

Corral Q2 2017

August 2017



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The conference call will also be available for replay for a limited time beginning on September 1, 2017 with access information to be posted via the "Press and Notices" heading of the Corral investors section of Preem's website at <https://www.preem.se/en/in-english/investors/corral/results-and-reporting/>.

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Second Quarter Market and Market Outlook

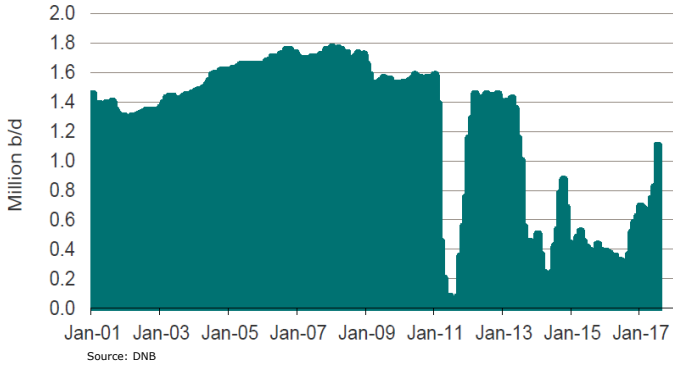


Crude markets weak in 2Q, but now firming up?

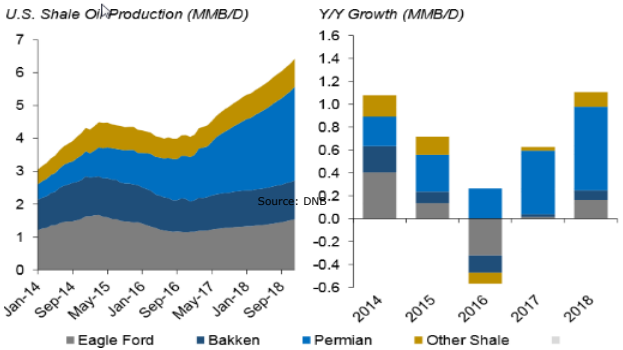
Brent Crude [USD/Bbl] -- 2017YTD



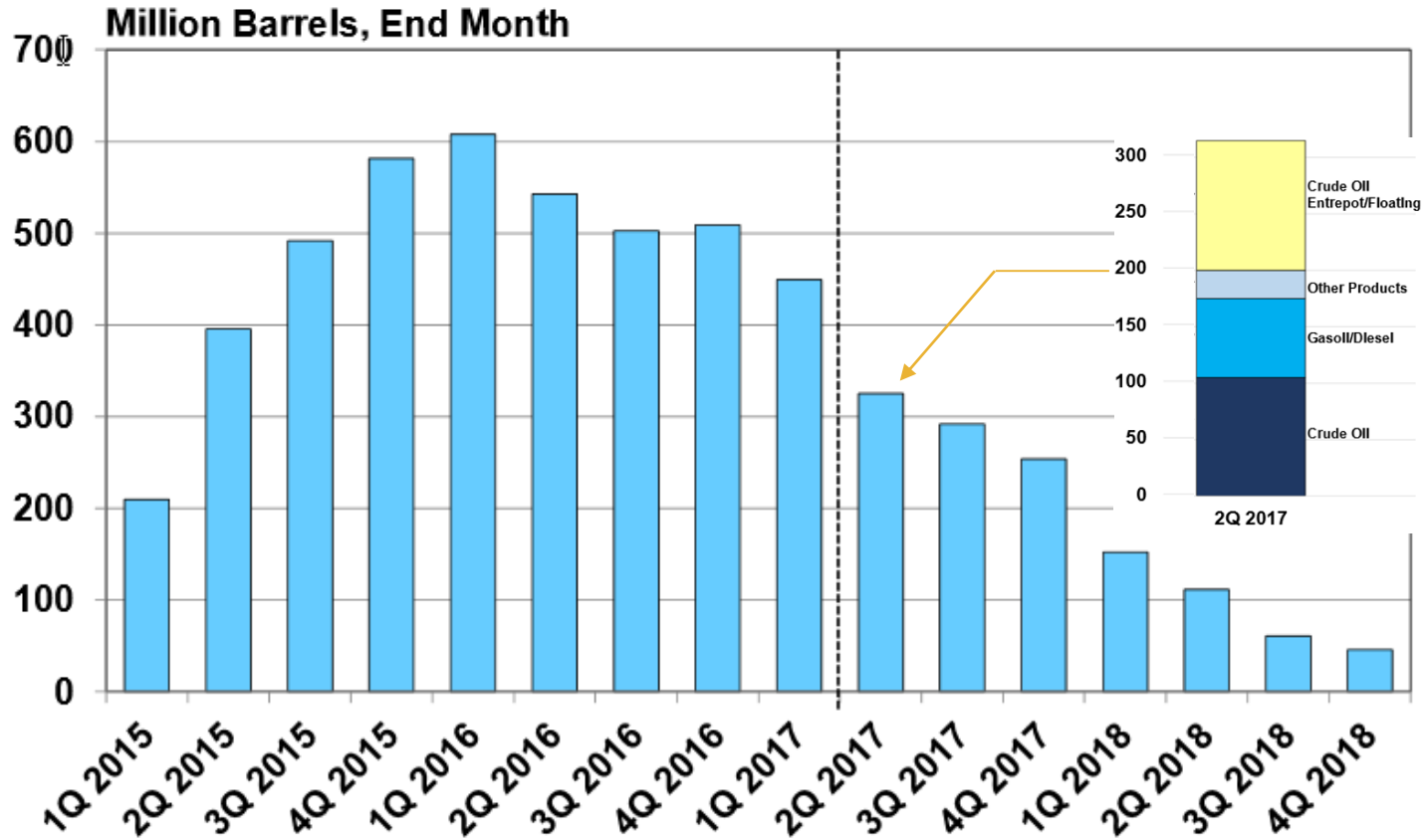
Libyan Oil Production



Strong Growth in U.S. Shale Oil Production



Global Commercial Stock Surplus

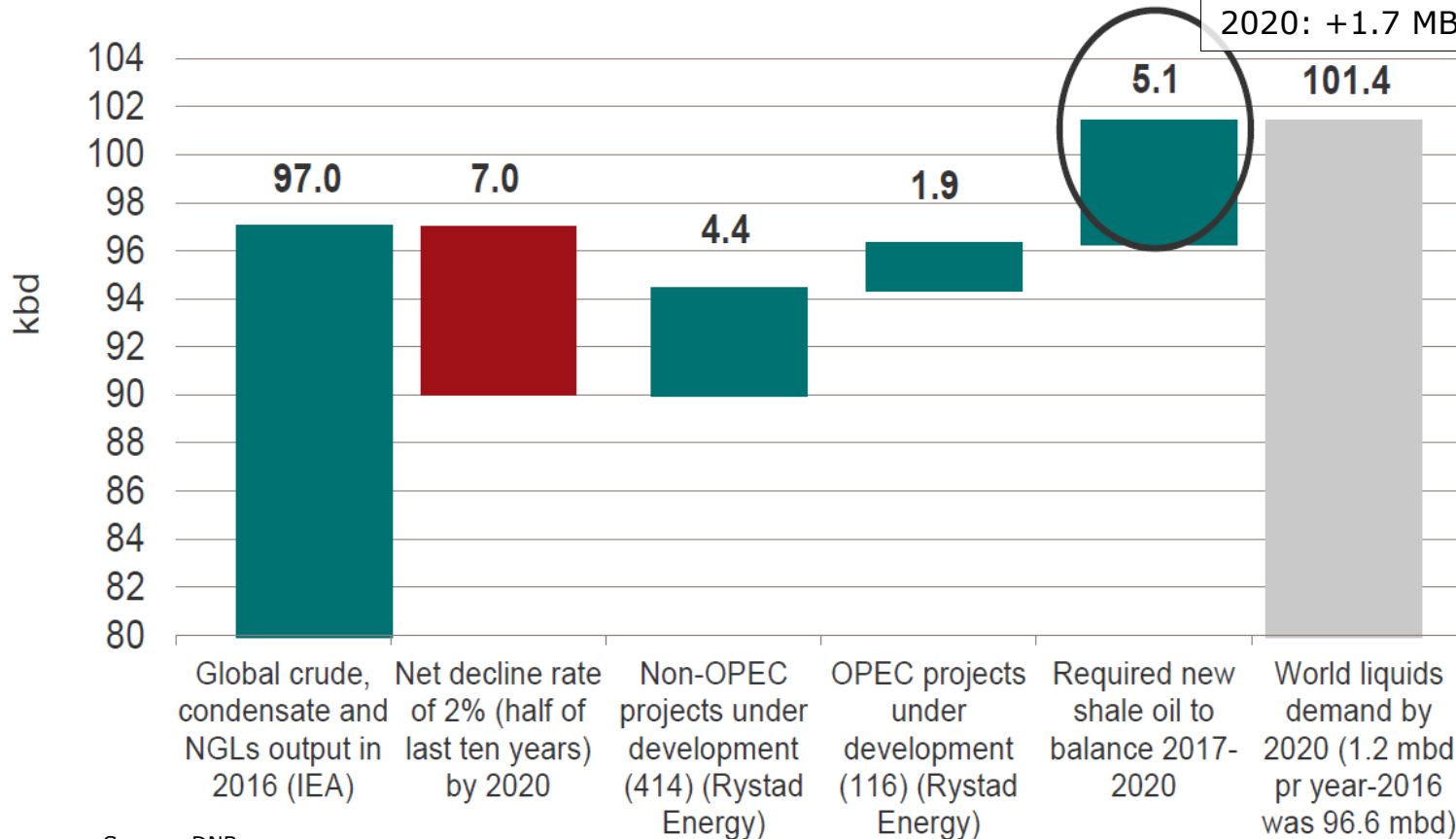


Source: Pira



2016 vs 2020 Global Oil Balance

2017: +0.6 MBD
 2018: +1.1 MBD (est.)
 2019: +1.7 MBD?
 2020: +1.7 MBD?

