

Connecting**Chemistry**



Q3 2019 Results



6 November 2019

Conference call on the Q3 2019 results
Corporate Finance & Investor Relations

AGENDA

Q3 2019 results presentation

- Review Q3 2019**
- Financials Q3 2019
- Outlook
- Appendix

REVIEW Q3 2019

Highlights Q3 2019

Operating Gross Profit

+3.9% (fx adj.)

EUR 722.2m

Operating EBITDA

+13.9% (fx adj.)
flattish on frozen GAAP

EUR 262.8m

Free Cash Flow

+63.5%

EUR 245.9m

Continuous execution on M&A strategy

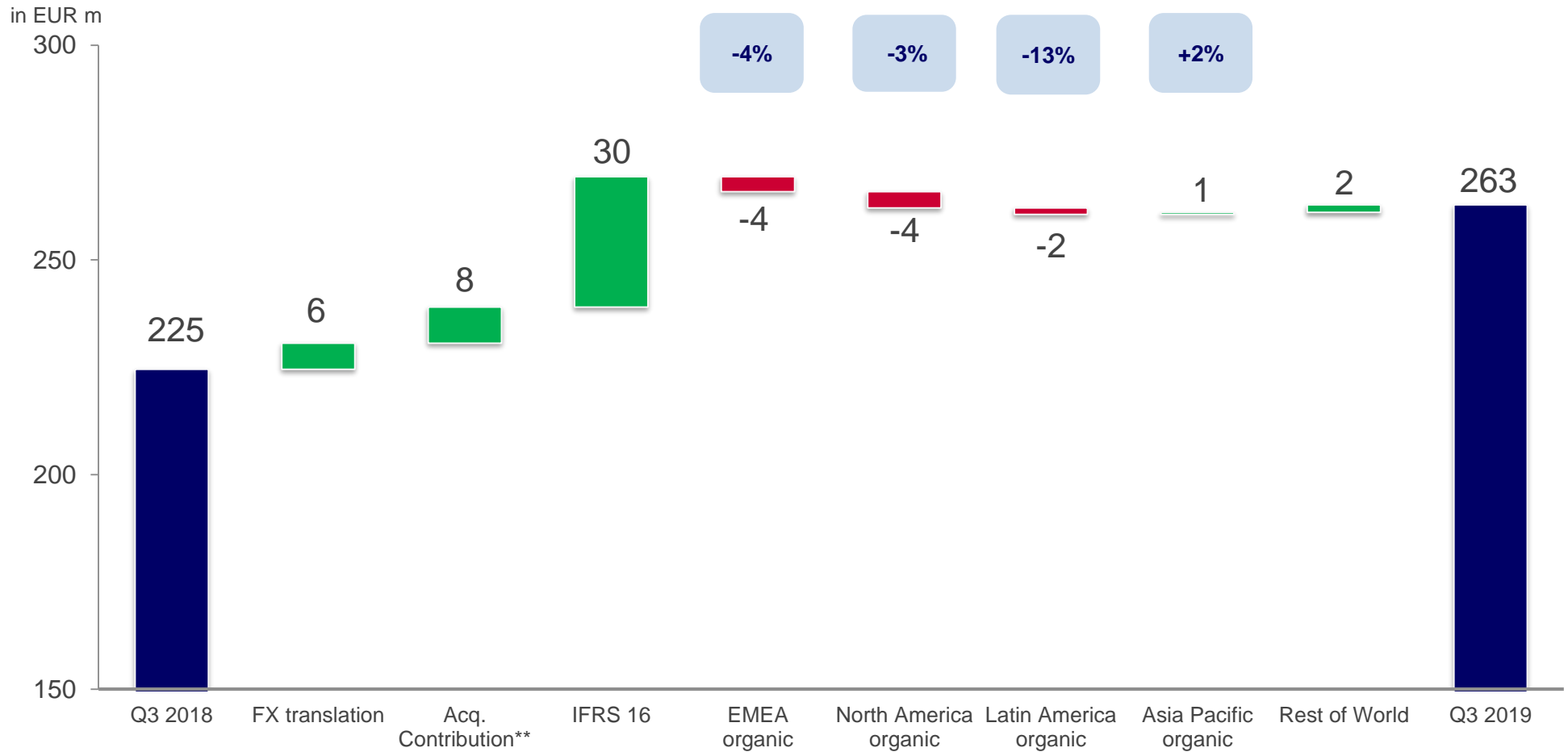
Soft demand situation in main regions

Op. EBITDA growth 2019:
Around lower end of guided range (0-4%)*

*frozen GAAP, constant fx

REVIEW Q3 2019

Operating EBITDA bridge*: Q3 2018 to Q3 2019



* Calculations are partly based on assumptions made by management; effects based on rounded figures

