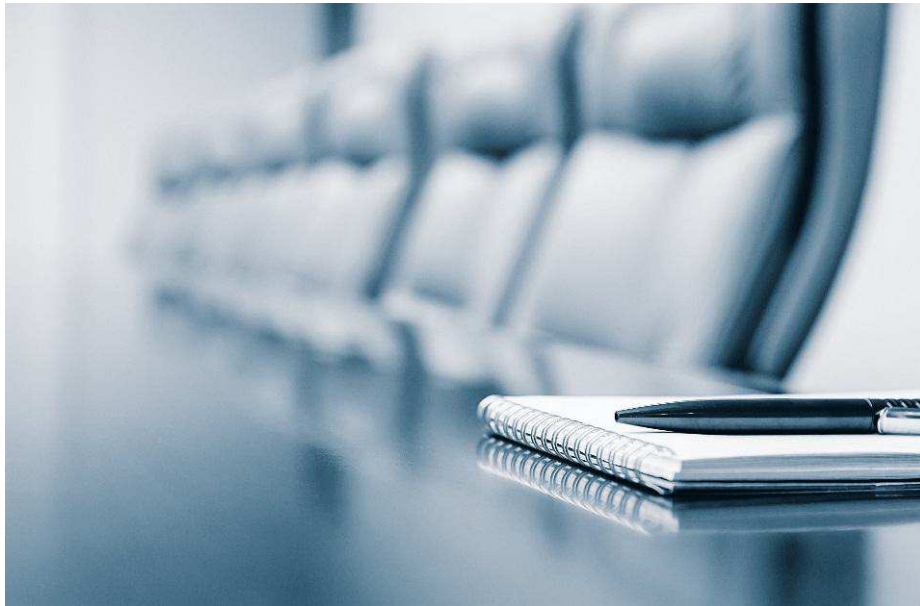




4TH QUARTER 2017

Oslo, 2 February 2018

Agenda



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

Highlights – 4th quarter 2017



- EBITA adj.¹ 109 mNOK (160 mNOK)
- Strong competition for lignin in certain construction markets and higher costs in Performance Chemicals
- Improved result in Speciality Cellulose
- Other Businesses negatively affected by higher costs and lower shipments in Fine Chemicals
- 15 mNOK additional costs related to the chlor-alkali plant

Highlights – full year 2017



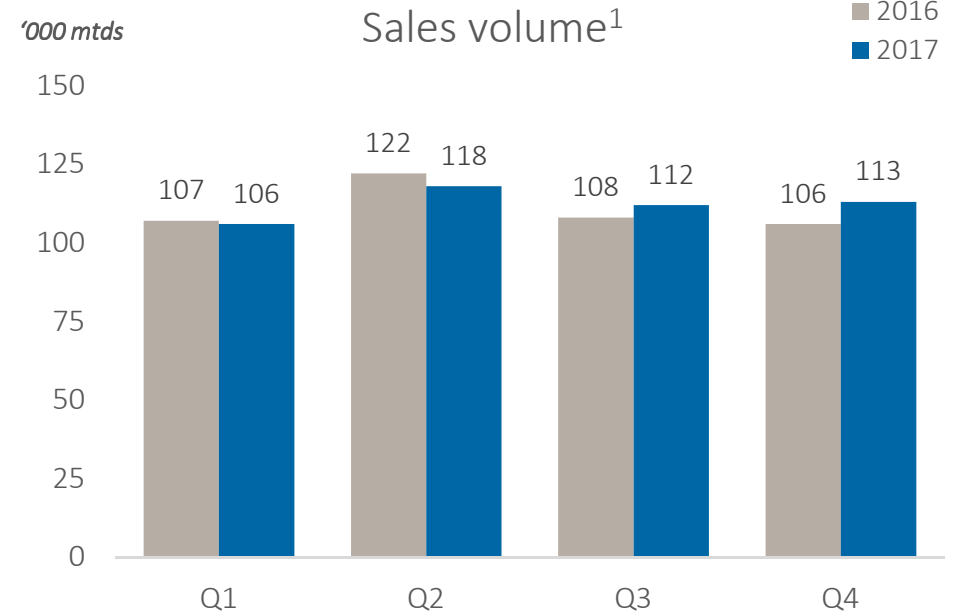
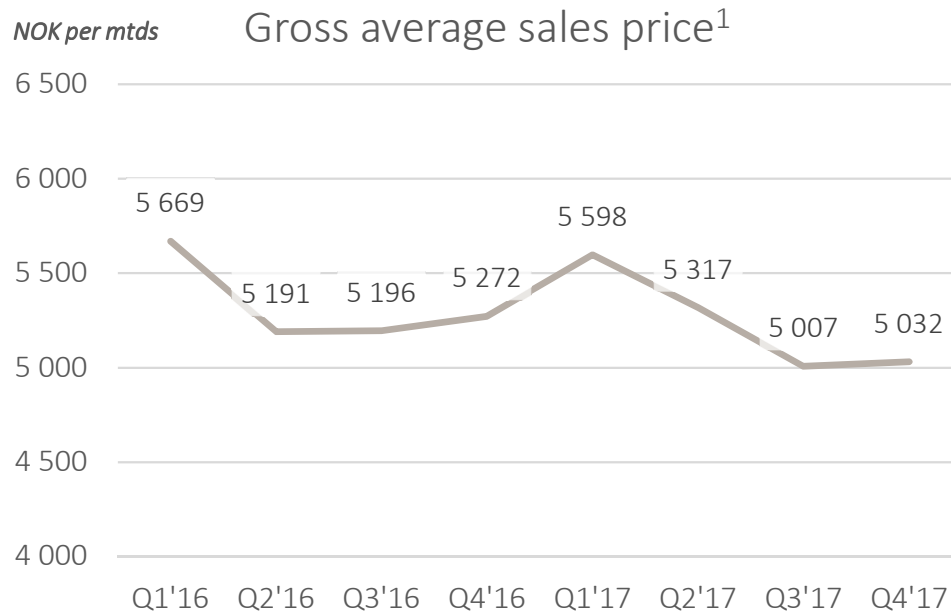
- All-time high EBITA adj.¹ and EPS for the full year
 - EBITA adj.¹ 749 mNOK (747 mNOK)
 - EPS NOK 5.66 (5.55)
- Proposed dividend NOK 2.00 per share
- Higher prices and improved product mix for Speciality Cellulose
- Strong competition for lignin to the construction sector and increased costs for Performance Chemicals
- Increased costs in Other Businesses
- Increasing caustic soda and wood costs
- Execution of strategic priorities

Dividend proposal for 2017



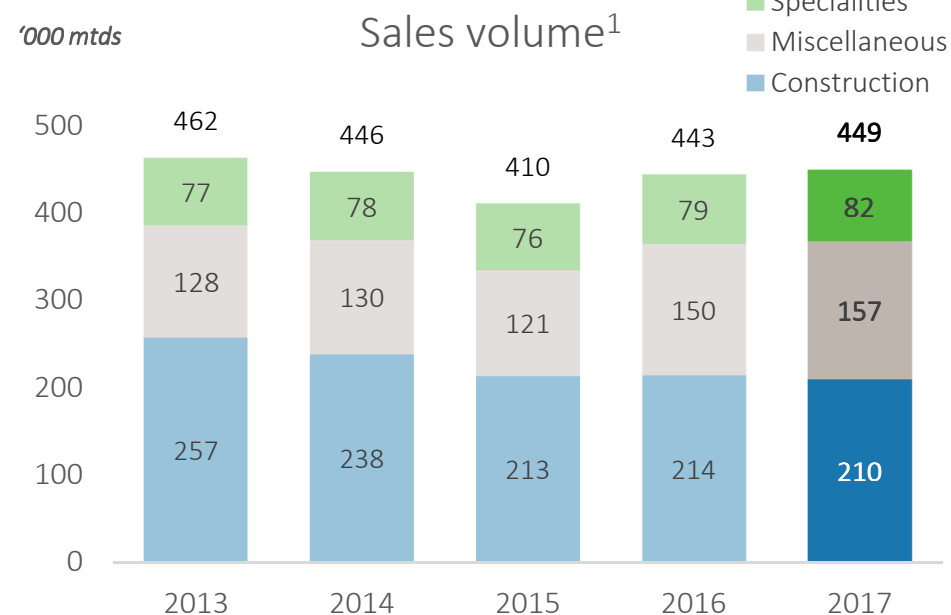
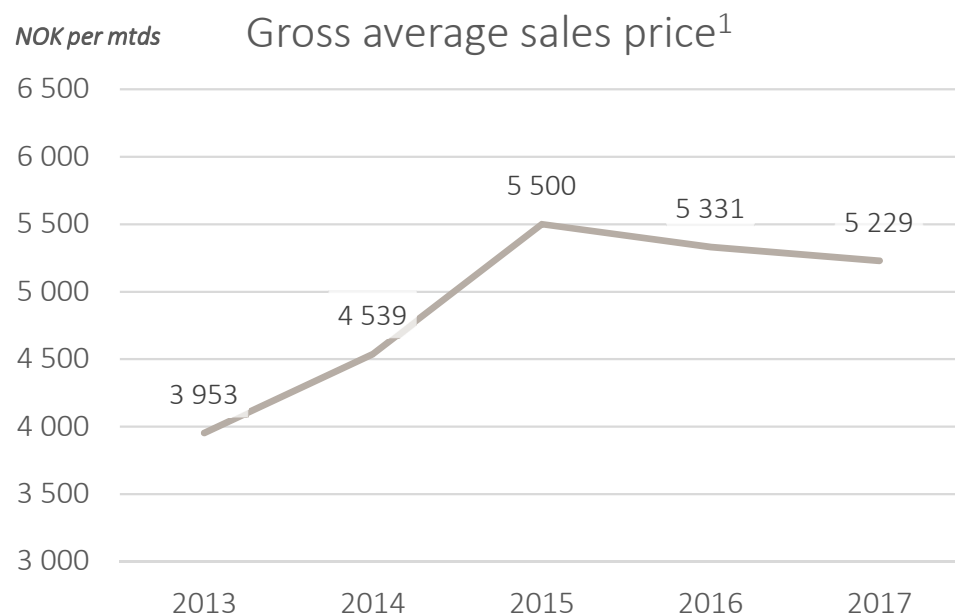
- Borregaard's dividend policy
 - To pay regular and progressive dividends reflecting the expected long-term earnings and cash flows of the Group
 - Annual dividend is targeted between 30% and 50% of net profit
- A dividend of NOK 2.00 per share is proposed by the Board of Directors
 - 35% of net earnings
 - Total dividend payment of 199 mNOK

