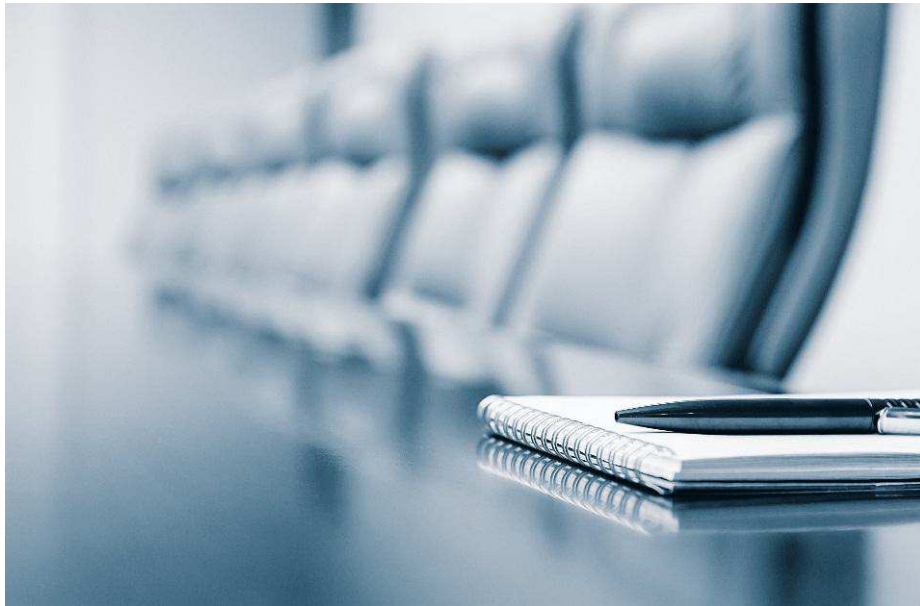




3RD QUARTER 2017

Oslo, 24 October 2017

Agenda



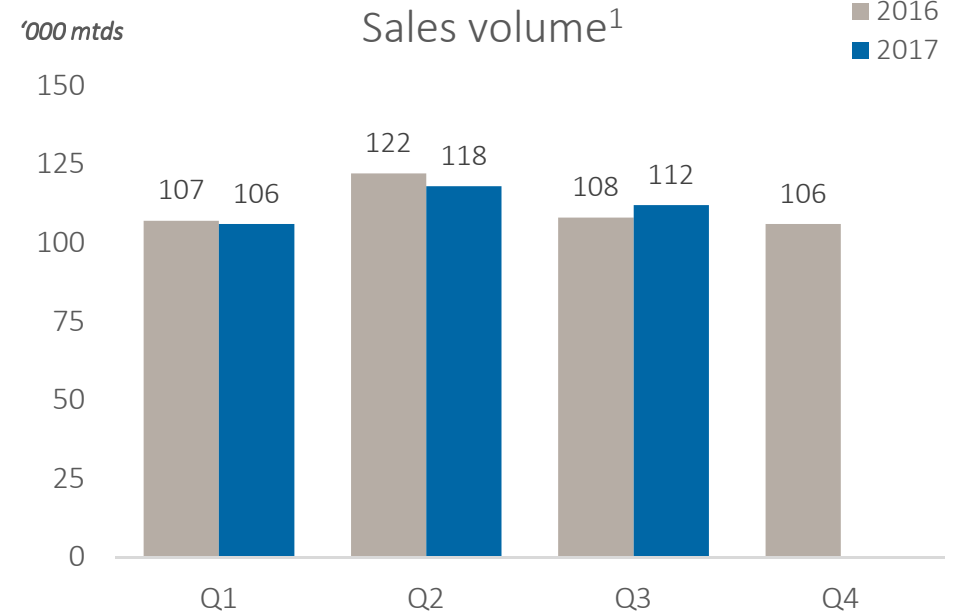
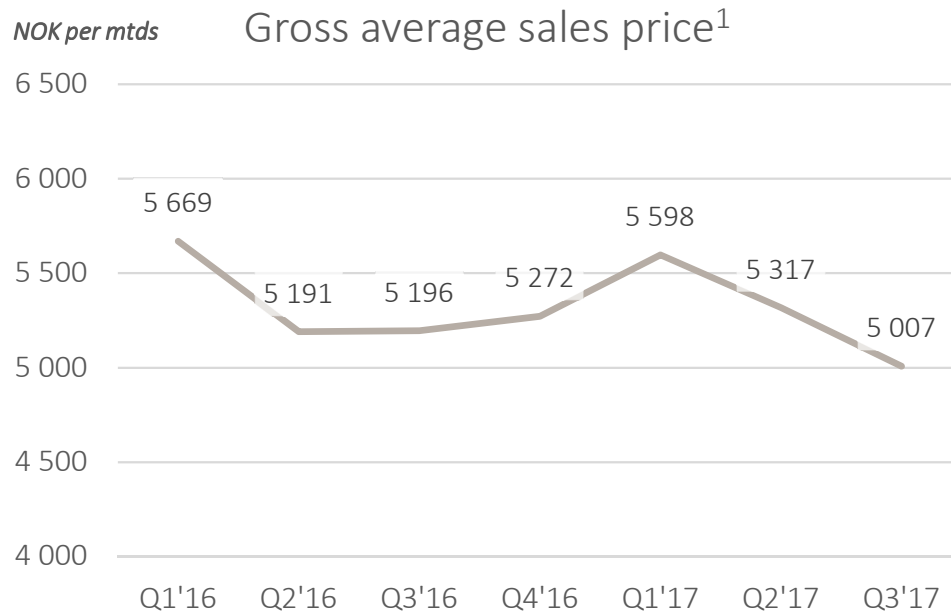
- Per A Sørli, President & CEO
 - Highlights
 - Business areas
 - Strategic update
 - Outlook
- Per Bjarne Lyngstad, CFO
 - Financial performance

Highlights – 3rd quarter 2017



- EBITA adj.¹ 197 mNOK (216 mNOK)
- Reallocation effects and higher fixed costs in Performance Chemicals
- Increased prices in Speciality Cellulose
- Higher sales and better product mix for Fine Chemicals
- Increased depreciation, raw material and chemicals costs

