

1ST QUARTER 2019

INTERIM REPORT



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Q1 2019

1ST QUARTER IN BRIEF

- *EBITA adj.¹ NOK 157 million (NOK 177 million)²*
- *7% volume growth for Performance Chemicals*
- *Florida ramp-up according to plan*
- *Higher wood costs and low deliveries in Speciality Cellulose*
- *Strong improvement in Other Businesses*
- *Positive net currency impact*

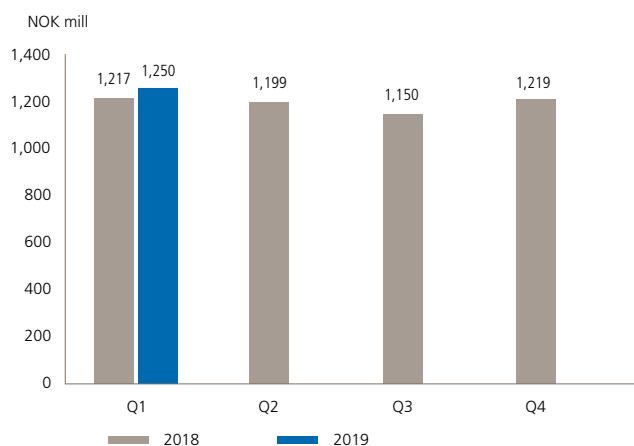
¹ Alternative performance measure, see page 21 for definition.

² Figures in parentheses are for the corresponding period in the previous year.

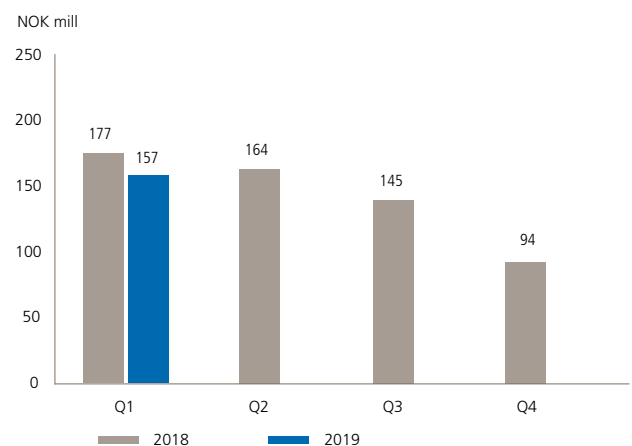
THE GROUP

Amounts in NOK million	Note	1.1 - 31.3		1.1 - 31.12
		2019	2018	2018
Operating revenues	2	1,250	1,217	4,785
EBITDA adj. ¹		255	252	903
EBITA adj. ¹	2	157	177	580
Profit/loss before taxes		141	169	562
Earnings per share (NOK)		1.26	1.37	4.76
Net interest-bearing debt ¹	10	1,379	944	1,297
Equity ratio ¹ (%)		54.3	59.5	55.8
Leverage ratio ¹		1.55	0.91	1.44
Return on capital employed ¹ (%)		11.7	17.7	12.7

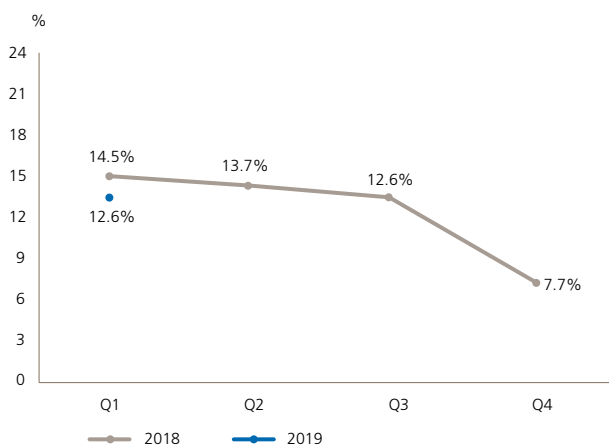
OPERATING REVENUES



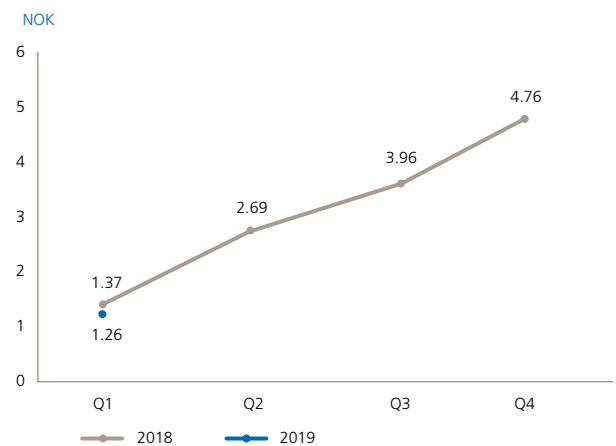
EBITA ADJ.¹



EBITA ADJ. MARGIN¹



EARNINGS PER SHARE CUMULATIVE



¹ Alternative performance measure, see page 21 for definition.