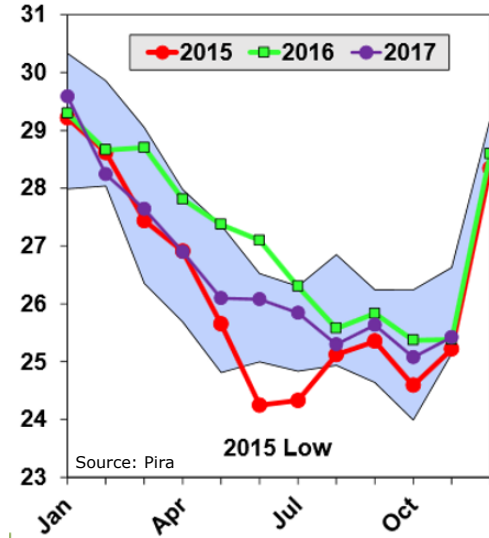


Source: DNB

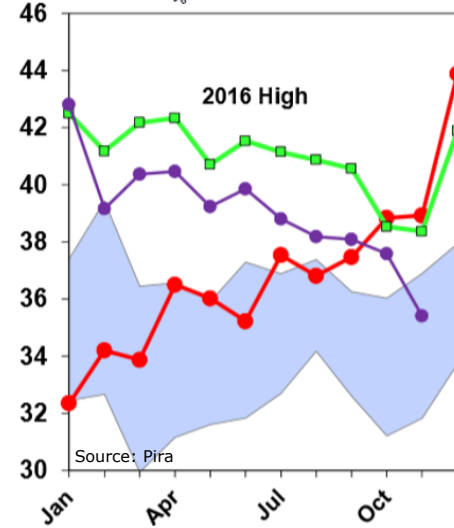


Atlantic Basin Products Inventories

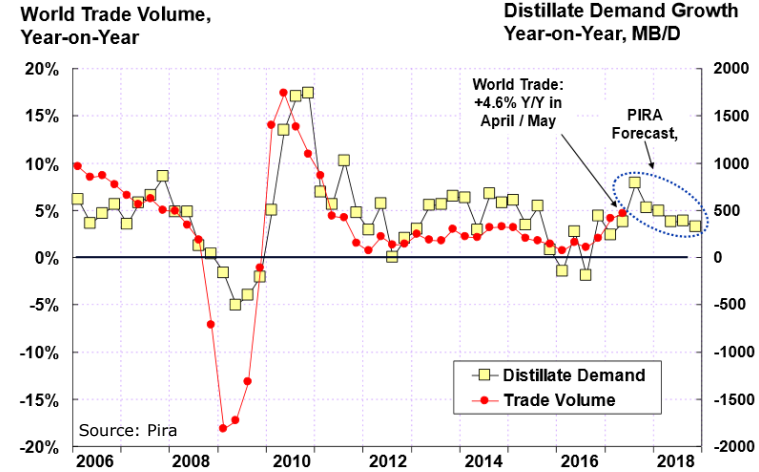
Gasoline
Days of Supply Forward Coverage*



