



1ST QUARTER 2016

Oslo, 27 April 2016

Agenda



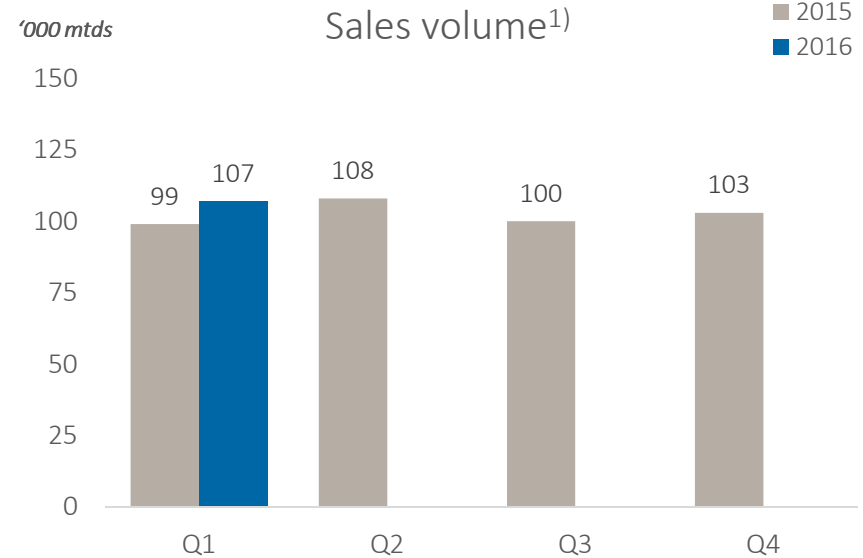
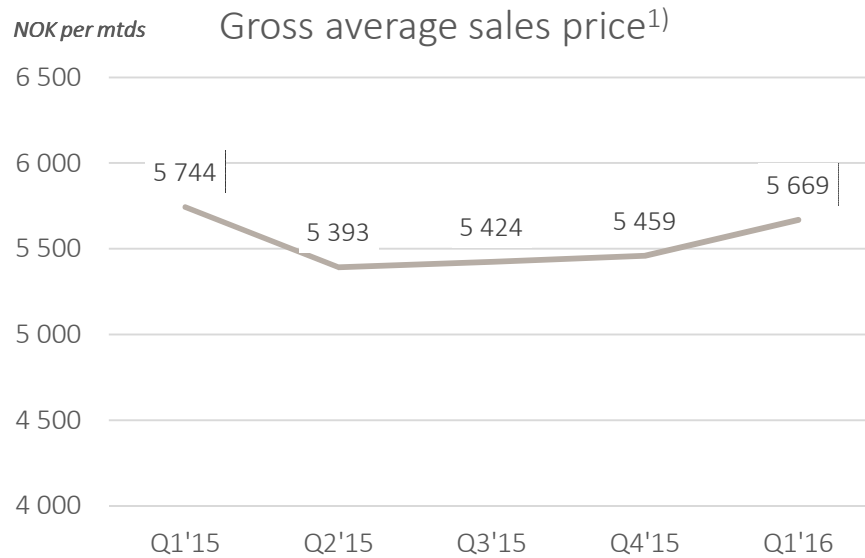
- Per A Sørli, President & CEO
 - Highlights
 - Business areas
 - Outlook
- Per Bjarne Lyngstad, CFO
 - Financial performance

Highlights – 1st quarter 2016



- All-time high EBITA for the Group and for Performance Chemicals
- Significant positive currency effects in all business areas
- Improved product mix in Specialty Cellulose
- High activity level in the Exilva project, EU grant approved
- Temporary increase in net working capital