FIRST QUARTER

Borregaard's operating revenues increased to NOK 1,250 million (NOK 1,217 million)² in the 1st quarter of 2019. EBITA adj.¹ was NOK 157 million (NOK 177 million). Other Businesses' result improved significantly compared with the corresponding quarter in 2018, whereas Performance Chemicals and Speciality Cellulose had a decline. The implementation of IFRS 16 Leases had a marginal positive impact of NOK 1 million on EBITA adj.¹.

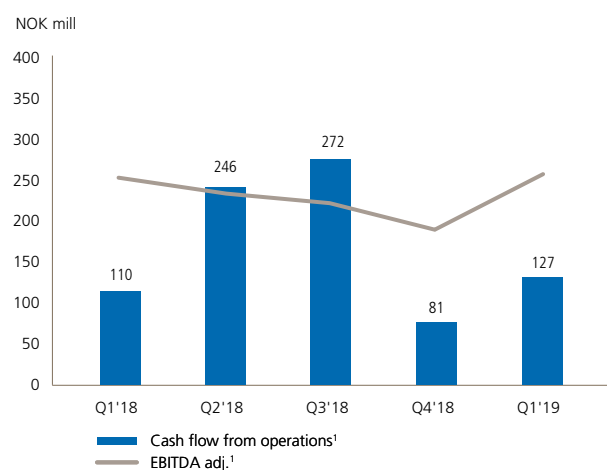
Performance Chemicals had a 7% increase in total sales volume, primarily as a result of the Florida plant ramp-up. EBITA adj.¹ decreased, mainly due to higher fixed costs and depreciation from the Florida start-up. Higher wood costs and low deliveries affected Speciality Cellulose negatively. Other Businesses improved as a result of higher sales prices and a favourable product mix in Ingredients as well as high sales revenues in Fine Chemicals. The net currency impact was positive.

Net financial items were NOK -15 million (NOK -7 million). Net interest expenses increased by NOK 9 million due to higher net interest-bearing debt and a NOK 2 million impact from the implementation of IFRS 16 Leases. Profit before tax was NOK 141 million (NOK 169 million). Tax expense was NOK -33 million (NOK -37 million), giving a tax rate of 23% (22%) in the quarter.

Earnings per share were NOK 1.26 (NOK 1.37).

Cash flow from operations¹ was NOK 127 million (NOK 110 million). The increase was mainly a result of a slightly more favourable development in net working capital compared with the 1st quarter of 2018.

CASH FLOW FROM OPERATIONS¹



¹ Alternative performance measure, see page 21 for definition.

² Figures in parentheses are for the corresponding period in the previous year.

BUSINESS AREAS

PERFORMANCE CHEMICALS

Amounts in NOK million	1.1 - 31.3		1.1 - 31.12
	2019	2018	2018
Operating revenues	600	555	2,237
EBITA adj. ¹	87	115	314
EBITA adj. margin ¹ (%)	14.5	20.7	14.0

FIRST QUARTER

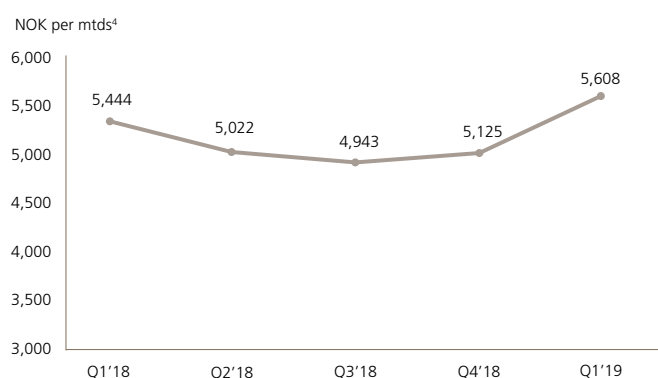
Operating revenues in Performance Chemicals reached NOK 600 million (NOK 555 million) in the 1st quarter. EBITA adj.¹ was NOK 87 million (NOK 115 million). The lower EBITA adj.¹ was mainly due to higher fixed costs and depreciation for the Florida plant. Distribution costs were normalised compared with the higher levels in the 2nd half of 2018. Net currency effects were positive.

Total sales volume was 7% higher than in the 1st quarter of 2018. The increase was mainly due to higher sales from LignoTech Florida, which is in accordance with the planned ramp-up.

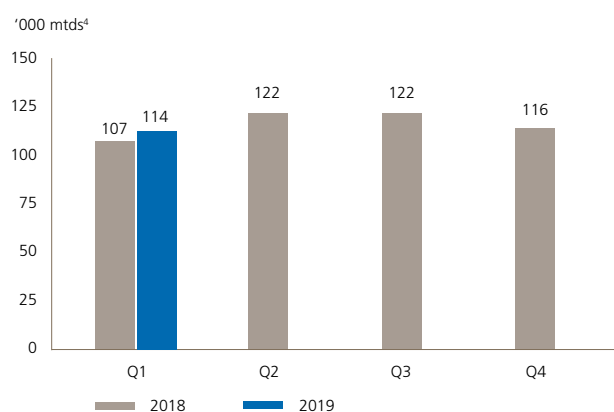
Industrial products experienced strong growth in the 1st quarter, while Specialities and Construction had volumes in line with the 1st quarter last year.

