Agenda

• Per A Sørlie, President & CEO
  • Highlights
  • Proposed dividend
  • Business areas
  • Strategic update
  • Outlook

• Per Bjarne Lyngstad, CFO
  • Financial performance
Highlights – 4th quarter 2018

- EBITA adj.¹ 94 mNOK (109 mNOK)
- Growth in Industrial and Specialities for Performance Chemicals
- Increased costs related to Florida ramp-up and lignin distribution
- Higher wood costs and lower acetate sales in Speciality Cellulose
- Strong improvement in Ingredients
- Positive net currency impact

¹ Non-GAAP measure, see Appendix for definition
Highlights – full year 2018

- EBITA adj.\(^1\) 580 mNOK (749 mNOK)
- In Performance Chemicals, increased sales volume, diversification and specialisation off-set challenging concrete admixtures market
- Ramp-up costs and depreciation for the new Florida plant and increased lignin distribution costs
- Speciality Cellulose affected by lower sales of acetate grades and higher wood and caustic soda costs
- Strong improvement in Other Businesses
- Completion of several strategic investment projects

\(^1\) Non-GAAP measure, see Appendix for definition
Dividend proposal for 2018

- 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 2.25 per share is proposed by the Board of Directors
  - 47% of net earnings
  - Total dividend payment of 224 mNOK
Performance Chemicals markets – Q4

- Sales volume increased 3% vs Q4-17
  - Volume growth for both Industrial and Specialities
- Average price in sales currency was in line with Q4-17
  - Concrete admixture market remained challenging for lignin products
  - Compensated by growth in Industrial and Specialities

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.
Performance Chemicals markets – full year

- Average price in sales currency was 1% lower than in 2017
  - Diversification and specialisation off-set the effect of challenging market conditions for lignin products to concrete admixtures
- Total sales volume increased 4%
  - Growth for Industrial and Specialities
  - Inventories of finished goods were relatively stable

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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.
In total, cellulose prices in sales currency were stable
- Weaker product mix due to lower sales of acetate cellulose
- Higher sales prices and improved product mix in Bioethanol, but lower sales volume
- Positive FX impact

\[ ^1 \text{Average sales price is calculated using actual FX rates, excluding hedging impact.} \]
Speciality Cellulose markets – full year

- Cellulose prices were in line with 2017, but product mix affected the average price negatively
- Sales of highly specialised grades decreased
  - Lower sales of acetate cellulose, market remained challenging
  - Continued growth in the ethers market
- Higher sales prices and improved product mix for Bioethanol
  - Dehydration plant investment allows entire production as water-free bioethanol
- Positive FX effects

1 Average sales price is calculated using actual FX rates, excluding hedging impact.
Ingredients & Fine Chemicals markets – Q4 & full year

**Ingredients**
- Increased sales prices and higher sales volume for bio-based vanillin vs Q4-17
- Positive market trend continues
  - *Increasing prices and higher sales volume in 2018 for bio-based vanillin*
  - *Sales revenues increased 32%*

**Fine Chemicals**
- Higher deliveries of a key product vs Q4-17
  - *Sales revenues increased by 2% in 2018*
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\(^1\) 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

\(^1\) Borregaard Advanced Lignin
Update on strategic priorities

Growth and specialisation within Performance Chemicals
- 50% volume growth in high-value lignin products from 2009 until 2017
- Successful start-up of new Florida plant (1st phase) mid 2018
- 500 mNOK upgrade and increased specialisation in Sarpsborg (2019)
- Extension of joint venture agreement in South Africa to 2032

Develop the unique biorefinery assets in Sarpsborg
- Ice Bear project – speciality cellulose with ultra high purity (Q4-18)
- High-end bioethanol expansion (Q1-18)
- Debottlenecking in Fine Chemicals (2017)
- Lignin operation upgrade and increased specialisation (2019)