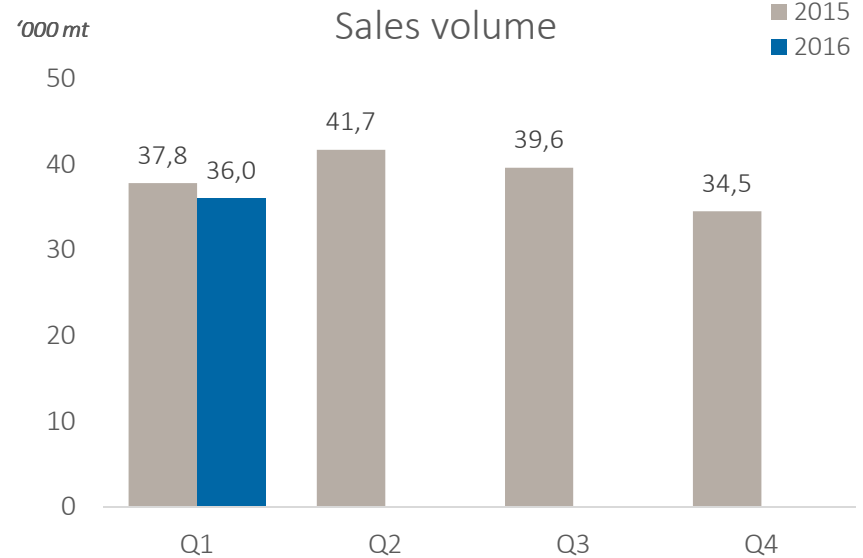
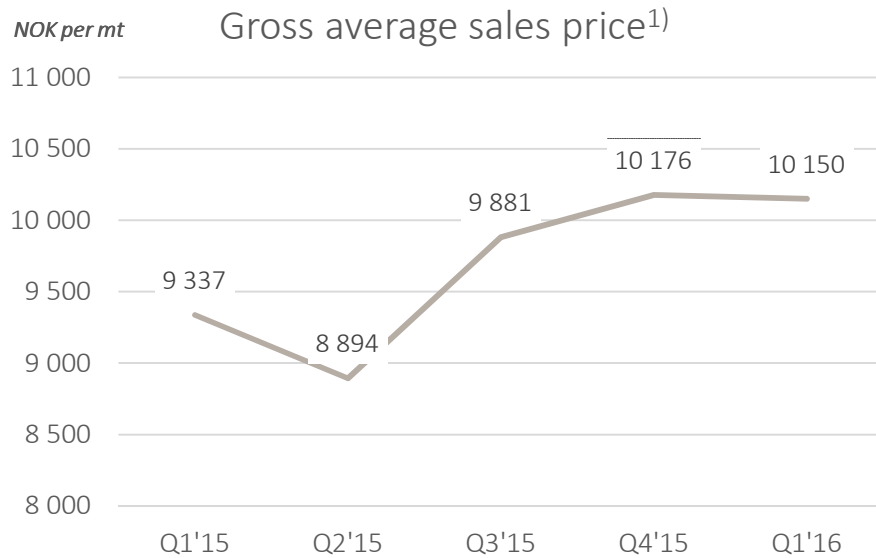
Performance Chemicals markets - Q1



- Favourable FX impact
- Challenging market conditions continued in the construction and oil sectors
 - Positive contribution from reallocation of volumes
 - Weaker product mix and slightly lower prices in sales currency
 - Seasonal inventory increase
- Impact of acquired Flambeau business
 - 8% sales volume increase, negative effect on product mix and average sales price

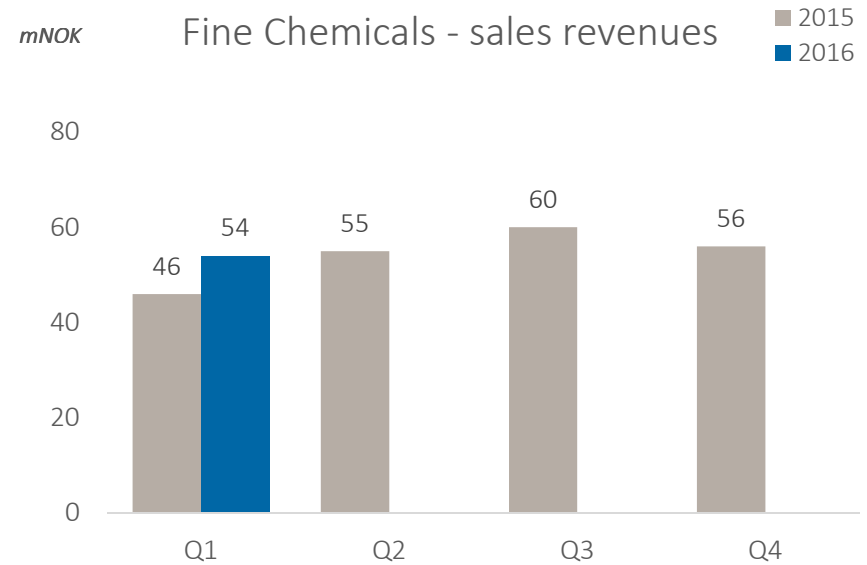
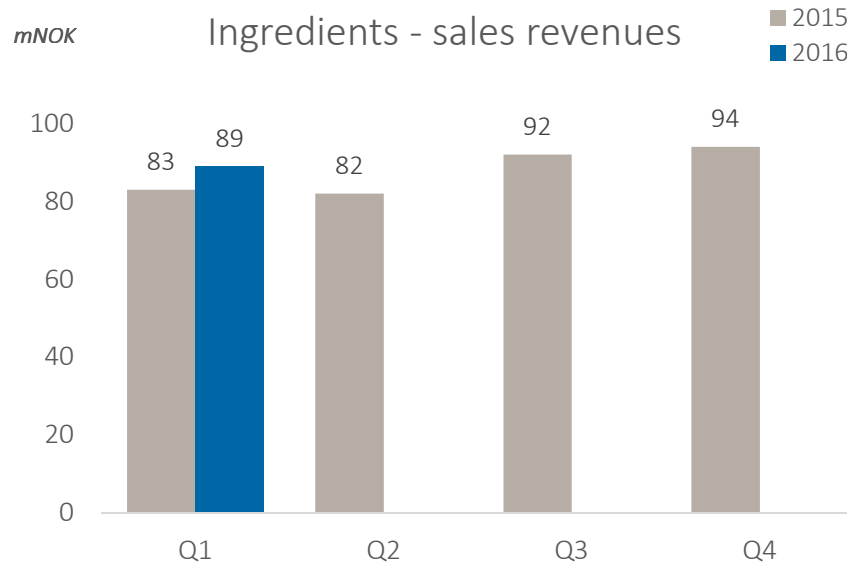
1) Average sales price and sales volume reflect 100% of sales and volume from the J/V in South Africa. Average sales price is calculated using actual FX rates, excluding hedging impact.