Performance Chemicals markets – Q4



- Average price in sales currency 5% lower vs Q4-16
 - Strong price competition for lignin in regional construction markets
- Sales volume increased by 7% vs Q4-16
 - Construction and Miscellaneous volumes increased
 - Sales volume for Specialities in line with Q4-16
- Inventories of liquid lignin volumes increased, mainly due to seasonality

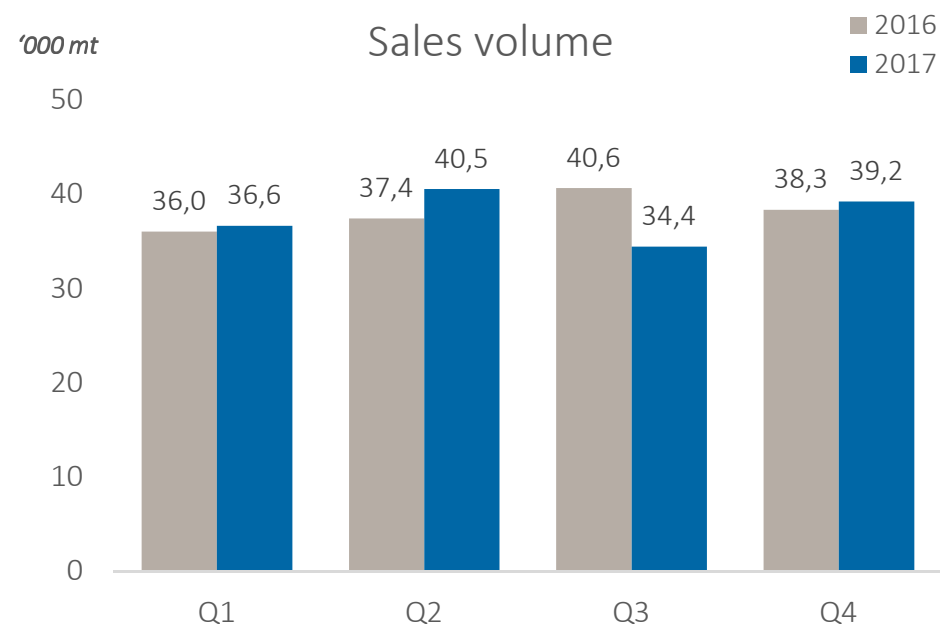
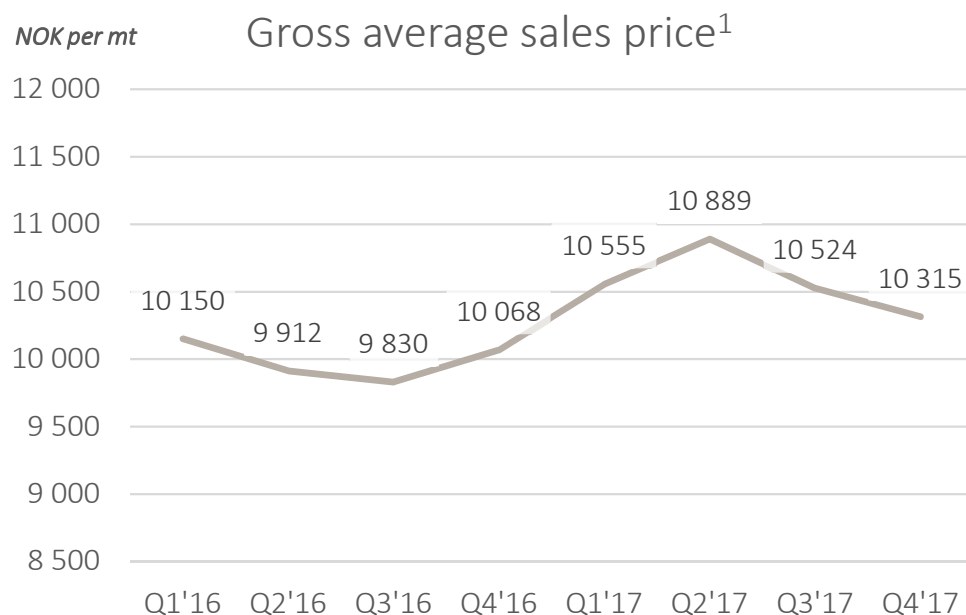
Performance Chemicals markets – full year



- Average price in sales currency was marginally lower than in 2016
 - Challenging market conditions for lignin to the construction sector in certain regions
 - Favourable mix development and 4% volume increase in Specialities
- Total sales volume increased 1%
 - On-going reallocation efforts

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.

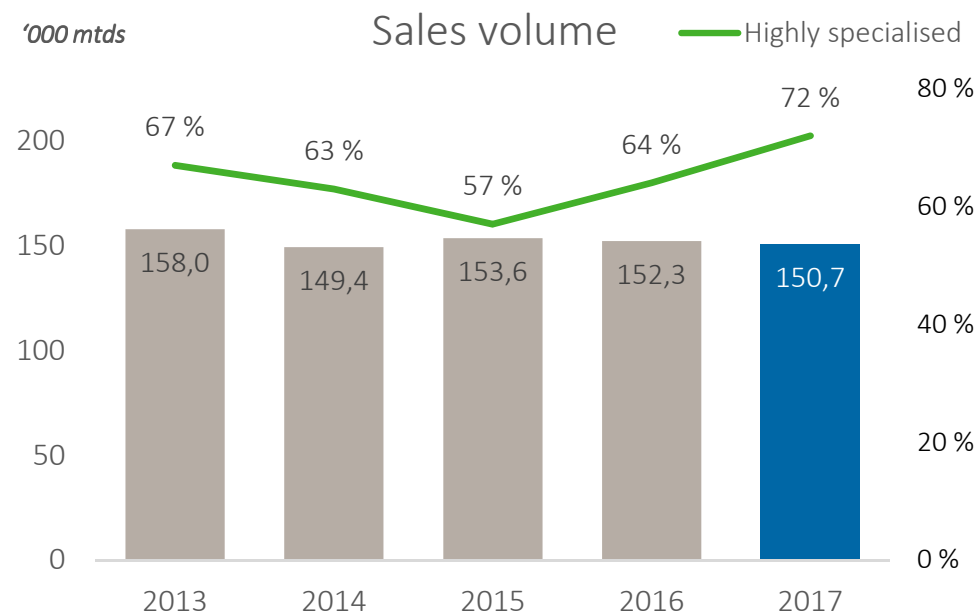
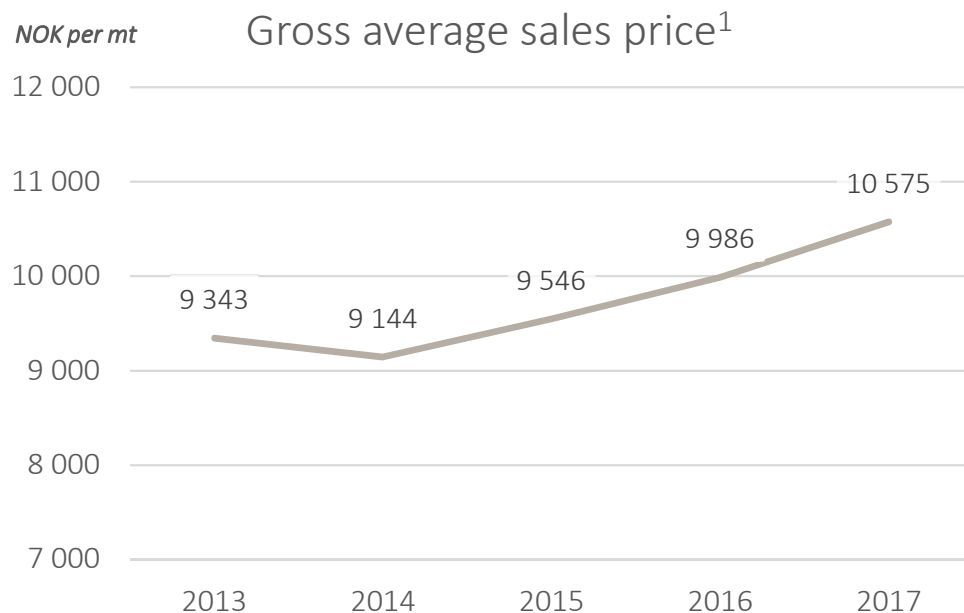
Speciality Cellulose markets – Q4