Establish Cellulose Fibrils as a new business area
- Commercial-scale production facility in Sarpsborg completed in Q4-16
- Exilva market introduction ongoing
- SenseFi decision pending
Strategic priorities – next steps

• **Increased specialisation and volume growth**
  - Successful market introduction of new lignin volumes from Florida
  - Ice Bear product range
  - Cellulose Fibrils
  - Grow specialities volume in Performance Chemicals and Speciality Cellulose

• **Sustainability**
  - Increase market awareness of Borregaard’s biobased products

• **Ongoing and potential expansion initiatives**
  - Complete lignin operation upgrade and increased specialisation in Sarpsborg (2019)
  - Florida lignin expansion – 2\textsuperscript{nd} phase (50,000 mtds)
  - Exilva (Cellulose Fibrils) – 2\textsuperscript{nd} phase (1,000 mtds)
  - Explore other specialisation and capacity expansion opportunities
**Sustainability**

**Integral part of market offering**

**RAW MATERIALS**
- Natural, renewable, sustainable raw materials

**PROCESSES**
- Efficient and sustainable production and value chain

**PRODUCTS**
- Sustainable biochemistries

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**Sustainable and certified wood**
- Documentation
- PEFC\(^1\) and FSC\(^1\) standards
- Lignin raw materials from certified forests

**Reduced emissions improve LCA\(^2\)**
- Target based CO\(_2\)-reductions
  - Energy conservations
  - New/green energy sources
- Reduced emissions to water and air
- "Greener" logistical solutions

**Products add sustainable value to customers**
- **Climate**: LCA\(^2\) shows favourable GHG footprint
- **Biobased**: Natural raw materials preferred
- **EHS\(^3\)**: Non-toxic, harmless products

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\(^1\) PEFC: Programme for the Endorsement of Forest Certification, FSC: Forest Stewardship Council

\(^2\) Life Cycle Analysis

\(^3\) Environment, Health and Safety
Outlook

- **Performance Chemicals**
  - Continued strong competition and further price pressure for lignin products to concrete admixtures expected to be partly compensated by diversification and specialisation in 2019
  - 2019 sales volume forecast to increase by ~10%, mainly due to Florida ramp-up
  - Distribution costs will gradually decline over the next quarters
  - Fixed costs and depreciation for the Florida plant expected to be ~40 mNOK above 2018

- **Speciality Cellulose**
  - Average cellulose price in sales currency expected to be in line with 2018 level
  - Improved product mix will compensate for weaker prices for acetate and textile cellulose
  - Wood prices will increase further from beginning of 2019, wood cost in H1-19 will increase by ~50 mNOK vs H1-18
  - Q1-19 sales volume expected to be lower than Q1-18 with similar product mix

- **Other Businesses**
  - Ingredients’ result expected to increase in 2019, driven by positive market trend for bio-based vanillin
  - No major changes expected in market conditions for Fine Chemicals
  - Sales will gradually increase for Cellulose Fibrils, but long lead-times for conversion of sales prospects. Remaining grant from EU Horizon 2020 will cover a smaller share of costs than in previous years
FINANCIAL PERFORMANCE Q4-18
Borregaard key figures – Q4

- Revenues 7% above Q4-17
- EBITA adj.\(^1\) 94 mNOK for the Group
  - Strong improvement in Other Businesses, decline for Performance Chemicals and Speciality Cellulose
  - Continued challenging markets for concrete admixtures and acetate cellulose, partly off-set by strong performance in Ingredients and positive FX impact
  - Higher costs and depreciation (Florida plant, lignin distribution costs, wood costs)
- EPS at NOK 0.80 (NOK 0.90)

\(^1\) Non-GAAP measure, see Appendix for definition.
Borregaard key figures – full year