The average price in sales currency was about 3% lower than in the 1st quarter of 2018. The average price was negatively affected by a weaker product mix in Specialities, slightly lower prices to concrete admixtures as well as the impact from increased volumes going into medium and low value applications.

AVERAGE GROSS SALES PRICE³



SALES VOLUME³



¹ Alternative performance measure, see page 21 for definition.

³ 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.

⁴ Metric tonne dry solid.

SPECIALITY CELLULOSE

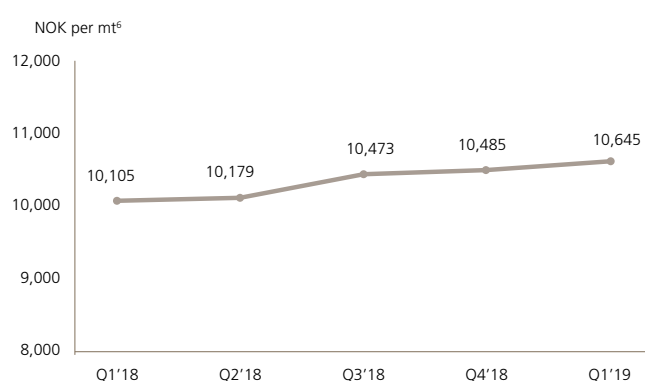
Amounts in NOK million	1.1 - 31.3		1.1 - 31.12
	2019	2018	2018
Operating revenues	392	434	1,669
EBITA adj. ¹	35	64	257
EBITA adj. margin ¹ (%)	8.9	14.7	15.4

FIRST QUARTER

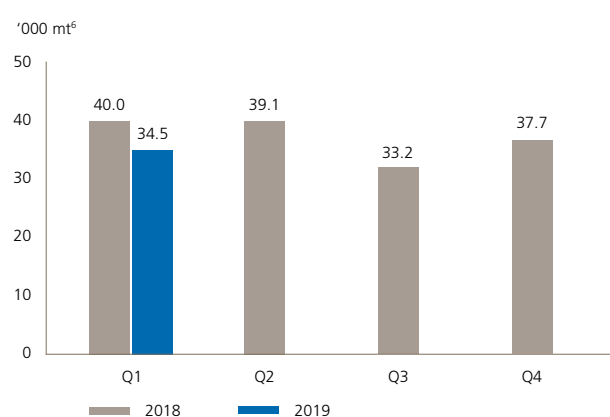
Operating revenues for Speciality Cellulose were NOK 392 million (NOK 434 million) in the 1st quarter. EBITA adj.¹ was NOK 35 million (NOK 64 million). The lower EBITA adj.¹ was due to increased wood costs and low deliveries. The average price in sales currency increased slightly as a result of improved product mix. Net currency effects were positive.

Bioethanol's result improved, mainly due to improved product mix.

AVERAGE GROSS SALES PRICE⁵



SALES VOLUME



¹ Alternative performance measure, see page 21 for definition.

⁵ Average sales price is calculated using actual FX rates, excluding hedging impact.

⁶ Metric tonne.

OTHER BUSINESSES

Amounts in NOK million	1.1 - 31.3		1.1 - 31.12
	2019	2018	2018
Operating revenues	274	239	927
EBITA adj. ¹	35	-2	9
EBITA adj. margin ¹ (%)	12.8	-0.8	1.0

FIRST QUARTER

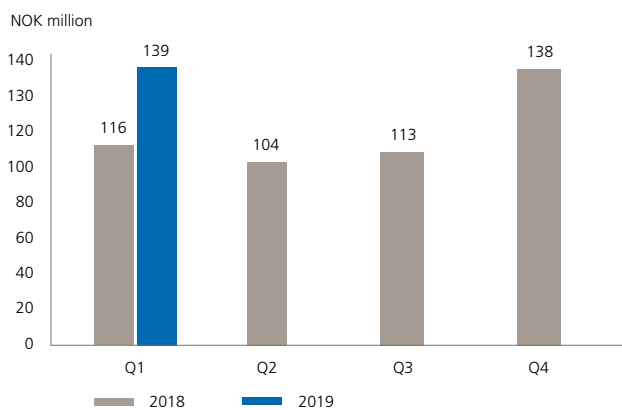
Other Businesses' operating revenues reached NOK 274 million (NOK 239 million) in the 1st quarter. EBITA adj.¹ increased to NOK 35 million (NOK -2 million) due to strong results in both Ingredients and Fine Chemicals.

Higher sales prices for bio-based vanillin and a favourable product mix were the main reasons for the improved result in Ingredients.

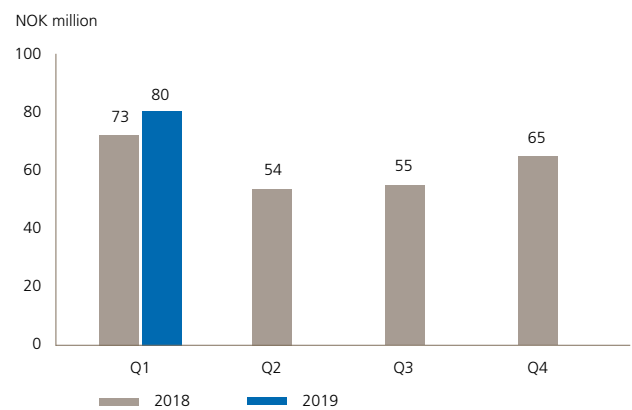
The result in Fine Chemicals improved due to high sales revenues. Cellulose Fibrils and net corporate costs were in line with the corresponding quarter of 2018.