- Improved product mix
 - Sales volume of highly specialised grades higher than Q4-16
 - Demand for ether grades continued to be strong
- Cellulose prices in sales currency in line with Q4-16
- Higher sales volume and prices for Bioethanol

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

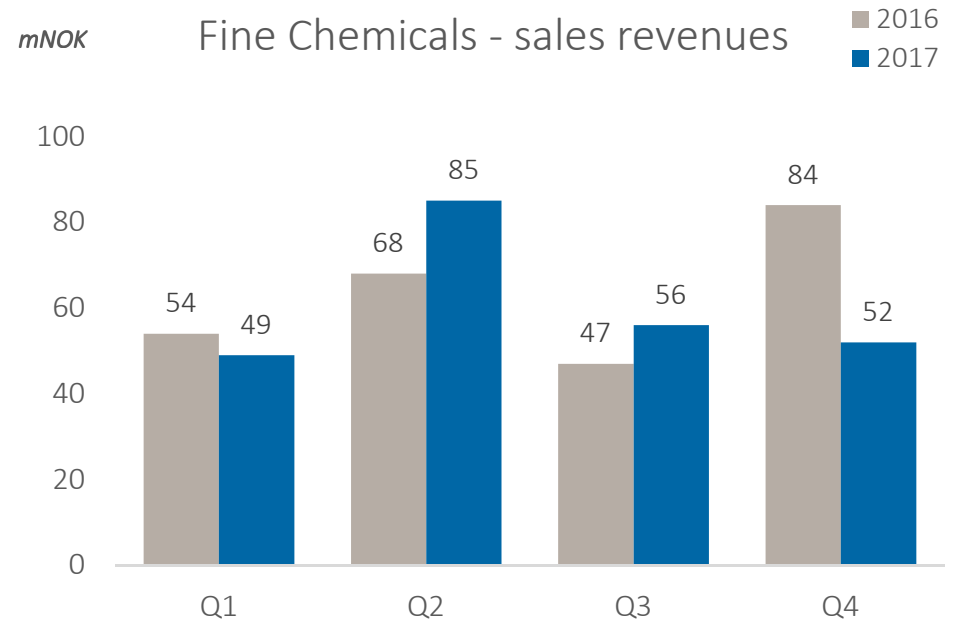
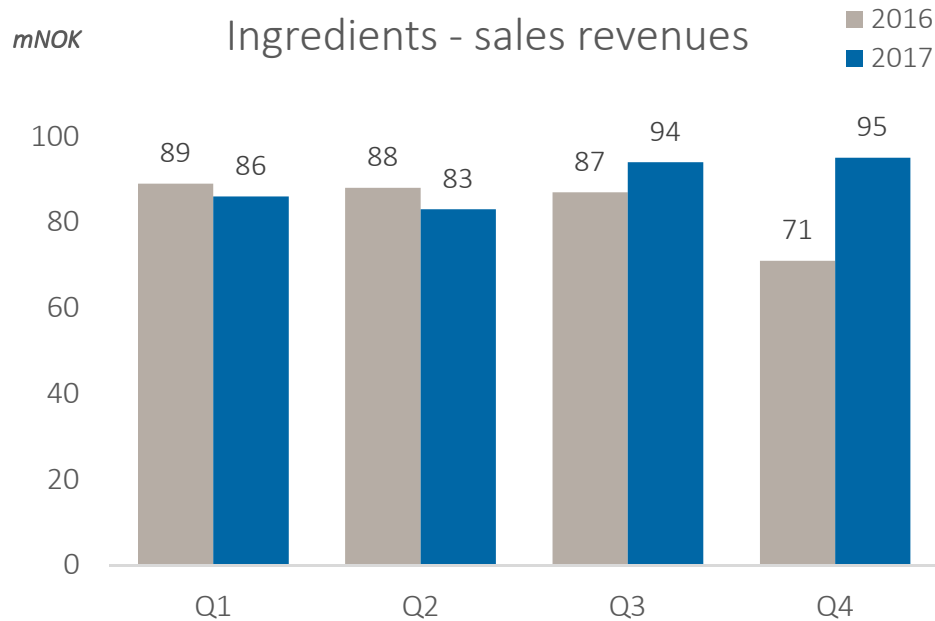
Speciality Cellulose markets – full year



- Higher prices in sales currency (+4% vs 2016) and improved product mix
 - Continued growth in the ethers market
 - Higher shipments of acetate cellulose, but market remained challenging
 - Increasing demand and favourable prices for textile cellulose, especially in H1-17
 - Sales of highly specialised grades increased
- Higher sales prices for Bioethanol

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

Ingredients and Fine Chemicals markets



- **Ingredients**

- Higher sales vs Q4-16
- Positive market trend for wood-based vanillin
- Higher sales volume in 2017
- Continued overcapacity for oil-based products

- **Fine Chemicals**

- Lower shipments vs Q4-16
- Slightly lower shipments in 2017 due to uneven delivery patterns
- Continued market growth in intermediates for x-ray contrast media

Borregaard portfolio - strategic priorities

- Growth and specialisation within Performance Chemicals
 - Increased sales of high-value lignin products
 - Establish new lignin raw material sources
 - Develop BALI as a strategic lignin raw material option
- Develop the unique biorefinery assets in Sarpsborg
 - Leverage high value raw material base in Performance Chemicals
 - Continue specialisation of Speciality Cellulose, Bioethanol and Ingredients
 - Strong focus on innovation and productivity efforts
- Establish Cellulose Fibrils as a new business area
 - Based on core competence within wood chemistry and fine chemistry
 - Increased specialisation through high value added

New lignin operation in North America



- Borregaard and Rayonier Advanced Materials (RYAM) are building a new lignin plant
 - Located at RYAM's Fernandina Beach sulphite pulp mill in Florida
 - Borregaard (55%) and RYAM (45%) ownership
 - Borregaard's know-how and technology
- The investment will be made in two phases
 - Phase one: 110 mUSD, 100,000 mtds capacity
 - Ground work and foundation completed in June 2017, start-up mid-2018
 - Phase two: 25 mUSD, 50,000 mtds lignin capacity addition
- External financing for LignoTech Florida
 - A USD 60 million loan is in place
 - A working capital facility will be established

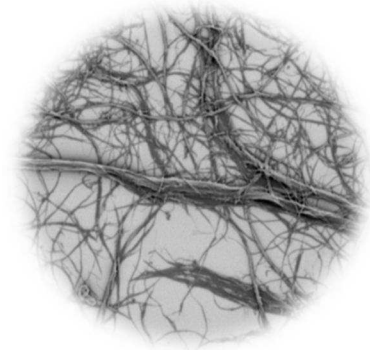
Upgrade and increased specialisation of lignin operation



- Comprehensive investment programme
 - New drying capacity
 - Tanks for storage of liquid materials
 - Improved solutions for logistics, infrastructure and energy
- Several benefits
 - Further specialisation on the unique raw material base
 - Reduced exposure to cyclical market segments
 - Optimisation of production campaigns and logistics
 - Reduced energy costs
 - Substantial environmental and safety benefits
- Main project data
 - 500 mNOK investment
 - Partly expansion, partly maintenance investment
 - Total programme meets return requirement for expansion investments
 - Completion end 2019

Other strategic projects

- Cellulose Fibrils - Exilva¹
 - Continued strong interest from potential customers
 - Long lead-times for commercial sales
- Speciality Cellulose – Ice Bear
 - NOK 115 million investment to be completed H2-18
 - Will double capacity to 60,000mt
 - Ramp-up based on market demand, potential estimated to be around 20-30,000 mt/year by end 2018
- Speciality Cellulose – Bioethanol
 - Start-up of new dehydration plant in Q1-18
 - NOK 63 million investment²
 - Increasing demand for 2nd generation bioethanol as biofuel



¹ This 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.

