

Connecting**Chemistry**



# Company Presentation



November 2019

Corporate Finance & Investor Relations

## AGENDA

# Company Presentation

- **Introduction to Brenntag**
- Key investment highlights
- Financials Q3 2019
- Outlook
- Appendix

**INTRODUCTION**

**Brenntag is ConnectingChemistry globally**



**Global market leader in chemical / ingredients distribution with 5.9%\*) market share**



**Network of 580+ locations in 76 countries worldwide**



**~195,000 customers**



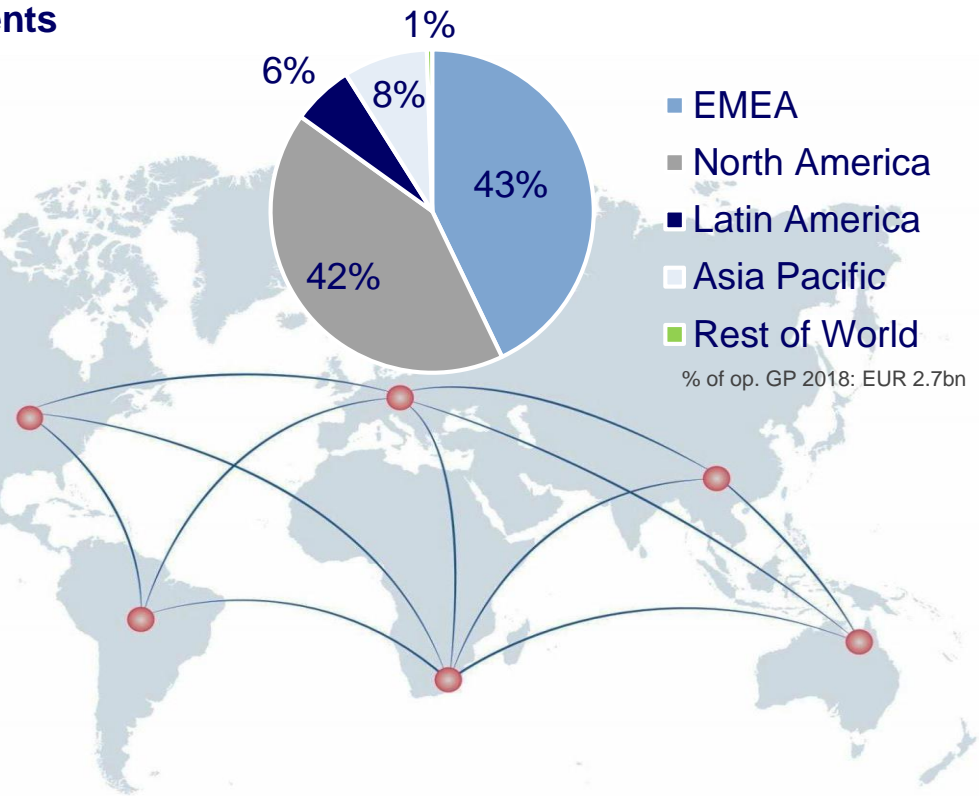
**Full-line product portfolio with more than 10,000 products**



**More than 16,600 employees thereof 1/3 dedicated local sales and marketing employees**



**Usually less-than-truckload deliveries with average value of c. EUR 3,000**



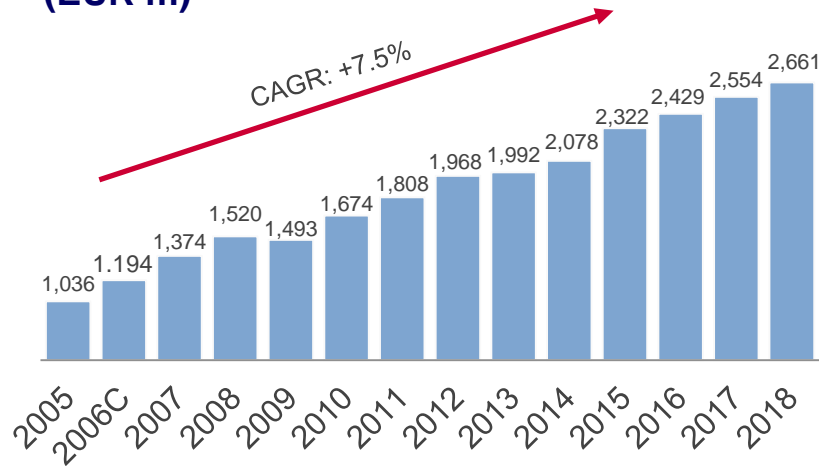
**We connect our customers and suppliers in a winning partnership globally and locally.**

\*) As per end 2012: BCG Market Report (July 2013)

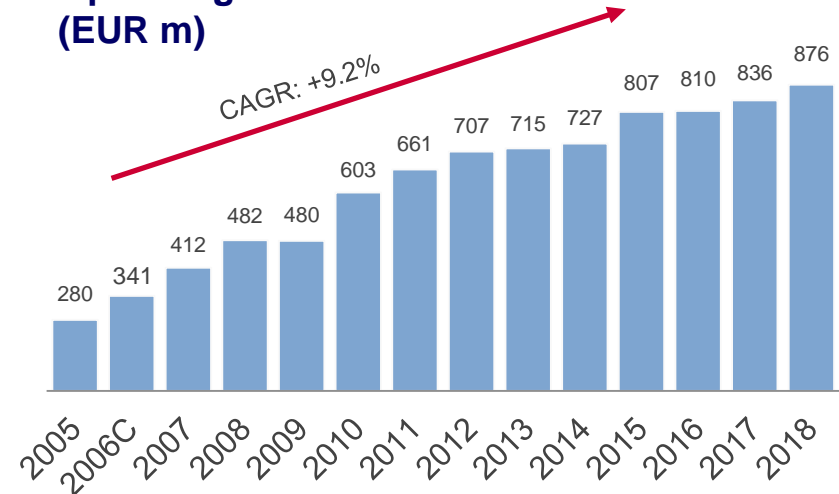
**INTRODUCTION**

**Global market leader with successful track record since IPO**

**Operating Gross Profit  
(EUR m)**



**Operating EBITDA  
(EUR m)**



**BUSINESS MODEL**

**Chemical distributors fulfil a value-adding function in the supply chain**

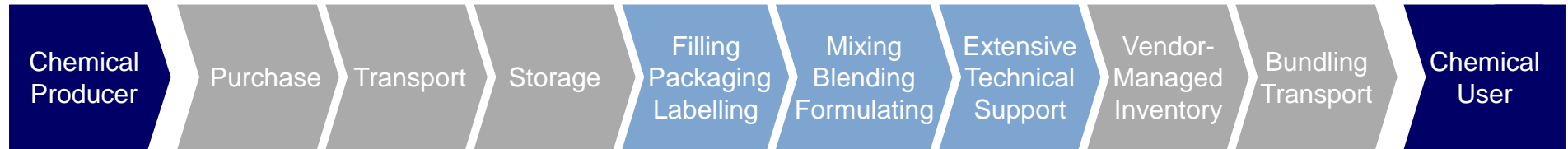


**Purchase, transport and storage of large-scale quantities of diverse chemicals**

- Several thousand suppliers globally
- Full-line product portfolio of 10,000+ industrial and specialty chemicals
- Network of 580+ locations worldwide





**BUSINESS MODEL****Chemical distributors fulfil a value-adding function in the supply chain**

- Repackaging from large into smaller quantities
- Filling, labelling, bar-coding and palletizing
- Marketed by more than 5,000 dedicated local sales and marketing employees
- Mixing and blending according to customer specific requirements
- Formulating and technical support from dedicated application laboratories



**BUSINESS MODEL**

**Chemical distributors fulfil a value-adding function in the supply chain**




- Leveraging high route density based on local scale
- Providing just-in-time delivery and vendor-managed inventory service
- Utilizing transportation for drum return service
- Offering one-stop-shop solution



**DISTRIBUTOR VS. PRODUCER**

**Chemical distribution differs substantially from chemical production**

	“What we are”	“What we are not”
	<b>BRENNTAG</b> 	<b>Chemical Producer</b>
Business model	B2B Services / Solutions	Manufacturing
Product portfolio	Full-line	Narrow
Customer base	Broad in diverse end-markets	Narrow
Customer order size	Small	Large
Delivery method	Less-than-truckload	Truckload and larger
Fixed assets	Low intensity	High intensity
Fixed asset flexibility	Multi-purpose	Narrow purpose
Cost base	Variable	Fixed
Raw material prices	Market	Contract
Input / Output pricing	Connected	Disconnected