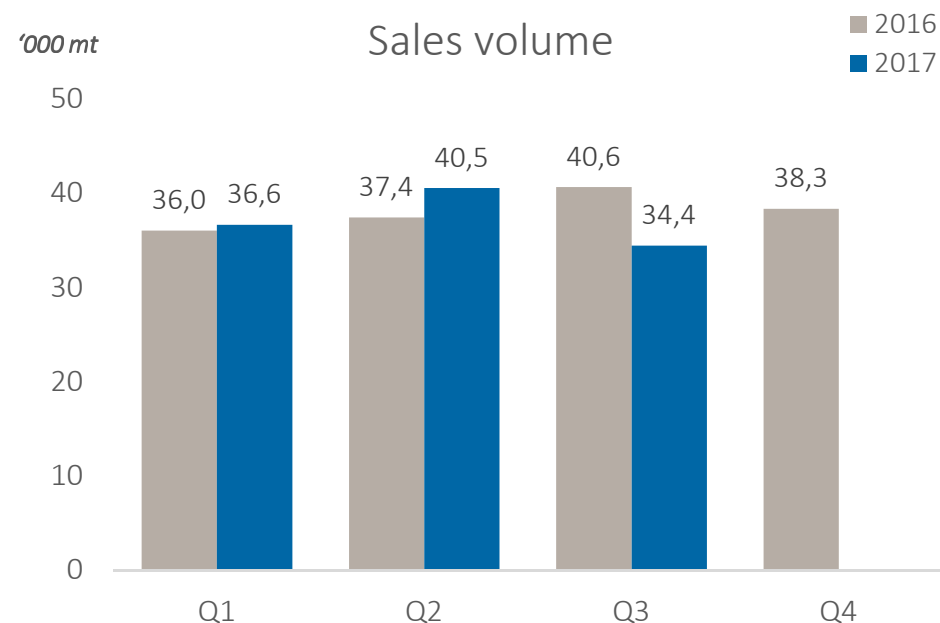
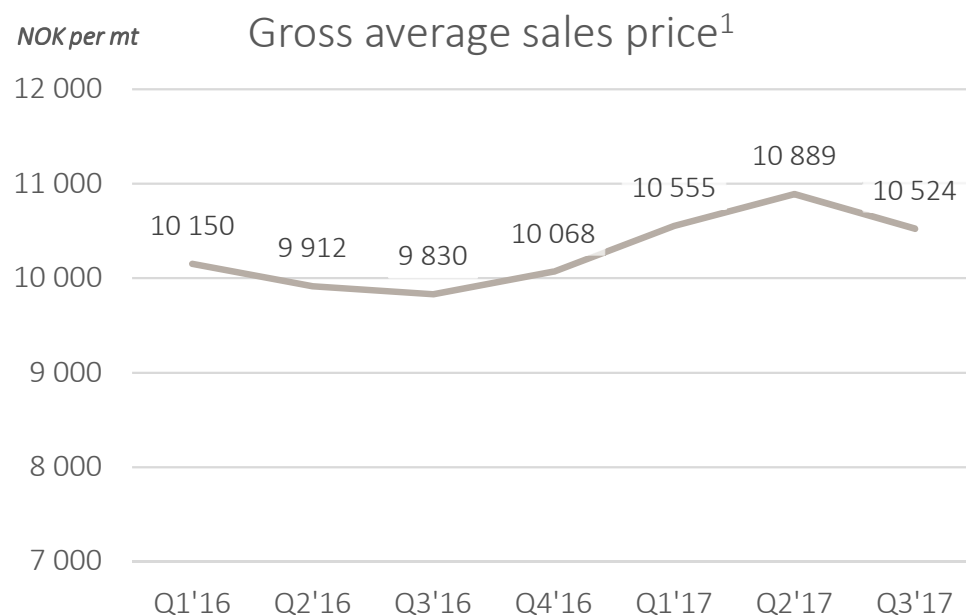
Performance Chemicals markets – Q3



- Average price in sales currency marginally lower vs Q3-16
 - Improved product mix and increased volume within Specialities
 - Effect of increasing price pressure within the construction sector in certain regions
- Sales volume increased by 4% vs Q3-16
 - Sales volume to the construction sector in line with Q3-16, increase for Specialities and other products
 - Stable inventory levels in total
- Increased distribution costs
 - Further reallocation efforts and higher share of liquid lignin volumes

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.

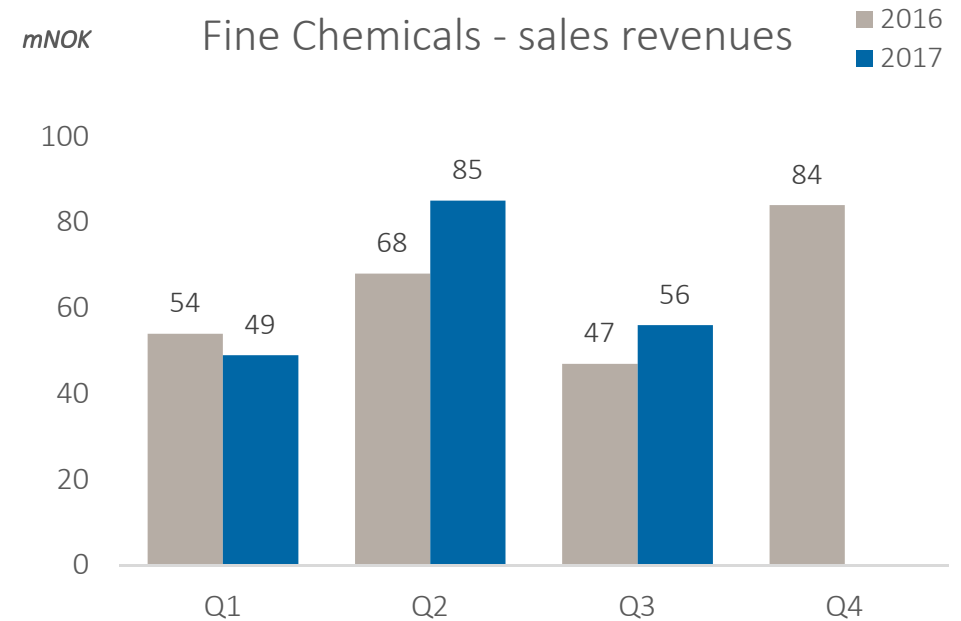
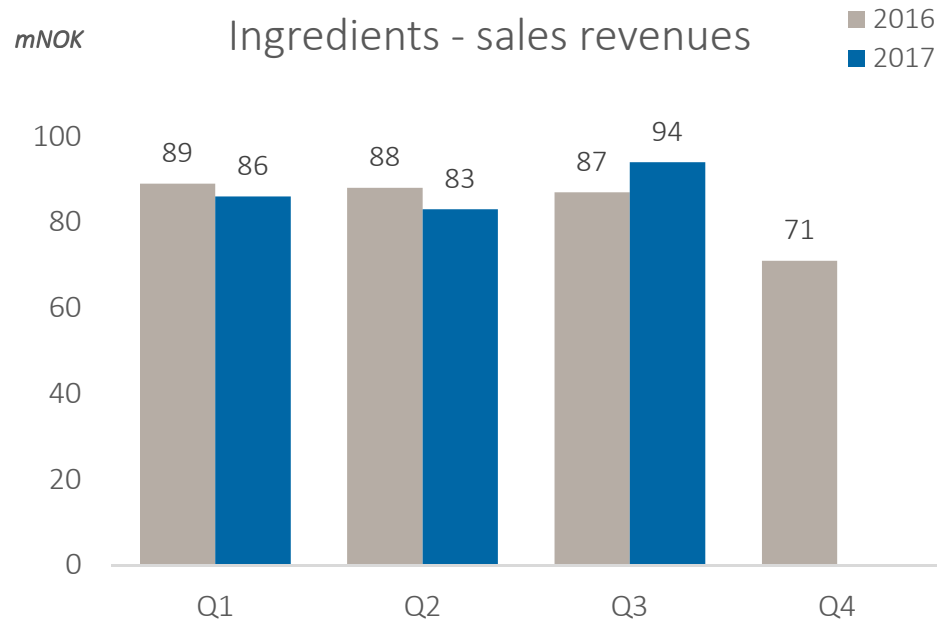
Speciality Cellulose markets – Q3