² 30% grant from Enova

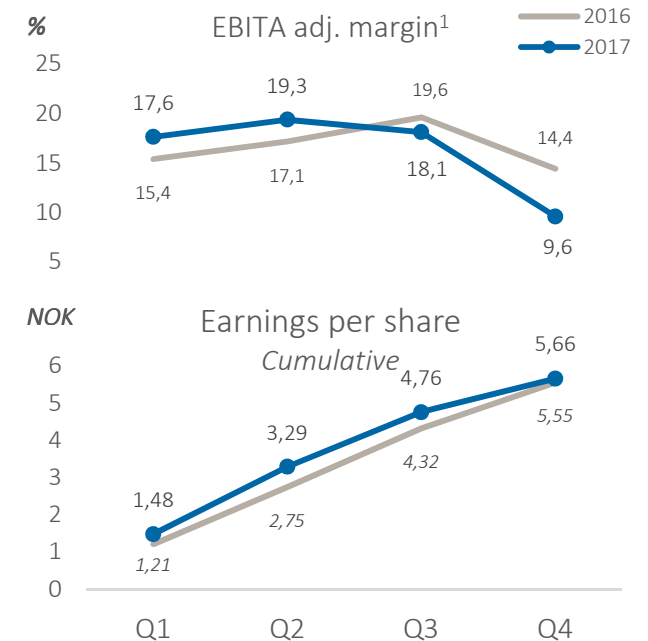
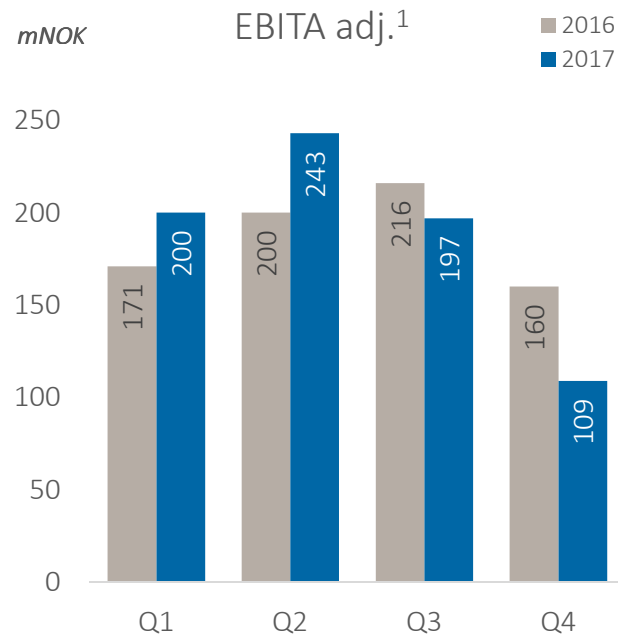
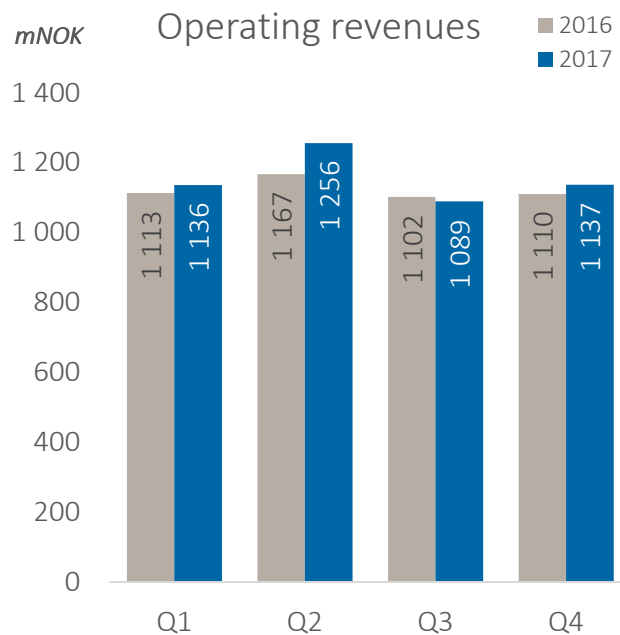
Outlook

- Performance Chemicals
 - Continued strong competition for lignin to the construction sector in certain regions
 - Reallocation efforts and high distribution costs will continue
 - 2018 sales volume forecast to increase by 5-10%
 - Q1-18 sales volume expected to be higher than Q1-17
 - Florida project will affect costs and depreciation
- Speciality Cellulose
 - Average cellulose price in sales currency expected to be in line with 2017
 - Product mix forecast to be weaker than 2017 due to lower acetate cellulose sales volume
 - Q1-18 sales volume expected to be higher than Q1-17, but with lower sales of highly specialised grades
- Other Businesses
 - No major changes expected in market conditions for Fine Chemicals
 - Positive market trend for wood-based vanillin (Ingredients)
 - Sales will gradually increase for Cellulose Fibrils, but long lead-times for conversion of sales prospects. Fixed costs and depreciation in Cellulose Fibrils expected to be largely in line with 2017
- Wood and caustic soda prices will increase significantly in 2018
 - Affecting mainly Speciality Cellulose and Ingredients (caustic soda only)
- Significant FX exposure, but delayed impact of FX rate fluctuations due to hedging policy



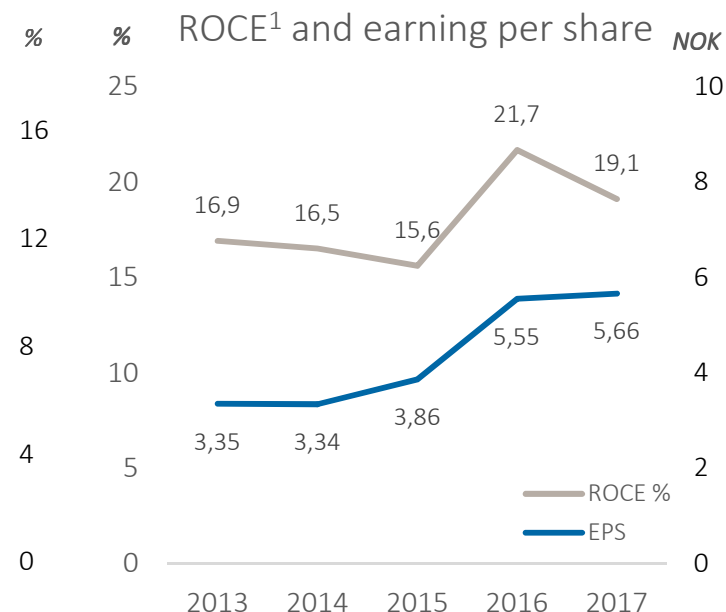
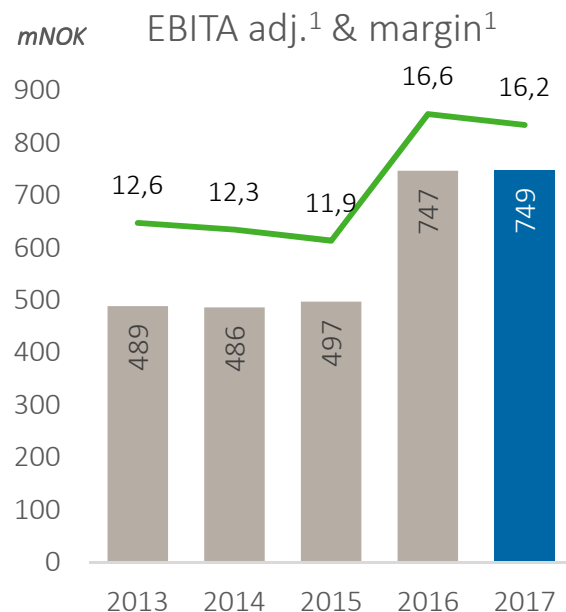
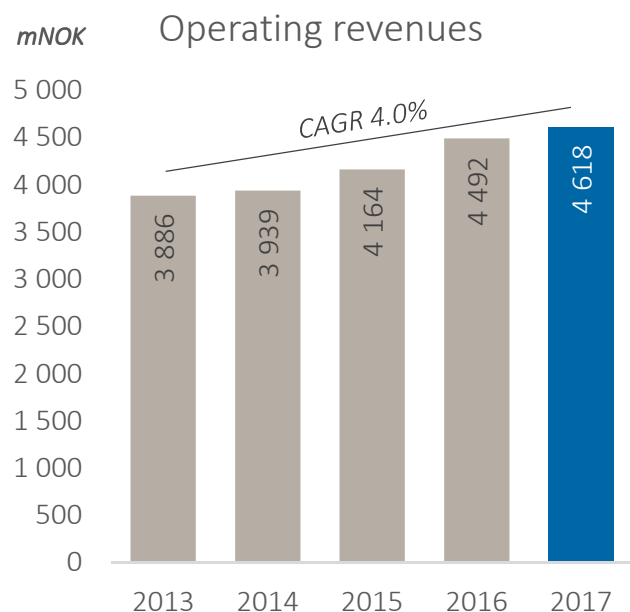
FINANCIAL PERFORMANCE Q4-17