The net currency impact in Other Businesses was positive.

INGREDIENTS – SALES REVENUES



FINE CHEMICALS – SALES REVENUES



¹ Alternative performance measure, see page 21 for definition.

FOREIGN EXCHANGE AND HEDGING

Borregaard has a significant currency exposure which is hedged according to the company's hedging strategy. The impact of currency rate fluctuations will be delayed as a result of the currency hedging strategy. Compared with the 1st quarter of 2018, the net impact of foreign exchange on EBITA adj.¹, including hedging effects, was NOK 30 million. Hedging effects were NOK -8 million (NOK 3 million) in the 1st quarter.

Assuming currency rates as of 2 May 2019 (USD 8.69 and EUR 9.75) and based on currency exposure forecasts, Borregaard expects a net impact of foreign exchange on EBITA adj.¹ of approximately NOK 30 million in the 2nd quarter of 2019 and NOK 85 million for the full year of 2019.

CASH FLOW AND FINANCIAL SITUATION

FIRST QUARTER

Cash flow from operating activities in the 1st quarter was NOK 44 million (NOK 31 million). The increase was mainly a result of a slightly more favourable development in net working capital compared with the 1st quarter of 2018.

Investments amounted to NOK 123 million (NOK 177 million). Replacement investments were NOK 76 million (NOK 32 million). Expansion investments¹, totalling NOK 47 million, were mainly related to the upgrade and specialisation of the lignin operation in Norway. Realised effect of hedging of net investments in subsidiaries was NOK 4 million (NOK 40 million). The

Group has sold and repurchased treasury shares with a net payment of NOK 8 million (NOK 5 million).

On 31 March 2019, the Group had net interest-bearing debt¹ totalling NOK 1,379 million (NOK 944 million), an increase of NOK 82 million from year-end 2018.

At the end of the 1st quarter, the Group was well capitalised with an equity ratio¹ of 54.3% and a leverage ratio¹ of 1.55. The implementation of IFRS 16 Leases had a marginal negative impact on the equity ratio¹ of 1.9%-points.

SHARE INFORMATION

In February, 400,000 share options at a strike price of NOK 82.35 were granted under the long-term incentive programme. The options will expire after five years, the vesting period is three years and the options may be exercised during the last two years. For more details, see notification to Oslo Stock Exchange on 6 February 2019.

As part of the employee share programme, Borregaard sold a total of 297,756 shares to employees in February 2019. The net price was NOK 57.64 per share after deduction of a 25% discount. For more details, see notifications to Oslo Stock Exchange on 4 and 11 February and 1 March 2019.

¹ Alternative performance measure, see page 21 for definition.

During the 1st quarter of 2019, Borregaard repurchased a total of 318,537 treasury shares at an average price of NOK 83.68. See notifications to Oslo Stock Exchange on 31 January and from 1 to 29 March 2019.

During the 1st quarter of 2019, 35,000 share options were exercised at a strike price of NOK 41.00 per share.

Total number of shares outstanding on 31 March 2019 was 100 million, including 435,996 treasury shares. Total number of shareholders was 6,830. Borregaard ASA's share price was NOK 85.50 at the end of the 1st quarter (NOK 74.80 at the end of 2018).

OTHER MATTERS AND SUBSEQUENT EVENTS

GENERAL MEETING

Borregaard ASA held its General Meeting on 11 April 2019. The financial statements of Borregaard ASA and the Group, including the proposal to pay an ordinary dividend of NOK 2.25 per share were approved.

The General Meeting re-elected the chair of the Board of Directors, Jan Oksum. Terje Andersen, Tove Andersen, Margrethe Hauge and Helge Aasen were re-elected as members of the Board.

OUTLOOK

Total lignin sales volume in 2019 is forecast to increase by about 10%, mainly due to the ramp-up in Florida. Continued strong competition and further price pressure for lignin products to the concrete admixture market is expected to be partly compensated by diversification and specialisation. Fixed costs and depreciation for the Florida plant is expected to be approximately NOK 40 million higher in 2019 compared with 2018. Sales volume and average sales price in the 2nd quarter will be affected by normal seasonality in delivery patterns, with higher sales volume and a weaker product mix compared with the 1st quarter.

The average cellulose price in sales currency is expected to be in line with the 2018 level. Improved product mix will compensate for weaker prices for acetate and textile cellulose. Borregaard's wood costs in the first half of 2019 will increase by about NOK 50 million compared

with the first half of 2018. In the 2nd quarter of 2019, total sales volume is forecast to be in line with the corresponding quarter of 2018, while the product mix is expected to improve.

