

Connecting**Chemistry**



# Annual Media Call Full Year 2017 Results



March 14, 2018

Brenntag AG, Essen, Germany

## AGENDA

# FY 2017 Results Presentation

- **Review 2017 – Steven Holland**
- **Financials 2017 – Georg Müller**
- **Outlook 2018 – Steven Holland**
- **Q&A**

REVIEW 2017

**Highlights 2017**

**Operating Gross Profit**

**+6.5% (fx adj.)**

EUR 2,554.1m

**Operating EBITDA**

**+4.5% (fx adj.)**

EUR 836.0m

**Stronger momentum in H2 2017**

**Improvement programs implemented**

**M&A strategy executed**

EUR ~270m

Signed Enterprise Value in 2017

**Dividend proposal**

EUR 1.10

**+4.8%: 7<sup>th</sup> consecutive increase**

## REVIEW 2017

## Segments – EMEA

in EUR m	FY 2017	FY 2016	Δ in %	in % (fx adj.)
Operating gross profit	1,094.8	1,064.6	2.8	3.7
<b>Operating EBITDA <sup>1)</sup></b>	<b>365.6</b>	362.3	0.9	1.6

## Update

- Operating gross profit and operating EBITDA growth
- Mixed picture in the countries with particular challenges in one non-core business in the Nordic region
- Execution of efficiency improvement program completed

1) Brenntag presents operating EBITDA before holding charges and special items. In EMEA, the adjustment for 2017 as a whole amounted to a total of EUR 53.8 million.. The adjustment for 2017 as a whole amounted to a total of EUR 53.8 million.

## REVIEW 2017

## Segments – North America

in EUR m	FY 2017	FY 2016	Δ in %	in % (fx adj.)
Operating gross profit	1,073.9	997.5	7.7	9.7
<b>Operating EBITDA</b>	<b>385.0</b>	357.3	7.8	9.7

## Update

- Ongoing positive macroeconomic trend
- Strong organic gross profit drives operating EBITDA growth
- Almost all customer industries contributed to the strong growth
- Contribution from acquisitions is above expectations
- Cost pressure in certain areas were managed

## REVIEW 2017

## Segments – Latin America

in EUR m	FY 2017	FY 2016	Δ in %	in % (fx adj.)
Operating gross profit	172.5	170.9	0.9	0.7
<b>Operating EBITDA</b>	<b>42.4</b>	45.9	-7.6	-8.2

## Update

- Ongoing but slow improvement of macroeconomic conditions
- Difficult first half and good performance in the second half
- Positive contribution from Brazil and Mexico
- Overall the region remains to be volatile
- Brenntag as market leader is well positioned
- Cost increases have been addressed

## REVIEW 2017

## Segments – Asia Pacific

in EUR m	FY 2017	FY 2016	Δ in %	in % (fx adj.)
Operating gross profit	198.7	182.3	9.0	11.0
<b>Operating EBITDA</b>	<b>73.7</b>	66.7	10.5	12.7

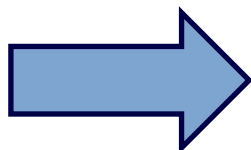
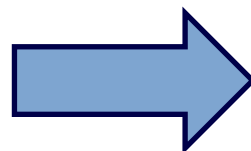
## Update

- Positive macroeconomic growth momentum in the region
- Another year of double digit growth in operating gross profit and operating EBITDA
- Positive performance particularly in Thailand, Vietnam and China
- Acquisition contribution above expectations
- Region with the highest long-term growth potential

**REVIEW 2017****Implementation of improvement programs in 2017 to drive benefits and growth in the future****2017**

- Execution of an efficiency improvement program in EMEA
- Streamlining of regional infrastructure
- One off costs incurred

- Global Sourcing Initiative implemented
- Focus: EMEA and North America
- Goal: more product (groups) under central management

**2018, 2019, ...**

- Recurring cost savings of EUR 8m p.a.
- Leaner processes to drive growth
- Leverage on further specialty chemical growth potential

- Rollout completed
- EBITDA impact of around EUR 20m p.a.
- Optimized sourcing approach
- Roll-out in other regions tbd