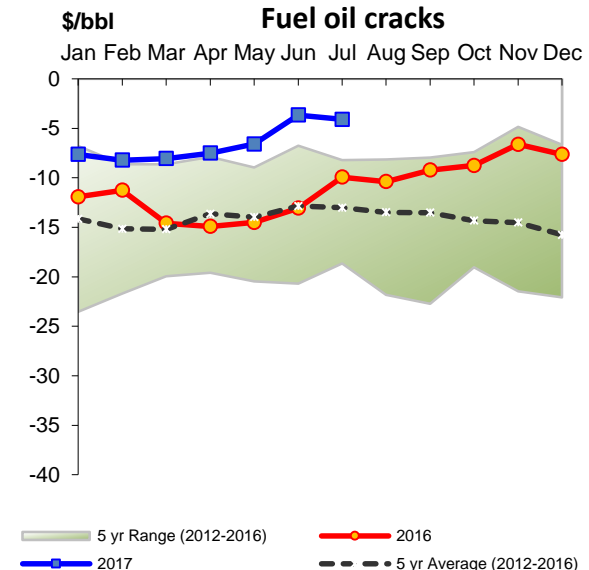
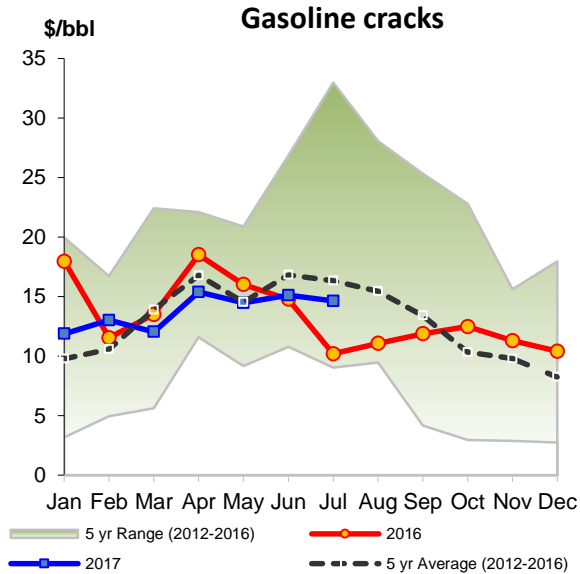
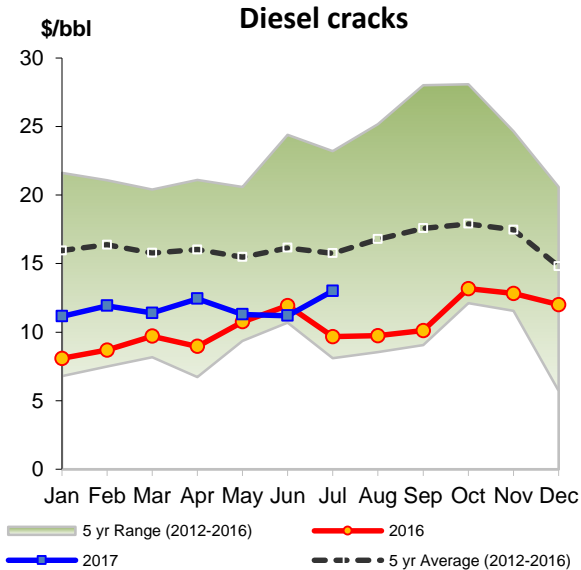
Distillates
Days of Supply Forward Coverage**



Global Distillate Demand and World Trade Activity Move Together



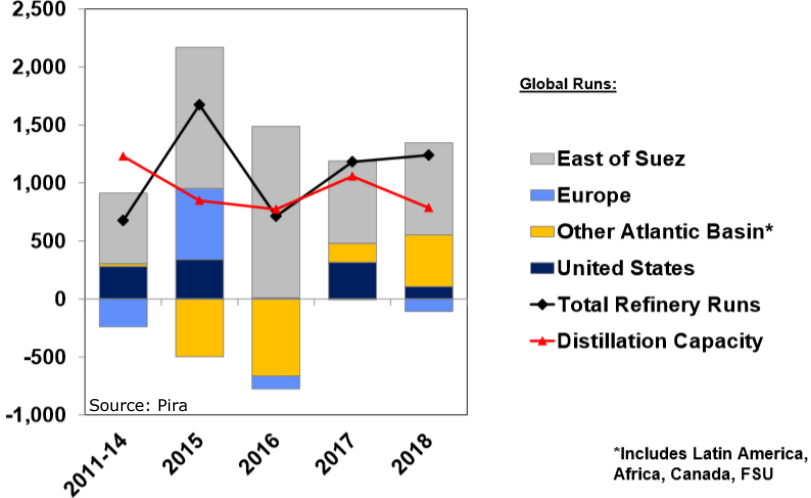
Products prices [USD/Bbl vs Brent dated]



Global refinery runs growth outpacing capacity growth, pushing utilization higher

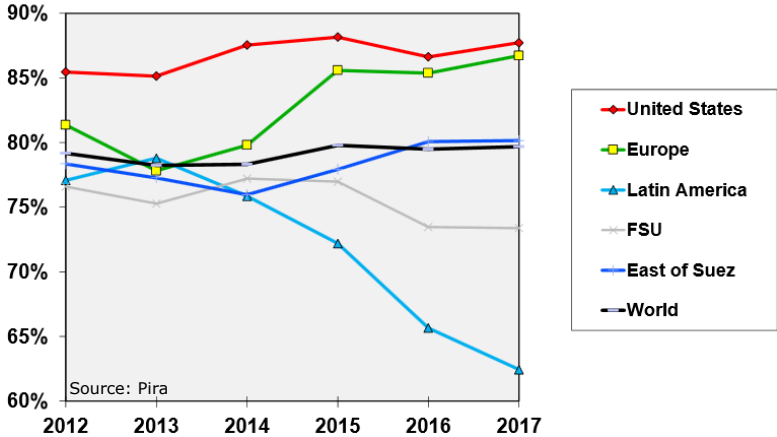
Strong global refinery runs growth -- Outpacing capacity growth

Annual Growth, MB/D per Year



Refinery Utilization Rates Increasing in Most Regions But Latin America Still Underperforming

Crude/Condensate Input vs. CDU/Splitter Average Gross Capacity



- Europe runs increased in 2015 and have not come off since then → supported by strong demand + Europe being the only large Atlantic Basin swing refiner
- US runs at record levels supported by strong demand and crude priced at export parity.
- Latin America struggling with low utilization rates in Venezuela, Mexico, and Brazil → Latin America’s refinery problems boost both volumes and refinery margins for others.