Ingredients is expected to increase its result in 2019, driven by the positive market trend for bio-based vanillin. No major changes are expected in the market conditions for Fine Chemicals. Sales will gradually increase for Cellulose Fibrils, but lead-times for conversion of sales prospects are long. The remaining grant from EU Horizon 2020⁷ will cover a smaller share of costs than in previous years. Corporate costs will remain at the same level as in 2018.

Sarpsborg, 2 May 2019
The Board of Directors of Borregaard ASA

⁷ 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

THE GROUP'S CONDENSED INCOME STATEMENT

INTERIM CONDENSED INCOME STATEMENT

Amounts in NOK million	NOTE	1.1 - 31.3		1.1 - 31.12
		2019	2018	2018
OPERATING REVENUES	2	1,250	1,217	4,785
Operating expenses		-995	-965	-3,882
Depreciation property, plant and equipment		-98	-75	-323
Amortisation intangible assets		-1	-1	-4
Other income and expenses ¹	3	-	-	-
OPERATING PROFIT		156	176	576
Financial items, net		-15	-7	-14
PROFIT BEFORE TAXES		141	169	562
Income tax expense	4	-33	-37	-137
PROFIT FOR THE PERIOD		108	132	425
Profit attributable to non-controlling interests		-18	-5	-51
Profit attributable to owners of the parent		126	137	476
EBITDA adj ¹		255	252	903
EBITA adj ¹	2	157	177	580

EARNINGS PER SHARE

INTERIM EARNINGS PER SHARE

Amounts in NOK		1.1 - 31.3		1.1 - 31.12
		2019	2018	2018
Earnings per share (100 mill shares)	5	1.26	1.37	4.76
Diluted earnings per share	5	1.26	1.37	4.76

THE GROUP'S CONDENSED COMPREHENSIVE INCOME STATEMENT

INTERIM CONDENSED COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	NOTE	1.1 - 31.3		1.1 - 31.12
		2019	2018	2018
PROFIT FOR THE PERIOD		108	132	425
ITEMS NOT TO BE RECLASSIFIED TO P&L				
Actuarial gains and losses (after tax)		-	-	5
TOTAL		-	-	5
ITEMS TO BE RECLASSIFIED TO P&L				
Change in hedging-reserve after tax (cash flow)	7	60	105	-103
Change in hedging-reserve after tax (net investment in subsidiaries)	7	4	17	-25
Translation effects		-16	-36	20
TOTAL		48	86	-108
THE GROUP'S COMPREHENSIVE INCOME		156	218	322
Comprehensive income non-controlling interests		-20	-11	-42
Comprehensive income owners of the parent		176	229	364

¹ Alternative performance measure, see page 21 for definition.

THE GROUP'S CONDENSED BALANCE SHEET

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in NOK million	NOTE	31.3.2019	31.12.2018
Intangible assets	12	95	100
Property, plant and equipment	12	3,875	3,623
Other assets	8	230	230
Investments in joint venture		98	100
NON-CURRENT ASSETS		4,298	4,053
Inventories		908	856
Receivables	8	1,081	956
Cash and cash deposits	10	134	86
CURRENT ASSETS		2,123	1,898
TOTAL ASSETS		6,421	5,951
Group equity	9	3,296	3,123
Non-controlling interests		188	198
EQUITY		3,484	3,321
Provisions and other liabilities		241	271
Interest-bearing liabilities	8,10	1,323	1,115
NON-CURRENT LIABILITIES		1,564	1,386
Interest-bearing liabilities	8,10	415	272
Other current liabilities	8	958	972
CURRENT LIABILITIES		1,373	1,244
EQUITY AND LIABILITIES		6,421	5,951
Equity ratio ¹		54.3%	55.8%

CHANGES IN EQUITY

INTERIM CONDENSED CHANGE IN EQUITY

Amounts in NOK million	NOTE	1.1 - 31.3.2019			1.1 - 31.12.2018		
		Controlling interests	Non-controlling interests	Total equity	Controlling interests	Non-controlling interests	Total equity
Equity 1 January		3,123	198	3,321	2,889	107	2,996
PROFIT/LOSS FOR THE PERIOD		126	-18	108	476	-51	425
Items in Comprehensive Income	6	50	-2	48	-112	9	-103
THE GROUP'S COMPREHENSIVE INCOME	6	176	-20	156	364	-42	322
Paid dividend		-	-	-	-199	-	-199
Buy-back of treasury shares		-27	-	-27	-32	-	-32
Exercise of share options		2	-	2	6	-	6
Shares to employees		23	-	23	23	-	23
Option costs (share based payment)		2	-	2	6	-	6
Transaction with non-controlling interest		-3	10	7	66	133	199
EQUITY AT THE END OF THE PERIOD		3,296	188	3,484	3,123	198	3,321

¹ Alternative performance measure, see page 21 for definition.