Specialty Cellulose markets - Q1



- Favourable FX impact vs Q1-15
- Improved product mix
- Lower prices in sales currency
- Production and sales volume negatively affected by silo fire incident in Q4-15

Ingredients and Fine Chemicals markets - Q1



- Ingredients

- Favourable FX impact
- Continued challenging market conditions

- Fine Chemicals

- Positive demand development
- Favourable FX impact

EU support for commercialisation of Exilva



- EUR 25 million granted on 22 April
- Will cover 60% of Borregaard's costs in a three-year period starting 1 May
- Support reduced if the project is profitable in the period
- Funding is granted under the Horizon 2020 Flagship programme for research and innovation
- Borregaard is the coordinator in a six-party consortium



This project has received funding from the Bio Based Industries Joint Undertaking under the European Union's Horizon 2020 research and innovation programme under grant agreement No 709746.



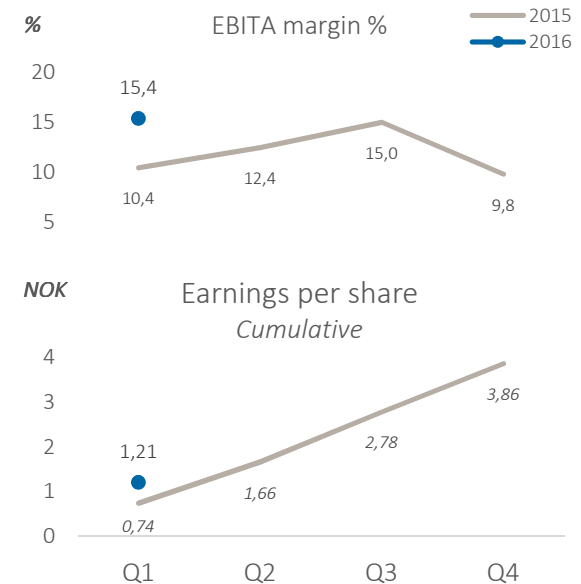
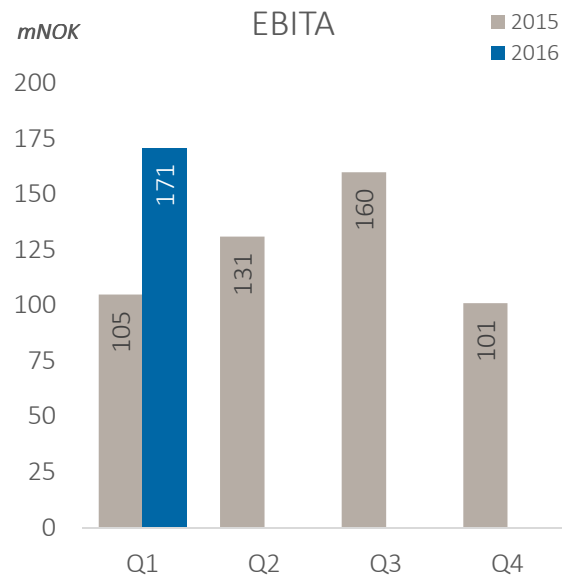
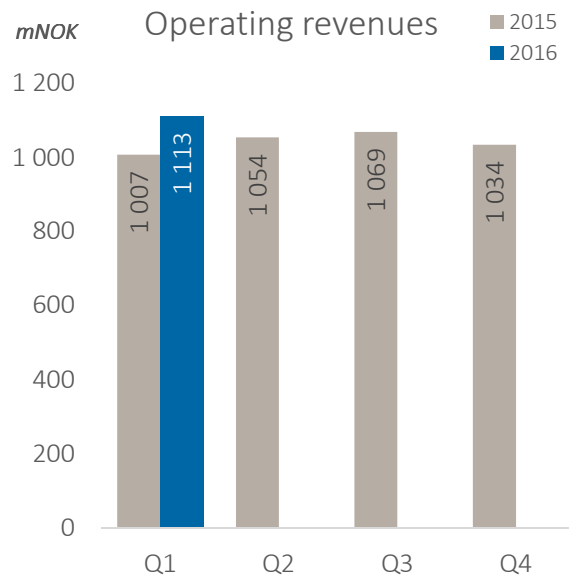
Outlook

- Performance Chemicals
 - Continued weak business climate and strong price competition in important markets
 - Efforts to reallocate volume to other applications and regions will continue
 - Sales volume in 2016 expected to increase by full-year impact of the Flambeau volume
 - Average price and product mix negatively affected by Flambeau volume
 - In Q2-16, a higher sales volume and lower average sales price are expected due to seasonality in delivery patterns vs Q1-16
- Specialty Cellulose
 - Average price in sales currency expected to be approx. 3% below 2015 level
 - Price uncertainty is mainly related to textile cellulose
 - Product mix in 2016 is forecast to improve slightly from 2015
 - In Q2-16, sales volume expected to be lower than Q2-15, but with a more favourable product mix
- Other Businesses
 - No major changes expected in market conditions for Ingredients and Fine Chemicals
 - Continued higher Exilva project costs, but expected positive contribution from EU grant
 - Corporate costs will remain at largely the same level as in 2015
- Currency, including hedging impact, expected to contribute positively throughout 2016