Second Quarter Highlights

Market and Operation

- All units back at full capacity after Lysekil 2Q planned turnaround. Excellent safety and reliable operation during the quarter.

Financial

- Adjusted EBITDA for the second quarter 2017 was 614 MSEK, compared to 624 MSEK in the second quarter 2016 and operating profit was 181 MSEK compared to 1 107 MSEK in the second quarter 2016.
- On June 30, 2017 Preem up streamed excess cash to Corral Petroleum Holdings to service the July 1, 2017 interest payment on the Notes.

Projects and Activities

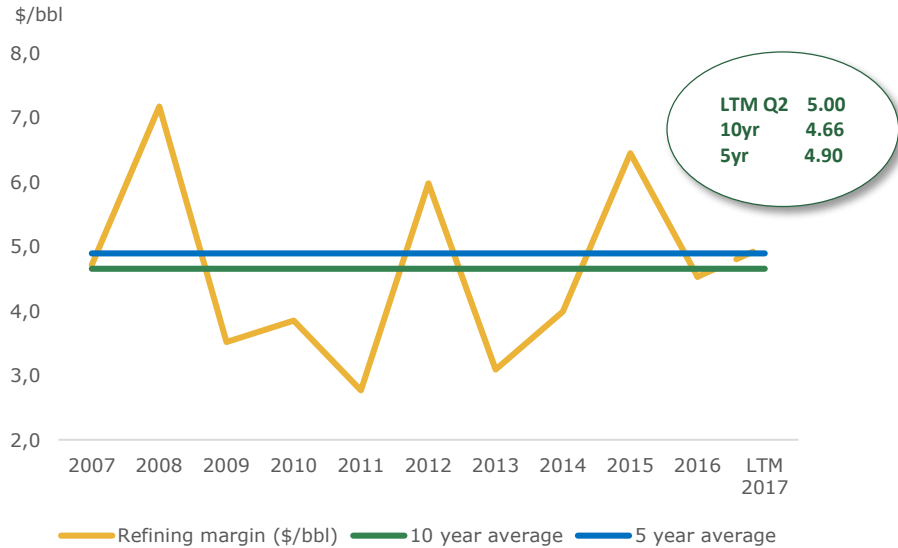
- Investment in a Vacuum Distillation Unit in Lysekil with a total capital expenditure plan of 1 600 MSEK during the period 2016 to 2018. The project is progressing according to plan. All major mechanical items and works have been contracted. Site groundworks are in its final stages and piping work will commence in September. The new vacuum tower has arrived in Lysekil and will be lifted into place in October.
- Investment in a Hydrogen Production Unit in Gothenburg with a total capital expenditure plan of 635 MSEK which is expected to be mechanically complete by the end of 2018.
- Strategic upgrade of IT systems with a total capital expenditure budget of 500 MSEK, mainly in 2016 and 2017, with planned implementation in 2017. Implementation is now expected stepwise in 2017 and 2018.
- Major planned turnaround in Gothenburg in September/October.
- The completion of the announced acquisition of YX bulk business in Norway is expected on Monday 25th of September, 2017. Preparations are ongoing in good cooperation with Uno-X Group including supply and depot agreements.

