers used amongst other in personal and home care products
- Exilva can replace these in certain formulations

Removing or reducing the use of boron compounds

- Borons are classified as Substances of Very High Concern
- Exilva can replace boron in certain applications like adhesives for corrugated board

Enhancing strength of bioplastics

- Product strength is the main challenge
- Exilva can increase strength in some of these polymers



EXILVA IN COATINGS

Reformulating to water-based coatings

- Avoid cracking without sacrificing flow and levelling in wood coatings
 - Several customers
 - Large trials scheduled
- Maintain spray ability of thick protective coatings in industrial applications
 - Several customers in multiple systems



EXILVA IN PERSONAL AND HOME CARE

Increased consumer awareness makes it attractive to replace synthetic additives in personal and home care products

- Cosmetics
 - Two major companies launching new products with Exilva mid next year
- Personal care
 - First customer successfully replaced acrylic copolymers with Exilva in hair care product range
- Home care
 - Raw material sustainability award 2019 from Henkel
 - Exilva present in several Procter & Gamble patents



EXILVA REPLACING BORATES/BORON ADDITIVES

Borates classified by ECHA* as Substances of Very High Concern

- Suspected of damaging fertility and the unborn child

Borates present in all adhesives for corrugated board

- No satisfactory alternatives available

Exilva can replace boron

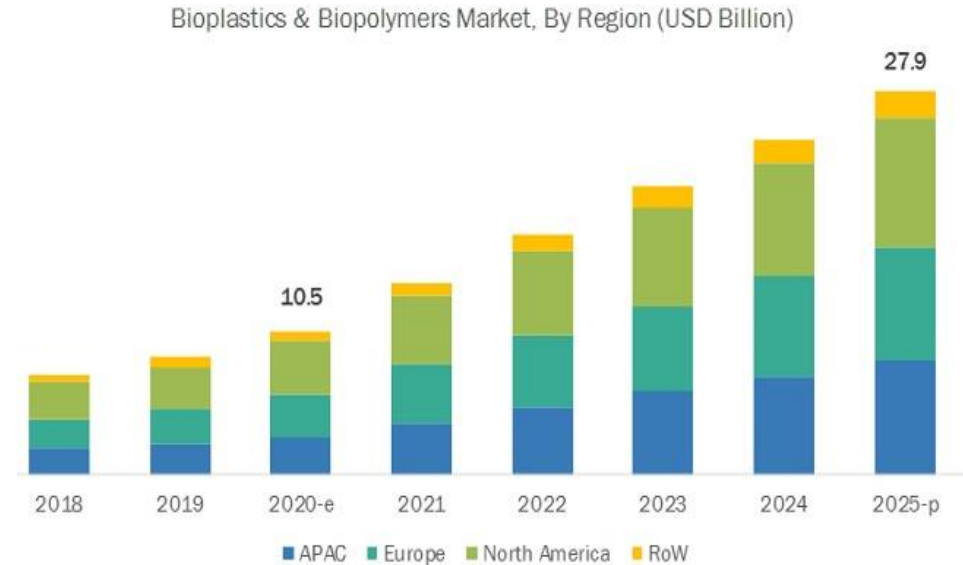
- Require good tech support
- Adhesive cost increases

Patent applications filed



EXILVA IN BIOPLASTIC POLYMERS

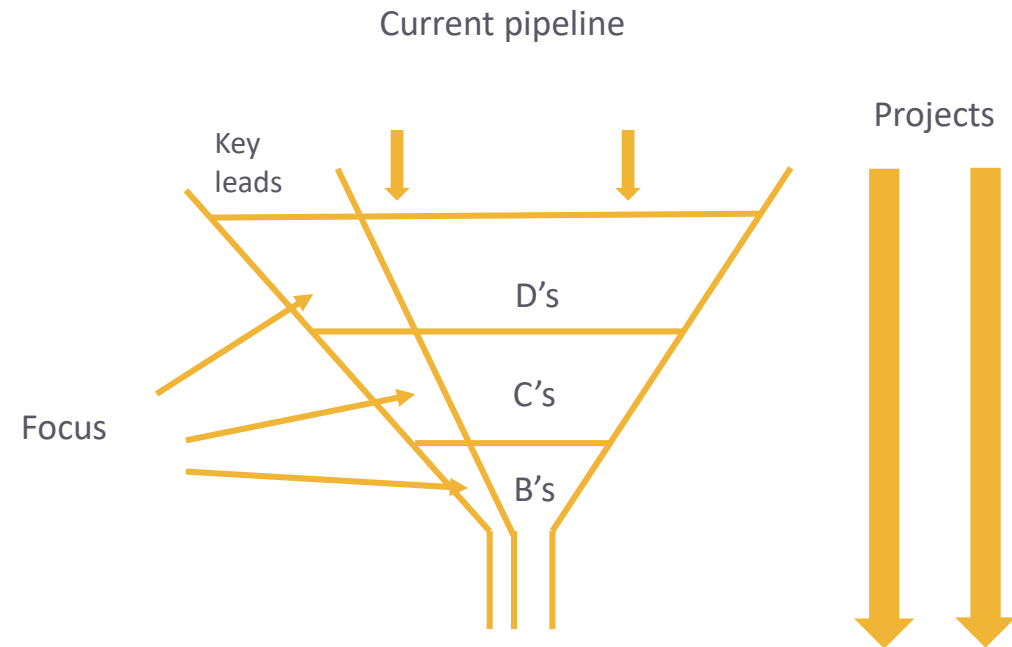
- Bioplastic polymers are expected to grow rapidly
- A key challenge for most bioplastics is strength
- New technology developed by Gneuss
 - German equipment manufacturer
 - New technology enabling incorporation of nano materials into bioplastics
 - Most successful trial results achieved with Exilva
- Several of the largest bioplastic producers have signed up for pilot trials



PRIORITIES GOING FORWARD

Focus on following up key leads and key accounts

- New leads generated by inbound marketing and distributors
- Leverage Borregaard sales force across certain applications and/or markets
- Ensure maximum support in key projects
 - Dedicated own resources
 - Identify and coach partners
 - Hire technical expert(s) if/when needed



Q&A

The Q&A session will be moderated by:

- Anne Gjøen, Analyst, Handelsbanken Capital Markets
- Mikkel Nyholt-Smedseng, Analyst, Carnegie AS



APPENDIX – 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 alternative performance 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 alternative performance measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

- *EBITDA*: Operating profit before depreciation, amortisation and other income and expenses.
- *EBITDA margin*: EBITDA divided by operating revenues.
- *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' EBITDA.
- *Net interest-bearing debt (NIBD)*: Interest-bearing liabilities minus interest-bearing assets.
- *Return on capital employed (ROCE)*: Last twelve months' capital contribution (operating profit before amortisation and other income and expenses) divided by average capital employed based on the ending balance of the last five quarters. Capital employed is defined as the total of net working capital, intangible assets, property, plant and equipment, right-of-use assets and investment in joint venture minus net pension liabilities.