Borregaard key figures – Q4



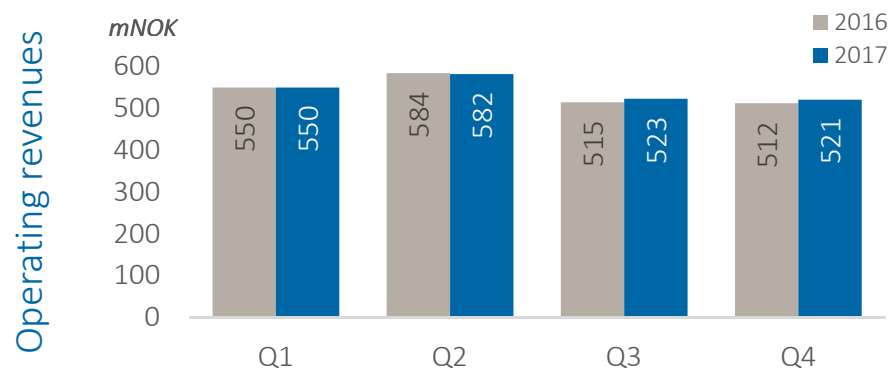
- Revenues up 2% vs Q4-16
- EBITA adj.¹ of 109 mNOK for the Group
 - Speciality Cellulose improved, while Performance Chemicals and Other Businesses had a decline
 - Increased costs, partly as a result of technical problems in the chlor-alkali plant
 - Positive FX impact
- EPS at NOK 0.90 in Q4-17 (NOK 1.23)
 - Write-off and accrual for an external storage tank recorded as other expenses¹ (-9 mNOK)

Borregaard key figures – full year

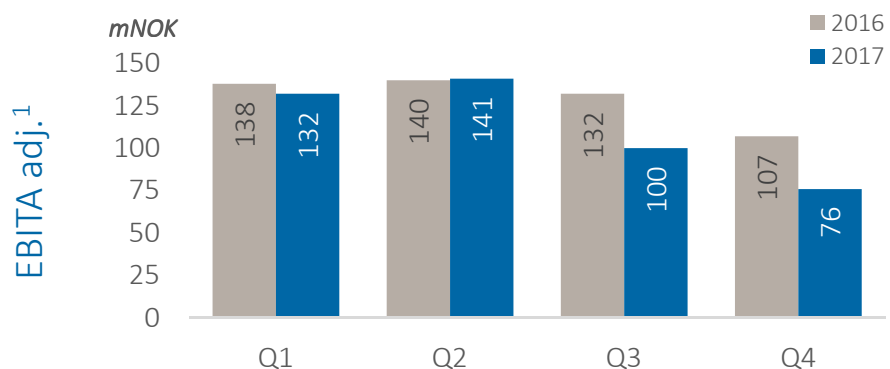


- Revenues up 3% vs 2016
- All-time high EBITA adj.¹ and EPS
 - Speciality Cellulose improved, but Performance Chemicals and Other Businesses had weaker results
 - Increased costs and depreciation
 - Positive FX impact
- ROCE¹ impacted by strategic investments
- EPS at NOK 5.66 for 2017, a 2% increase from 2016

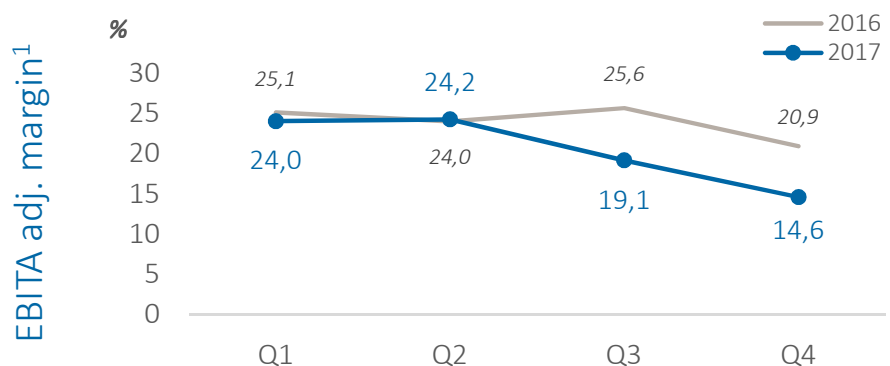
Performance Chemicals key figures – Q4



- Revenues 2% above Q4-16
- 7% higher sales volume
- *Full year growth 1%*

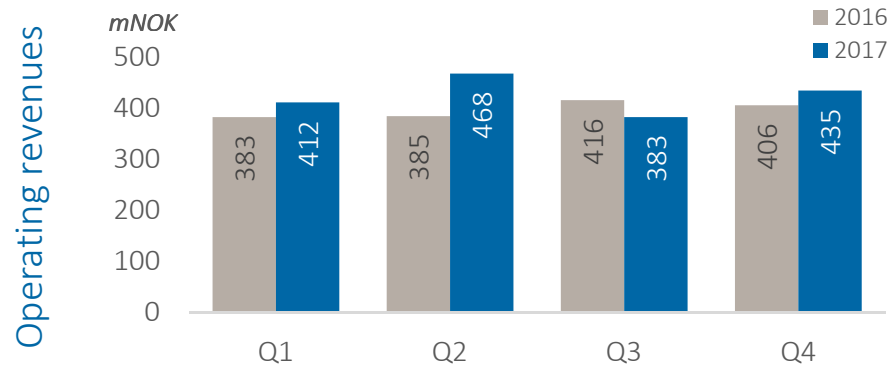


- Lower average sales price
- Specialities sales volume in line Q4-16
- Higher costs (distribution, manning Florida project)
- Slightly positive FX impact
- *Full year EBITA adj.¹ 449 mNOK (517 mNOK)*

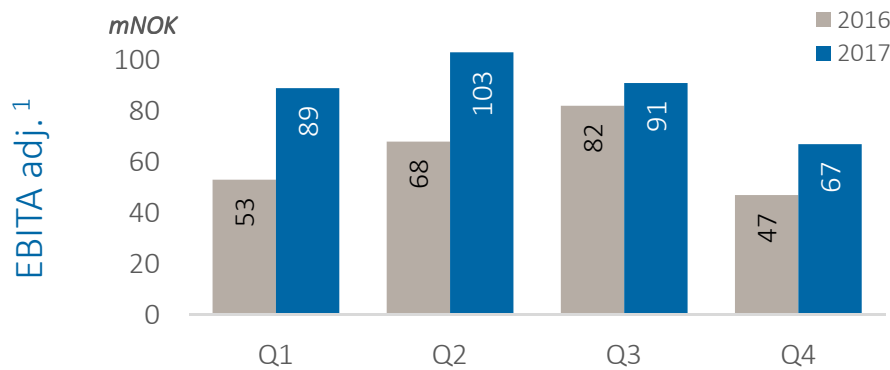


- EBITA adj. margin¹ declined vs Q4-16
- *Full year EBITA adj. margin¹ 20.6% (23.9%)*

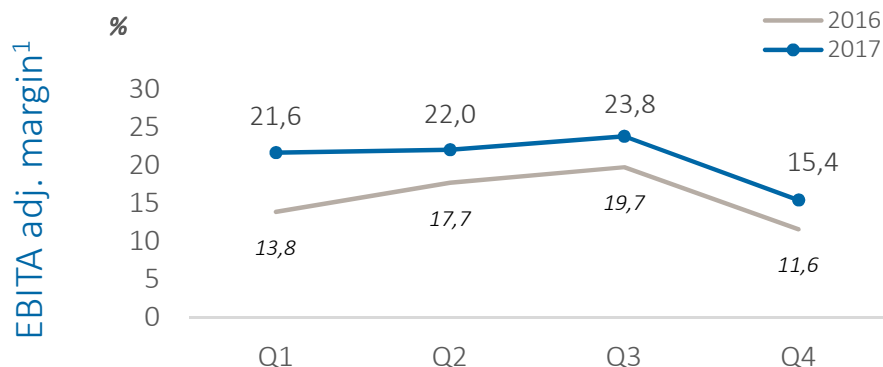
Speciality Cellulose key figures – Q4



- Revenues 7% above Q4-16
- Improved product mix and higher sales volume
- *Full year growth 7%*