** 2018 adjusted for Biosector (sale 12/2018)

REVIEW Q3 2019

Segments – EMEA

in EUR m	Q3 2019	Q3 2018	Δ in %	in % (fx adj.)
Operating gross profit	285.5	285.0	0.2	0.1
Operating EBITDA	103.2	95.9	7.6	7.3

Update

- Continuing softness in the macroeconomic environment causing weak demand
- Flattish gross profit despite challenging environment
- Organic EBITDA growth: -4%
- Effect on op. EBITDA of EUR 10.5m from application of new IFRS 16 standard

REVIEW Q3 2019

Segments – North America

in EUR m	Q3 2019	Q3 2018	Δ in %	in % (fx adj.)
Operating gross profit	318.7	290.2	9.8	5.0
Operating EBITDA	131.1	111.9	17.2	12.3

Update

- Ongoing softness in demand since Q2
- Gross Profit: organic growth and contribution from M&A
- Organic EBITDA growth: -3%
- Effect on op. EBITDA of EUR 14.1m from application of new IFRS 16 standard

REVIEW Q3 2019

Segments – Latin America

in EUR m	Q3 2019	Q3 2018	Δ in %	in % (fx adj.)
Operating gross profit	44.5	42.1	5.7	3.5
Operating EBITDA	12.6	11.2	12.3	12.2

Update

- Volatility and uncertainty remain high in the region
- Brazil with strong growth in H1 and now softening
- Organic EBITDA growth: -13%
- Effect on op. EBITDA of EUR 2.5m from application of new IFRS 16 standard
- Extraordinary income in Brazil of EUR 9.5m below operating EBITDA (and smaller effect in Financial Result) as a consequence of refund claim for social security charges

REVIEW Q3 2019

Segments – Asia Pacific

in EUR m	Q3 2019	Q3 2018	Δ in %	in % (fx adj.)
Operating gross profit	68.1	57.5	18.4	13.6
Operating EBITDA	25.3	17.8	42.1	34.9

Update

- Softer environment also in Asia Pacific - partly attributable to global trade disputes
- Brenntag's business growing organically
- In addition, contribution from acquisitions
- Growth in China despite softening economic development and unfavorable logistics situation
- Organic EBITDA growth: +2%
- Effect on op. EBITDA of EUR 2.1m from application of new IFRS 16 standard

REVIEW Q3 2019

Acquisitions Update

Transactions since Q2 2019	Profile / Rationale	Status
B&M Oil Company, USA	Sales, marketing and distribution of lubricants	Closed
Neuto Chemical Corp., Taiwan	Well-established distributor of specialty and industrial chemical products	Signed
Chemgrit Cosmetics (Pty) Ltd., South Africa	Specialty chemical distributor	Signed
Crest Chemicals Ltd., South Africa (Acquisition of remaining 50%)	Longstanding 50% Joint Venture of Brenntag / Crest is a chemical distributor to a broad range of industries	Signed
Quimisa S.A., Brazil	Distributor of industrial and specialty chemicals strong in textile, household products, food and beverage and paper industries	Signed

M&A Transactions YTD

- 2019 YTD: 10 Acquisitions with total Enterprise Value of EUR ~260m^{*)}
- Acquired companies in: USA, Kenya, South Africa, Singapore, Taiwan, Brazil

*) Includes signed but not yet closed transactions / Enterprise Value for Tee Hai and Crest included on a pro rata basis for the share acquired

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FINANCIALS Q3 2019

Income statement

in EUR m	Q3 2019	Q3 2018	Δ	Δ FX adjusted	2018
Sales	3,254.3	3,221.8	1.0%	-1.4%	12,550.0
Cost of goods sold	-2,532.1	-2,543.8	-0.5%		-9,889.1
Operating gross profit	722.2	678.0	6.5%	3.9%	2,660.9
Operating expenses	-459.4	-453.5	1.3%		-1,785.4
Operating EBITDA	262.8	224.5	17.0%	13.9%	875.5
Op. EBITDA / op. gross profit	36.4%	33.1%			32.9%