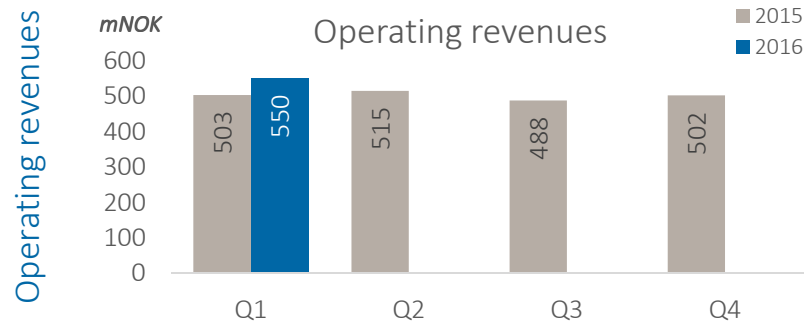
FINANCIAL PERFORMANCE Q1-16

Borregaard key figures - Q1

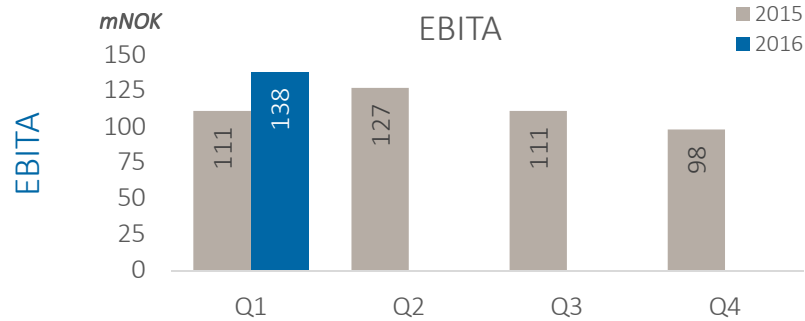


- Revenues increased by 11% vs Q1-15
- All-time high quarterly EBITA
 - Significant positive FX impact in all business areas
 - Improved EBITA for Performance Chemicals and Specialty Cellulose, decline in Other Businesses
 - Raw material, energy and other costs were stable
 - Limited EBITA impact of silo fire incident due to insurance coverage
- EPS at NOK 1.21 in Q1-16, an improvement of NOK 0.47 from Q1-15

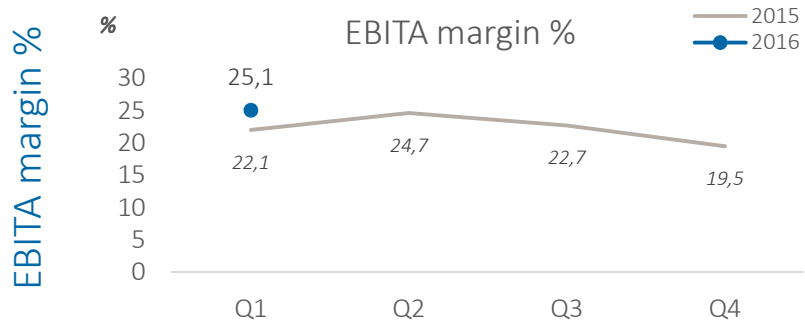
Performance Chemicals key figures - Q1



- Top line growth 9% vs Q1-15
- Favourable FX impact

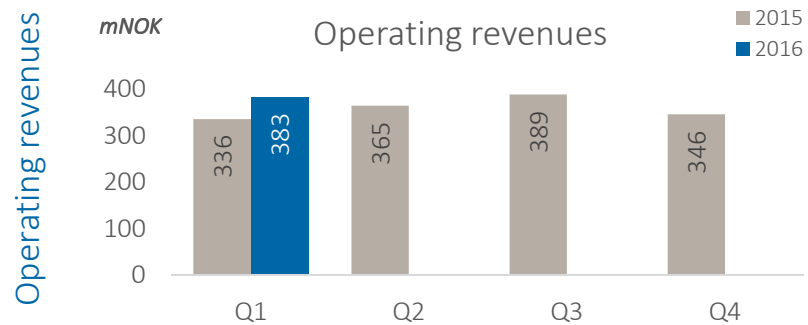


- All-time high EBITA, strong FX impact
- Challenging market conditions continued
- Reallocation of volumes, weaker product mix and slightly lower prices
- Volume increase from Flambeau acquisition
- Stable costs when adjusted for FX translation