- Revenues up 4% vs 2017
- Reduced EBITA adj.\(^1\)
  - Other Businesses improved, Performance Chemicals and Speciality Cellulose had weaker results
  - Strong development for bio-based vanillin, weaker markets for lignin products to concrete admixture and acetate cellulose
  - Increased costs and depreciation (wood and caustic soda, Florida plant, lignin distribution costs)
  - Positive FX impact
- ROCE\(^1\) impacted by strategic investments
- EPS for 2018 ended at NOK 4.76 (5.66)

\(^1\) Non-GAAP measure, see Appendix for definition.
Performance Chemicals key figures – Q4

- Revenues 6% above Q4-17
- 3% higher sales volume, driven by growth in Industrial and Specialities
- Full year growth 3%

- Average price in sales currency in line with Q4-17
- 22 mNOK higher fixed costs and depreciation for Florida plant
- Distribution costs slightly reduced from Q3-18
- Insignificant net FX impact
- Full year EBITA adj.¹ 314 mNOK (449 mNOK)

- EBITA adj. margin¹ decreased significantly vs Q4-17
- Full year EBITA adj. margin¹ 14.0% (20.6%)

¹ Non-GAAP measure, see Appendix for definition.
Speciality Cellulose key figures – Q4

- Revenues 2% lower than in Q4-17
- Weaker product mix for cellulose
- Lower sales volumes
- Positive FX effects
- 2% lower revenues for the full year

- Weaker product mix, stable sales price in total
- Increased wood costs
- Bioethanol result in line with Q4-17
- Positive net FX impact
- Full year EBITA adj.\(^1\) 257 mNOK (350 mNOK)

- EBITA adj. margin\(^1\) declined vs Q4-17
- Full year EBITA adj. margin\(^1\) 15.4% (20.6%)

\(^1\) Non-GAAP measure, see Appendix for definition.
Other Businesses key figures – Q4

- Revenues 33% above Q4-17
- Higher sales in Ingredients and Fine Chemicals
- Full year growth 18%

- Ingredients: Stronger result from increased prices and higher volume for bio-based vanillin
- Fine Chemicals: Higher sales but increased costs, EBITA adj\(^1\) in line with Q4-17
- Cellulose Fibrils had a slightly improved result
- Corporate costs unchanged
- Net FX effects slightly positive for Other Businesses
- Full year EBITA adj\(^1\) 9 mNOK (-50 mNOK)

\(^1\) Non-GAAP measure, see Appendix for definition.
Currency impact

- Net FX EBITA adj.\(^1\) impact +25 mNOK vs Q4-17
  - Includes change in hedging effects and based on estimated FX exposure
  - Net FX EBITA adj.\(^1\) impact YTD +45 mNOK
- Net FX EBITA adj.\(^1\) impact in 2019 estimated to be +70 mNOK vs 2018
  - Assuming rates as of 30 January (USD 8.48 and EUR 9.69) on expected FX exposure
  - Net FX EBITA adj.\(^1\) impact in Q1 estimated to be +30 mNOK vs Q1-18
- Significant FX exposure, but delayed impact of FX rate fluctuations due to hedging policy

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\(^1\) 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 2017 (~100): USD 69% (approx. 206 mUSD), EUR 31% (approx. 84 mEUR), Other 0% (GBP, BRL, JPY, SEK, ZAR).
Cash flow, investments and NIBD

- Cash flow from operations\(^1\) decreased vs Q4-17
  - Mainly a result of unfavourable net working capital development in the quarter
- Investments lower than Q4-17 and lower than forecast
  - Total carry-over to 2019 ~75 mNOK
  - Mainly related to lignin operation upgrade in Norway and Florida plant, both projects on time and with ~50 mNOK lower than budgeted investment
- NIBD\(^1\) increased by 201 mNOK in Q4

\(^1\) Non-GAAP measure, see Appendix for definition.
Updated investment forecast 2019-2020

- Replacement investments
  - Targeted at depreciation level
  - Carry-over from 2018 ~25 mNOK