FINANCIALS Q3 2019

Income statement (continued)

in EUR m	Q3 2019	Q3 2018	Δ	2018
Operating EBITDA	262.8	224.5	17.0%	875.5
Net expenses from holding charges and special items	9.2	-0.2		17.4
Depreciation	-62.3	-30.2	106.3%	-122.0
EBITA	209.7	194.1	8.0%	770.9
Amortization ¹⁾	-12.5	-13.0	-3.8%	-49.9
EBIT	197.2	181.1	8.9%	721.0
Financial result	-23.2	-27.8	-16.5%	-97.5
EBT	174.0	153.3	13.5%	623.5
Profit after tax	128.4	110.5	16.2%	462.3
EPS	0.83	0.72	16.0%	2.98

1) Includes scheduled amortization of customer relationships amounting to EUR 9.5m in Q3 2019 (EUR 10.7m in Q3 2018 and EUR 40.7 million in 2018).

FINANCIALS Q3 2019

Cash flow statement

in EUR m	Q3 2019	Q3 2018	2018
Profit after tax	128.4	110.5	462.3
Depreciation & amortization	74.8	43.2	171.9
Income taxes	45.6	42.8	161.2
Income tax payments	-37.1	-38.5	-150.6
Interest result	21.9	20.0	82.3
Interest payments (net)	-21.9	-42.7	-80.0
Changes in current assets and liabilities	73.8	-34.6	-230.7
Changes in provisions	1.3	3.8	-25.7
Other	2.7	19.0	-15.4
Cash provided by operating activities	289.5	123.5	375.3

FINANCIALS Q3 2019

Cash flow statement (continued)

in EUR m	Q3 2019	Q3 2018	2018
Purchases of intangible assets and property, plant & equipment (PPE)	-51.9	-41.2	-178.4
Purchases of consolidated subsidiaries and other business units	-24.2	-108.9	-199.0
Sale of consolidated subsidiaries	-	-	68.2
Other	2.5	1.0	19.1
Cash used for investing activities	-73.6	-149.1	-290.1
Purchases of companies already consolidated	-	-	-
Profits distributed to non-controlling interests	-	-	-1.6
Dividends paid to Brenntag shareholders	-	-	-170.0
Repayment of (-)/proceeds from (+) borrowings (net)	-127.9	44.3	-39.9
Cash used for / provided by financing activities	-127.9	44.3	-211.5
Change in cash & cash equivalents	88.0	18.7	-126.3

FINANCIALS Q3 2019

Free cash flow

in EUR m	Q3 2019	Q3 2018	Δ	Δ	2018
Operating EBITDA	262.8	224.5	38.3	17.0%	875.5
Capex	-50.4	-39.6	-10.8	27.3%	-172.2
Δ Working capital	64.9	-34.5	99.4	-288.1%	-178.1
Principal and interest payments on lease liabilities ¹⁾	-31.4	-	-	-	-
Free cash flow	245.9	150.4	95.5	63.5%	525.2

1) On initial application of IFRS 16 at January 1, 2019, cash outflows for principal payments on lease liabilities and interest payments incurred in this context are deducted. In the prior-year figures, lease payments were still included in operating EBITDA through rental and lease expenses.

FINANCIALS Q3 2019

Balance Sheet and leverage

in EUR m	30 Sep 2019	30 June 2019	31 Mar 2019	31 Dec 2018	30 Sep 2018
Financial liabilities	2,223.2	2,268.7	2,165.0	2,155.7	2,283.7
./. Cash and cash equivalents	446.1	352.2	441.6	393.8	347.1
Net Debt ¹⁾	1,777.1	1,916.5	1,723.4	1,761.9	1,936.6
Net Debt/Operating EBITDA ²⁾	2.0x	2.2x	2.0x	2.0x	2.3x
Equity	3,507.9	3,313.1	3,435.1	3,301.2	3,164.9

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

2) Operating EBITDA for the quarters on LTM basis; op. EBITDA, financial liabilities and net debt without application of IFRS 16