- Increased prices vs Q3-16
 - Realised textile cellulose prices were higher than Q3-16, but lower than Q2-17
- Strong product mix, but low sales volume in Q3
 - Sales of highly specialised grades were in line with Q3-16
 - Demand for ether grades continued to be strong
 - Lower volume due to variations in shipments

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

Ingredients and Fine Chemicals markets – Q3



- Ingredients

- High sales volume vs Q3-16

- Fine Chemicals

- Higher sales vs Q3-16
- Better product mix

Update on strategic priorities



- Growth within Performance Chemicals
 - Florida project on schedule
 - Recruitment both for sales and operations well underway
- Develop the unique biorefinery assets in Sarpsborg
 - Lignin operation upgrade/specialisation in early phase
 - Ice Bear capacity expansion on track
 - High-end bioethanol expansion near completion
- Establish Cellulose Fibrils as a new business area
 - Exilva market introduction on-going
 - Strong interest, but long lead-times and limited sales so far
 - Decision on SenseFi expansion most likely delayed until 2018

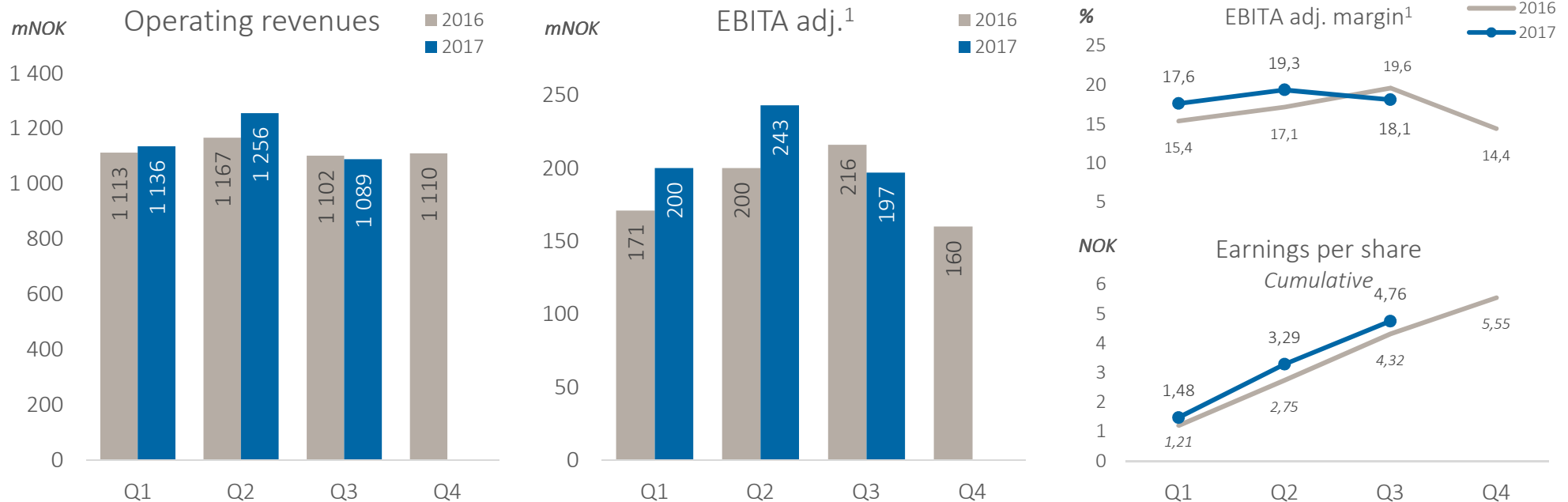
Outlook

- Performance Chemicals
 - Sales to the construction sector will be affected by strong competition with continued price pressure in certain regions
 - Flexibility in raw material supply and reallocation efforts will contribute to market optimisation and relatively stable inventories
 - Distribution costs will continue at a higher level than in Q4-16
 - In Q4, sales volume and product mix are forecast to be in line with Q3-17
- Speciality Cellulose
 - Sales volume in Q4 is expected to be similar to Q4-16
 - Sales of highly specialised grades are expected to be in line with Q3-17
 - Average price in sales currency in Q4 is expected to be in line with Q4-16
 - For the full year the average price is expected to be approx. 4% above the 2016 level
- Other Businesses
 - Ingredients expects a lower sales volume and higher chemicals costs in Q4 vs Q3-17
 - Deliveries from Fine Chemicals and net costs for Cellulose Fibrils are forecast to be in line with Q3-17
 - Net corporate costs are expected to be higher than in Q3-17
- Increased costs expected in Q4
 - Q4 is normally Borregaard's weakest quarter (maintenance stop, higher energy and payroll costs)
 - Increasing costs for wood and certain chemicals
 - The chlor-alkali plant in Sarpsborg has been running at reduced speed since early October
 - Repairs will be completed in Q4
 - Repairs and additional procurement of chemicals expected to cost approx. 25 mNOK