THE GROUP'S CONDENSED CASH FLOW STATEMENT

INTERIM CONDENSED CASH FLOW STATEMENT

Amounts in NOK million	NOTE	1.1 - 31.3		1.1 - 31.12
		2019	2018	2018
Profit before taxes		141	169	562
Amortisation, depreciation and impairment charges		99	76	327
Changes in net working capital, etc.		-128	-142	-194
Dividend (share of profit) from JV		-	-	6
Taxes paid		-68	-72	-143
CASH FLOW FROM OPERATING ACTIVITIES		44	31	558
Investments property, plant and equipment and intangible assets *		-123	-177	-762
Other capital transactions		9	4	13
CASH FLOW FROM INVESTING ACTIVITIES		-114	-173	-749
Dividends		-	-	-199
Proceeds from exercise of options/shares to employees	9	19	17	23
Buy-back of shares	6	-27	-22	-32
Gain/(loss) on hedges for net investments in subsidiaries		4	40	-22
NET PAID TO/FROM SHAREHOLDERS		-4	35	-230
Proceeds from interest-bearing liabilities	10	347	233	1,292
Repayment from interest-bearing liabilities	10	-216	-202	-960
Change in interest-bearing receivables/other liabilities	10	-8	-7	-2
CHANGE IN NET INTEREST-BEARING LIABILITIES		123	24	330
CASH FLOW FROM FINANCING ACTIVITIES		119	59	100
CHANGE IN CASH AND CASH EQUIVALENTS		49	-83	-91
Cash and cash equivalents at beginning of period		86	180	180
Change in cash and cash equivalents		49	-83	-91
Currency effects cash and cash equivalents		-1	-5	-3
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10	134	92	86
*Investment by category				
Replacement investments		76	32	346
Expansion investments ¹		47	145	416

¹ Alternative performance measure, see page 21 for definition.

NOTES

NOTE 01 Organisation and basis for preparation

GENERAL INFORMATION

Borregaard ASA is incorporated and domiciled in Norway. The address of its registered office is Hjalmar Wessels vei 6, Sarpsborg.

Borregaard ASA was listed on the Oslo Stock Exchange on 18 October 2012 and was incorporated as a public limited liability company on 22 August 2012.

Basis for preparation

These unaudited Interim Condensed Consolidated Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting. Borregaard ASA is the parent company of the Borregaard Group presented in these Interim Condensed Consolidated Financial Statements.

The same accounting principles and methods of calculation have been applied as in the Consolidated Financial Statements for 2018 for the Borregaard Group, except for the implementation of IFRS 16 Leases.

IFRS 16 Leases was implemented from 1 January 2019 according to "the modified retrospective method". See note 14 for impact on the Groups Financial Statements.

Use of estimates

The same use of estimates has been applied as in the Consolidated Financial Statements for 2018.

NOTE 02 Segments

OPERATING REVENUES

Amounts in NOK million	1.1 - 31.3		1.1 - 31.12
	2019	2018	2018
BORREGAARD	1,250	1,217	4,785
Performance Chemicals	600	555	2,237
Speciality Cellulose	392	434	1,669
Other Businesses	274	239	927
Eliminations	-16	-11	-48

There is limited intercompany sales between the different segments and eliminations consist essentially of allocations from the corporate headquarter.

cont. next page

¹ Alternative performance measure, see page 21 for definition.

cont. NOTE 02 Segments

EBITA ADJ.¹

Amounts in NOK million	1.1 - 31.3		1.1 - 31.12
	2019	2018	2018
BORREGAARD	157	177	580
Performance Chemicals	87	115	314
Speciality Cellulose	35	64	257
Other Businesses	35	-2	9
RECONCILIATION AGAINST OPERATING PROFIT & PROFIT BEFORE TAX			
EBITA ADJ.¹	157	177	580
Amortisation intangible assets	-1	-1	-4
Other income and expenses ¹	-	-	-
OPERATING PROFIT	156	176	576
Financial items, net	-15	-7	-14
PROFIT BEFORE TAXES	141	169	562

SALES REVENUES

Amounts in NOK million	1.1 - 31.3		1.1 - 31.12
	2019	2018	2018
BORREGAARD	1,222	1,195	4,705
Performance Chemicals	576	542	2,183
Cellulose	364	406	1 548
Bioethanol	27	28	120
Fine Chemicals	80	73	247
Ingredients	139	116	471
Other	36	30	136

Operating revenues consist of sales revenues and other revenues such as commissions, revenues from waste received for incineration etc.

NOTE 03 Other income and expenses¹

There are no other income and expenses¹ in the 1st quarter of 2019.

¹ Alternative performance measure, see page 21 for definition.

NOTE 04 Income tax expense

The tax rate of 23.4% (21.9%) for the first three months of 2019 is a compilation of the tax rates in the various countries in which Borregaard operates and has taxable income. The corporate income tax rate in Norway was reduced from 23% to 22% from 1 January 2019. Borregaard's normal tax rate is expected to be in the range 21-24%

In addition to the compilation of the tax rates in the various countries in which Borregaard operates and has taxable income, the income tax rate for the Group is also impacted by the following: LignoTech Florida is a limited

liability company (LLC) which is taxed on the owners' hand. Profit before tax is 100% consolidated in the Borregaard Group, whereas the tax expense is calculated based on Borregaard's 55% ownership. Consequently, profit attributable to non-controlling interests for LignoTech Florida (45%) is calculated on profit before tax. Share of profit after tax from the joint venture, LignoTech South Africa, is accounted for as part of operating profit and profit before tax (due to IFRS 11). There are carry forward losses in the Group which will not be recognised as deferred tax assets, and hence increase the Group's tax rate.