- Expansion investments
  - New plant LignoTech Florida phase 1: 110 mUSD budget (100%) ≈ 900 mNOK (late 2016 to mid 2019)
  - Lignin operation upgrade in Norway: 500 mNOK budget, approx. 70% expansion (mid 2017 to Q3 2019)
  - ~50 mNOK carry-over from 2018 for the two lignin projects
  - Florida and lignin operation upgrade are on time and with ~50 mNOK lower than budgeted investment
  - Other smaller expansion projects

- New projects may lead to additional investments

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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
# Borregaard – key figures

<table>
<thead>
<tr>
<th></th>
<th>Q4-2018</th>
<th>Q4-2017</th>
<th>Change</th>
<th>YTD-2018</th>
<th>YTD-2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenues</strong></td>
<td>1 219</td>
<td>1 137</td>
<td>7 %</td>
<td>4 785</td>
<td>4 618</td>
<td>4 %</td>
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<tr>
<td><strong>EBITDA adj.</strong></td>
<td>183</td>
<td>191</td>
<td>-4 %</td>
<td>903</td>
<td>1 055</td>
<td>-14 %</td>
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<tr>
<td><strong>EBITA adj.</strong></td>
<td>94</td>
<td>109</td>
<td>-14 %</td>
<td>580</td>
<td>749</td>
<td>-23 %</td>
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<tr>
<td>Amortisation intangible assets</td>
<td>-1</td>
<td>-1</td>
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<td>-4</td>
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<td>Other income and expenses</td>
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<td>-9</td>
<td></td>
<td>0</td>
<td>-9</td>
<td></td>
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<tr>
<td><strong>Operating profit</strong></td>
<td>93</td>
<td>99</td>
<td>-6 %</td>
<td>576</td>
<td>736</td>
<td>-22 %</td>
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<tr>
<td>Financial items, net</td>
<td>-9</td>
<td>-10</td>
<td></td>
<td>-14</td>
<td>-21</td>
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<tr>
<td><strong>Profit before taxes</strong></td>
<td>84</td>
<td>89</td>
<td>-6 %</td>
<td>562</td>
<td>715</td>
<td>-21 %</td>
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<tr>
<td>Income tax expenses</td>
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<td>-137</td>
<td>-157</td>
<td></td>
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<td><strong>Profit for the period</strong></td>
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<td>85</td>
<td>-24 %</td>
<td>425</td>
<td>558</td>
<td>-24 %</td>
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<tr>
<td>Profit attributable to non-controlling interests</td>
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<td>-5</td>
<td>-24 %</td>
<td>-51</td>
<td>-8</td>
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<tr>
<td>Profit attributable to owners of the parent</td>
<td>80</td>
<td>90</td>
<td></td>
<td>476</td>
<td>566</td>
<td></td>
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<tr>
<td><strong>Cash flow from operating activities (IFRS)</strong></td>
<td>70</td>
<td>176</td>
<td></td>
<td>558</td>
<td>780</td>
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<tr>
<td><strong>Earnings per share</strong></td>
<td>0,80</td>
<td>0,90</td>
<td>-11 %</td>
<td>4,76</td>
<td>5,66</td>
<td>-16 %</td>
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<tr>
<td><strong>EBITDA adj. Margin</strong></td>
<td>15,0 %</td>
<td>16,8 %</td>
<td></td>
<td>18,9 %</td>
<td>22,8 %</td>
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<tr>
<td><strong>EBITA adj. Margin</strong></td>
<td>7,7 %</td>
<td>9,6 %</td>
<td></td>
<td>12,1 %</td>
<td>16,2 %</td>
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</table>