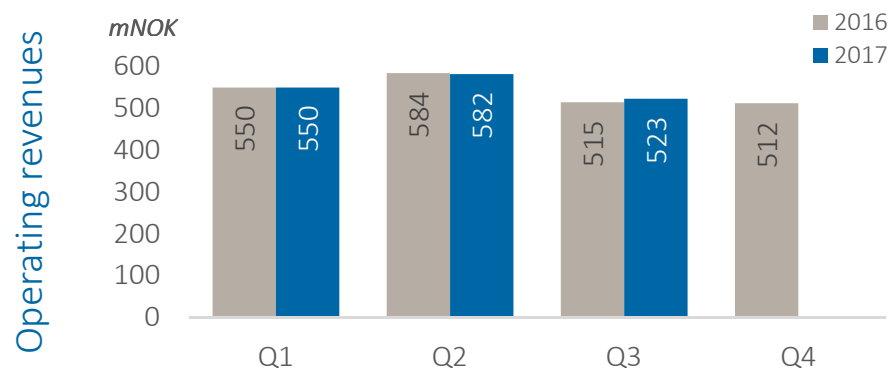
FINANCIAL PERFORMANCE Q3-17

Borregaard key figures – Q3

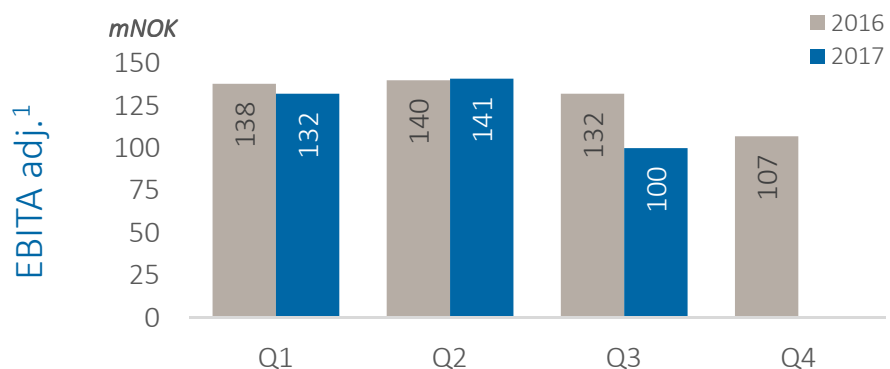


- Revenues 1% below Q3-16
- Lower EBITA adj.¹ for the Group
 - Speciality Cellulose and Other Businesses improved, while Performance Chemicals had a decline
 - Increased depreciation, raw material and chemicals costs
 - FX impact was negligible
- EPS at NOK 1.47 in Q3-17 (NOK 1.57)

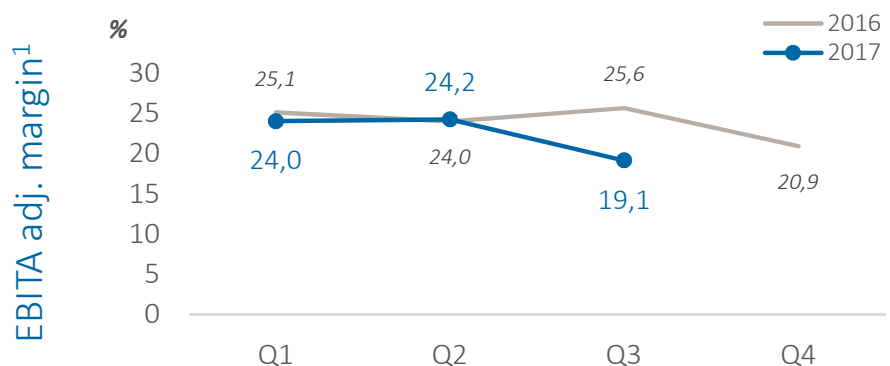
Performance Chemicals key figures – Q3



- Revenues 2% above Q3-16
- 4% higher sales volume

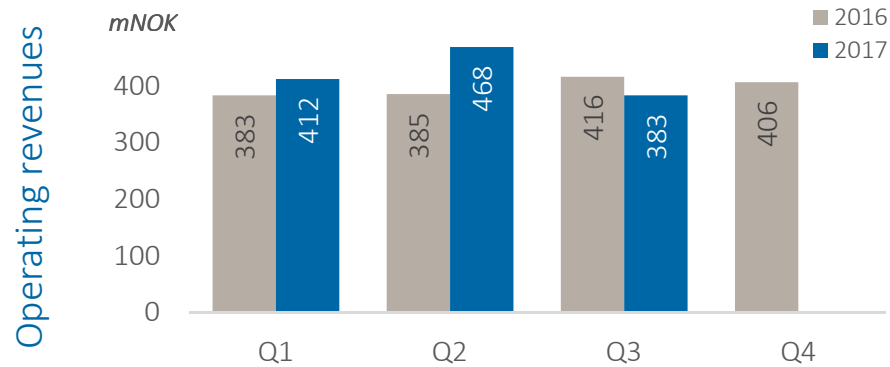


- Decline in EBITA adj.¹ primarily due to reallocation effects and higher fixed costs
- Improved product mix and higher volume within Specialities
- Increasing price pressure within Construction
- Slightly negative FX impact

