

Connecting**Chemistry**



## Annual Media Call FY 2016 Results



March 7, 2017

Brenntag AG, Mülheim an der Ruhr, Germany

## AGENDA

# FY 2016 Results Presentation

- **Highlights 2016 – Steven Holland**
- Financial Performance 2016 – Georg Müller
- Outlook 2017 – Steven Holland
- Q&A

## HIGHLIGHTS 2016

### Important events and developments

#### Sustainability

- Publication of 2016 Sustainability Report (July 2016)
- Gold Status in EcoVadis Sustainability Rating and full membership in “Together for Sustainability” Initiative (October 2016)



#### New Headquarters in Essen

- Construction of the new company headquarters in Essen reaches important milestone with topping-out ceremony (November 2016)



#### Reinforcement Brand Identity

- Launch of „ConnectingChemistry“ communication campaign showcasing Brenntag employees as brand testimonials (January 2017)



**HIGHLIGHTS 2016****Introductory remarks to 2016 earnings****Macro  
Economy**

Moderately positive momentum in Europe. Weak trend in North America.  
Downturn in economic conditions in Latin America.  
Positive picture in Asia Pacific.

**Gross Profit**

Gross Profit of EUR 2,369.3m with a growth of 4.6% (+6.0% fx adjusted)

**Operating  
EBITDA**

Operating EBITDA of EUR 810.0m with growth of 0.3% (+1.9% fx adjusted)

**Free Cash  
Flow**

Strong free cash flow of EUR 641.4m

**EPS**

Earnings per share of EUR 2.33

**Dividend**

Proposed dividend payment of EUR 1.05 per share represents increase of 5.0%

**Acquisitions**

Execution of value accretive acquisitions with a total Enterprise Value of around EUR 200m

## HIGHLIGHTS 2016

## Succesful execution of M&A strategy in 2016

Target	Strategic rationale
Zhong Yung (China)	Acquisition of the remaining 49% stake as per the agreement from 2011. Active in the key economic regions in China. The company performed well over the years and is an ideal platform for future growth.
Warren Chem Pty Ltd., Plastichem Pty Ltd. (South Africa)	Expansion of specialty chemicals business in South Africa with complementary product portfolio.
Mayes County Petroleum Products, Lubricants business of NOCO Inc. (USA)	Regional integrated lubricant distributors, strengthening relationship with key suppliers and customers. Entrance in Canadian lubricants market.
Distribution business of EPChem (Singapore)	Strengthening and expanding our specialty chemicals footprint in Asia Pacific.
Whanee Corporation (South Korea)	Strategic step into South Korean market
Leis Polytechnik, ACU PHARMA (Germany)	Bolt-on acquisitions in Germany

**M&A totally: Enterprise Values of ~EUR 200m in 2016**

## HIGHLIGHTS 2016

## Recent acquisitions in 2017

Target	Strategic rationale	Indicative annual EBITDA contribution (m EUR)	Investment Amount (m EUR)
Petra Industries, Inc., USA	Strengthening the mixing and blending business in North America. The business supports our customer service business.	2.4	~19
Greene's Energy Group, USA	Leading provider of integrated solutions for the Oil & Gas industry. Focused on pipeline cleaning and hydrostatic testing. Complementary to our existing product and service portfolio.	1.0	~10

**M&A totally: Enterprise Values of ~EUR 29m in 2017 so far**

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## FINANCIAL PERFORMANCE 2016

### Income statement

in EUR m	2016	2015	Δ	Δ FX adjusted
Sales	10,498.4	10,346.1	1.5%	2.9%
<b>Gross profit</b>	<b>2,369.3</b>	<b>2,266.0</b>	<b>4.6%</b>	<b>6.0%</b>
<b>Operating EBITDA</b>	<b>810.0</b>	<b>807.4</b>	<b>0.3%</b>	<b>1.9%</b>
Operating EBITDA/Gross profit	34.2%	35.6%		
<b>EBIT</b>	<b>647.3</b>	<b>661.8</b>	<b>-2.2%</b>	
<b>Profit after tax</b>	<b>361.0</b>	<b>368.1</b>	<b>-1.9%</b>	