Second Quarter Financial Summary

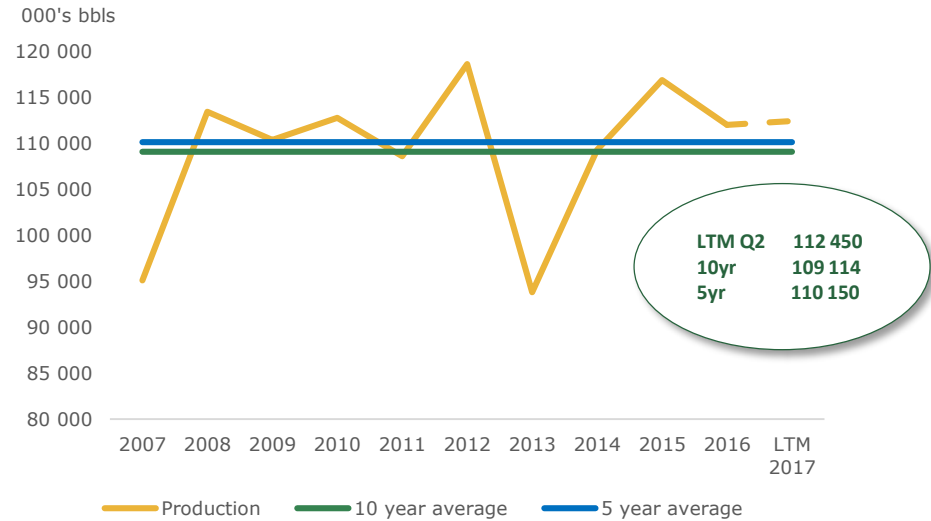


Refining Margin and Production 2007-2017 Q2

Refining margin



Production



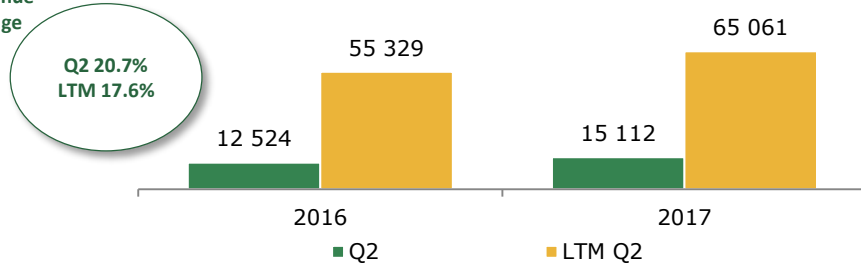
*Rolling 12 months



Group Second Quarter 2017 Results

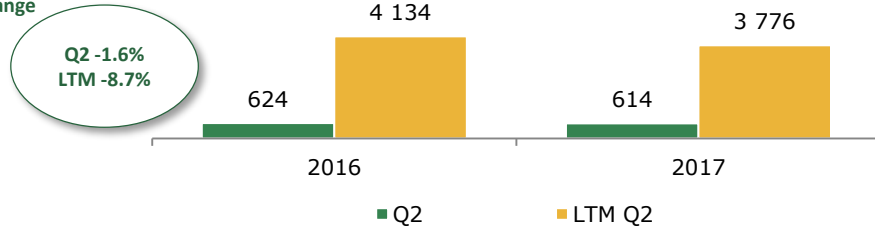
Revenue (MSEK)

Revenue Change



Adjusted EBITDA

Adjusted EBITDA Change



Adj EBITDA Margin
(% of Revenue)

2016	2017
5.0%	4.1%
7.5%	5.8%

Comments

Revenue

- The increase in sales revenue is primarily a result of higher crude and product prices compared to the comparable period for 2016.

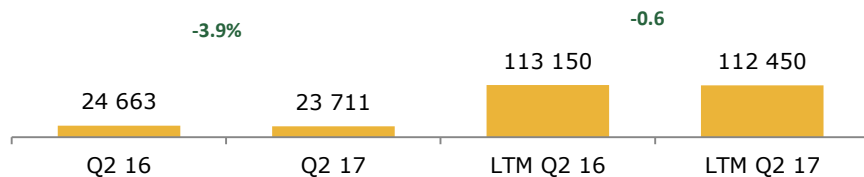
Adjusted EBITDA*

- Operating profit for the second quarter of 2017 amounted to a profit of 181 MSEK, compared to 1,107 MSEK for the second quarter of 2016. The decline is mainly attributable to the planned maintenance stop in Lysekil in April and May.

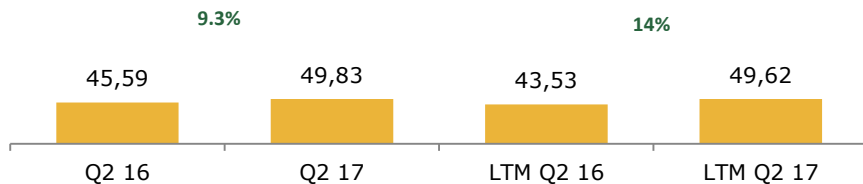
*As defined in the Corral Petroleum Holdings AB (publ) report for the second quarter ended 30 June 2017

Supply & Refining Segment

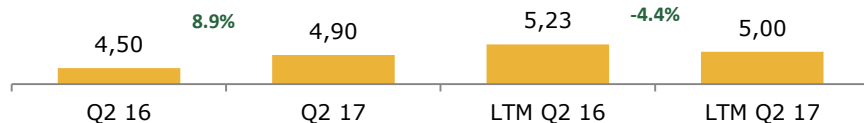
Production (000 bbls)



Average Brent Crude Price (\$/bbl)



Average Refining Margin (\$/bbl)



Comments

Production

- Outside of the planned shutdown window the refineries in Lysekil and Gothenburg had a good operational performance and high utilization in the second quarter of 2017, with a throughput of 3.9 million m3 compared to 4.0 million m3 second quarter of 2016.

Average Brent Crude Price

- During the second quarter of 2017, the price of Dated Brent traded in a range between 55 \$/bbl in the early part of April to below 45 \$/bbl in the later part of June.