FINANCIALS Q3 2019

Working capital

in EUR m	30 Sep 2019	30 June 2019	31 Mar 2019	31 Dec 2018	30 Sep 2018
Inventories	1,280.6	1,250.5	1,214.3	1,195.8	1,224.7
+ Trade receivables	1,935.9	1,975.0	2,003.9	1,843.0	1,958.5
./. Trade payables	1,334.9	1,328.2	1,360.0	1,231.8	1,336.7
Working capital (end of period)	1,881.6	1,897.3	1,858.2	1,807.0	1,846.5
Working capital turnover (year-to-date) ¹⁾	6.9x	6.9x	6.9x	7.3x	7.4x
Working capital turnover (last twelve months) ²⁾	6.9x	6.9x	7.1x	7.3x	7.4x

1) Using sales on year-to-date basis and average working capital year-to-date.

2) Using sales on LTM basis and average LTM working capital.

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Outlook

2019

Macro environment

- Challenging macroeconomic environment with no signs of improvement
- EMEA remains on very soft levels
- North America noticeable weaker
- Asia Pacific shows a mixed picture
- Latin America remains in contraction with high volatility

Operating EBITDA Guidance

**Around the lower end of guided range:
0-4% growth of operating EBITDA in FY 2019**
(fx adj., incl. M&A, based on frozen GAAP)

Comments

- Guidance for operating EBITDA was revised in July reflecting continuous weak environment

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, Sustainability



Georg Müller
CFO

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

We are ready to answer your questions!

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FINANCIALS Q3 2019

Segments

in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Group
Operating gross profit	Q3 2019	285.5	318.7	44.5	68.1	5.4	722.2
	Q3 2018	285.0	290.2	42.1	57.5	3.2	678.0
	Δ	0.2%	9.8%	5.7%	18.4%	68.8%	6.5%
	Δ FX adjusted	0.1%	5.0%	3.5%	13.6%	68.8%	3.9%
Operating EBITDA	Q3 2019	103.2	131.1	12.6	25.3	-9.4	262.8
	Q3 2018	95.9	111.9	11.2	17.8	-12.3	224.5
	Δ	7.6%	17.2%	12.3%	42.1%	-23.6%	17.0%
	Δ FX adjusted	7.3%	12.3%	12.2%	34.9%	-23.6%	13.9%

FINANCIALS 9M 2019








Segments

in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Group
Operating gross profit	9M 2019	866.0	924.5	131.9	196.3	14.8	2,133.5
	9M 2018	868.0	829.2	120.7	163.6	11.1	1,992.6
	Δ	-0.2%	11.5%	9.3%	19.9%	33.3%	7.1%
	Δ FX adjusted	0.1%	5.2%	6.4%	15.4%	33.3%	4.1%
Operating EBITDA	9M 2019	313.7	370.9	37.5	72.3	-26.5	767.9
	9M 2018	300.3	308.0	28.0	55.0	-28.9	662.4
	Δ	4.5%	20.4%	33.8%	31.5%	-8.3%	15.9%
	Δ FX adjusted	5.1%	13.7%	32.0%	26.3%	-8.3%	12.7%



IFRS 16

Implementation of IFRS 16: implications on P&L and balance sheet

P&L

in EUR m	IFRS 16 impact			
	YTD	Q3		
Sales				Unchanged
Op. Gross Profit				Unchanged
Opex (Rent & Leases)	 -86.1	-30.4		Decrease
Op. EBITDA	 +86.1	+30.4		Increase
Depreciation	 +80.7	+28.6		Increase
Interest	 +8.7	+2.8		Increase
EPS				Remain about stable

Balance Sheet

in EUR m	IFRS 16 impact YTD		
Lease liabilities	 +392 ¹⁾		Increase
Right-of-use assets	 +385 ¹⁾		Increase

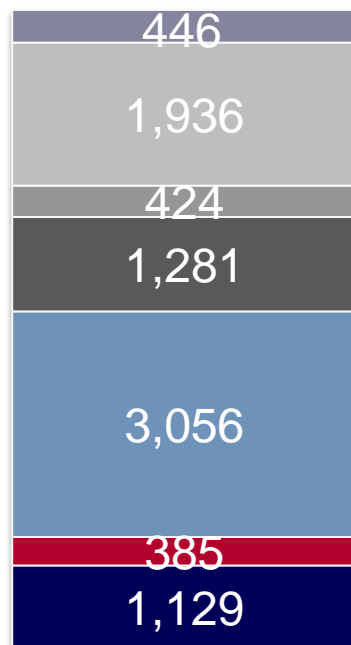
1) Includes finance leases unrelated to the application of IFRS 16: lease liabilities: EUR 6m; right-of-use-assets: EUR 7m