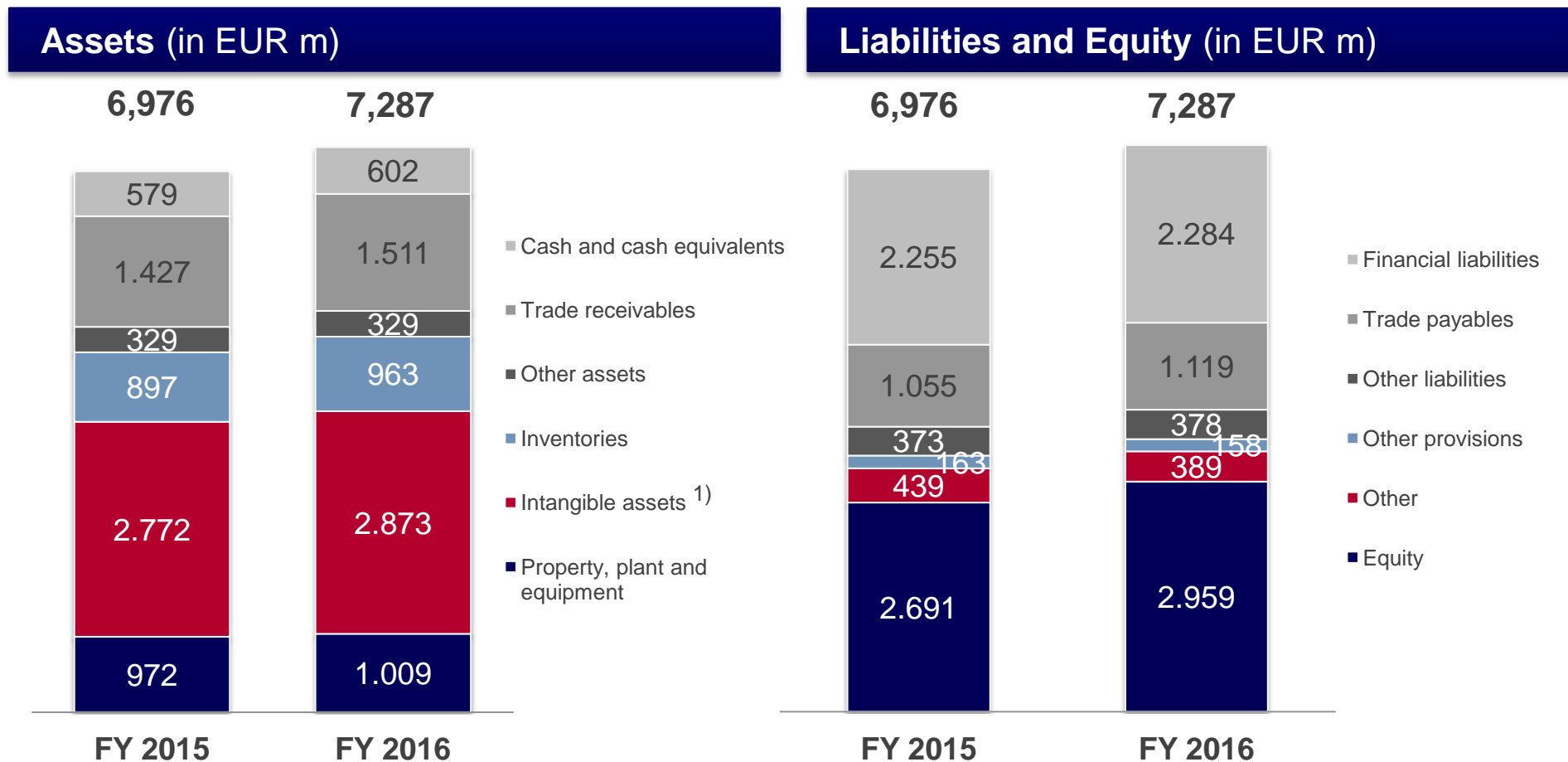
## FINANCIAL PERFORMANCE 2016

### Segments FY 2016

in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Group
<b>Operating gross profit</b>	<b>2016</b>	<b>1,064.6</b>	<b>997.5</b>	<b>170.9</b>	<b>182.3</b>	<b>13.4</b>	<b>2,428.7</b>
	2015	1,024.2	942.6	201.2	140.0	13.7	2,321.7
	Δ	3.9%	5.8%	-15.1%	30.2%	-2.2%	4.6%
	Δ FX adjusted	6.4%	5.9%	-13.4%	33.7%	-2.2%	6.1%
<b>Operating EBITDA</b>	<b>2016</b>	<b>362.3</b>	<b>357.3</b>	<b>45.9</b>	<b>66.7</b>	<b>-22.2</b>	<b>810.0</b>
	2015	353.0	365.6	64.7	50.3	-26.2	807.4
	Δ	2.6%	-2.3%	-29.1%	32.6%	-15.3%	0.3%
	Δ FX adjusted	5.6%	-2.2%	-27.6%	35.8%	-15.3%	1.9%