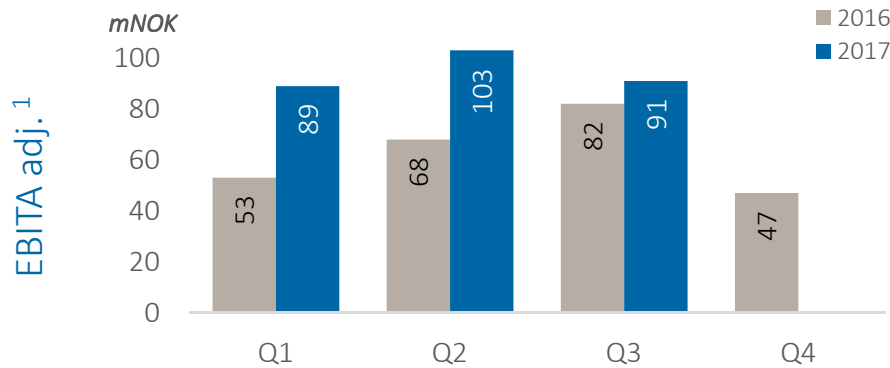


- EBITA adj. margin¹ declined vs Q3-16

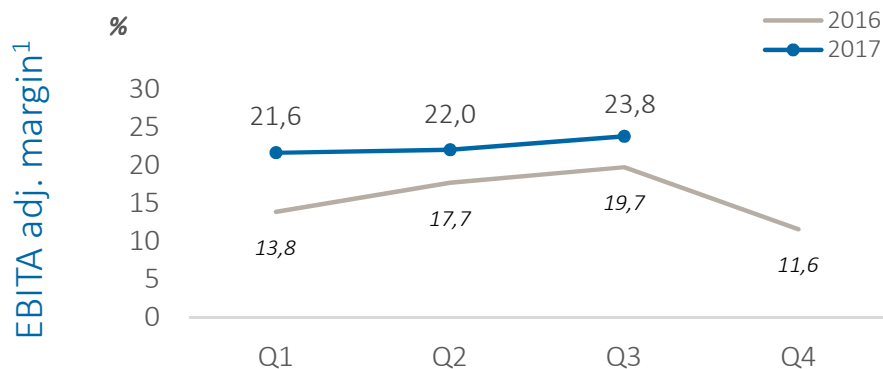
Speciality Cellulose key figures – Q3



- Revenues 8% below Q3-16
- Low sales volume

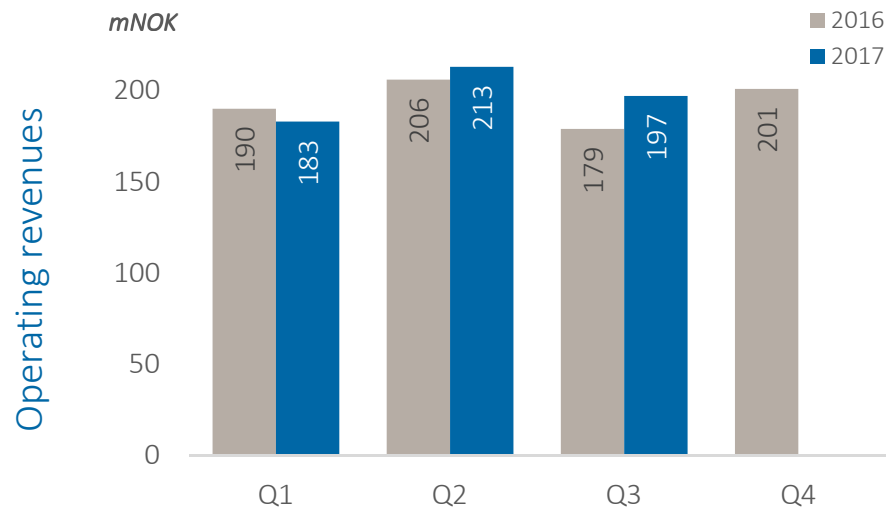


- Increased sales prices main reason for EBITA adj¹ improvement
- Increased raw material and chemicals costs
- Slightly positive FX impact