NOTE 05 Earnings per share (EPS)

The share capital consists of 100 million shares. The company holds 435,996 treasury shares. As of 31 March 2019, there are 99,956,397 diluted shares (99,901,117 as of

31 December 2018). Earnings per diluted share were NOK 1.26 in the 1st quarter (NOK 1.37 in the 1st quarter of 2018).

NOTE 06 Stock options

During the 1st quarter of 2019, 400,000 stock options were granted at a strike price of NOK 82.35 per share. See Note 11.

During the 1st quarter of 2019, 35,000 share options were exercised at a strike of NOK 41.00.

The Group Executive Management and other key employees hold a total of 1,942,000 stock options in five different share option programmes in Borregaard.

The first option programme, comprising 330,000 stock options granted in October 2014, has a strike price of NOK 38.75 adjusted for dividends in 2015-2019, NOK 10.50. The second option programme, comprising 460,000 stock options granted in October 2015, has a strike price of NOK 42.24 adjusted for dividends in 2016-2019, NOK 9.25. The third option programme, comprising 352,000 stock options granted in February

2017, has a strike price of NOK 96.36 adjusted for dividends in 2017-2019 of NOK 7.75. The fourth option programme, comprising 400,000 stock options granted in February 2018, has a strike price of NOK 75.75 adjusted for dividend in 2018 and 2019 of NOK 4.25. The fifth option programme, comprising 400,000 stock options granted in February 2019, has a strike price of NOK 80.10 adjusted for dividend in 2019 of NOK 2.25. The share options in the five different programmes will expire after five years, the vesting period is three years and the options can be exercised during the last two years.

As part of the employee share programme, Borregaard has sold a total of 297,756 shares to employees in February 2019. The share price was NOK 57.64 per share after deduction of a 25% discount. Costs in 2019, including administration costs, related to the share purchase programme amount to approximately NOK 6.5 million.

NOTE 07 Statement of comprehensive income

The statement of comprehensive income shows changes in the value of hedging instruments, both cash flow

hedges and hedges of net investments in subsidiaries (hedging reserve). These figures are presented after tax.

Amounts in NOK million	31.3.2019		31.3.2018	
	Cash flow hedges	Hedges of net investments in subsidiaries	Cash flow hedges	Hedges of net investments in subsidiaries
Tax effect year-to-date	-22	-39	22	-28
Hedging reserve after tax	-78	-106	70	-68

NOTE 08 Fair value hierarchy

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

The following measurement levels are used for determining the fair value of financial instruments:

- Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
- Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

- Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

There were no transfers from one level to another in the measurement hierarchy from 2018 to the 1st quarter of 2019. Borregaard has no items defined as level 1. The bond is determined as measurement level 3. The fair value of the bond is deemed to equal its book value.

Set out below is a comparison of the carrying amount and the fair value of financial instruments as of 31 March 2019:

FINANCIAL ASSETS

Amounts in NOK million	LEVEL	31.3.2019		31.12.2018	
		Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial receivables	2	218	218	225	225
Non-current derivatives	2	8	8	3	3
Current derivatives	2	14	14	16	16
TOTAL FINANCIAL ASSETS		240	240	244	244

FINANCIAL LIABILITIES

Non-current financial liabilities	2,3	1,152	1,152	1,116	1,116
Non-current derivatives	2	66	66	116	116
Current financial liabilities	2	366	366	272	272
Current derivatives	2	55	55	79	79
TOTAL FINANCIAL LIABILITIES		1,639	1,639	1,583	1,583

cont. NOTE 08 Fair value hierarchy

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Amounts in NOK million		LEVEL 1	LEVEL 2	LEVEL 3
FINANCIAL INSTRUMENTS 31.3.2019	-1,399	-	-999	-400
FINANCIAL INSTRUMENTS 31.12.2018	-1,339	-	-739	-600

The financial instruments are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies.

NOTE 09 Compilation of Equity

Amounts in NOK million	31.3.2019	31.12.2018
Share capital	100	100
Treasury shares	-	-
Share premium	1,346	1,346
Other paid-in capital	672	645
Translation effects	79	93
Hedging reserve (after tax)	-184	-248
Actuarial gains/losses	-17	-17
Retained earnings	1,300	1,204
GROUP EQUITY (CONTROLLING INTERESTS)	3,296	3,123

As of 31 March 2019, the company held 435.996 treasury shares at an average cost of NOK 84,07.

NOTE 10 Net interest-bearing debt¹

The various elements of net interest-bearing debt are shown in the following table:

Amounts in NOK million	31.3.2019	31.12.2018
Non-current interest-bearing liabilities	1,323	1,115
Current interest-bearing liabilities including overdraft of cashpool	415	272
Non-current interest-bearing receivables (included in "Other Assets")	-4	-4
Cash and cash deposits	-134	-86
NET INTEREST-BEARING DEBT¹	1,600	1,297
IMPACT OF IFRS 16 LEASES	221	-
NET INTEREST-BEARING DEBT¹ EXCLUDING IMPACT OF IFRS 16 LEASES	1,379	1,297

¹ Alternative performance measure, see page 21 for definition.