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## INVESTMENT HIGHLIGHTS

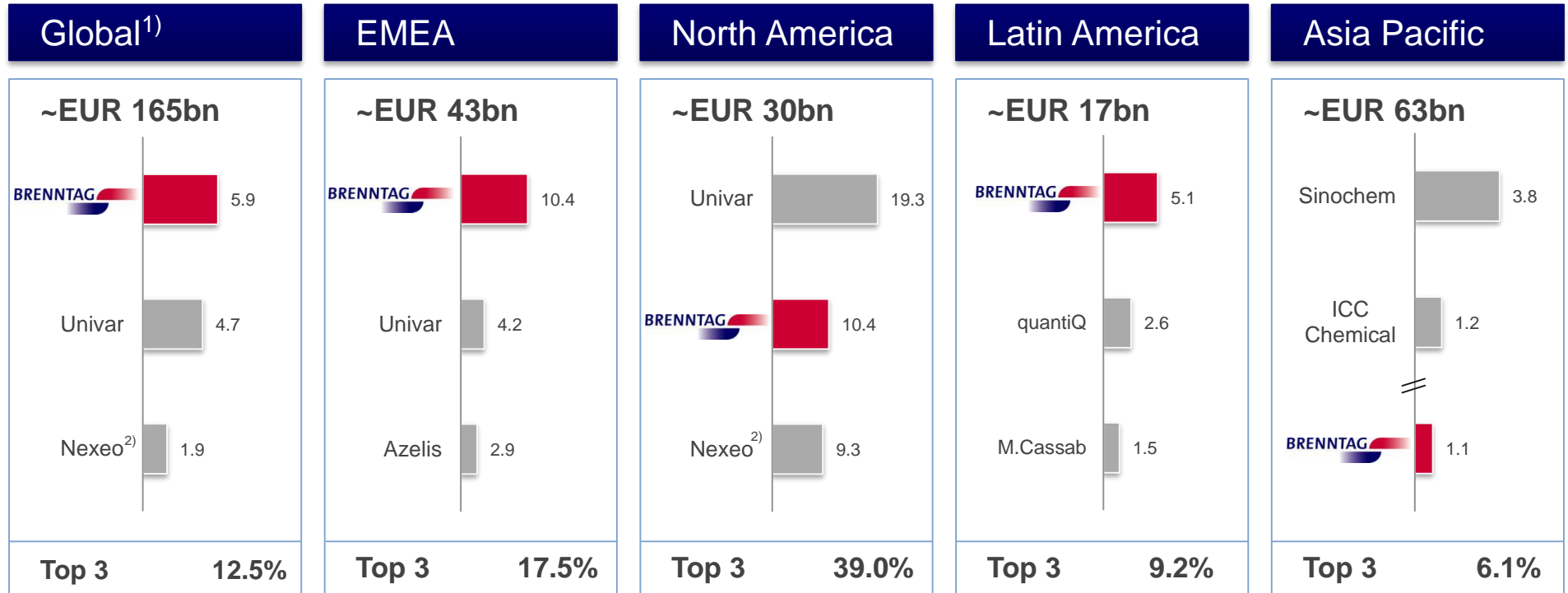
### **Brenntag is a highly attractive investment case**

#### Key investment highlights

- Global market leader
- Significant growth potential in an attractive industry
- Superior business model with resilience
- Excellence in execution
- Highly experienced management team
- Strong financial profile

**GLOBAL MARKET LEADER**

**Third party chemical distribution estimated market size and market shares**



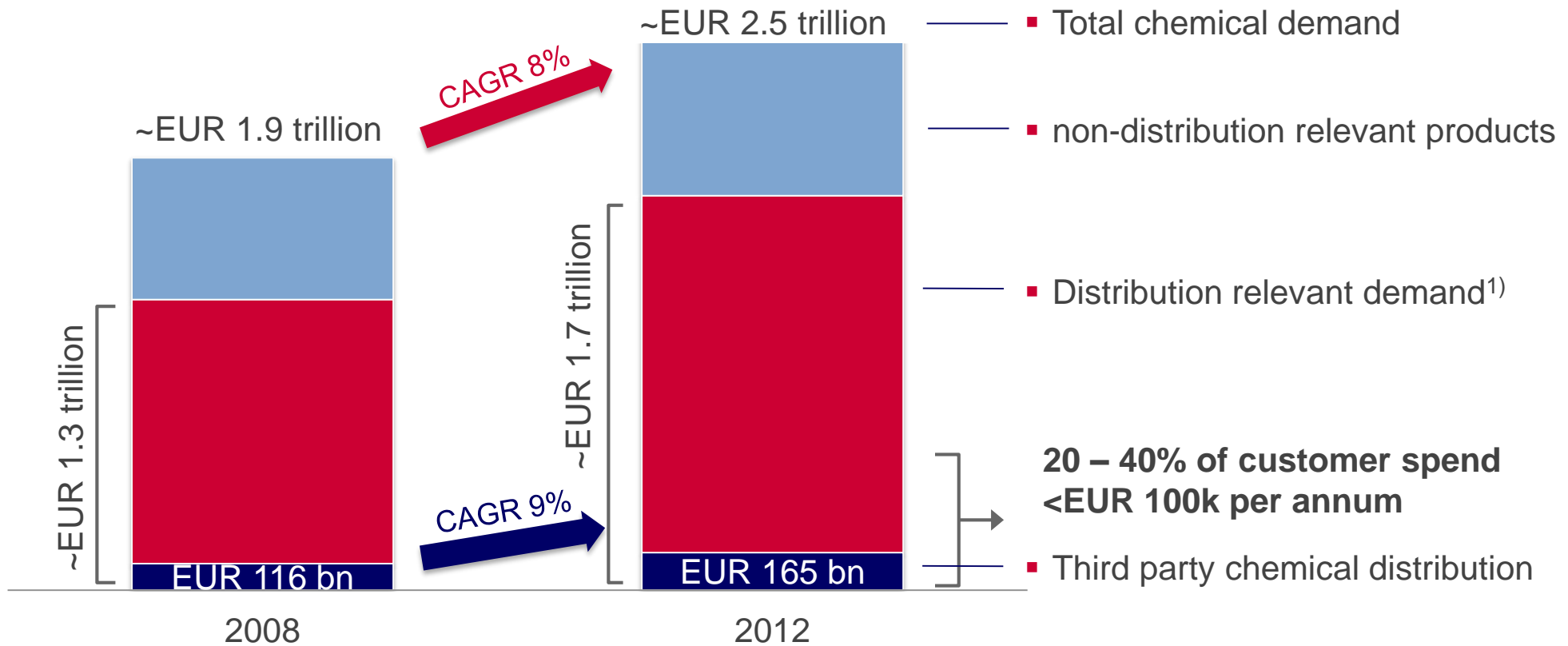
**Still highly fragmented market with more than 10,000 chemical distributors globally**

As per end 2012: BCG Market Report (July 2013)  
 1) Global includes not only the four regions shown above, but also RoW  
 2) Former Ashland Distribution.

MARKET GROWTH

Third party chemical distribution outgrew total chemical demand

THIRD PARTY CHEMICAL DISTRIBUTION OPPORTUNITY

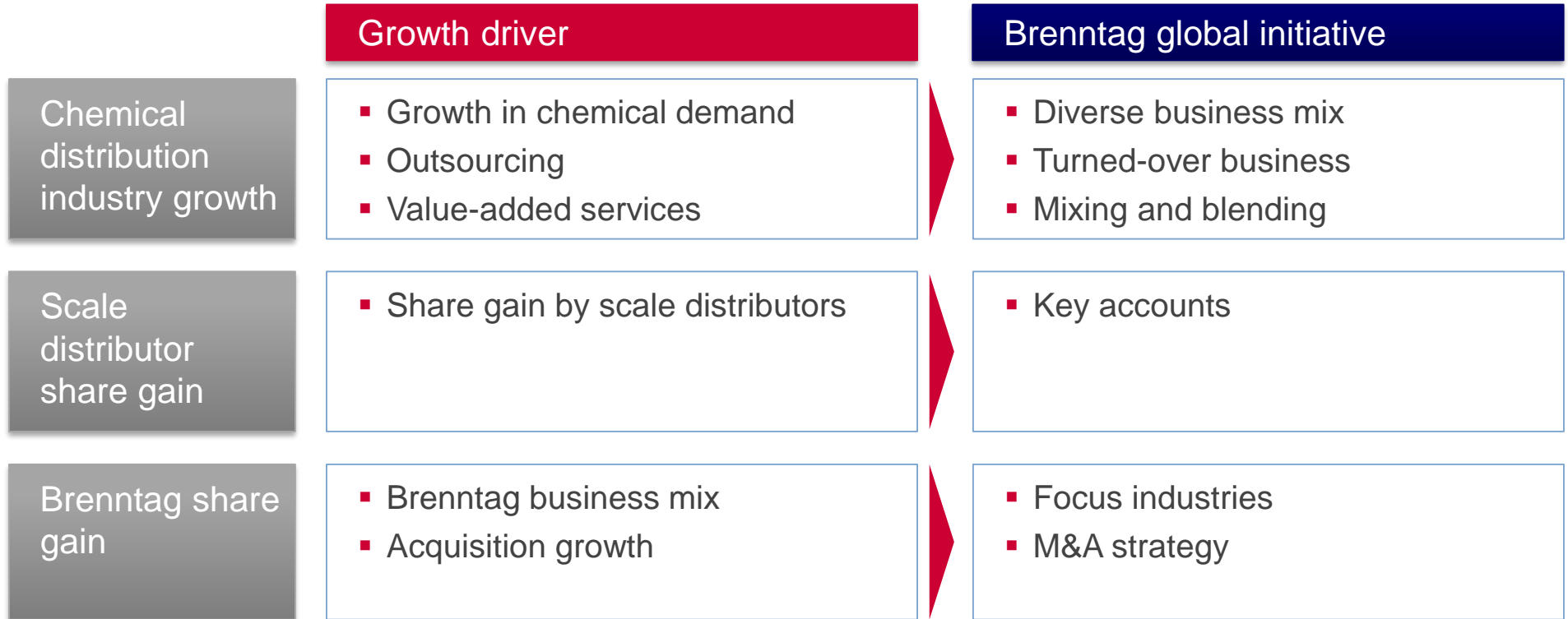


BCG Market Report (July 2013)