1 Non-GAAP measure, see Appendix for definition.
## Operating revenues and EBITA adj.\(^1\) per segment

<table>
<thead>
<tr>
<th>Operating revenues</th>
<th>Q4-2018</th>
<th>Q4-2017</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td>Borregaard</td>
<td>1,219</td>
<td>1,137</td>
<td>7 %</td>
</tr>
<tr>
<td>Performance Chemicals</td>
<td>552</td>
<td>521</td>
<td>6 %</td>
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<tr>
<td>Speciality Cellulose</td>
<td>427</td>
<td>435</td>
<td>-2 %</td>
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<tr>
<td>Other Businesses</td>
<td>253</td>
<td>190</td>
<td>33 %</td>
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<tr>
<td>Eliminations</td>
<td>-13</td>
<td>-9</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Operating revenues</th>
<th>YTD-2018</th>
<th>YTD-2017</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td>Borregaard</td>
<td>4,785</td>
<td>4,618</td>
<td>4 %</td>
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<tr>
<td>Performance Chemicals</td>
<td>2,237</td>
<td>2,176</td>
<td>3 %</td>
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<tr>
<td>Speciality Cellulose</td>
<td>1,669</td>
<td>1,698</td>
<td>-2 %</td>
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<tr>
<td>Other Businesses</td>
<td>927</td>
<td>783</td>
<td>18 %</td>
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<tr>
<td>Eliminations</td>
<td>-48</td>
<td>-39</td>
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<table>
<thead>
<tr>
<th>EBITA adj.(^1)</th>
<th>Q4-2018</th>
<th>Q4-2017</th>
<th>Change</th>
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<tbody>
<tr>
<td>Borregaard</td>
<td>94</td>
<td>109</td>
<td>-14 %</td>
</tr>
<tr>
<td>Performance Chemicals</td>
<td>42</td>
<td>76</td>
<td>-45 %</td>
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<tr>
<td>Speciality Cellulose</td>
<td>50</td>
<td>67</td>
<td>-25 %</td>
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<tr>
<td>Other Businesses</td>
<td>2</td>
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<table>
<thead>
<tr>
<th>EBITA adj.(^1)</th>
<th>YTD-2018</th>
<th>YTD-2017</th>
<th>Change</th>
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<tbody>
<tr>
<td>Borregaard</td>
<td>580</td>
<td>749</td>
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<tr>
<td>Performance Chemicals</td>
<td>314</td>
<td>449</td>
<td>-30 %</td>
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<tr>
<td>Speciality Cellulose</td>
<td>257</td>
<td>350</td>
<td>-27 %</td>
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<tr>
<td>Other Businesses</td>
<td>9</td>
<td>-50</td>
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\(^1\) Non-GAAP measure, see Appendix for definition.
# Cash flow