## FINANCIAL PERFORMANCE 2016

### Balance Sheet as of December 31, 2016

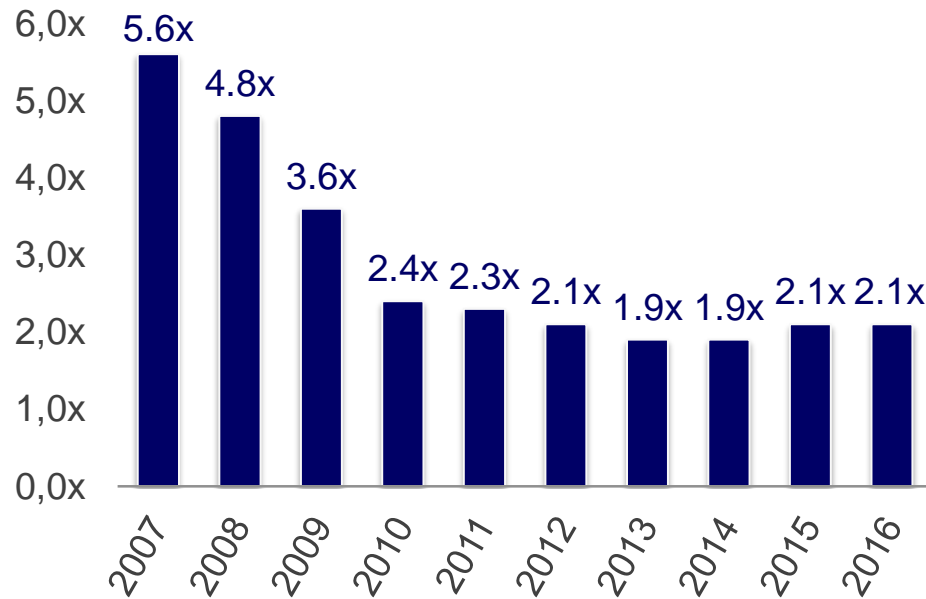


<sup>1)</sup> Of the intangible assets as of December 31, 2016, some EUR 1,308 million relate to goodwill and trademarks that were capitalized as part of the purchase price allocation performed on the acquisition of the Brenntag Group by funds advised by BC Partners Limited, Bain Capital, Ltd. and subsidiaries of Goldman Sachs International at the end of the third quarter of 2006 in addition to the relevant intangible assets already existing in the previous Group structure.

## FINANCIAL PERFORMANCE 2016

### Financial stability of Brenntag Group

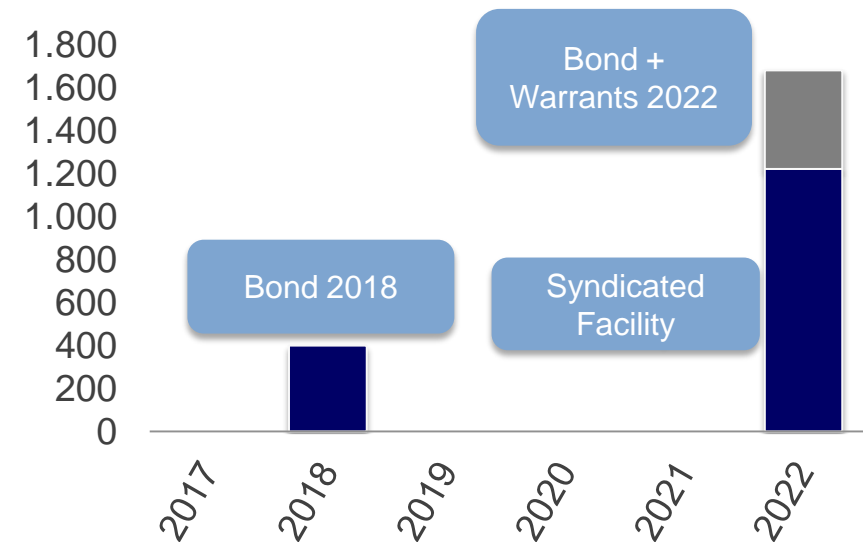
Leverage: Net debt/Operating EBITDA<sup>1)</sup>



- Business demonstrates ability to de-leverage constantly
- Investment-grade ratings from Standard & Poor's ("BBB") and Moody's ("Baa3")