1) Excluding non-distribution relevant products like ethylene

**GROWTH DRIVERS**

**Multiple levers of organic growth and acquisition potential**



**Significant organic and acquisition growth potential**



**ACQUISITION OBJECTIVES****Significant potential for consolidation and external growth**

Building up  
scale and  
efficiencies

Expanding  
geographic  
coverage

Improving full-  
line portfolio

**Brenntag's acquisition track record**

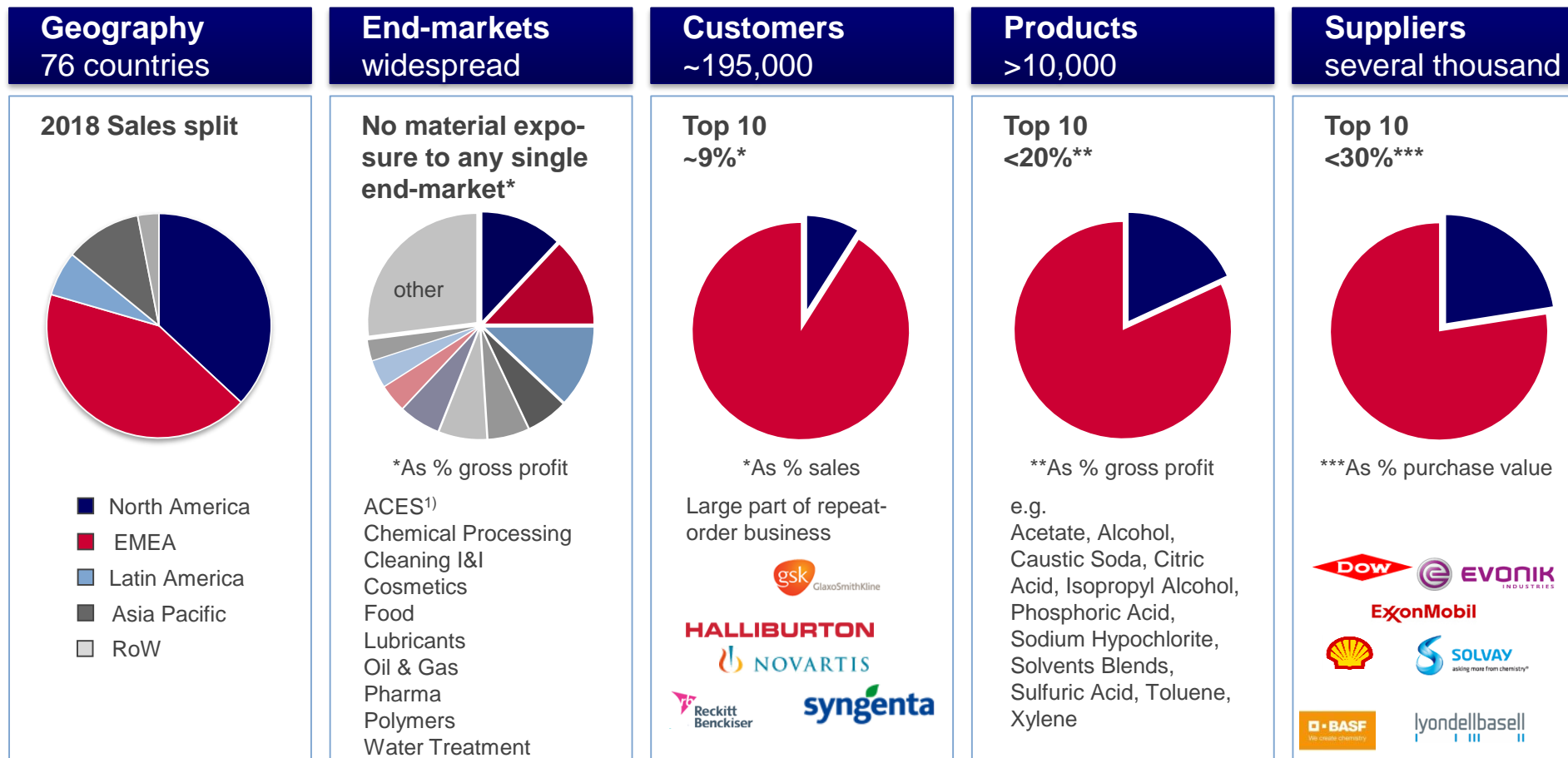
- 165 transactions since 1991, thereof 94 since 2007<sup>1)</sup>
- Total cost of acquisitions<sup>2)</sup> of EUR 2.1bn from 2007 to October 2019
- Average investment amount of EUR 22.4m per transaction from 2007 to August 2019
- Synergy potential from cross-selling and cost saving opportunities mainly due to building up of scale and improved efficiency of acquisitions
- Market remains highly fragmented facilitating significant further consolidation potential

1) Without acquisitions performed by JV-Crest; including acquisitions performed until October 2019

2) Purchase price paid excluding debt assumed

## HIGH DIVERSIFICATION

# Diversity provides resilience and growth potential



Data for end-markets, customers, products and suppliers as per Management estimates

1) Adhesives, coatings, elastomers, sealants

## **BARRIERS TO ENTRY**

### **High barriers to entry due to critical scale and scope**

**Permits and licences**

**Infrastructure availability**

**Regulatory standards**

**Know-how**

**Rationalization of distribution relationships**

**Global reach**

**Significant  
capital  
resources and  
time required to  
create a global  
full-line  
distributor**

**MARKET DRIVEN****Excellence in execution due to balance of global scale and local reach****Global platform****Core management functions**

- Strategic direction
- Controlling and Treasury
- Information Technology
- Quality, Health, Safety, Environment

**Strategic growth initiatives**

- Strategic supplier relationships
- Turned-over business
- Focus industries
- Key accounts
- Mergers & Acquisitions

**Best practice transfer****Local reach**

- Better local understanding of market trends and adaptation to respective customer needs
- Entrepreneurial culture
- Clear accountability
- Strong incentivization with high proportion of variable compensation of management

**SUSTAINABILITY**

**Brenntag’s commitment to sustainability and external reporting/ratings**

**Memberships/Signatures:**



Participation in the **Responsible Care/Distribution** program for more than 20 years



2014: Signing of the **UN Global Compact** and commitment to its 10 principles



2016: Member of the chemical industry’s **“Together for Sustainability”** initiative

**Ratings and Reporting:**



Gold Status **EcoVadis** Sustainability Assessment since 2016



**CDP: C level** (“Awareness”) Climate Change 2018 rating



Annual **Sustainability Report** since 2015 (GRI Standards)  
Dedicated website:  
[www.brenntag.com/sustainability](http://www.brenntag.com/sustainability)



## BOARD OF MANAGEMENT

### Highly experienced management team



**Steven Holland, CEO**

Region Latin America, Corp.  
Communications, Development, HSE,  
Internal Audit & Compliance , Global HR,  
Global M&A, Sustainability



**Georg Müller, CFO**

Corp. Accounting, Controlling, Finance &  
IR, Legal, Risk Management, Tax,  
Brenntag International Chemicals



**Karsten Beckmann**

Region EMEA (Europe, Middle  
East & Africa), Corporate IT,  
Digitization



**Markus Klähn**

Region North America,  
Global Accounts



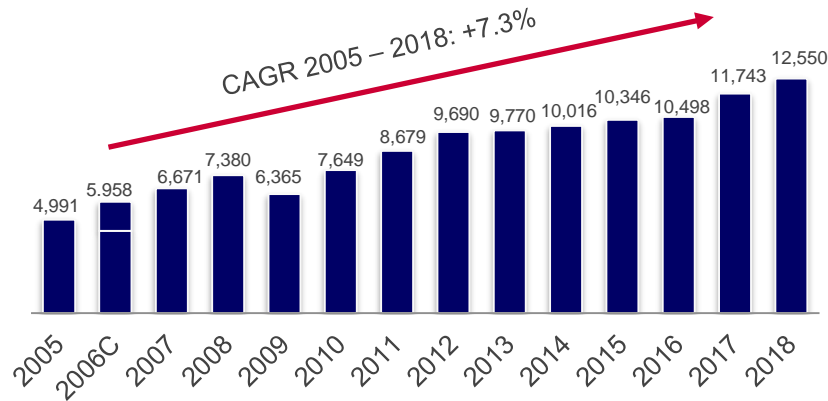
**Henri Nejade**

Region Asia Pacific,  
Global Sourcing

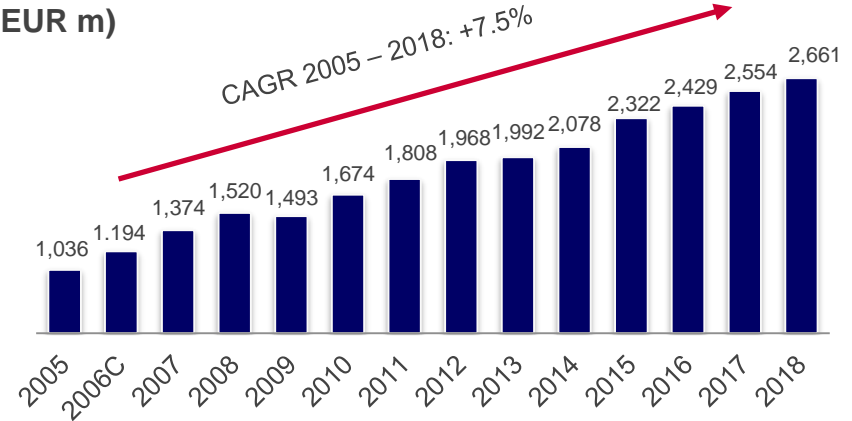
## STRONG FINANCIAL PROFILE

### Growth track record and resilience through the downturn

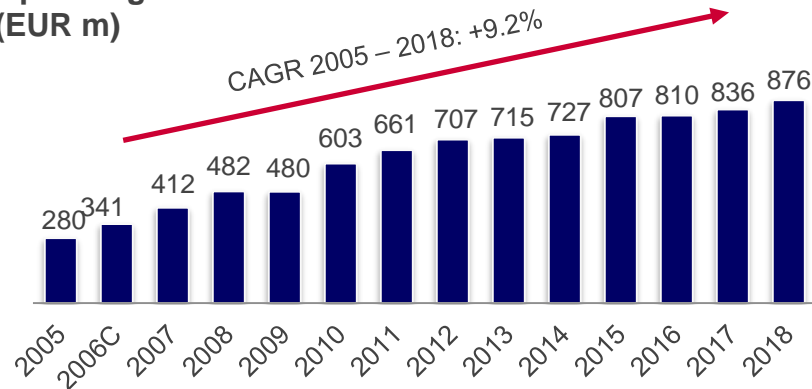
Sales (EUR m)