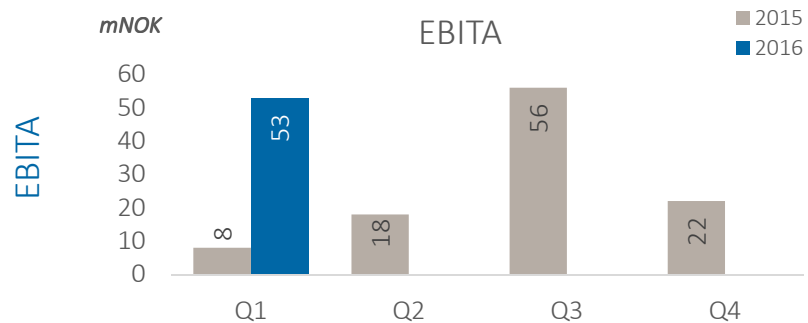


- EBITA margin increased further

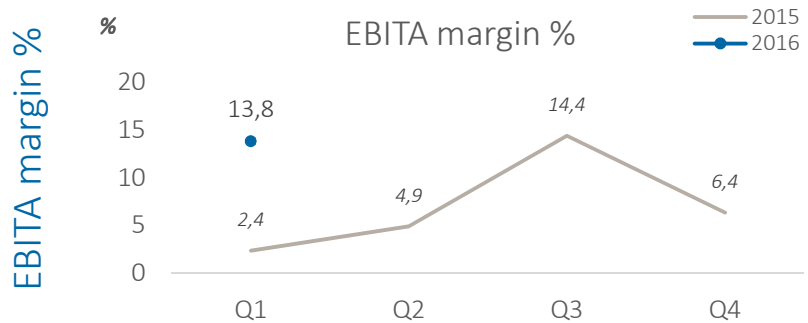
Specialty Cellulose key figures - Q1



- Top line growth 14% vs Q1-15
- Favourable FX impact

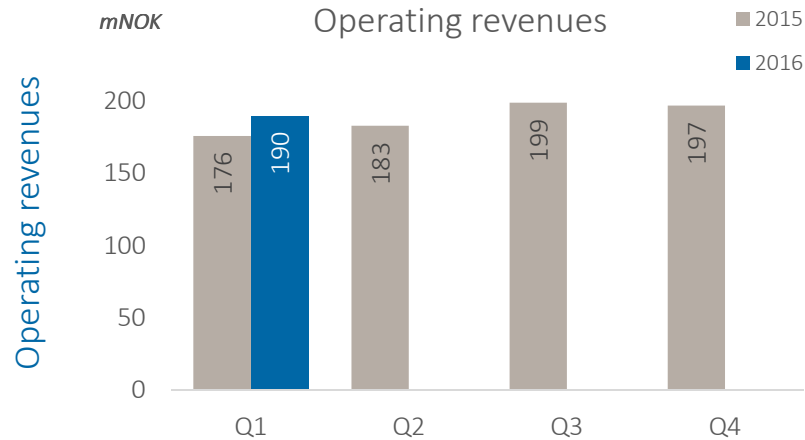


- Improvement primarily from FX effects
- Lower sales prices offset by improved product mix
- Limited EBITA impact from silo fire incident due to insurance coverage