<table>
<thead>
<tr>
<th>Amounts in NOK million</th>
<th>Q4-2018</th>
<th>Q4-2017</th>
<th>YTD-2018</th>
<th>YTD-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit before taxes</strong></td>
<td>84</td>
<td>89</td>
<td>562</td>
<td>715</td>
</tr>
<tr>
<td><strong>Amortisation, depreciation and impairment charges</strong></td>
<td>90</td>
<td>89</td>
<td>327</td>
<td>316</td>
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<tr>
<td><strong>Change in net working capital, etc</strong></td>
<td>-102</td>
<td>80</td>
<td>-194</td>
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<tr>
<td><strong>Dividend (share of profit) from JV</strong></td>
<td>0</td>
<td>13</td>
<td>6</td>
<td>11</td>
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<tr>
<td><strong>Taxes paid</strong></td>
<td>-2</td>
<td>-95</td>
<td>-143</td>
<td>-170</td>
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<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td><strong>70</strong></td>
<td><strong>176</strong></td>
<td><strong>558</strong></td>
<td><strong>780</strong></td>
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<tr>
<td><strong>Investments property, plant and equipment and intangible assets</strong></td>
<td>-213</td>
<td>-339</td>
<td>-762</td>
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<td><strong>Other capital transactions</strong></td>
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<td><strong>Cash flow from Investing activities</strong></td>
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<td><strong>-337</strong></td>
<td><strong>-749</strong></td>
<td><strong>-958</strong></td>
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<tr>
<td><strong>Dividends</strong></td>
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<td><strong>Proceeds from exercise of options/shares to employees</strong></td>
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<td>11</td>
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<td><strong>Buy-back of shares</strong></td>
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<td>-29</td>
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<td><strong>Gain/(loss) on hedges for net investments in subsidiaries</strong></td>
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<td>-35</td>
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<td><strong>Net paid to/from shareholders</strong></td>
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<td><strong>-35</strong></td>
<td><strong>-230</strong></td>
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<tr>
<td><strong>Proceeds from interest-bearing liabilities</strong></td>
<td>39</td>
<td>288</td>
<td>1 292</td>
<td>668</td>
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<td><strong>Repayment from interest-bearing liabilities</strong></td>
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<td>-258</td>
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<tr>
<td><strong>Change in interest-bearing receivables/other liabilities</strong></td>
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<td>12</td>
<td>-2</td>
<td>46</td>
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<tr>
<td><strong>Change in net interest-bearing liabilities</strong></td>
<td><strong>29</strong></td>
<td><strong>174</strong></td>
<td><strong>330</strong></td>
<td><strong>456</strong></td>
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<td><strong>Cash flow from financing activities</strong></td>
<td><strong>-10</strong></td>
<td><strong>139</strong></td>
<td><strong>100</strong></td>
<td><strong>97</strong></td>
</tr>
<tr>
<td><strong>Change in cash and cash equivalents</strong></td>
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<td><strong>-22</strong></td>
<td><strong>-91</strong></td>
<td><strong>-81</strong></td>
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<tr>
<td><strong>Cash and cash equivalents at beginning of period</strong></td>
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<td>198</td>
<td>180</td>
<td>265</td>
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<tr>
<td><strong>Change in cash and cash equivalents</strong></td>
<td><strong>-151</strong></td>
<td><strong>-22</strong></td>
<td><strong>-91</strong></td>
<td><strong>-81</strong></td>
</tr>
<tr>
<td><strong>Currency effects cash and cash equivalents</strong></td>
<td>6</td>
<td>4</td>
<td>-3</td>
<td>-4</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the period</strong></td>
<td><strong>86</strong></td>
<td><strong>180</strong></td>
<td><strong>86</strong></td>
<td><strong>180</strong></td>
</tr>
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</table>

*Investment by category

| Replacement Investments | 189 | 144 | 346 | 344 |
| Expansion investments¹ | 24  | 195 | 416 | 624 |

¹ Non-GAAP measure, see Appendix for definition.
## Balance sheet

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>100</td>
<td>99</td>
<td>111</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>3 623</td>
<td>3 450</td>
<td>3 126</td>
</tr>
<tr>
<td>Other assets</td>
<td>230</td>
<td>101</td>
<td>93</td>
</tr>
<tr>
<td>Investment in joint venture</td>
<td>100</td>
<td>96</td>
<td>118</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>856</td>
<td>846</td>
<td>734</td>
</tr>
<tr>
<td>Receivables</td>
<td>956</td>
<td>952</td>
<td>971</td>
</tr>
<tr>
<td>Cash and cash deposits</td>
<td>86</td>
<td>231</td>
<td>180</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>1 898</td>
<td>2 029</td>
<td>1 885</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>5 951</td>
<td>5 775</td>
<td>5 333</td>
</tr>
<tr>
<td><strong>Equity and liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group equity</td>
<td>3 123</td>
<td>3 109</td>
<td>2 889</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>198</td>
<td>116</td>
<td>107</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>3 321</td>
<td>3 225</td>
<td>2 996</td>
</tr>
<tr>
<td>Provisions and other liabilities</td>
<td>271</td>
<td>246</td>
<td>277</td>
</tr>
<tr>
<td>Interest-bearing liabilities</td>
<td>1 115</td>
<td>1 061</td>
<td>743</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td>1 386</td>
<td>1 307</td>
<td>1 020</td>
</tr>
<tr>
<td>Interest-bearing liabilities</td>
<td>272</td>
<td>270</td>
<td>283</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>972</td>
<td>973</td>
<td>1 034</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>1 244</td>
<td>1 243</td>
<td>1 317</td>
</tr>
<tr>
<td><strong>Equity and liabilities</strong></td>
<td>5 951</td>
<td>5 775</td>
<td>5 333</td>
</tr>
<tr>
<td><strong>Equity ratio(^1) (%)</strong>:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>55,8 %</td>
<td>55,8 %</td>
<td>56,2 %</td>
</tr>
</tbody>
</table>