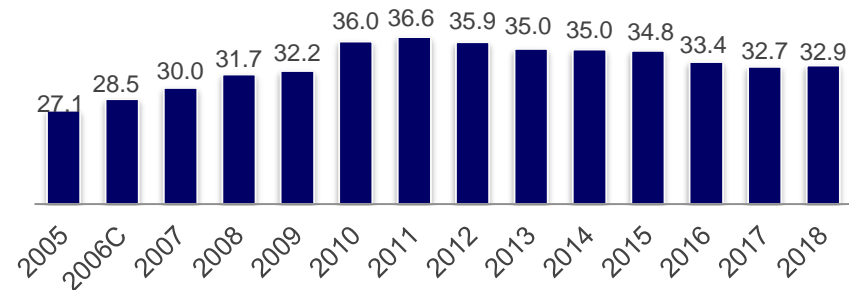
Operating Gross Profit (EUR m)



Operating EBITDA (EUR m)



Op. EBITDA/ Op. Gross Profit (in %)



Notes: 2005: Brenntag predecessor; 2006: Brenntag and Brenntag predecessor combined and does not constitute pro forma financial information.  
 EBITDA / Gross Profit adjusted for non-recurring effects: 2012 = 11m, 2013 = 17m

## INVESTMENT HIGHLIGHTS

### **Brenntag is a highly attractive investment case**

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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**

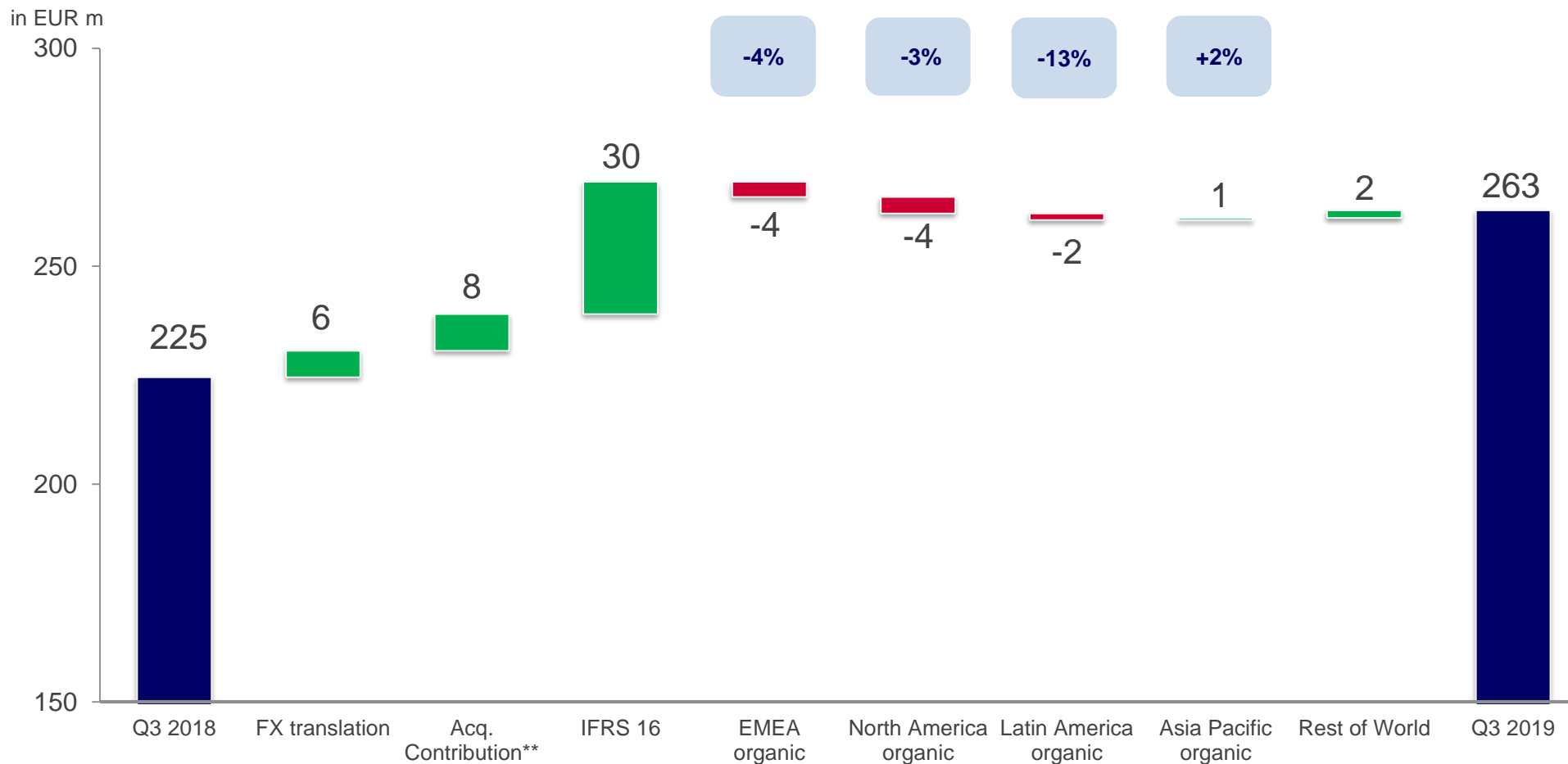
**Op. EBITDA growth 2019:**  
**Around lower end of guided range (0-4%)\***

\*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
<b>Operating EBITDA</b>	<b>103.2</b>	<b>95.9</b>	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
<b>Operating EBITDA</b>	<b>131.1</b>	<b>111.9</b>	<b>17.2</b>	<b>12.3</b>

## 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
<b>Operating EBITDA</b>	<b>12.6</b>	<b>11.2</b>	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
<b>Operating EBITDA</b>	<b>25.3</b>	<b>17.8</b>	<b>42.1</b>	<b>34.9</b>

### 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**

<b>Transactions since Q2 2019</b>	<b>Profile / Rationale</b>	<b>Status</b>
<b>B&amp;M Oil Company, USA</b>	Sales, marketing and distribution of lubricants	Closed
<b>Neuto Chemical Corp., Taiwan</b>	Well-established distributor of specialty and industrial chemical products	Signed
<b>Chemgrit Cosmetics (Pty) Ltd., South Africa</b>	Specialty chemical distributor	Signed
<b>Crest Chemicals Ltd., South Africa (Acquisition of remaining 50%)</b>	Longstanding 50% Joint Venture of Brenntag / Crest is a chemical distributor to a broad range of industries	Signed
<b>Quimisa S.A., Brazil</b>	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<sup>\*)</sup>
- 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

## 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
<b>Operating gross profit</b>	<b>722.2</b>	<b>678.0</b>	<b>6.5%</b>	<b>3.9%</b>	<b>2,660.9</b>
Operating expenses	-459.4	-453.5	1.3%		-1,785.4
<b>Operating EBITDA</b>	<b>262.8</b>	<b>224.5</b>	<b>17.0%</b>	<b>13.9%</b>	<b>875.5</b>
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
<b>Operating EBITDA</b>	<b>262.8</b>	<b>224.5</b>	<b>17.0%</b>	<b>875.5</b>
Net expenses from holding charges and special items	9.2	-0.2		17.4
Depreciation	-62.3	-30.2	106.3%	-122.0
<b>EBITA</b>	<b>209.7</b>	<b>194.1</b>	<b>8.0%</b>	<b>770.9</b>
Amortization <sup>1)</sup>	-12.5	-13.0	-3.8%	-49.9
<b>EBIT</b>	<b>197.2</b>	<b>181.1</b>	<b>8.9%</b>	<b>721.0</b>
Financial result	-23.2	-27.8	-16.5%	-97.5
EBT	174.0	153.3	13.5%	623.5
<b>Profit after tax</b>	<b>128.4</b>	<b>110.5</b>	<b>16.2%</b>	<b>462.3</b>
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
<b>Cash provided by operating activities</b>	<b>289.5</b>	<b>123.5</b>	<b>375.3</b>

## 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
<b>Cash used for investing activities</b>	<b>-73.6</b>	<b>-149.1</b>	<b>-290.1</b>
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
<b>Cash used for / provided by financing activities</b>	<b>-127.9</b>	<b>44.3</b>	<b>-211.5</b>
<b>Change in cash &amp; cash equivalents</b>	<b>88.0</b>	<b>18.7</b>	<b>-126.3</b>

## 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 <sup>1)</sup>	-31.4	-	-	-	-
<b>Free cash flow</b>	<b>245.9</b>	<b>150.4</b>	<b>95.5</b>	<b>63.5%</b>	<b>525.2</b>

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 <sup>1)</sup>	1,777.1	1,916.5	1,723.4	1,761.9	1,936.6
<b>Net Debt/Operating EBITDA <sup>2)</sup></b>	<b>2.0x</b>	<b>2.2x</b>	<b>2.0x</b>	<b>2.0x</b>	<b>2.3x</b>
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
<b>Working capital (end of period)</b>	<b>1,881.6</b>	<b>1,897.3</b>	<b>1,858.2</b>	<b>1,807.0</b>	<b>1,846.5</b>
Working capital turnover (year-to-date) <sup>1)</sup>	6.9x	6.9x	6.9x	7.3x	7.4x
Working capital turnover (last twelve months) <sup>2)</sup>	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.