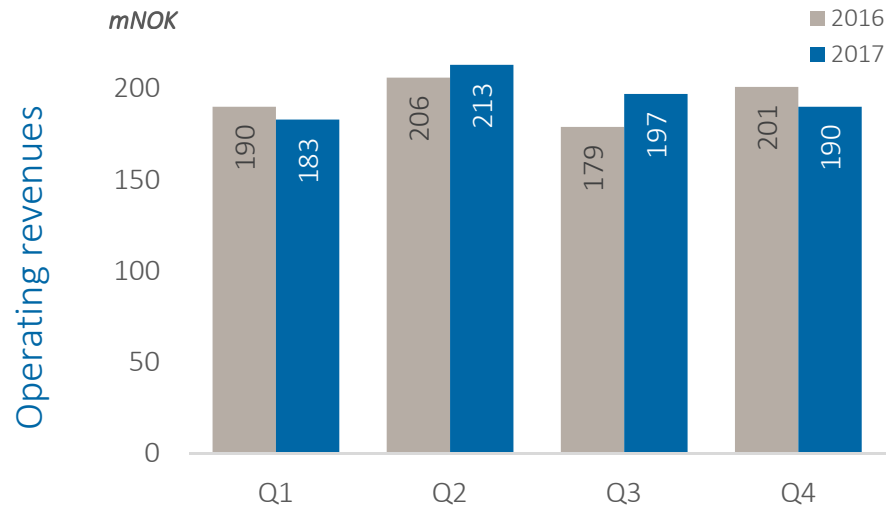


- Improved product mix, prices in line with Q4-16
- Increased caustic soda and wood costs
- Higher production output
- Increased contribution from Bioethanol
- Positive FX impact
- *All-time high full year EBITA adj.¹ 350 mNOK (250 mNOK)*

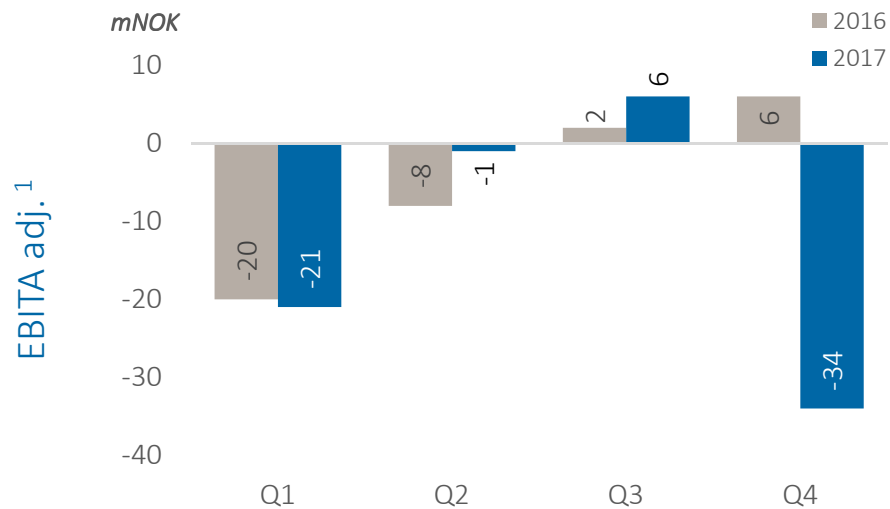


- Improved EBITA adj. margin¹
- *Full year EBITA adj. margin¹ 20.6% (15.7%)*

Other Businesses key figures – Q4

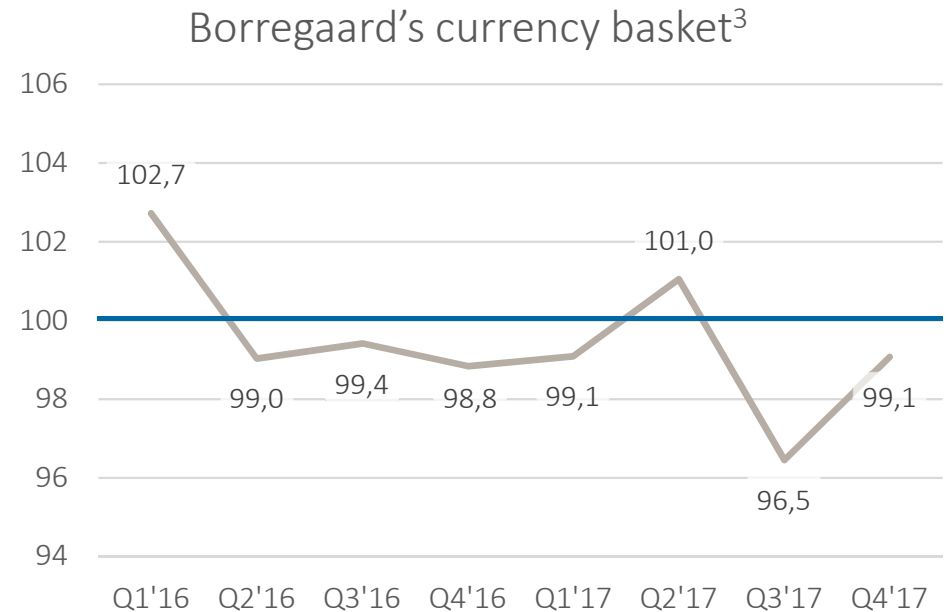
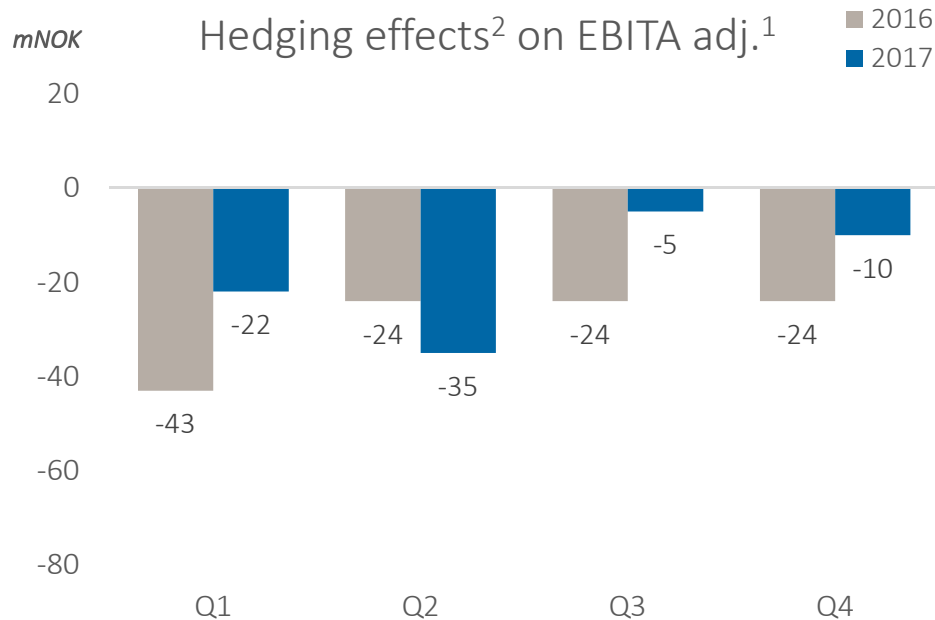


- Revenues 5% below Q4-16
- Lower shipments in Fine Chemicals
- Higher sales in Ingredients
- *Full year growth 1%*



- **Fine Chemicals:** Low shipments and reduced result
- **Ingredients:** Higher sales volume but increased caustic soda costs, result in line with Q4-16
- **Cellulose Fibrils:** Higher net costs, both in marketing and production
- Higher net corporate costs vs Q4-16
- *Full year EBITA adj.¹ -50 mNOK (-20 mNOK)*