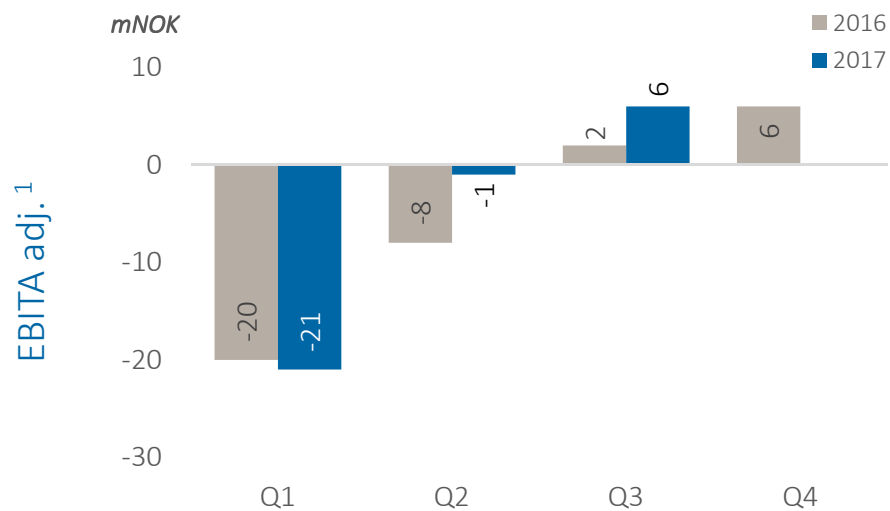


- Improved EBITA adj. margin¹

Other Businesses key figures – Q3

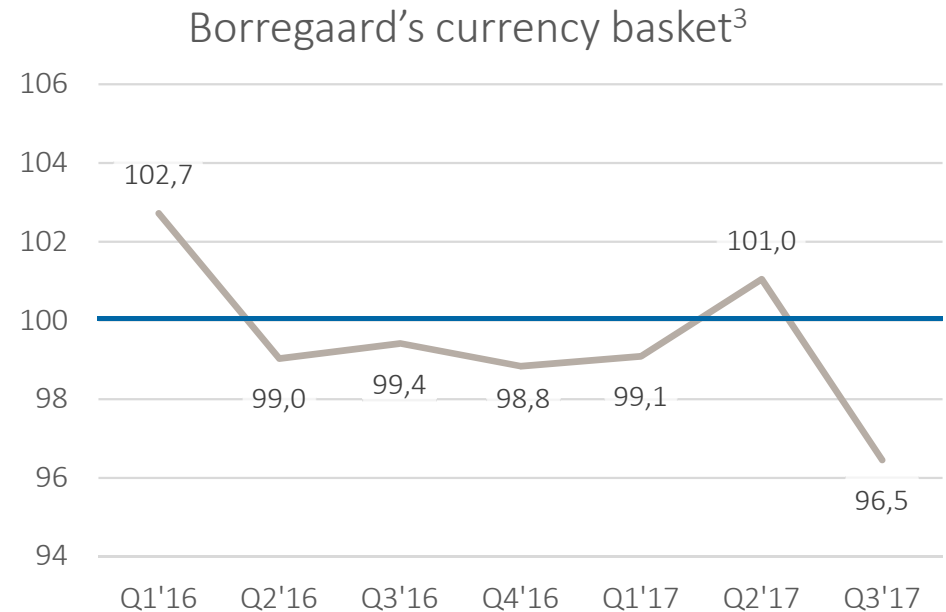
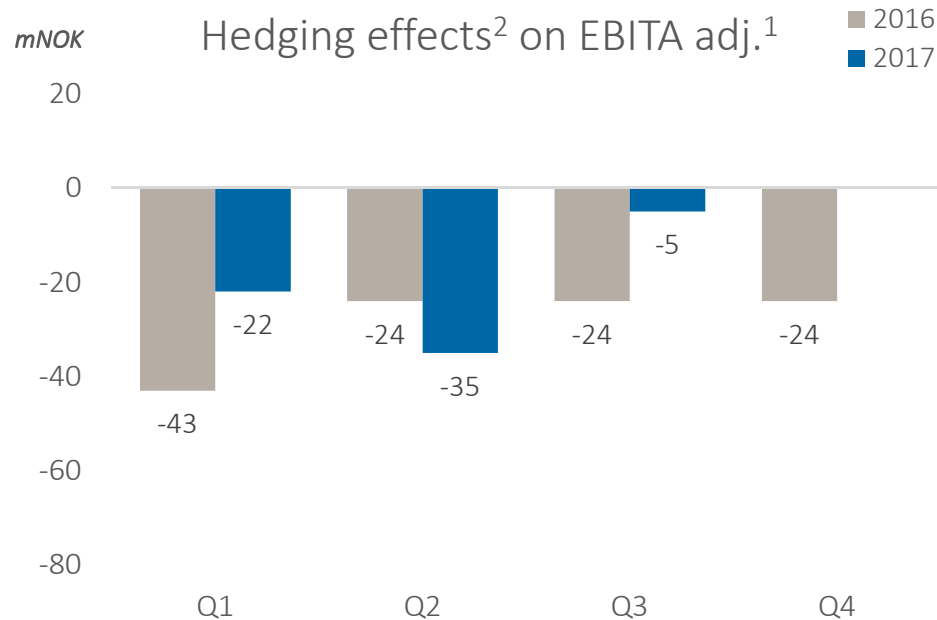


- Revenues 10% above Q3-16
- Higher sales and better product mix in Fine Chemicals
- High sales volume in Ingredients



- **Fine Chemicals:** Higher sales, better product mix
- **Ingredients:** High sales volume, result in line with Q3-16
- **Cellulose Fibrils:** Higher net costs, mainly due to increased depreciation
- Lower net corporate costs vs Q3-16
- FX impact slightly positive for Other Businesses

Currency impact



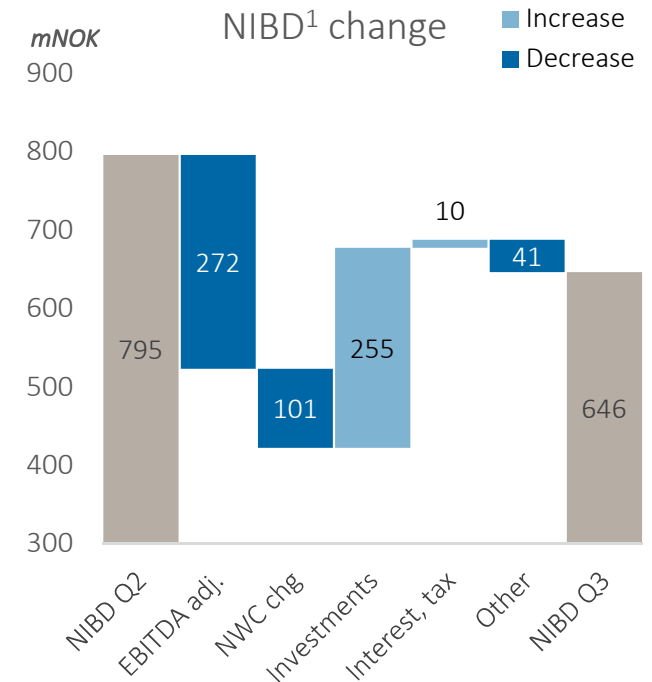
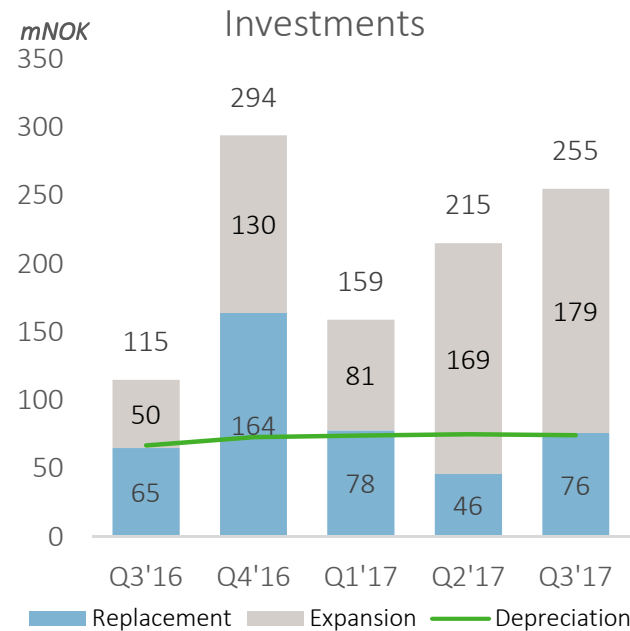
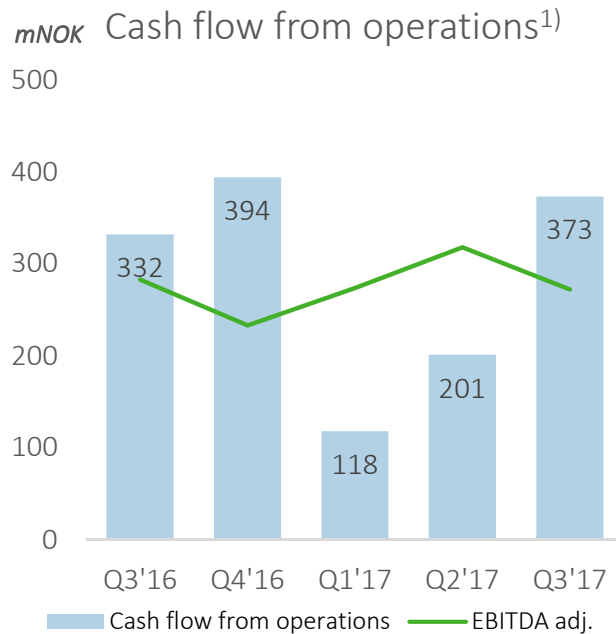
- Net FX EBITA adj.¹ impact 0 mNOK vs Q3-16
 - Includes change in hedging effects and based on estimated currency exposure
 - Net FX EBITA adj.¹ impact YTD 0 mNOK
- Net FX EBITA adj.¹ impact in Q4-17 estimated to be 15 mNOK vs Q4-16
 - Assuming rates as of 23 October (USD 8.00 and EUR 9.39) on expected currency exposure
 - Net FX EBITA adj.¹ impact in 2017 estimated to be 15 mNOK vs 2016