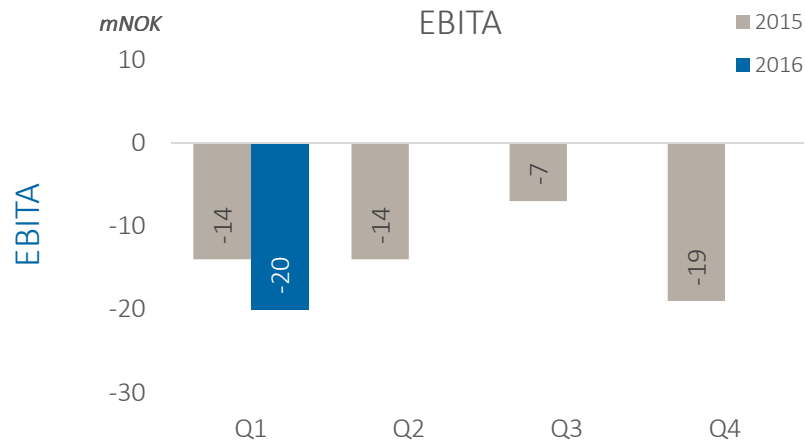


- Adjusted for hedging (-22 mNOK), EBITA margin was 18.5% in Q1-16

Other Businesses key figures - Q1

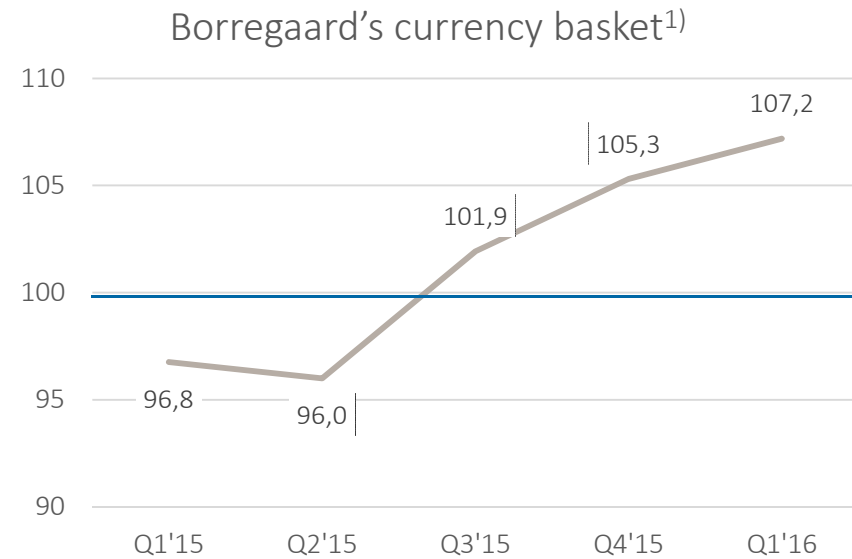
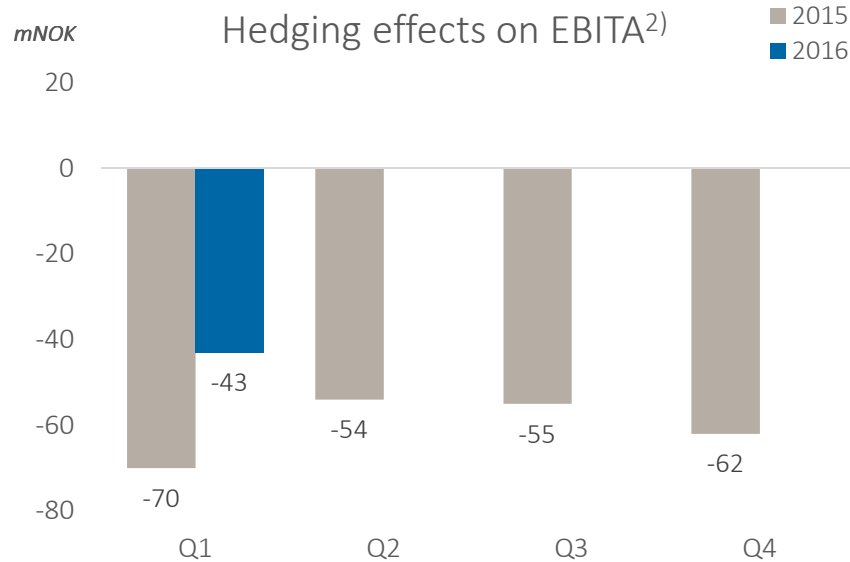


- Top line 8% above Q1-15
- Positive FX impact



- **Ingredients:** Improved EBITA vs Q1-15, mainly due to favourable FX effects
- **Fine Chemicals:** Result improved due to positive demand development and positive FX impact
- **Exilva** project costs increased further due to start-up preparations and a higher level of marketing and business development activities

Currency impact



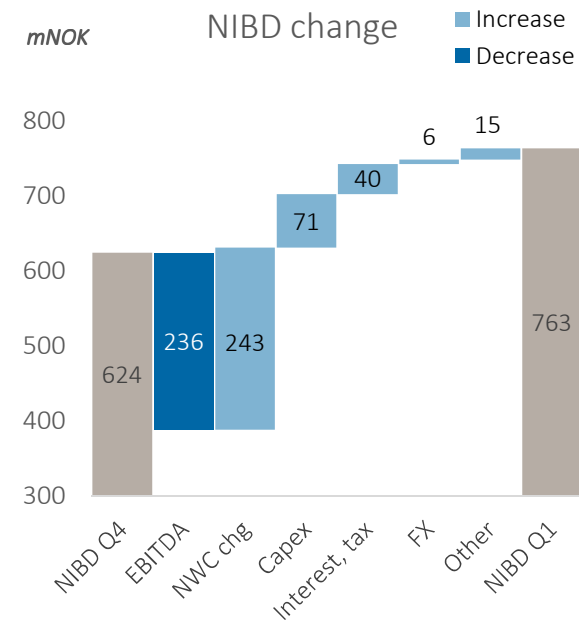
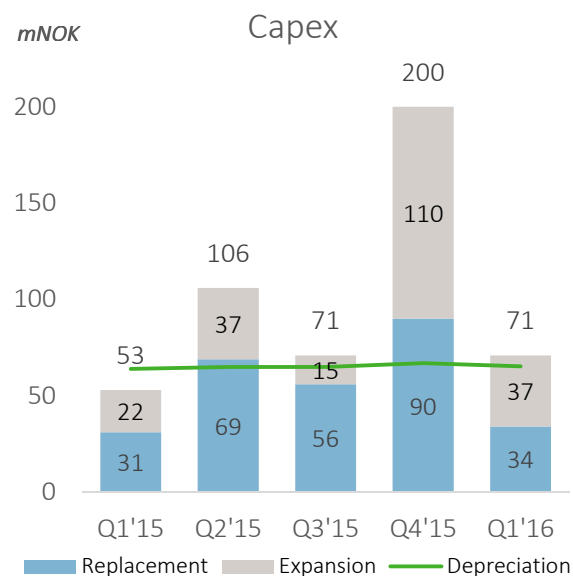
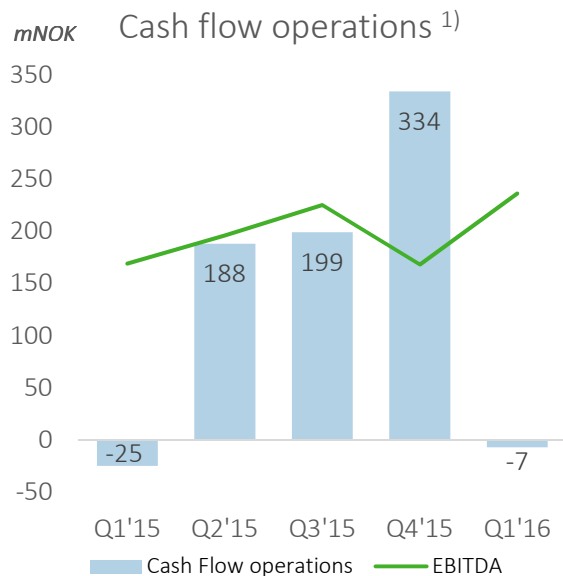
- Net FX EBITA impact approx. 90 mNOK vs Q1-15,
 - Includes change in hedging effects and based on estimated Q1-16 currency exposure
- Net FX EBITA impact in Q2-16 estimated to be 75 mNOK vs Q2-15
 - Assuming rates as of 26 April (USD 8.18 and EUR 9.23) and expected currency exposure
 - Net FX EBITA impact in 2016 estimated to be 220 mNOK vs 2015