## FINANCIALS Q3 2019

### Segments

in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Group
<b>Operating gross profit</b>	<b>Q3 2019</b>	<b>285.5</b>	<b>318.7</b>	<b>44.5</b>	<b>68.1</b>	<b>5.4</b>	<b>722.2</b>
	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%
<b>Operating EBITDA</b>	<b>Q3 2019</b>	<b>103.2</b>	<b>131.1</b>	<b>12.6</b>	<b>25.3</b>	<b>-9.4</b>	<b>262.8</b>
	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
<b>Operating gross profit</b>	<b>9M 2019</b>	<b>866.0</b>	<b>924.5</b>	<b>131.9</b>	<b>196.3</b>	<b>14.8</b>	<b>2,133.5</b>
	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%
<b>Operating EBITDA</b>	<b>9M 2019</b>	<b>313.7</b>	<b>370.9</b>	<b>37.5</b>	<b>72.3</b>	<b>-26.5</b>	<b>767.9</b>
	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
<b>Op. EBITDA</b>		<b>+86.1</b>	<b>+30.4</b>	<b>Increase</b>
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 <sup>1)</sup>
Right-of-use assets		+385 <sup>1)</sup>	Increase

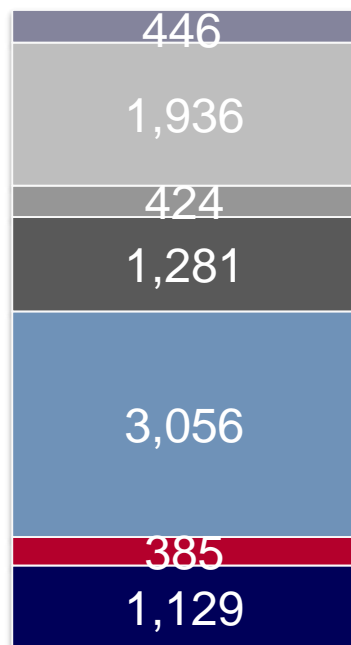
1) Includes finance leases unrelated to the application of IFRS 16: lease liabilities: EUR 6m; right-of-use-assets: EUR 7m

FINANCIALS Q3 2019

# Balance Sheet as of September 30, 2019

in EUR m

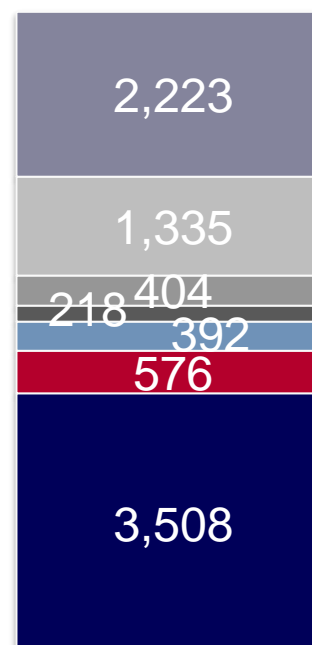
8,657



Assets

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

8,657

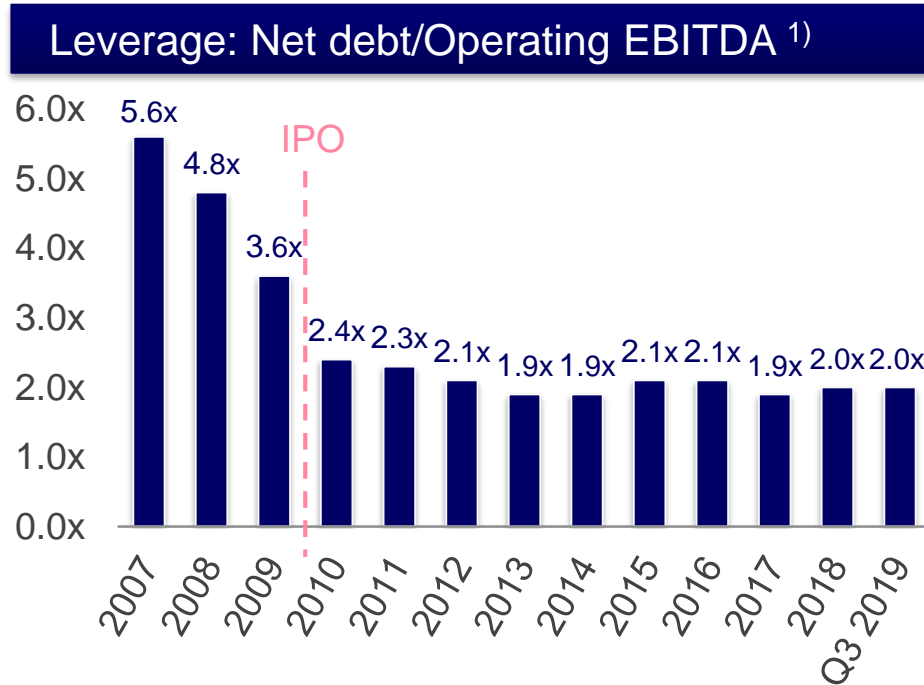


Liabilities and Equity

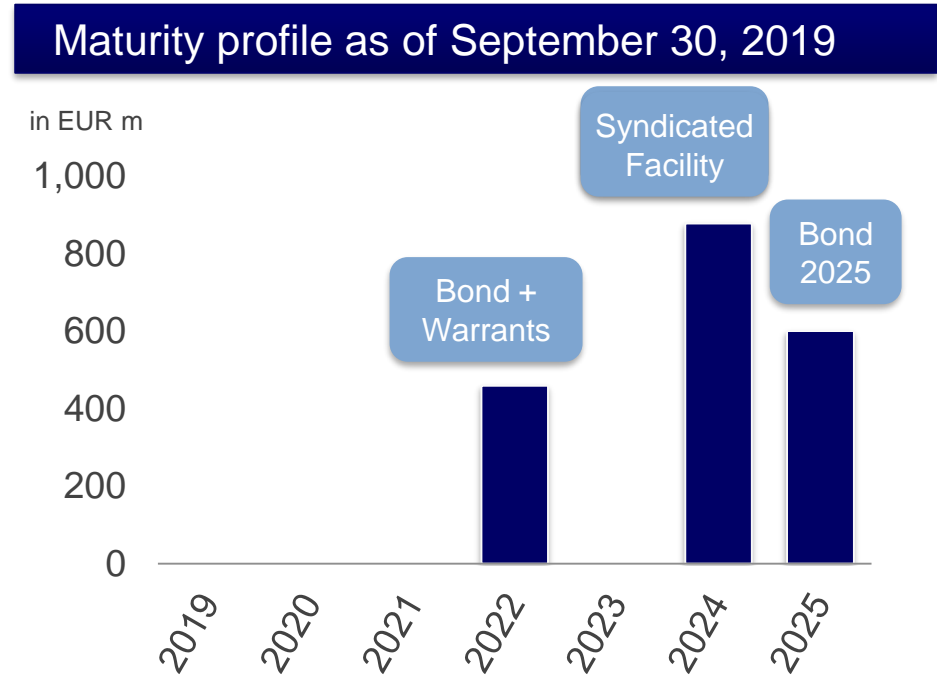
- Financial liabilities
- Trade payables
- Other liabilities
- Other provisions
- Lease liabilities
- Other
- Equity

## FINANCIALS Q3 2019

### Financial stability of Brenntag Group



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



- Long term balanced maturity profile

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

## AGENDA

# Company Presentation

- Introduction to Brenntag
- Key investment highlights
- Financials Q3 2019
- **Outlook**
- Appendix

## 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

## AGENDA

# Company Presentation

- Introduction to Brenntag
- Key investment highlights
- Financials Q3 2019
- Outlook
- **Appendix**



## APPENDIX

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**BRENNTAG HISTORY****Longstanding history of more than 140 years**

Year	Event
<b>1874</b>	Philipp Mühsam founds the business in Berlin
<b>1912</b>	Entry into chemical distribution business
<b>1966</b>	Brenntag becomes international, acquiring Balder in Belgium
<b>1970 – 1979</b>	US business established; continued acquisitions in European and North American chemicals distribution business
<b>1980 – 1989</b>	Further expansion in North America
<b>1990 – 2000</b>	Expansion in Europe via acquisitions; takeover of Neuber Group in Austria establishes foothold in Central and Eastern Europe
<b>2000</b>	Acquisition of Holland Chemical International, at the time the fifth largest chemical distributor worldwide, providing global scale and a leading position in Latin America
<b>2000 – 2008</b>	Becoming global market leader; acquisition of LA Chemicals (US, 2006), Schweizerhall (Switzerland, 2006) and Albion (UK and Ireland, 2006)
<b>2008</b>	Acquisition of Rhodia's distribution activities in 8 countries, establishing Asia Pacific platform

**BRENNTAG HISTORY****Longstanding history of more than 140 years**

Year	Event
2010	IPO; acquisition of EAC Industrial Ingredients, substantially strengthening presence in Asia Pacific
2011	Market entry in China
2012	The free float of the Brenntag AG share reached 100% of the share capital, after final placement of Brachem Acquisition S.C.A.
2015	Acquisition of J.A.M. (USA) and G.H. Berlin Windward (USA): Strategic expansion of lubricants business in USA
2015	Continued international growth through targeted acquisitions in EMEA and Asia Pacific
2016	Towards greater sustainability: Brenntag achieves Gold status in EcoVadis Sustainability Assessment and becomes full member of TfS initiative.
2017	Brenntag move into the new headquarters – the ‚House of Elements‘ in Essen, Germany
2018	Brenntag launches Food & Nutrition brand