FINANCIALS Q3 2019

Balance Sheet as of September 30, 2019

in EUR m

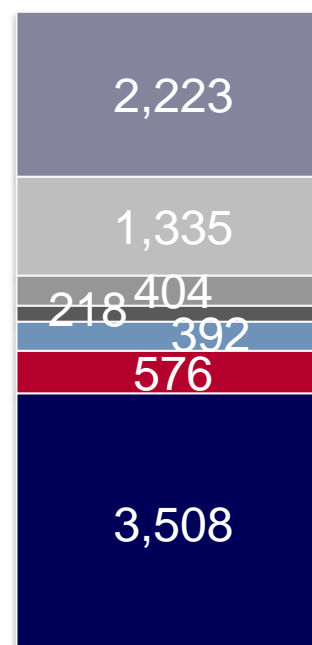
8,657



- Cash and cash equivalents
- Trade receivables
- Other assets
- Inventories
- Intangible assets
- Right-of-use assets
- Property, plant and equipment

Assets

8,657



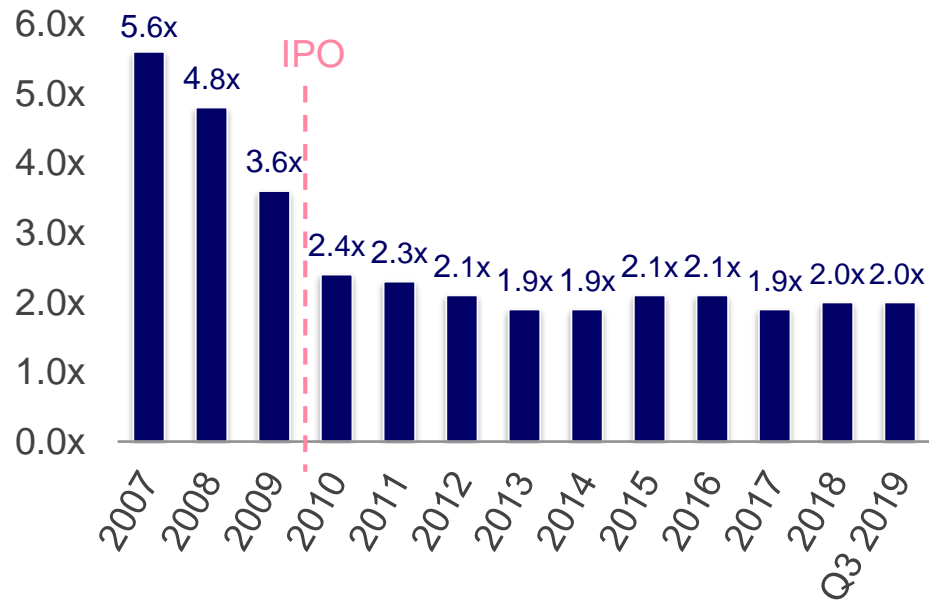
- Financial liabilities
- Trade payables
- Other liabilities
- Other provisions
- Lease liabilities
- Other
- Equity