1) Currency basket based on Borregaard's net exposure in 2015 (=100)

- USD 71% (approximately 214 mUSD)
- EUR 29% (approximately 78 mEUR)
- Other 0% (GBP, BRL, JPY, SEK, ZAR)

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

Cash flow, capex and NIBD



- Negative cash flow from operations due to temporary increase in net working capital
 - NWC increase mainly due to higher AR (higher sales) and reduced AP (lower capex)
- Capex at a low level in Q1
 - Expansion capex in Q1 mainly related to the Exilva project
- NIBD increased by 139 mNOK in Q1

Q&A



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



APPENDIX

Borregaard – Key figures

Amounts in NOK million	Q1-2016	Q1-2015	Change
Operating revenues	1 113	1 007	11 %
EBITDA (adjusted) ¹⁾	236	169	40 %
EBITA (adjusted) ²⁾	171	105	63 %
Amortisation intangibles	-1	0	
Other income and expenses	0	0	
EBIT	170	105	62 %
Financial items, net	-9	-5	
Profit/loss before taxes	161	100	61 %
Taxes	-41	-27	
Profit/loss for the period	120	73	64 %
Profit/loss attributable to non-controlling interests	-1	-1	
Profit/loss attributable to owners of the parent	121	74	
Cash flow from operating activities (IFRS)	-69	-82	
Earnings per share (NOK)	1,21	0,74	64 %
<i>Adjusted EBITDA margin</i>	<i>21,2 %</i>	<i>16,8 %</i>	
<i>Adjusted EBITA margin</i>	<i>15,4 %</i>	<i>10,4 %</i>	

1) Operating profit before depreciation, amortization and other income and expenses

2) Operating profit before amortization and other income and expenses

Operating revenues and EBITA per segment

Amounts in NOK million

Operating revenues	Q1-2016	Q1-2015	Change
Borregaard	1 113	1 007	11 %
Performance Chemicals	550	503	9 %
Specialty Cellulose	383	336	14 %
Other Businesses	190	176	8 %
Eliminations	-10	-8	

Amounts in NOK million

EBITA	Q1-2016	Q1-2015	Change
Borregaard	171	105	63 %
Performance Chemicals	138	111	24 %
Specialty Cellulose	53	8	563 %
Other Businesses	-20	-14	-43 %

Cash flow

Amounts in NOK million	Q1-2016	Q1-2015	FY-2015
Amounts in NOK million			
Profit before taxes	161	100	506
Amortisation, depreciation and impairment charges	66	64	269
Change in net working capital, etc	-243	-194	-106
Dividend (share of profit) from JV	-22	1	-14
Taxes paid	-31	-53	-92
Cash flow from operating activities	-69	-82	563
Investments property, plant and equipment and intangible assets	-71	-53	-430
Other capital transactions	1	3	5
Cash flow from Investing activities	-70	-50	-425
Dividends	0	0	-124
Proceeds from exercise of share options	1	0	11
Buy-back of treasury shares	0	0	-5
Gain/(loss) on hedges for net investments in subsidiaries	11	-43	-76
Net paid to/from shareholders	12	-43	-194
Proceeds from interest-bearing liabilities	0	0	86
Repayment of interest-bearing liabilities	-9	-16	-72
Change in interest-bearing receivables	-2	-2	-2
Change in net interest-bearing liabilities	-11	-18	12
Cash flow from financing activities	1	-61	-182
Change in cash and cash equivalents	-138	-193	-44
Cash and cash equivalents as of beginning of period	169	168	168
Change in cash and cash equivalents	-138	-193	-44
Currency effects cash and cash equivalents	-13	17	45
Cash and cash equivalents at the close of the period	18	-8	169

Balance sheet

Amounts in NOK million	31.03.2016	31.12.2015
Assets:		
Intangible assets	131	137
Property, plant and equipment	2 121	2 122
Other assets	165	121
Investments in joint venture	128	106
Non-current assets	2 545	2 486
Inventories	684	676
Receivables	1 008	838
Cash and cash deposits	39	169
Current assets	1 731	1 683
Total assets	4 276	4 169
Equity and debt:		
Group Equity	2 376	2 056
Non-controlling interests	5	5
Equity	2 381	2 061
Provisions and other non-current liabilities	367	408
Interest-bearing liabilities	791	802
Non-current liabilities	1 158	1 210
Interest-bearing liabilities	31	9
Other liabilities	706	889
Current liabilities	737	898
Equity and liabilities	4 276	4 169
Equity ratio (%):	55,7 %	49,4 %