**ALIGNING OUR BUSINESS TO THE FUTURE**

**Brenntag has a successful Food & Nutrition business already today**

**Above average growth**

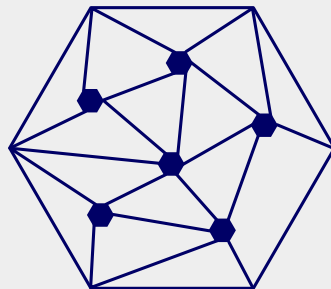


**~1.3bn EUR  
Sales  
in 2017**

**Application Centers**



**Supply chain expertise**



**Food & Nutrition  
sales force**



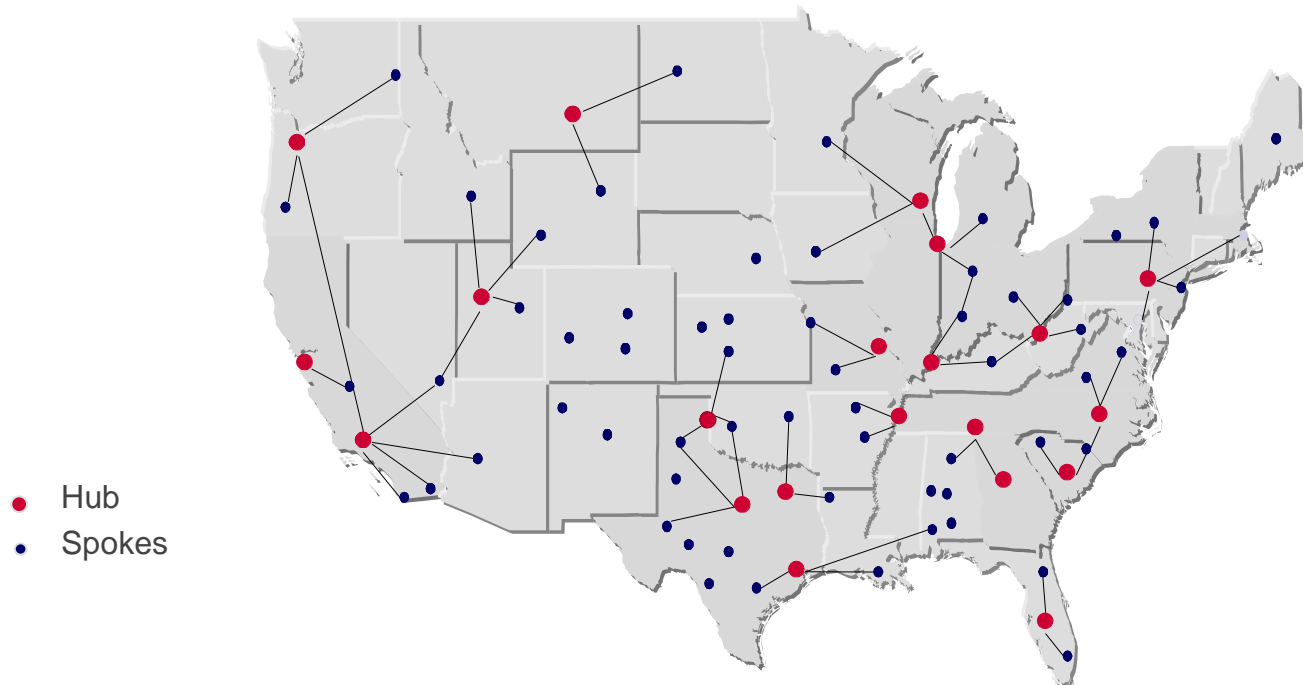
**TOP INITIATIVE – KEY ACCOUNTS****Increase business with pan-regional/global key customers based on increased demand****Concept**

- Management believes amount spent by customers on chemical distribution may be 15% to 25% of their total chemical spending
- Partnering with an international distributor can greatly reduce the cost and time of supplier management, allowing customer procurement to focus on strategic materials
- International distribution can bundle customers' global usage to simplify the interaction with producers
- Knowledge gain at one customer site can be rapidly transferred to all other sites, thus lessening project development time, approval of alternate sources, or implementing best-in-class logistics
- One contract or working document applies to all business interactions leading to quicker implementation, reduced misunderstandings and elimination of regional differences
- An international distributor can grow with the customer as the customer enters new geographical and business markets
- Global corporations want to partner with a supplier that provides the security of a robust and uniform Sustainability Program, and Ethical work processes

**Customers who take advantage of Brenntag's truly global network contributed EUR 1,830m of sales in 2018**

## NORTH AMERICA – EFFICIENT HUB &amp; SPOKE SYSTEM

## Efficient management of stock and storage utilization



- **Larger distribution sites (“hubs”)** are fully equipped with tanks, filling stations, mixing and blending facilities and storage facilities for packaged products
- **Smaller distribution sites (“spokes”)** represent warehouse facilities for packaged products that are supplied from the larger sites

illustrative example

# NORTH AMERICA

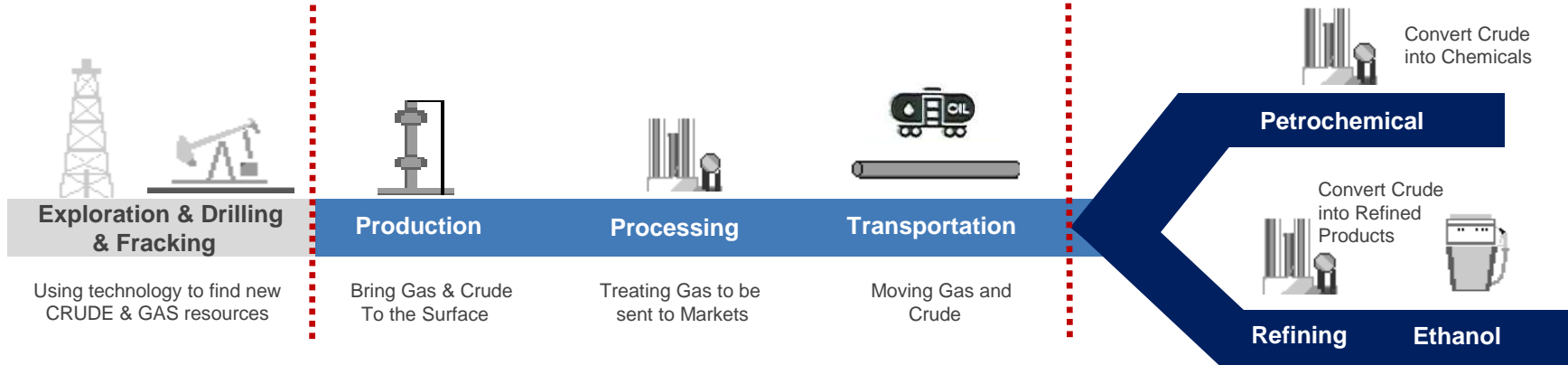
## Oil and Gas Value Chain



### Upstream

### Midstream

### Downstream





HSE

## Committed to health, safety and the environment

### Committed to the principles of Responsible Care/Responsible Distribution<sup>1)</sup>

- Product responsibility
- Plant safety
- Occupational safety and health
- Comprehensive environment protection (air, water, soil, raw materials, waste)
- Transport safety

### Brenntag Approach

**Programs and regular training**

**Clear guidelines and procedures**

**Appropriate equipment**

**Behaviour-based safety**

**Regular reporting to Board**

1) Program of the International Council of Chemical Trade Associations

**ACQUISITION HISTORY****Acquisitions have achieved three main objectives****Building up scale & efficiencies**

- Biesterfeld, Germany, 2002
- Albion, UK and Ireland, 2006
- Schweizerhall, Switzerland, 2006
- Quadra and LA Chemicals, USA, 2006
- Ulrich Chemicals, Mid-South USA, 2007
- Houghton Chemicals, USA, 2010
- G.S. Robins, Northern US, 2011
- The Treat-Em-Rite Corporation, USA, 2012
- Kemira Water Denmark A/S, Denmark, 2014
- Philchem, Inc., Texas, USA, 2014
- NOCO Inc., NY, USA, 2016
- MCP Inc., Pryor, Oklahoma, USA, 2016
- Canada Colors & Chemicals, Canada, 2018
- Reeder Distributors Inc., 2019
- B&M Oil Company, USA, 2019

**Expanding geographic coverage**

- Neuber, CEE, 2000
- Holland Chemical Intl., Canada/LA/Nordic, 2000
- Group Alliance, North Africa, 2005
- Dipol, Ukraine & Russia, 2008
- Rhodia, Asia, 2008
- EAC Industrial Ingredients, Asia, 2010
- Zhong Yung (International) Chemical, China, 2011
- ISM/Salkat Group, Asia, 2012
- Quimicas Merono, Spain, 2015
- TAT Group, Singapore, Asia, 2015
- Trychem FZC, Dubai, UAE, 2015
- Whanee Corporation, South Korea, 2016
- Raj Petro Specialities, India, 2017
- Conquimica, Columbia, 2017
- Quimitécnica, Portugal, 2018
- Desbro, Kenya, 2018
- Crest Chemicals Ltd., South Africa, 2019
- Neuto Chemical Corp., Taiwan, 2019
- Quimisa S.A., Brazil, 2019