¹ Non-GAAP measure, see Appendix for definition.

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

³ Currency basket based on Borregaard's net exposure in 2016 (=100): USD 66% (approx. 208 mUSD), EUR 33% (approx. 92 mEUR), Other 1% (GBP, BRL, JPY, SEK, ZAR)

Cash flow, investments and NIBD



- Cash flow from operations¹ increased vs Q3-16
 - Decrease in net working capital
- Expansion investments¹ in Q3 mainly related to the LignoTech Florida project
- NIBD¹ decreased by 149 mNOK in Q3

Q&A



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



APPENDIX

Borregaard – key figures

Amounts in NOK million	Q3-2017	Q3-2016	Change	YTD-2017	YTD-2016	Change
Operating revenues	1 089	1 102	-1 %	3 481	3 382	3 %
EBITDA adj. ¹	272	283	-4 %	864	788	10 %
EBITA adj. ¹	197	216	-9 %	640	587	9 %
Amortisation intangible assets	-1	-1		-3	-3	
Other income and expenses ¹	0	0		0	13	
Operating profit	196	215	-9 %	637	597	7 %
Financial items, net	-6	-10		-11	-24	
Profit before taxes	190	205	-7 %	626	573	9 %
Income tax expenses	-45	-49		-153	-143	
Profit for the period	145	156	-7 %	473	430	10 %
Profit attributable to non-controlling interests	-2	-1		-3	-2	
Profit attributable to owners of the parent	147	157		476	432	
Cash flow from operating activities (IFRS)	364	339		604	703	
Earnings per share	1,47	1,57	-6 %	4,76	4,32	10 %
<i>Adjusted EBITDA adj. Margin¹</i>	<i>25,0 %</i>	<i>25,7 %</i>		<i>24,8 %</i>	<i>23,3 %</i>	
<i>Adjusted EBITA adj. Margin¹</i>	<i>18,1 %</i>	<i>19,6 %</i>		<i>18,4 %</i>	<i>17,4 %</i>	

Operating revenues and EBITA adj.¹ per segment

Amounts in NOK million

Operating revenues	Q3-2017	Q3-2016	Change
Borregaard	1 089	1 102	-1 %
Performance Chemicals	523	515	2 %
Speciality Cellulose	383	416	-8 %
Other Businesses	197	179	10 %
Eliminations	-14	-8	

Amounts in NOK million

EBITA adj. ¹	Q3-2017	Q3-2016	Change
Borregaard	197	216	-9 %
Performance Chemicals	100	132	-24 %
Speciality Cellulose	91	82	11 %
Other Businesses	6	2	200 %

Amounts in NOK million

Operating revenues	YTD-2017	YTD-2016	Change
Borregaard	3 481	3 382	3 %
Performance Chemicals	1 655	1 649	0 %
Speciality Cellulose	1 263	1 184	7 %
Other Businesses	593	575	3 %
Eliminations	-30	-26	

Amounts in NOK million

EBITA adj. ¹	YTD-2017	YTD-2016	Change
Borregaard	640	587	9 %
Performance Chemicals	373	410	-9 %
Speciality Cellulose	283	203	39 %
Other Businesses	-16	-26	38 %

Cash flow

Amounts in NOK million	Q3-2017	Q3-2016	YTD-2017	YTD-2016	FY-2016
Amounts in NOK million					
Profit before taxes	190	205	626	573	724
Amortisation, depreciation and impairment charges	76	69	227	204	278
Change in net working capital, etc	101	48	-172	9	170
Dividend (share of profit) from JV	1	31	-2	-7	-1
Taxes paid	-4	-14	-75	-76	-90
Cash flow from operating activities	364	339	604	703	1 081
Investments property, plant and equipment and intangible assets *	-255	-115	-629	-328	-622
Other capital transactions	1	1	8	3	5
Cash flow from Investing activities	-254	-114	-621	-325	-617
Dividends	0	0	-349	-149	-149
Proceeds from exercise of options/shares to employees	0	2	11	5	7
Buy-back of shares	0	-1	-29	-10	-10
Gain/(loss) on hedges for net investments in subsidiaries	45	16	43	45	13
Net paid to/from shareholders	45	17	-324	-109	-139
Proceeds from interest-bearing liabilities	117	0	380	100	106
Repayment from interest-bearing liabilities	-103	-3	-132	-107	-309
Change in interest-bearing receivables/other liabilities	-4	-11	34	-26	-23
Change in net interest-bearing liabilities	10	-14	282	-33	-226
Cash flow from financing activities	55	3	-42	-142	-365
Change in cash and cash equivalents	165	228	-59	236	99
Cash and cash equivalents at beginning of period	43	163	265	169	169
Change in cash and cash equivalents	165	228	-59	236	99
Currency effects cash and cash equivalents	-10	-6	-8	-20	-3
Cash and cash equivalents at the end of the period	198	385	198	385	265
* Investment by category					
Replacement Investments	76	65	200	194	358
Expansion investments ¹	179	50	429	134	264

¹ Non-GAAP measure, see Appendix for definition.