\(^1\) Non-GAAP measure, see Appendix for definition.
### Net financial items & net interest-bearing debt

#### Amounts in NOK million

<table>
<thead>
<tr>
<th>Net financial items</th>
<th>Q4-2018</th>
<th>Q4-2017</th>
<th>YTD-2018</th>
<th>YTD-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest expenses</td>
<td>-12</td>
<td>-4</td>
<td>-32</td>
<td>-18</td>
</tr>
<tr>
<td>Currency gain/loss</td>
<td>0</td>
<td>1</td>
<td>-3</td>
<td>5</td>
</tr>
<tr>
<td>Other financial items, net</td>
<td>3</td>
<td>-7</td>
<td>21</td>
<td>-8</td>
</tr>
<tr>
<td><strong>Net financial items</strong></td>
<td><strong>-9</strong></td>
<td><strong>-10</strong></td>
<td><strong>-14</strong></td>
<td><strong>-21</strong></td>
</tr>
</tbody>
</table>

#### Amounts in NOK million

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current interest-bearing liabilities</td>
<td>1 115</td>
<td>1 061</td>
<td>743</td>
</tr>
<tr>
<td>Current interest-bearing liabilities</td>
<td>272</td>
<td>270</td>
<td>283</td>
</tr>
<tr>
<td>including overdraft of cashpool</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current interest-bearing receivables</td>
<td>-4</td>
<td>-4</td>
<td>-1</td>
</tr>
<tr>
<td>(included in &quot;Other Assets&quot;)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash deposits</td>
<td>-86</td>
<td>-231</td>
<td>-180</td>
</tr>
<tr>
<td><strong>Net interest-bearing debt¹ (NIBD)</strong></td>
<td><strong>1 297</strong></td>
<td><strong>1 096</strong></td>
<td><strong>845</strong></td>
</tr>
</tbody>
</table>

¹ Non-GAAP measure, see Appendix for definition.
Currency hedging strategy

Purpose is to delay effects of currency fluctuations and secure competitiveness

- Hedging based on expected EBITA adj. impact
  - **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**: 100% hedged
- **Balance sheet exposure hedged 100%**
- **Net investments in subsidiaries hedged up to 90% of book value in major currencies**

<table>
<thead>
<tr>
<th>Contracted FX hedges with EBITA adj. impact (as of 30.01.19)</th>
<th>Hedging effects by segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOK million</td>
<td>Q4-18</td>
</tr>
<tr>
<td>(\text{Speciality Cellulose})</td>
<td>-1</td>
</tr>
<tr>
<td>(\text{Other Businesses})</td>
<td>1</td>
</tr>
<tr>
<td>(\text{Borregaard})</td>
<td>-1</td>
</tr>
</tbody>
</table>

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)
Credit facilities, solidity and debt

Long-term credit facilities
• 1,500 mNOK revolving credit facilities, maturity 2021
• 200 mNOK 5-year bond issue, maturity 2019
• 400 mNOK 5-year bond issue, maturity 2023
• 40 mEUR 10-year loan, maturity 2024
• 60 mUSD term loan for LT Florida, tenor 8.5 years from completion

Short-term credit facilities
• 225 mNOK overdraft facilities

Solidity (covenants)
• Equity ratio\(^1\) 55.8% (> 25%)
• Leverage ratio\(^1\) LTM 1.4 (< 3.25)

\(^1\) Non-GAAP measure, see Appendix for definition.
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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