Currency impact



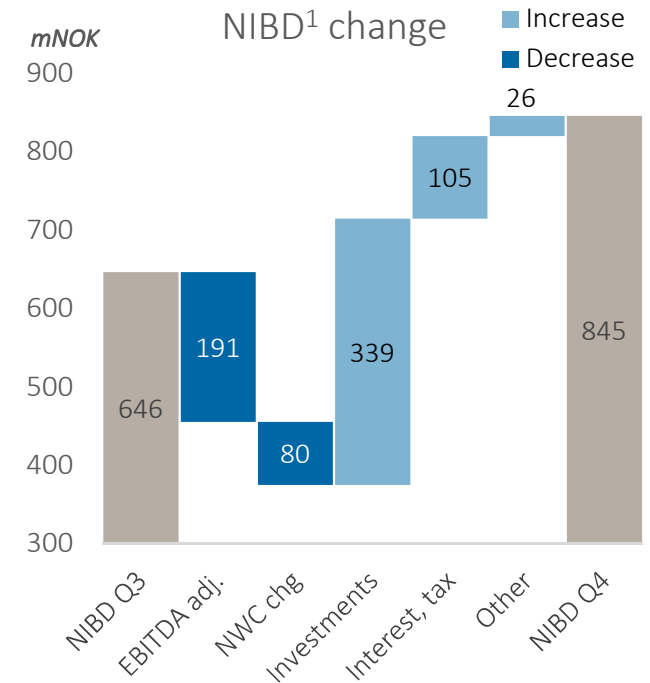
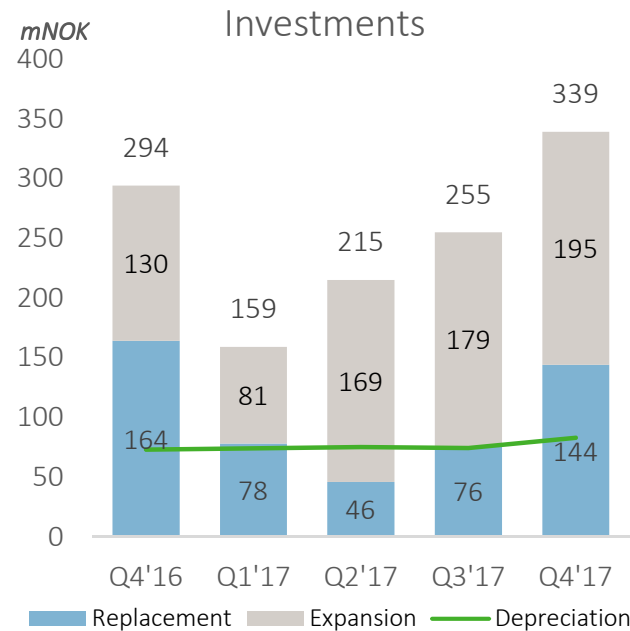
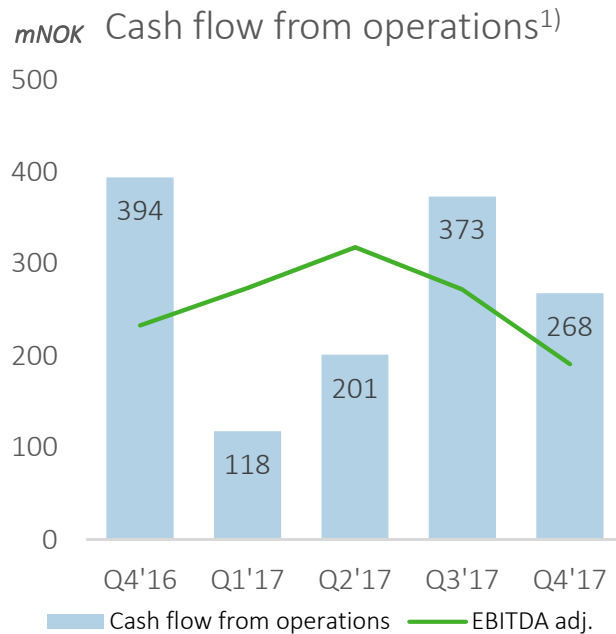
- Net FX EBITA adj.¹ impact 15 mNOK vs Q4-16
 - Includes change in hedging effects and based on estimated FX exposure
 - Net FX EBITA adj.¹ impact YTD 15 mNOK
- Net FX EBITA adj.¹ impact in 2018 estimated to be 30 mNOK vs 2017
 - Assuming rates as of 1 February (USD 7.68 and EUR 9.57) on expected FX exposure
 - Net FX EBITA adj.¹ impact in Q1-18 estimated to be 5 mNOK vs Q1-17

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).

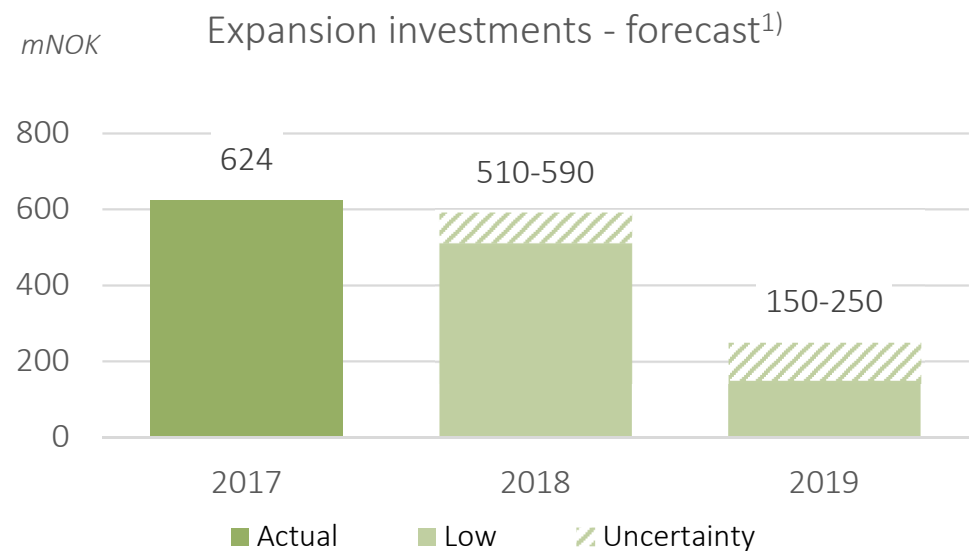
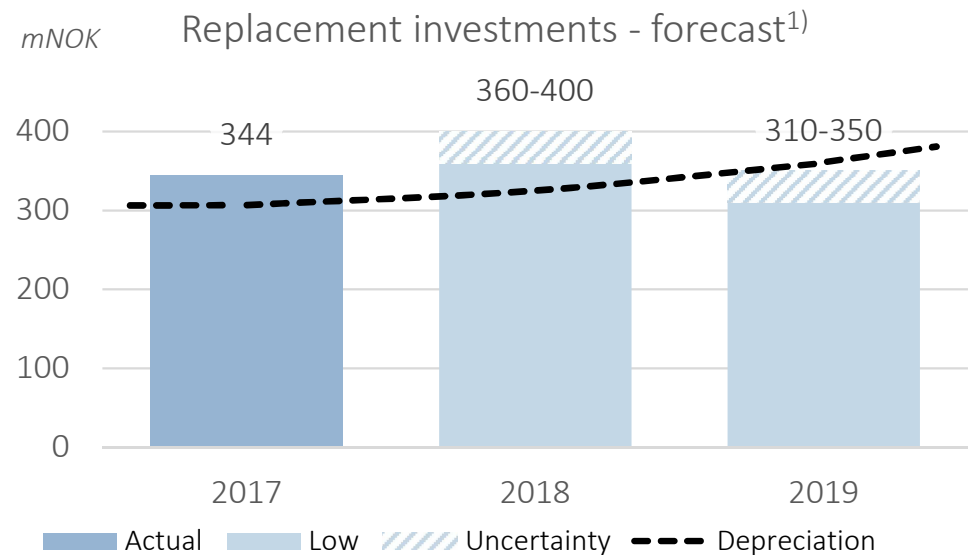
Cash flow, investments and NIBD



- Cash flow from operations¹ decreased vs Q4-16
 - Weaker result and less favourable development in net working capital
- Increased expansion investments¹ in Q4
 - Mainly related to the Florida project and the lignin operation upgrade in Norway
 - Investments pay-out lower than expected in Q4, will be carry-over to 2018
- NIBD¹ increased by 199 mNOK in Q4

Investment forecast 2018-2019

- Replacement investments
 - Targeted at depreciation level
 - Above in 2017-2019 due to wood seasoning silos (2017, covered by insurance) and part of lignin operation upgrade in Norway
- Expansion investments
 - New plant LignoTech Florida phase 1: 110 mUSD (100%) \approx 900 mNOK (late 2016 to mid 2018)
 - Ice Bear project: 115 mNOK (2017 to 2018)
 - Lignin operation upgrade in Norway: 500 mNOK, approx. 70% expansion (mid 2017 to end 2019)
 - Other projects (bioethanol plant upgrade, fine chemicals capacity, R&D activities)
- 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 Sørlie, President & CEO
- Per Bjarne Lyngstad, CFO



APPENDIX

Borregaard – key figures

Amounts in NOK million	Q4-2017	Q4-2016	Change	YTD-2017	YTD-2016	Change
Operating revenues	1 137	1 110	2 %	4 618	4 492	3 %
EBITDA adj. ¹	191	233	-18 %	1 055	1 021	3 %
EBITA adj. ¹	109	160	-32 %	749	747	0 %
Amortisation intangible assets	-1	-1		-4	-4	
Other income and expenses ¹	-9	0		-9	13	
Operating profit	99	159	-38 %	736	756	-3 %
Financial items, net	-10	-8		-21	-32	
Profit before taxes	89	151	-41 %	715	724	-1 %
Income tax expenses	-4	-28		-157	-171	
Profit for the period	85	123	-31 %	558	553	1 %
Profit attributable to non-controlling interests	-5	0		-8	-2	
Profit attributable to owners of the parent	90	123		566	555	
Cash flow from operating activities (IFRS)	176	378		780	1 081	
Earnings per share	0,90	1,23	-27 %	5,66	5,55	2 %
<i>Adjusted EBITDA adj. Margin¹</i>	16,8 %	21,0 %		22,8 %	22,7 %	
<i>Adjusted EBITA adj. Margin¹</i>	9,6 %	14,4 %		16,2 %	16,6 %	