**Improving full-line portfolio**

- ACES<sup>1),2</sup> distributors UK + Canada, 2004, 2007
- 6 distributors in EU & LA, 2005-09
- Oil & Gas, 3 distributors in NA, 2005-08
- Riba (Spain), Amco (Mexico), 2010 & 2011
- Multisol (UK), 2011
- Delanta, LA, 2012
- Water treatment, Altivia Corp., NA, 2012
- Lubrication Serv., NA, 2013
- Zytex, India, 2013
- Gafor, Brazil, 2014
- Chimab, Italy, 2014
- SurtiQuímicos, Colombia 2014
- Fred Holmberg & Co AB, Sweden, 2014
- Food, Lionheart, South Africa, 2015
- Cosmetics, Parkoteks Kimya, Turkey, 2015
- Lubricants, J.A.M.+ Berlin-Windward USA, 2015
- Leis Polytechnik + ACU, Germany, 2016
- Platichem + Warren Chem, South Africa, 2016
- Waxes, EPChem. Group, Singapore, 2016
- Petra Industries, Inc., USA, 2017
- Greene's Energy Group, USA, 2017
- Wellstar, China, 2017
- Kluman and Balter + A1 Cake Mixes, UK, 2017
- Alphamin S. A., Belgium, 2018
- Pachem Distribution Inc., 2018
- NERP Inc., 2019
- Tee Hai Chem Pte. Ltd., 2019
- Marlin Company Inc. 2019
- Chemgrit Cosmetics (Pty) Ltd., South Africa, 2019

1) Adhesives, coatings, elastomers, sealants






**ASIA PACIFIC**



# Asia Pacific Strategy: Implementation of a powerful platform with clearly defined strategy



IFRS 16

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

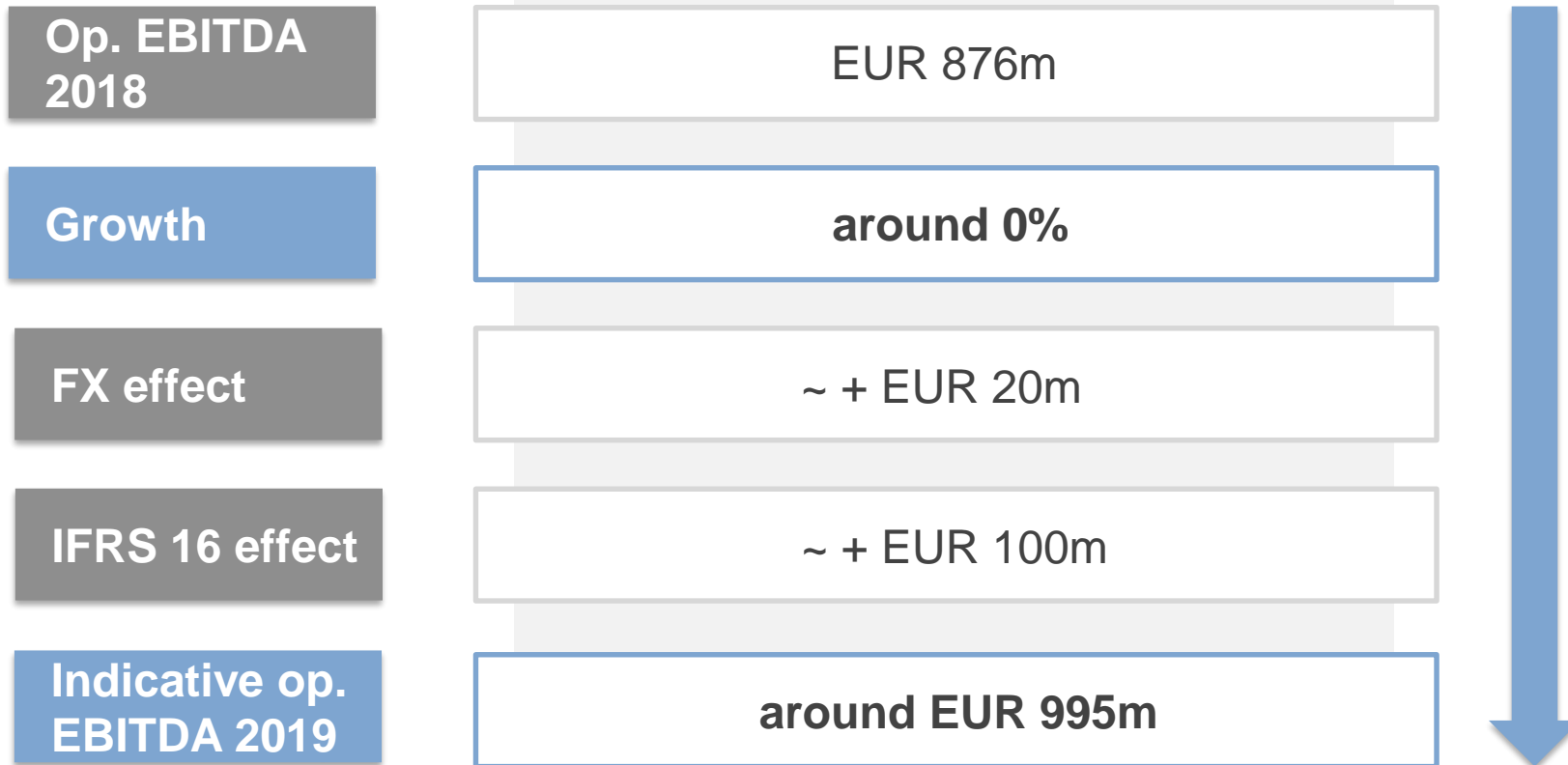
P&L		
in EUR m	Indicative IFRS 16 impact on FY 2019	
Sales		Unchanged
Op. Gross Profit		Unchanged
Opex (Rent & Leases)	 ~ -100	Decrease
<b>Op. EBITDA</b>	 ~ +100	<b>Increase</b>
EPS		~ +/-0 Remain about stable

Balance Sheet		
in EUR m	Indicative IFRS 16 impact on FY 2019	
Lease liabilities	 ~ +350	Increase
Right-of-use assets	 ~ +350	Increase

- In 2018: EUR 144m expenses for operating leases included in EBITDA
- IFRS 16: (most) rent & lease expenses will be re-classified to depreciation and interest expenses
- Positive impact on EBITDA
- Limited effect on EPS

- Leases have to be recognized as a right-of-use asset
- A corresponding liability will be recorded

## Outlook 2019



REVIEW 2018

**Highlights 2018**

**Operating  
Gross Profit**

**+7.5% (fx adj.)**

EUR 2,660.9m

**Operating  
EBITDA**

**+8.4% (fx adj.)**

EUR 875.5m

**Free cashflow  
generation**

**+19.3%**

EUR 525.2m

**EPS**

**+27.4%**

EUR 2.98

**Growth driven  
organically**

Local execution and  
implementation of  
initiatives

**M&A strategy  
executed**

**EUR ~265m**  
(acquired EV in 2018)

**Non-core  
business sold**

**EUR ~72m**  
(EV of Biosector  
business)

**Dividend  
proposal**

**EUR 1.20 DPS**

+9.1%: 8<sup>th</sup> consecutive  
increase

## FINANCIALS 2018

### Income statement

in EUR m	FY 2018	FY 2017	Δ	Δ FX adjusted
Sales	12,550.0	11,743.3	6.9%	10.2%
Cost of materials	-9,889.1	-9,189.2	7.6%	
<b>Operating gross profit</b>	<b>2,660.9</b>	<b>2,554.1</b>	<b>4.2%</b>	<b>7.5%</b>
Operating expenses	-1,785.4	-1,718.1	3.9%	
<b>Operating EBITDA</b>	<b>875.5</b>	<b>836.0</b>	<b>4.7%</b>	<b>8.4%</b>
Op. EBITDA/Op. gross profit	32.9%	32.7%		

## FINANCIALS 2018

## Income statement (continued)

in EUR m	FY 2018	FY 2017	Δ
Operating EBITDA	875.5	836.0	4.7%
Special items	17.4	-53.8	
Depreciation	-122.0	-118.9	2.6%
<b>EBITA</b>	<b>770.9</b>	<b>663.3</b>	<b>16.2%</b>
Amortization <sup>1)</sup>	-49.9	-44.2	12.9%
<b>EBIT</b>	<b>721.0</b>	<b>619.1</b>	<b>16.5%</b>
Financial result	-97.5	-94.5	3.2%
EBT	623.5	524.6	18.9%
<b>Profit after tax</b>	<b>462.3</b>	<b>362.0</b>	<b>27.7%</b>
EPS	2.98	2.34	27.4%

1) Includes scheduled amortization of customer relationships amounting to EUR 40.7m in 2018 (EUR 34.7m in 2017).



## FINANCIALS 2018

## Balance Sheet and leverage

in EUR m	31 Dec 2018	30 Sep 2018	30 June 2018	31 Mar 2018	31 Dec 2017
Financial liabilities	2,155.7	2,283.7	2,249.3	2,087.0	2,089.9
./. Cash and cash equivalents	393.8	347.1	332.8	489.1	518.0
Net Debt	1,761.9	1,936.6	1,916.5	1,597.9	1,571.9
<b>Net Debt/Operating EBITDA <sup>1)</sup></b>	<b>2.0x</b>	<b>2.3x</b>	<b>2.3x</b>	<b>1.9x</b>	<b>1.9x</b>
Equity	3,301.2	3,164.9	3,047.8	3,058.4	2,985.7

1) Operating EBITDA for the quarters on LTM basis.

## FINANCIALS 2018

### Working capital

in EUR m	31 Dec 2018	30 Sep 2018	30 June 2018	31 Mar 2018	31 Dec 2017
Inventories	1,195.8	1,224.7	1,183.3	1,076.3	1,043.6
+ Trade receivables	1,843.0	1,958.5	1,989.7	1,834.9	1,672.7
./. Trade payables	1,231.8	1,336.7	1,382.3	1,267.9	1,205.8
<b>Working capital (end of period)</b>	<b>1,807.0</b>	<b>1,846.5</b>	<b>1,790.7</b>	<b>1,643.3</b>	<b>1,510.5</b>
Working capital turnover (year-to-date) <sup>1)</sup>	7.3x	7.4x	7.5x	7.5x	7.9x
Working capital turnover (last twelve months) <sup>2)</sup>	7.3x	7.4x	7.5x	7.6x	7.9x

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.