Liabilities and Equity

FINANCIALS Q3 2019

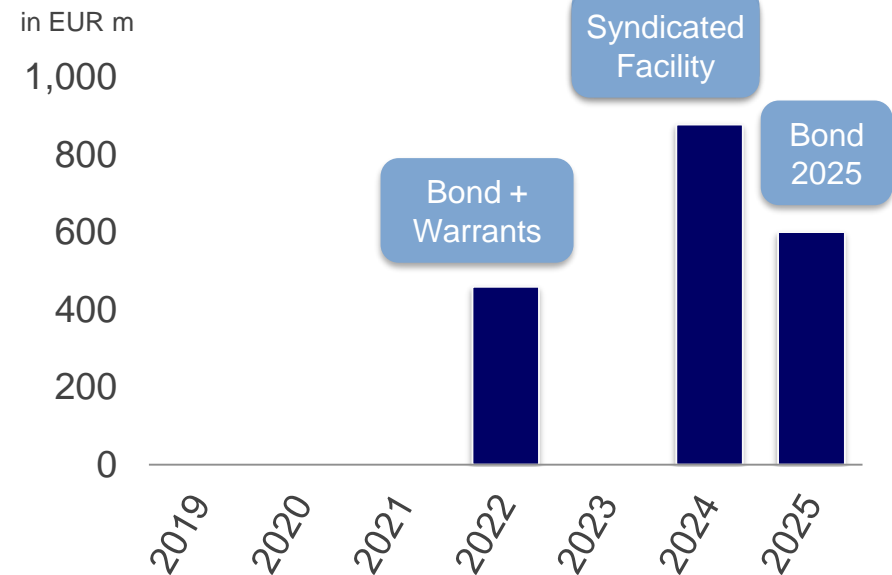
Financial stability of Brenntag Group

Leverage: Net debt/Operating EBITDA ¹⁾



- 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 September 30, 2019



- Long term balanced maturity profile

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

FINANCIALS 9M 2019

Income statement

in EUR m	9M 2019	9M 2018	Δ	Δ FX adjusted
Sales	9,690.9	9,412.0	3.0%	0.3%
Cost of goods sold	-7,557.6	-7,419.4	1.9%	
Operating gross profit	2,133.3	1,992.6	7.1%	4.1%
Operating expenses	-1,365.4	-1,330.2	2.6%	-0.1%
Operating EBITDA	767.9	662.4	15.9%	12.7%
Operating EBITDA/Operating gross profit	36.0%	33.2%		
Net expenses from special items	8.6	-1.7		
Depreciation	-179.8	-88.2	103.9%	98.7%
EBITA	596.7	572.5	4.2%	1.7%
Amortization ¹⁾	-38.0	-37.3	1.9%	-0.8%
EBIT	558.7	535.2	4.4%	
Financial result	-73.0	-70.6	3.4%	
EBT	485.7	464.6	4.5%	
Profit after tax	359.0	334.8	7.2%	

1) Includes scheduled amortization of customer relationships amounting to EUR 28.6m in 9M 2019 (EUR 30.4m in 9M 2018 and EUR 40.7 million in 2018).

FINANCIALS 9M 2019

Cash flow statement

in EUR m	9M 2019	9M 2018
Profit after tax	359.0	334.8
Depreciation & amortization	217.8	125.5
Income taxes	126.7	129.8
Income tax payments	-127.2	-122.3
Interest result	67.3	63.0
Interest payments (net)	-55.3	-64.3
Changes in current assets and liabilities	10.8	-270.4
Changes in provisions	-1.8	-24.1
Other	-2.0	12.0
Cash provided by operating activities	595.3	184.0

FINANCIALS 9M 2019

Cash flow statement (continued)

in EUR m	9M 2019	9M 2018
Purchases of intangible assets and property, plant & equipment	-126.1	-113.7
Purchases of consolidated subsidiaries and other business units	-117.4	-178.1
Other	8.4	6.1
Cash used for investing activities	-235.1	-285.7
Profits distributed to non-controlling interests	-1.0	-1.0
Dividends paid to Brenntag shareholders	-185.4	-170.0
Repayment of (-)/proceeds from (+) borrowings (net)	-129.2	106.3
Cash used for financing activities	-315.6	-64.7
Change in cash & cash equivalents	44.6	-166.4

FINANCIALS 9M 2019

Free cash flow

in EUR m	9M 2019	9M 2018	Δ	Δ in %	2018
Operating EBITDA	767.9	662.4	105.5	15.9	875.5
Capex	-121.0	-104.7	-16.3	15.6	-172.2
Δ Working capital	33.2	-231.7	264.9	-114.3	-178.1
Principal and interest payments on lease liabilities ¹⁾	-88.8	-	-	-	-
Free cash flow	591.3	326.0	265.3	81.4	525.2

1) On initial application of IFRS 16 at January 1, 2019, cash outflows for principal payments on lease liabilities and interest payments incurred in this context are deducted. In the prior-year figures, lease payments were still included in operating EBITDA through rental and lease expenses.

Outlook