Maturity profile as of Jan. 31, 2017

in EUR m



- Refinancing at attractive market conditions in Jan. 2017
- Balanced and long-term maturity profile
- High flexibility due to undrawn revolving credit facility of EUR 600m

<sup>1)</sup> Net debt defined as current financial liabilities plus non-current financial liabilities less (cash and cash equivalents)

## FINANCIAL PERFORMANCE 2016

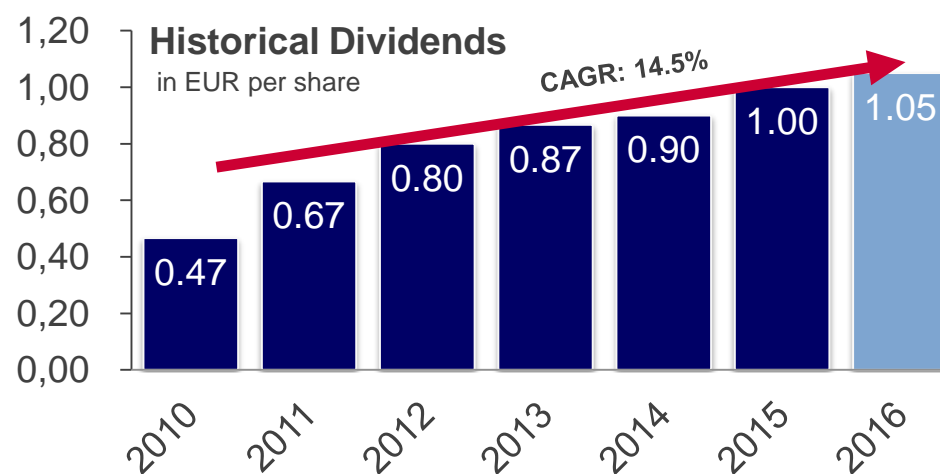
## Free cash flow

in EUR m	2016	2015	Δ	Δ
EBITDA	810.0	807.4	2.6	0.3%
CAPEX	-141.1	-130.1	-11.0	8.5%
Δ Working capital	-27.5	87.0	-114.5	-131.6%
<b>Free cash flow</b>	<b>641.4</b>	<b>764.3</b>	<b>-122.9</b>	<b>-16.1%</b>

## FINANCIAL PERFORMANCE 2016

### Dividend proposal

in EUR m	2016	2015	Δ
Profit after tax	361.0	368.1	-1.9%
Less minority interest	0.7	3.1	
Profit after tax (consolidated) attributable to shareholders of Brenntag AG	360.3	365.0	-1.3%
Proposed dividend payment	162.2	154.5	
<b>Proposed Dividend per share in EUR</b>	<b>1.05</b>	<b>1.00</b>	<b>5.0%</b>
<b>Payout ratio</b>	<b>45.0%</b>	<b>42.3%</b>	



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## OUTLOOK 2017

	2016	Comments	Trend 2017
Gross Profit	EUR 2,369m	<ul style="list-style-type: none"> <li>▪ Meaningful increase due predominantly to the existing business.</li> <li>▪ All regions are expected to support this performance</li> </ul>	
Operating EBITDA	EUR 810m	<ul style="list-style-type: none"> <li>▪ Expected to grow at a meaningful rate, with all segments contributing to this growth</li> </ul>	
Working Capital	EUR 1,355m	<ul style="list-style-type: none"> <li>▪ To a large extent a function of sales growth</li> <li>▪ Improvement in working capital turnover expected</li> </ul>	
Capex	EUR 141m	<ul style="list-style-type: none"> <li>▪ Capex spending to increase to over EUR 150m driven by projects to expand our business operations.</li> </ul>	
Free Cash Flow	EUR 641m	<ul style="list-style-type: none"> <li>▪ Anticipate a significant increase (subject to stable chemical prices).</li> </ul>	

## THANK YOU FOR YOUR ATTENTION



**Steven Holland,  
CEO**

- With Brenntag since 2006
- +30 years of dedicated experience
- Region Latin America, Corp. Communications, Development, HR, HSE, Internal Audit + Compliance, M&A



**Georg Müller,  
CFO**

- With Brenntag since 2003
- +10 years of experience in chemicals distribution
- Corp. Accounting, Controlling, Finance & IR, IT, Legal, Tax, Risk Management, Brenntag International Chemicals

**We are ready to answer your questions!**



## DISCLAIMER

This presentation may contain forward-looking statements based on current assumptions and forecasts made by Brenntag AG and other information currently available to the company. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. Brenntag AG does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to conform them to future events or developments

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