REVIEW 2017

Successful execution of acquisition strategy in all four regions

EMEA	North America	Latin America	Asia Pacific
<p><b>Expand leading position</b></p> <ul style="list-style-type: none"> <li>▪ Kluman and Balter, A1 Cake Mixes Limited, UK</li> <li>▪ Quimitécnica, Portugal <sup>1)</sup></li> </ul>	<p><b>Increase market share</b></p> <ul style="list-style-type: none"> <li>▪ Petra Industries, Inc., USA</li> <li>▪ Greene’s Energy Group, USA</li> </ul>	<p><b>Capitalize on leading position</b></p> <ul style="list-style-type: none"> <li>▪ Conquimica S.A., Colombia <sup>1)</sup></li> </ul>	<p><b>Focus on high growth regions</b></p> <ul style="list-style-type: none"> <li>▪ Wellstar Enterprises Company Limited, Hong Kong</li> <li>▪ Raj Petro Specialities Pvt Ltd, India <sup>1)</sup></li> </ul>

**M&A totally: Enterprise Values of ~EUR 270m in 2017**

1) Acquisition has been signed but not yet closed

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## FINANCIALS 2017

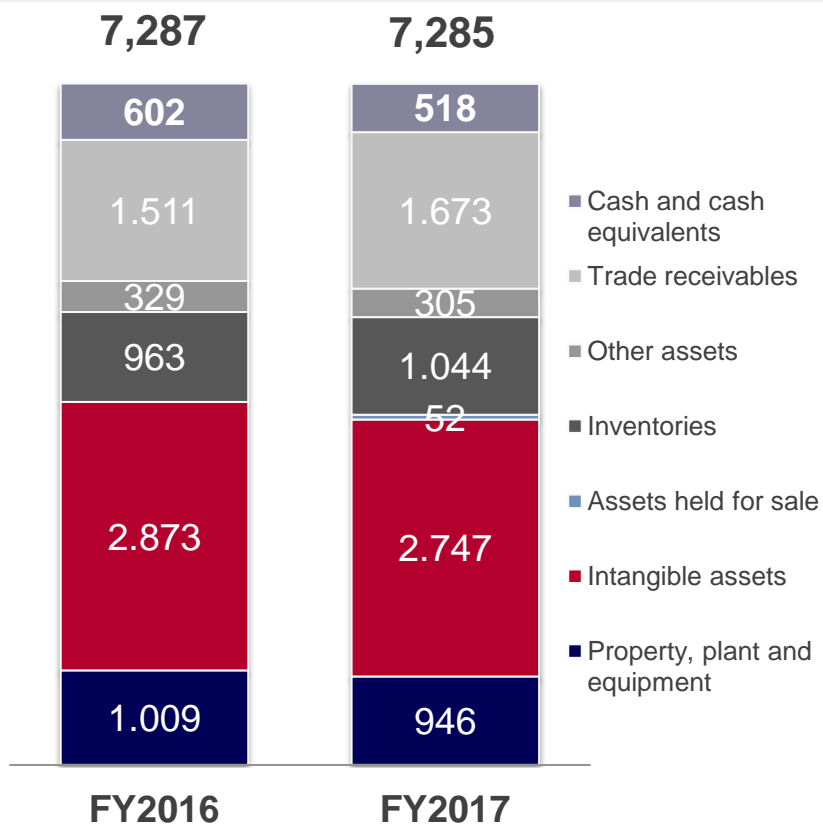
### Income statement

in EUR m	FY 2017	FY 2016	$\Delta$ as reported	$\Delta$ FX adjusted
Sales	11,743.3	10,498.4	11.9%	13.1%
<b>Operating gross profit</b>	<b>2,554.1</b>	<b>2,369.3</b>	<b>5.2%</b>	<b>6.5%</b>
<b>Operating EBITDA</b>	<b>836.0</b>	<b>810.0</b>	<b>3.2%</b>	<b>4.5%</b>
Op. EBITDA/Op. Gross profit	32.7%	33.4%		
Profit after tax	362.0	361.0	<b>0.3%</b>	