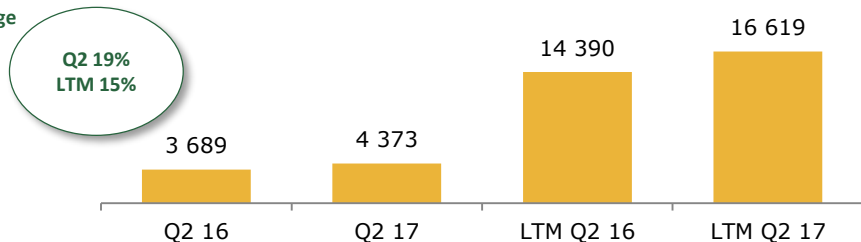
Refining Margin

- Refining margins improved during the second quarter of 2017 mainly due to the strong demand globally for gasoline reducing the gasoline inventory levels and due to the unusual strength in fuel oil.

Marketing Segment

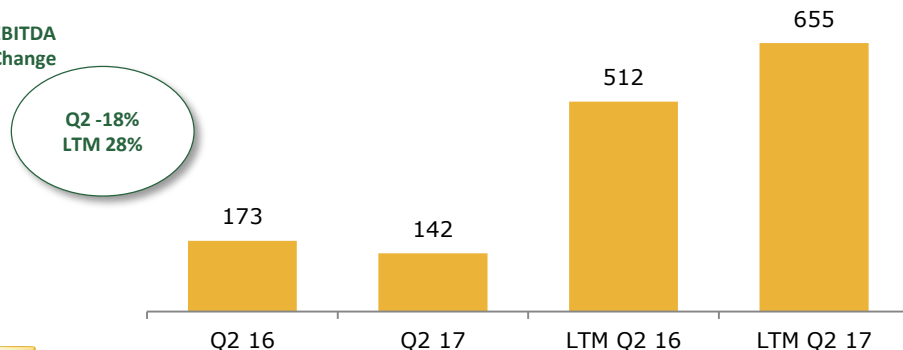
Revenue (MSEK)

Revenue Change



EBITDA (MSEK)

EBITDA Change



Comments

Revenue

- Sales volumes were 5 % higher in the second quarter of 2017 compared to the second quarter of the previous year driven by our expansion in Norway.

Marketing EBITDA

- The decrease in operating profit is mainly attributable to decreased profitability from HVO (Hydrogenated Vegetable Oil).



EBITDA Margin
(% of Revenue)

4.7%

3.2%

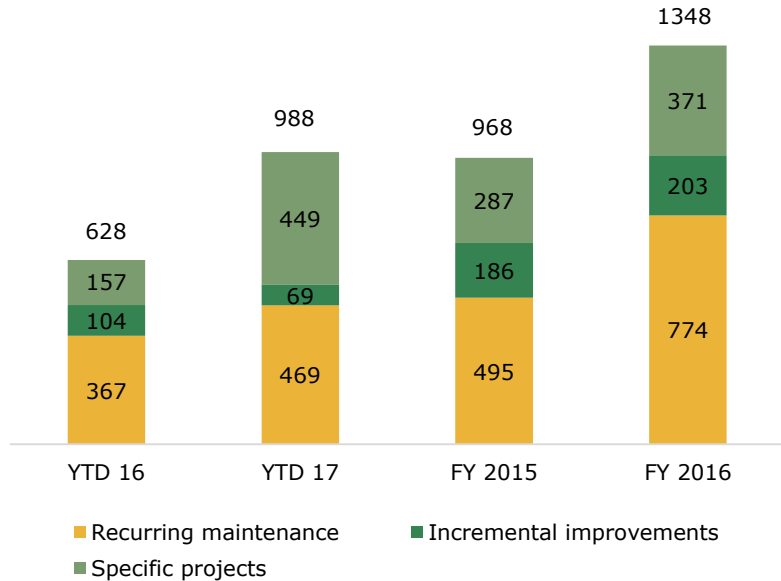
3.6%

3.9%



Capital Expenditures

Capex by Purpose (MSEK)*



*Shown on a gross basis.

Comments

Specific Projects

- The VDU investment in Lysekil, 187 MSEK Q2 2017.
- Strategic IT project. 123 MSEK Q2 2017.
- HPU investment, 136 MSEK Q2 2017.

Recurring maintenance

- Increased capex in Q2 2017 vs Q2 2016 driven by scheduled maintenance (17 MSEK) and planned maintenance (47 MSEK).
- Regulatory/Environmental maintenance increased by 22 MSEK
- Safety/Risk maintenance increased by 16 MSEK

Future investments

- In November the Preem Board approved a 635 MSEK investment in a Hydrogen Production Unit at the Gothenburg refinery. This attractive profitability investment, which we expect will be mechanically complete by the end of 2018, is designed to further increase the refinery's desulphurization capacity. The investment has an estimated pay-back time of less than two years.
- Total capex in 2016 was 1 348 MSEK compared to plan 1 514 MSEK. Total capex in 2017 is estimated at 2 550 MSEK.