## FINANCIALS 2018

### Free cash flow

in EUR m	2018	2017	Δ	Δ
Operating EBITDA	875.5	836.0	39.5	4.7%
CAPEX	-172.2	-148.1	-24.1	16.3%
Δ Working capital	-178.1	-247.6	69.5	-28.1%
<b>Free cash flow</b>	<b>525.2</b>	<b>440.3</b>	<b>84.9</b>	<b>19.3%</b>

## FINANCIALS

### Segments FY 2018

in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Group
<b>Operating gross profit</b>	<b>FY 2018</b>	<b>1,141.2</b>	<b>1,118.3</b>	<b>163.1</b>	<b>224.2</b>	<b>14.1</b>	<b>2,660.9</b>
	FY 2017	1,094.8	1,073.9	172.5	198.7	14.2	2,554.1
	Δ	4.2%	4.1%	-5.4%	12.8%	-0.7%	4.2%
	Δ FX adjusted	5.5%	8.9%	1.9%	17.2%	-0.7%	7.5%
<b>Operating EBITDA</b>	<b>FY 2018</b>	<b>385.5</b>	<b>409.6</b>	<b>39.9</b>	<b>77.9</b>	<b>-37.4</b>	<b>875.5</b>
	FY 2017	365.6	385.0	42.4	73.7	-30.7	836.0
	Δ	5.4%	6.4%	-5.9%	5.7%	21.8%	4.7%
	Δ FX adjusted	7.2%	11.2%	2.3%	9.4%	21.8%	8.4%

## ROCE

## Increasing value added and returns

in EUR m	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
EBITA	770.9	663.3	694.5	698.7	627.5	595.6	610.8	569.9	513.6	394.3	397.6
Average carrying amount of equity	3,111.6	2,969.2	2,753.8	2,534.6	2,190.1	2,008.4	1,860.3	1,660.0	1,265.5	157.7	166.2
Average carrying amount of financial liabilities	2,173.1	2,255.0	2,238.3	1,961.8	1,823.1	1,817.5	1,868.7	1,809.6	2,114.7	3,190.0	3,217.8
Average carrying amount of cash and cash equivalents	-416.2	-612.0	-566.3	-460.9	-413.1	-343.4	-356.2	-382.5	-468.3	-500.9	-308.0
<b>ROCE <sup>1,2)</sup></b>	<b>15.8%</b>	<b>14.4%</b>	<b>15.7%</b>	<b>17.3%</b>	<b>17.4%</b>	<b>17.1%</b>	<b>18.1%</b>	<b>18.5%</b>	<b>17.6%</b>	<b>13.9%</b>	<b>12.9%</b>

1) ROCE is defined as EBITA divided by (the average carrying amount of equity + the average carrying amount of financial liabilities – the average carrying amount of cash and cash equivalents)

2) The decline in EBITA in 2017 is attributable to net expense from holding charges and special items of EUR 53.8 million. Adjusted for those effects, ROCE was 15.5%. In 2018 special items income accounted for EUR 17.4 million. Adjusted for those effects ROCE was 15.5%.

## CASH FLOW

### Strong cash generation over the past years

in EUR m	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
EBITDA	875.5	836.0	810.0	807.4	726.7	698.3	707.0	660.9	602.6	480.3	482.1
CAPEX	-172.2	-148.1	-141.1	-130.1	-104.8	-97.2	-94.7	-86.0	-85.1	-71.8	-84.3
Δ Working capital	-178.1	-247.6	-27.5	87.0	-100.5	-56.2	-33.0	-61.0	-136.4	242.0	-53.5
<b>Free cash flow<sup>1)</sup></b>	<b>525.2</b>	<b>440.3</b>	<b>641.4</b>	<b>764.3</b>	<b>521.4</b>	<b>544.9</b>	<b>579.3</b>	<b>513.9</b>	<b>381.1</b>	<b>650.5</b>	<b>344.3</b>
Average working capital <sup>2)</sup>	1,719.6	1,487.3	1,308.8	1,295.1	1,161.8	1,090.0	1,048.8	928.3	752.4	691.9	833.1
<b>Working capital turnover<sup>3)</sup></b>	<b>7.3x</b>	<b>7.9x</b>	<b>8.0x</b>	<b>8.0x</b>	<b>8.6x</b>	<b>9.0x</b>	<b>9.2x</b>	<b>9.3x</b>	<b>10.2x</b>	<b>9.2x</b>	<b>8.9x</b>

1) Free Cash Flow is calculated as operating EBITDA – Capex +/- Δ Working Capital.

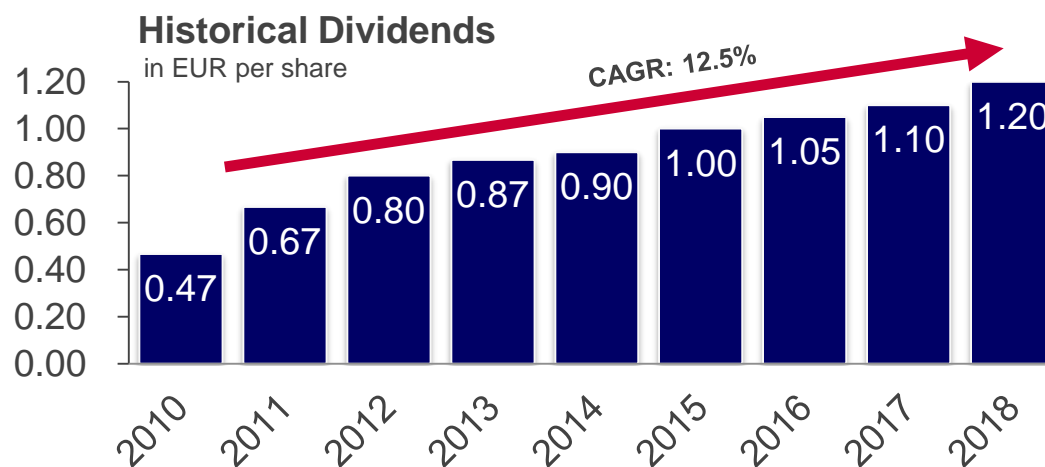
2) Average Working Capital is defined for a particular year as the mean average of the values for working capital at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

3) Working Capital Turnover is defined as Sales divided by Average Working Capital.

## FINANCIALS 2018

### Further dividend increase

in EUR m	2018	2017	Δ
Profit after tax	462.3	362.0	27.7%
Less minority interest	1.4	1.2	
Profit after tax (consolidated) attributable to shareholders of Brenntag AG	460.9	360.8	27.7%
Proposed dividend payment	185.4	169.9	
<b>Dividend per share in EUR</b>	<b>1.20</b>	<b>1.10</b>	<b>9.1%</b>
<b>Payout ratio</b>	<b>40.2%</b>	<b>47.1%</b>	



**SHAREHOLDER STRUCTURE****Shareholders exceeding the 3% or 5% threshold**

<b>Shareholder</b>	<b>Proportion in %</b>	<b>Date of notification</b>
BlackRock	>5%	October 10, 2019
MFS Investment Management	>5%	July 3, 2012
Burgundy Asset Management	>3%	October 16, 2018
Columbia Threadneedle	>3%	July 25, 2019
Flossbach von Storch AG	>3%	December 21, 2018
Wellington Management Group	>3%	October 1, 2019



**SHARE DATA**

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<b>ISIN</b>	DE000A1DAH0
<b>Stock symbol</b>	BNR
<b>Listed since</b>	29 March 2010
<b>Subscribed capital</b>	EUR 154,500,000.00
<b>Outstanding shares</b>	154,500,000
<b>Class of shares</b>	Registered shares
<b>Free float</b>	100%
<b>Official market</b>	Prime Standard XETRA and Frankfurt
<b>Regulated unofficial markets</b>	Berlin, Stuttgart
<b>Designated sponsors</b>	Deutsche Bank AG, ICF Kursmakler AG
<b>Indices</b>	MDAX <sup>®</sup> , MSCI, Stoxx Global, Stoxx Europe

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## BOND DATA

	<b>Bond (with Warrants) 2022</b>	<b>Bond 2025</b>
<b>Issuer</b>	Brenntag Finance B.V.	Brenntag Finance B.V.
<b>Listing</b>	Frankfurter Freiverkehr	Luxembourg Stock Exchange
<b>ISIN</b>	DE000A1Z3XQ6	XS1689523840
<b>Aggregate principal amount</b>	USD 500,000,000	EUR 600,000,000
<b>Denomination</b>	USD 250,000	EUR 1,000
<b>Minimum transferable amount</b>	USD 250,000	EUR 100,000
<b>Coupon</b>	1.875%	1.125%
<b>Interest payment</b>	Semi annual: Jun. 2 / Dec. 2	Annual: Sep. 27
<b>Maturity</b>	Dec. 2, 2022	Sep. 27, 2025

**FINANCIAL CALENDAR**

<b>Date</b>	<b>Event</b>
November 28, 2019	Deutsche Bank Business Services, Leisure and Transport Conference, London
December 3-4, 2019	Berenberg European Conference, London
January 13-14, 2020	Commerzbank German Investment Seminar, New York
January 21, 2020	KeplerCheuvreux German Corporate Conference, Frankfurt
March 4, 2020	Annual Report 2019
June 10, 2020	General Shareholders' Meeting, Essen

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