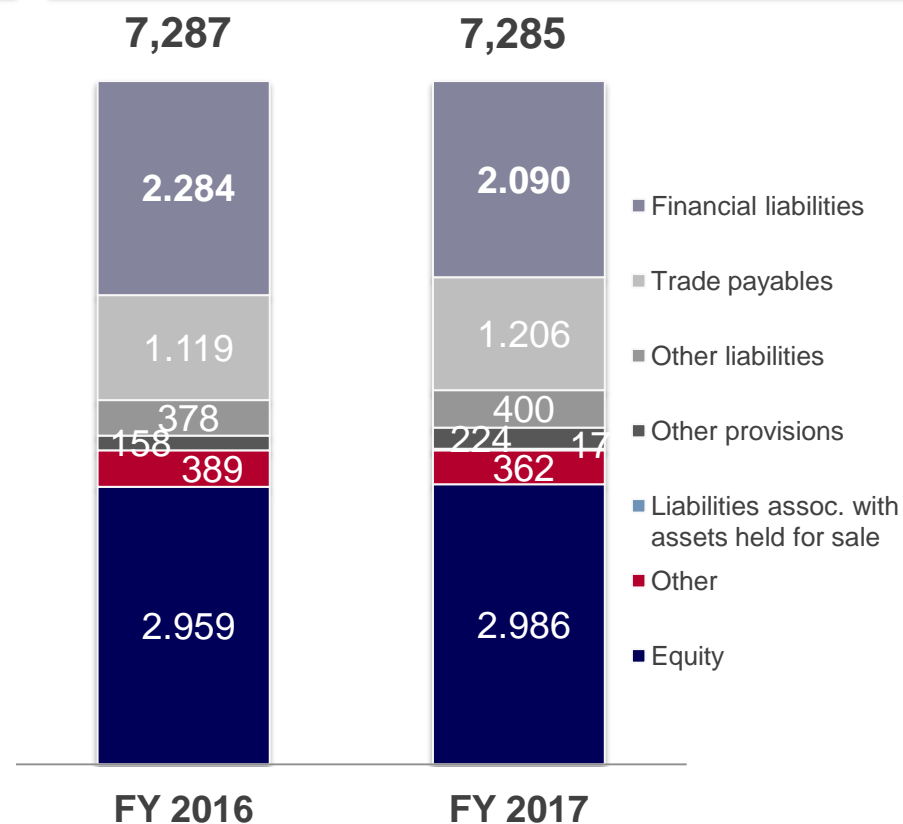
FINANCIALS 2017

# Balance Sheet as of December 31, 2017

## Assets (in EUR m)



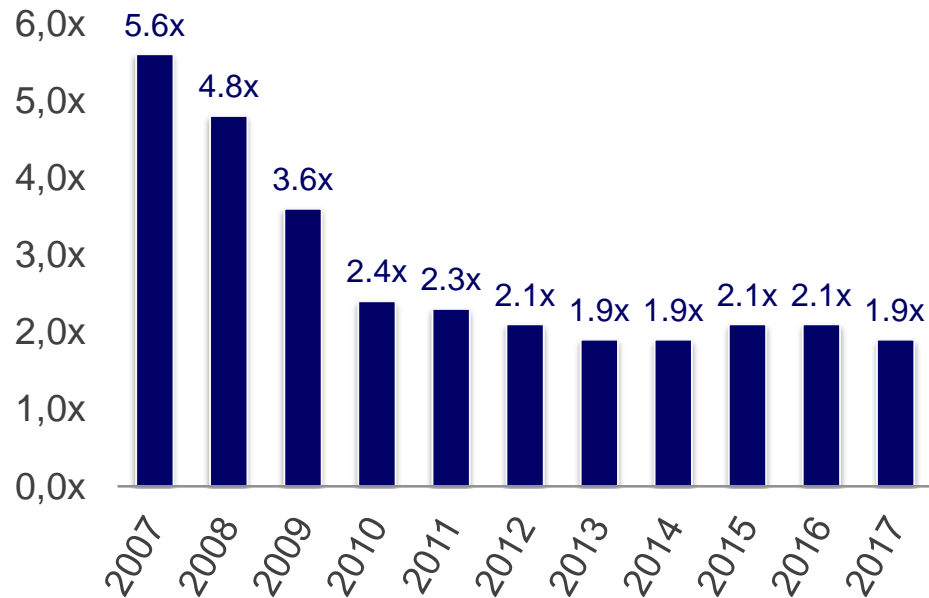
## Liabilities and Equity (in EUR m)



## FINANCIALS

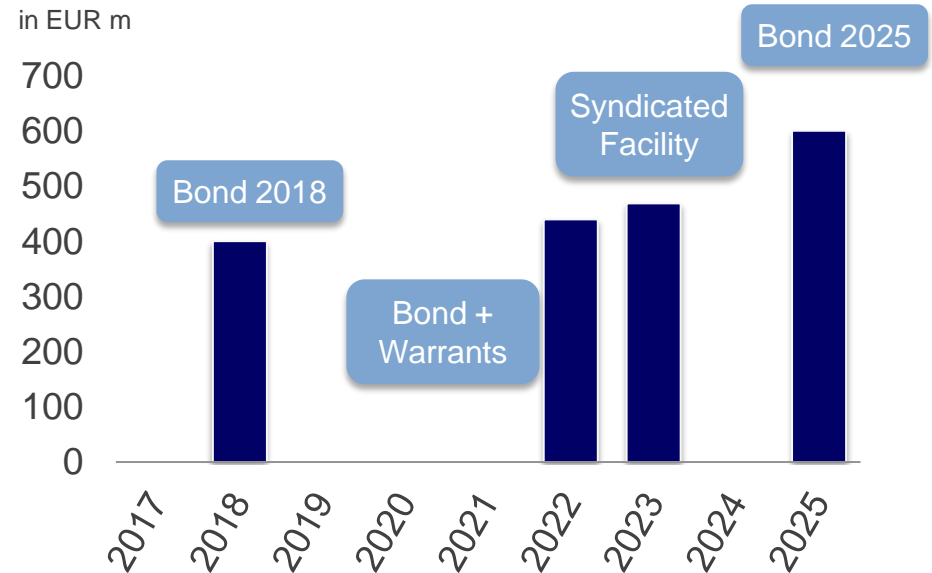
### Financial stability of Brenntag Group