Net financial items & net interest-bearing debt

Amounts in NOK million

Net financial items	Q1-2016	Q1-2015
Net interest expenses	-6	-6
Currency gain/loss	-3	2
Other financial items, net	0	-1
Net financial items	-9	-5

Amounts in NOK million

Net interest-bearing debt	31.03.2016	31.12.2015
Non-current interest-bearing liabilities	791	802
Current interest-bearing liabilities	31	9
Non-current interest-bearing receivables	-20	-18
Cash and cash deposits	-39	-169
Net interest-bearing debt	763	624

Currency hedging strategy

Purpose is to delay effects of currency fluctuations and secure competitiveness

- Hedging based on expected EBITA 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 impact

	USD million	USD rate	EUR million	EUR rate
Q2-2016	39	8.04	18	8.52
Q3-2016	40	7.99	19	8.53
Q4-2016	36	7.96	18	8.64
RoY 2016	115	8.00	54	8.57
2017	146	8.03	70	8.84
2018	106	8.13	56	9.34
2019	14	8.66	12	9.88

Hedging effects by segment

NOK million	Q1-16	Q1-15
Performance Chemicals	-12	-22
Specialty Cellulose	-22	-40
Other Businesses	-9	-8
Borregaard	-43	-70

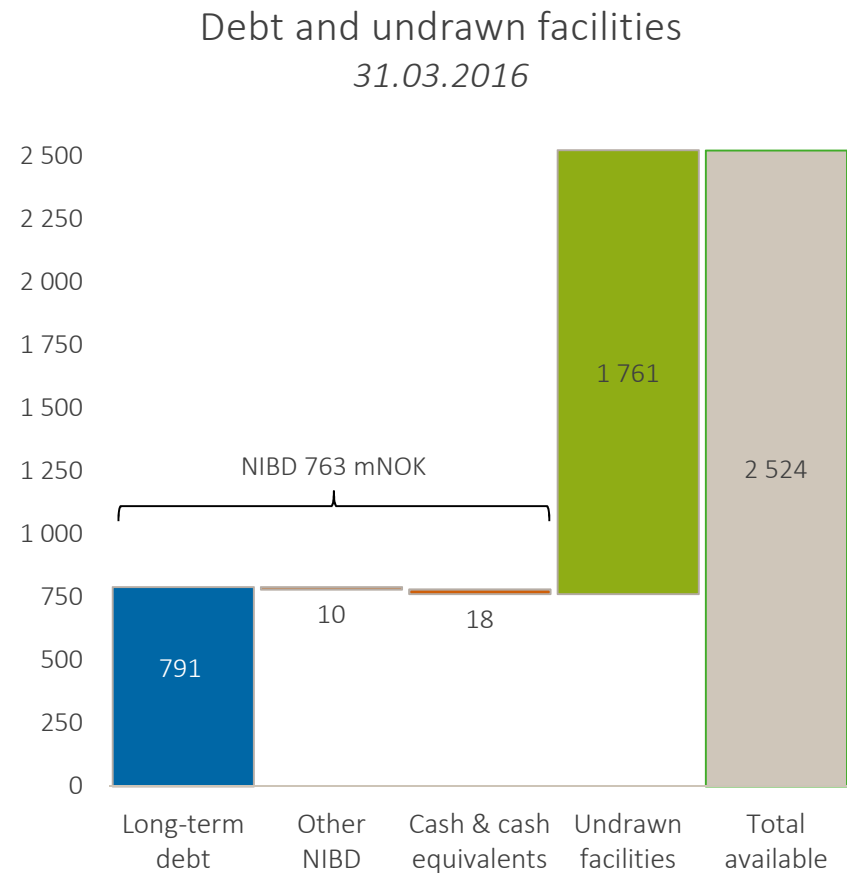


1) Hedging done mainly in the Norwegian company

2) Strict definitions for 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 2020
 - 400 mNOK 5-year bond issue, maturity 2019
 - 40 mEUR 10-year loan, maturity 2024
 - Overdraft facilities
 - 225 mNOK
- Solidity (covenants)
 - Equity ratio 55.7% (> 25%)
 - Leverage ratio LTM 0.92 (< 3.25)



Important notice

This presentation is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated ('relevant persons'). Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in any company within the Borregaard Group. The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law, and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about, and observe, such restrictions.

This presentation includes and is based, inter alia, on forward-looking information and contains statements regarding the future in connection with the Borregaard Group's growth initiatives, profit figures, outlook, strategies and objectives. All forward-looking information and statements in this presentation are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for the Borregaard Group and its lines of business. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates" or similar expressions.

Important factors may lead to actual profits, results and developments deviating substantially from what has been expressed or implied in such statements. Although Borregaard believes that its expectations and the presentation are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in the presentation.

Borregaard is making no representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the presentation, and neither Borregaard nor any of its directors, officers or employees will have any liability to you or any other persons resulting from your use.

This presentation was prepared for the interim results presentation for the first quarter of 2016, held on 27 April 2016. Information contained herein will not be updated. The slides should also be read and considered in connection with the information given orally during the presentation.