Operating revenues and EBITA adj.¹ per segment

Amounts in NOK million

Operating revenues	Q4-2017	Q4-2016	Change
Borregaard	1 137	1 110	2 %
Performance Chemicals	521	512	2 %
Speciality Cellulose	435	406	7 %
Other Businesses	190	201	-5 %
Eliminations	-9	-9	

Amounts in NOK million

EBITA adj. ¹	Q4-2017	Q4-2016	Change
Borregaard	109	160	-32 %
Performance Chemicals	76	107	-29 %
Speciality Cellulose	67	47	43 %
Other Businesses	-34	6	-667 %

Amounts in NOK million

Operating revenues	YTD-2017	YTD-2016	Change
Borregaard	4 618	4 492	3 %
Performance Chemicals	2 176	2 161	1 %
Speciality Cellulose	1 698	1 590	7 %
Other Businesses	783	776	1 %
Eliminations	-39	-35	

Amounts in NOK million

EBITA adj. ¹	YTD-2017	YTD-2016	Change
Borregaard	749	747	0 %
Performance Chemicals	449	517	-13 %
Speciality Cellulose	350	250	40 %
Other Businesses	-50	-20	-150 %

Cash flow

Amounts in NOK million	Q4-2017	Q4-2016	YTD-2017	YTD-2016
Amounts in NOK million				
Profit before taxes	89	151	715	724
Amortisation, depreciation and impairment charges	89	74	316	278
Change in net working capital, etc	80	161	-92	170
Dividend (share of profit) from JV	13	6	11	-1
Taxes paid	-95	-14	-170	-90
Cash flow from operating activities	176	378	780	1 081
Investments property, plant and equipment and intangible assets *	-339	-294	-968	-622
Other capital transactions	2	2	10	5
Cash flow from Investing activities	-337	-292	-958	-617
Dividends	0	0	-349	-149
Proceeds from exercise of options/shares to employees	0	2	11	7
Buy-back of shares	0	0	-29	-10
Gain/(loss) on hedges for net investments in subsidiaries	-35	-32	8	13
Net paid to/from shareholders	-35	-30	-359	-139
Proceeds from interest-bearing liabilities	288	6	668	106
Repayment from interest-bearing liabilities	-126	-202	-258	-309
Change in interest-bearing receivables/other liabilities	12	3	46	-23
Change in net interest-bearing liabilities	174	-193	456	-226
Cash flow from financing activities	139	-223	97	-365
Change in cash and cash equivalents	-22	-137	-81	99
Cash and cash equivalents at beginning of period	198	385	265	169
Change in cash and cash equivalents	-22	-137	-81	99
Currency effects cash and cash equivalents	4	17	-4	-3
Cash and cash equivalents at the end of the period	180	265	180	265
* Investment by category				
Replacement Investments	144	164	344	358
Expansion investments ¹	195	130	624	264

¹ Non-GAAP measure, see Appendix for definition.

Balance sheet

Amounts in NOK million	31.12.2017	30.09.2017	31.12.2016
Assets:			
Intangible assets	111	112	125
Property, plant and equipment	3 126	2 858	2 471
Other assets	93	165	115
Investment in joint venture	118	116	121
Non-current assets	3 448	3 251	2 832
Inventories	734	712	626
Receivables	971	899	948
Cash and cash deposits	180	199	265
Current assets	1 885	1 810	1 839
Total assets	5 333	5 061	4 671
Equity and liabilities:			
Group equity	2 889	2 923	2 679
Non-controlling interests	107	78	34
Equity	2 996	3 001	2 713
Provisions and other liabilities	277	298	299
Interest-bearing liabilities	743	775	525
Non-current liabilities	1 020	1 073	824
Interest-bearing liabilities	283	71	61
Other current liabilities	1 034	916	1 073
Current liabilities	1 317	987	1 134
Equity and liabilities	5 333	5 061	4 671
Equity ratio ¹ (%):	56,2 %	59,3 %	58,1 %

Net financial items & net interest-bearing debt¹

Amounts in NOK million

Net financial items	Q4-2017	Q4-2016	YTD-2017	YTD-2016
Net interest expenses	-4	-4	-18	-19
Currency gain/loss	1	2	5	-7
Other financial items, net	-7	-6	-8	-6
Net financial items	-10	-8	-21	-32

Amounts in NOK million

Net interest-bearing debt ¹ (NIBD)	31.12.2017	30.09.2017	31.12.2016
Non-current interest-bearing liabilities	743	775	525
Current interest-bearing liabilities including overdraft of cashpool	283	71	61
Non-current interest-bearing receivables (included in "Other Assets")	-1	-1	-21
Cash and cash deposits	-180	-199	-265
Net interest-bearing debt¹ (NIBD)	845	646	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 01.02.18)

	USD million	USD rate	EUR million	EUR rate
Q1-2018	36	8.18	22	9.28
Q2-2018	39	8.14	22	9.07
Q3-2018	37	8.23	22	9.46
Q4-2018	36	8.41	21	9.54
2018	148	8.24	87	9.35
2019	106	8.36	87	9.61
2020	66	8.15	56	9.74

Hedging effects by segment

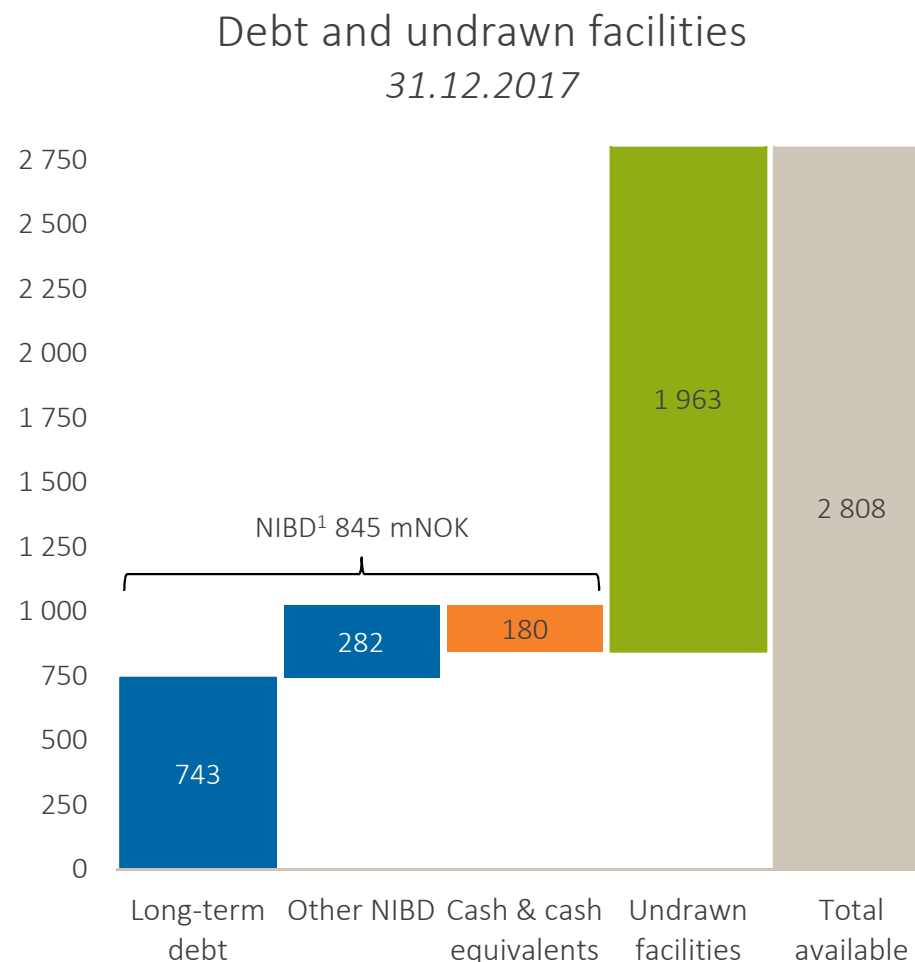
NOK million	Q4-17	Q4-16	YTD-17	YTD-16
Performance Chemicals	0	-6	-18	-32
Speciality Cellulose	-6	-13	-36	-59
Other Businesses	-4	-5	-18	-24
Borregaard	-10	-24	-72	-115

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
 - Short-term facilities
 - 225 mNOK overdraft facilities
 - 200 mNOK commercial paper
- Solidity (covenants)
 - Equity ratio¹ 56.2% (> 25%)
 - Leverage ratio¹ LTM 0.8 (< 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.

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 fourth quarter of 2017, held on 2 February 2018. 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.