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



- Constant leverage levels over period with M&A activity
- Investment-grade ratings from Standard & Poor's ("BBB") and Moody's ("Baa3")

Maturity profile as of January 31, 2018



- Successful execution of major refinancing in 2017 resulting in extension of maturity profile:
  - New Syndicated Loan in Jan. 2017
  - Issuance of new bond in Sep. 2017 to address upcoming maturity of existing bond 2018

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

## FINANCIALS 2017

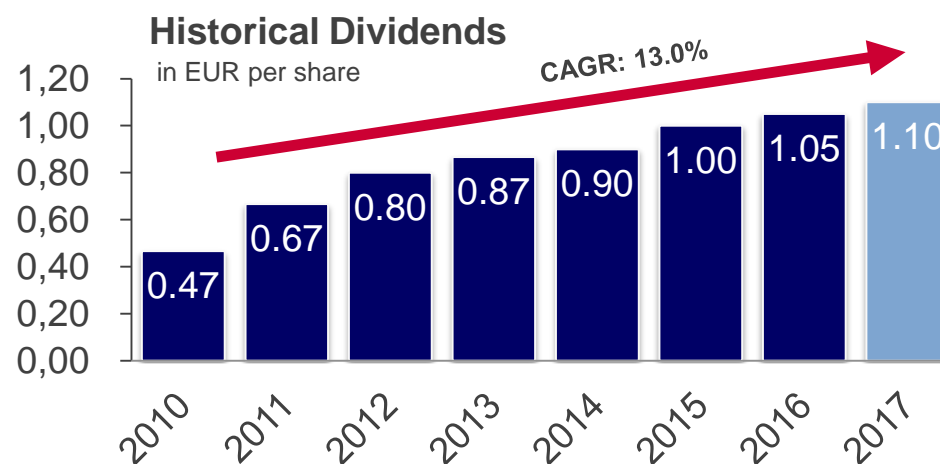
### Free cash flow

in EUR m	2017	2016	Δ	Δ
Operating EBITDA	836.0	810.0	26.0	3.2%
CAPEX	-148.1	-141.1	-7.0	5.0%
Δ Working capital	-247.6	-27.5	-220.1	800.4%
<b>Free cash flow</b>	<b>440.3</b>	<b>641.4</b>	<b>-201.1</b>	<b>-31.4%</b>

## FINANCIALS 2017

## Further dividend increase proposed

in EUR m	2017	2016	Δ
Profit after tax	362.0	361.0	0.3%
Less minority interest	1.2	0.7	
Profit after tax (consolidated) attributable to shareholders of Brenntag AG	360.8	360.3	0.1%
Proposed dividend payment	169.9	162.2	
<b>Proposed Dividend per share in EUR</b>	<b>1.10</b>	<b>1.05</b>	<b>4.8%</b>
<b>Payout ratio</b>	<b>47.1%</b>	<b>45.0%</b>	



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**OUTLOOK****Brenntag Group is strategically positioned for future growth****North America**

- Macroeconomic dynamic to stay positive
- Brenntag to leverage its position
- Cost increases are addressed

**EMEA**

- Moderately positive macroeconomic environment expected
- Measures executed in 2017 will gain full traction and support growth

**Latin America**

- Macroeconomic environment to remain volatile
- Business is well positioned for that
- Growth expected

**Asia Pacific**

- Positive macroeconomic environment
- Steadily growing earnings contribution
- Expanding presence in the market

**Group**

- Meaningful growth of operating gross profit and EBITDA expected
- Acquisitions signed in 2017 with positive contribution
- Initiatives launched with further efficiency gains
- At current FX rates strong translational headwind expected (i.e. from translation USD→EUR)

## 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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