Cash Flow

(MSEK)	Q2 16	Q2 17	LTM Q2 16	LTM Q2 17
Profit before taxes	244	39	-635	-77
Adjustments for items not included in cash flow	1 224	217	3 681	3 702
Tax paid	0	0	0	-2
<i>Decrease(+)/Increase(-) in inventories</i>	-753	737	1 387	-1 588
<i>Decrease(+)/Increase(-) in operating receivables</i>	-289	-309	305	-392
<i>Decrease(-)/Increase(+) in operating liabilities</i>	-942	-613	-2 236	1 808
Changes in working capital	-1 984	-185	-544	-172
Cash flow from operating activities	-516	71	2 502	3 451
Cash flow used in investing activities	-397	-457	-1 115	-1 588
	-913	-387	1 387	1 863
Amortization/Raising of loans	2 066	464	-354	-1 558
Loan expenditure	-677	0	-677	-2
Cash flow used in financing activities	1 389	464	-1 031	-1 560
Cash flow for the period	475	77	355	303

Comments

- Cash flow was negatively impacted by movements in working capital of 185 MSEK for the second quarter of 2017 compared to a negative impact of 1 984 MSEK for the second quarter of 2016.
- Cash flow from inventories amounted to 737 MSEK for the second quarter of 2017, primarily due to the decrease in the price of crude oil as well as a reduction in storage volume.
- Cash flow used in operating receivables amounted to 308 MSEK for the second quarter of 2017, primarily due to an increase in sales.
- Cash flow used in operating liabilities for the second quarter of 2017 amounted to 613 MSEK primarily due to the decrease in the price of crude oil.
- Cash flow used in financing activities is attributable to (net) repayment of loans under Preem's revolving credit facility as a consequence of the positive cash flow from operating activities.

Simplified Capital Structure

Cap Structure at the end of Q2 2017

	MSEK	\$M USD	x Adjusted EBITDA
Cash	-135	-16	(0.0)x
RCF	4 399	519	1,2x
Other interest bearing liabilities and transaction expenses	-185	-22	0.1x
Total net debt at Preem	4 079	482	1,1x
2021 Corral Notes	6 014	710	1,6x
Transaction expenses	-235	-28	(0.1)x
Cash	-811	-96	(0.2)x
Total 3rd party debt	9 047	1 068	2,4x
Adj EBITDA	3 776	446	
USDSEK exch.rate		8	

Comments

- Continued deleveraging through reduced utilization of Preem's RCF.
- Continued strong focus on paying cash coupons on the 2021 Notes.

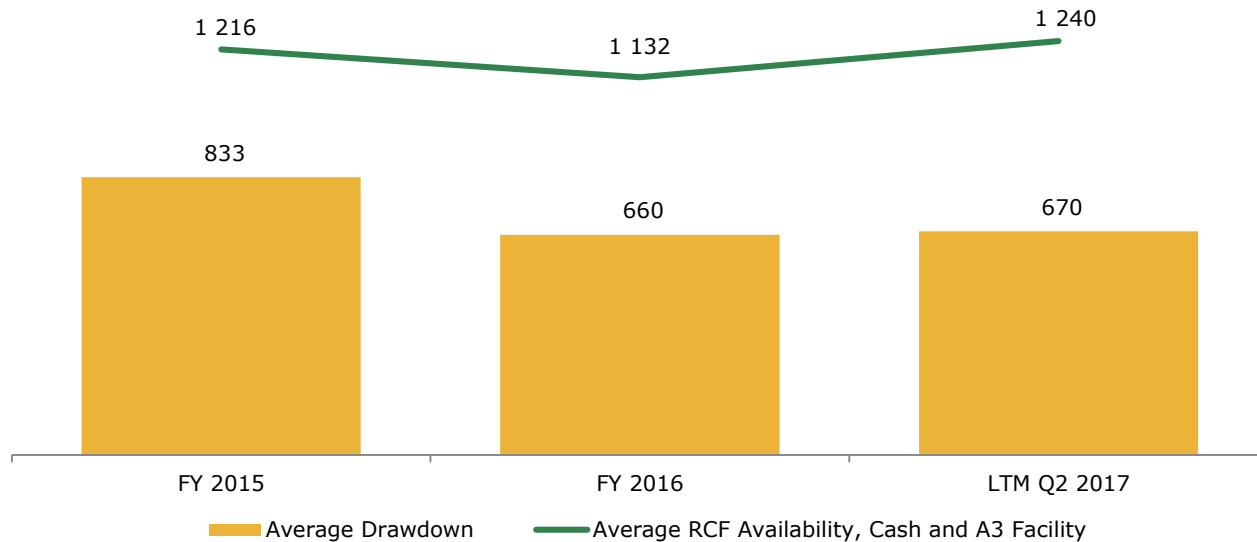
*Cash and debt figures exclude deeply subordinated debt held by our ultimate shareholder.

**Exchange rate (USD/SEK) – as of June 30, 2017



Liquidity Reserves

\$M USD



- Stable liquidity position.

Note: Drawdown and availability figures are not IFRS measures and are based on month end values averaged over the course of the year. In part, these values are internal calculations based on variables that are subjectively determined and which may not be comparable in approach to similar calculations of other companies



QUESTIONS?