Balance sheet

Amounts in NOK million	30.09.2017	30.06.2017	31.12.2016
Assets:			
Intangible assets	112	118	125
Property, plant and equipment	2 858	2 692	2 471
Other assets	165	97	115
Investment in joint venture	116	127	121
Non-current assets	3 251	3 034	2 832
Inventories	712	661	626
Receivables	899	1 066	948
Cash and cash deposits	199	75	265
Current assets	1 810	1 802	1 839
Total assets	5 061	4 836	4 671
Equity and liabilities:			
Group equity	2 923	2 642	2 679
Non-controlling interests	78	81	34
Equity	3 001	2 723	2 713
Provisions and other liabilities	298	288	299
Interest-bearing liabilities	775	765	525
Non-current liabilities	1 073	1 053	824
Interest-bearing liabilities	71	106	61
Other current liabilities	916	954	1 073
Current liabilities	987	1 060	1 134
Equity and liabilities	5 061	4 836	4 671
Equity ratio ¹ (%):	59,3 %	56,3 %	58,1 %

Net financial items & net interest-bearing debt¹

Amounts in NOK million

Net financial items	Q3-2017	Q3-2016	YTD-2017	YTD-2016
Net interest expenses	-7	-4	-14	-15
Currency gain/loss	2	-7	4	-9
Other financial items, net	-1	1	-1	0
Net financial items	-6	-10	-11	-24

Amounts in NOK million

Net interest-bearing debt ¹ (NIBD)	30.09.2017	30.06.2017	31.12.2016
Non-current interest-bearing liabilities	775	765	525
Current interest-bearing liabilities including overdraft of cashpool	71	106	61
Non-current interest-bearing receivables (included in "Other Assets")	-1	-1	-21
Cash and cash deposits	-199	-75	-265
Net interest-bearing debt¹ (NIBD)	646	795	300

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 23.10.17)

	USD million	USD rate	EUR million	EUR rate
Q4-2017	38	8.14	21	9.03
2018	146	8.23	85	9.34
2019	104	8.36	76	9.58
2020	47	8.22	40	9.62

Hedging effects by segment

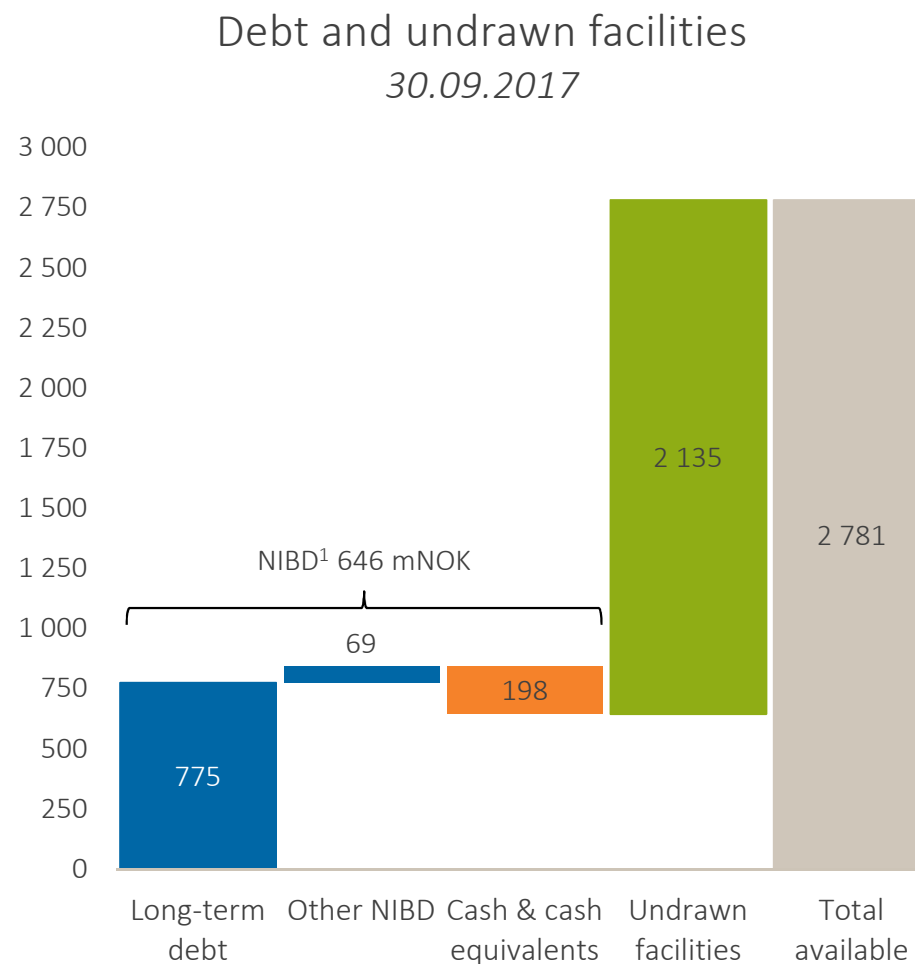
NOK million	Q3-17	Q3-16	YTD-17	YTD-16
Performance Chemicals	0	-7	-18	-26
Speciality Cellulose	-3	-13	-30	-46
Other Businesses	-2	-4	-14	-19
Borregaard	-5	-24	-62	-91

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)

Debt, credit facilities and solidity

- Debt and overdraft facilities
 - Long-term credit facilities
 - 1,500 mNOK revolving credit facilities, maturity 2021
 - 200 mNOK 5-year bond issue, maturity 2019
 - 40 mEUR 10-year loan, maturity 2024
 - 60 mUSD term loan for LT Florida, tenor 8.5 years from completion
 - Overdraft facilities
 - 225 mNOK
- Solidity (covenants)
 - Equity ratio¹ 59.3% (> 25%)
 - Leverage ratio¹ LTM 0.59 (< 3.25)



Non-GAAP 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.
- Net interest-bearing debt (NIBD)
 - Interest-bearing liabilities minus interest-bearing assets (see slide 26)
- Return on capital employed (ROCE)
 - Last twelve months' (LTM) EBITA adj. 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 and investment in joint venture minus net pension liabilities.

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