NOTE 11 Related parties

The members of the Group Executive Management of Borregaard held a total of 1,100,000, stock options in the Company as of 31 March 2019.

NOTE 12 Assessments relating to impairment

No impairment indicators have been identified in the Borregaard Group's property, plant and equipment or intangible assets in the 1st quarter of 2019.

NOTE 13 Other matters and subsequent events

GENERAL MEETING

Borregaard ASA held its General Meeting on 11 April 2019. The financial statements of Borregaard ASA and the Group, including the proposal to pay an ordinary dividend of NOK 2.25 per share were approved.

The General Meeting re-elected the chair of the Board of Directors, Jan Oksum. Terje Andersen, Tove Andersen, Margrethe Hauge and Helge Aasen were re-elected as members of the Board.

OTHER MATTERS

There have been no events after the balance sheet date that would have had a material impact on the financial statements or the assessments carried out.

NOTE 14 Implementation of IFRS 16 Leases

The effects of the implementation of IFRS 16 on the Consolidated Financial Statements for Borregaard are shown in the table below.

INCOME STATEMENT

Amounts in NOK million	Borregaard (IAS 17) 1.1-31.3.2019	IFRS 16 EFFECTS			Borregaard total	Borregaard (IFRS 16) 1.1-31.3.2019
		Performance Chemicals	Speciality Cellulose	Other Businesses		
EBITDA adj ¹	240	10	-	5	15	255
Depreciation	-84	-9	-	-5	-14	-98
EBITA adj ¹	156	1	-	-	1	157
Operating profit	155	1	-	-	1	156
Net financial items	-13				-2	-15
Profit before tax	142				-1	141
Earnings per share	1.27				-0.01	1.26

BALANCE SHEET

Amounts in NOK million	AS OF 31 DECEMBER 2018 (IAS 17)	IFRS 16 EFFECTS	AS OF 1 JANUARY 2019 (IFRS 16)	AS OF 31 MARCH 2019 (IAS 17)	IFRS 16 EFFECTS	AS OF 31 MARCH 2019 (IFRS 16)
Equity	3,321	-	3,321	3,485	-1	3,484
Equity ratio %	55.8	-2.1	53.7	56.2	-1.9	54.3

Discount rates used:

Machinery, vehicles and equipment: Incremental borrowing rate.

Buildings: Implicit interest rate if available

The incremental borrowing rate is based on interbank interest rate (NIBOR, EURIBOR or LIBOR) plus margin plus country risk mark-up.

¹ Alternative performance measure, see page 21 for definition.

ALTERNATIVE PERFORMANCE 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 Alternative Performance 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 Alternative Performance Measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

CASH FLOW FROM OPERATIONS

Cash flow from operations is defined by Borregaard as:

	Cash flow from operating activities (IFRS)
+	Tax paid
+/-	Net financial items
+/-	Dividend (share of profit) from JV
=	Cash flow operations

EBITA ADJUSTED (EBITA ADJ.)

EBITA adj. is defined by Borregaard as operating profit before amortisation and other income and expenses.

EBITA ADJ. MARGIN

EBITA adj. margin is defined by Borregaard as EBITA adj. divided by operating revenues.

EBITDA ADJUSTED (EBITDA ADJ.)

EBITDA adj. is defined by Borregaard as operating profit before depreciation, amortisation and other income and expenses.

EQUITY RATIO

Equity ratio is defined by Borregaard as equity (including non-controlling interests) divided by equity and liabilities.

EXPANSION INVESTMENTS

Expansion investments is defined by Borregaard as 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 research and development costs and new distribution set-ups.

OTHER INCOME AND EXPENSES

Other income and expenses is defined by Borregaard as 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

Leverage ratio is defined by Borregaard as net interest bearing debt (see note 10) divided by last twelve months' (LTM) EBITDA adj., excluding the impact on EBITDA adj. of IFRS 16 Leases.

NET INTEREST-BEARING DEBT

Net interest-bearing debt is defined by Borregaard as interest-bearing liabilities, excluding the impact of IFRS 16 Leases, minus interest-bearing assets (see Note 10).

CAPITAL EMPLOYED

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 and deferred tax excess value. The impact of IFRS 16 Leases on assets has been excluded.

RETURN ON CAPITAL EMPLOYED (ROCE)

Return on capital employed (ROCE) is defined by Borregaard as last twelve months' (LTM) EBITA adj., excluding the impact of IFRS 16 Leases, divided by average capital employed based on the ending balance of the last five quarters.

	1.1 - 31.3	1.1 - 31.12	
Capital employed end of	2019	2018	2018
Q1, 2017		3,754	
Q2, 2017		4,003	
Q3, 2017		4,044	
Q4, 2017		4,256	4,256
Q1, 2018	4,454	4,454	4,454
Q2, 2018	4,578		4,578
Q3, 2018	4,620		4,620
Q4, 2018	4,937		4,937
Q1, 2019	5,278		
AVERAGE	4,773	4,102	4,569
EBITA ADJ. (LTM)	559	726	580
ROCE (%)	11.7	17.7	12.7



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