

# Annual Press Conference 2014



 19 March 2014

## AGENDA

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Topic	Speaker	Time
1. Welcome	Hubertus Spethmann	10.00 am
2. 2013 at a glance		
2.1. Highlights	Steven Holland	10.05 am
2.2. Financial performance	Georg Müller	10.15 am
3. Strategic focus and approach	Steven Holland	10.35 am
4. Outlook and summary	Steven Holland	11.00 am
5. Questions and answers	all	11.10 am
<i>Get together with light lunch</i>		11.30 am

# 1. WELCOME

## Management Board



**Steven Holland,  
CEO**

- With Brenntag since 2006
- +30 years of dedicated experience
- Corp. Communications, Development, HR, HSE, Internal Audit



**Georg Müller,  
CFO**

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



**William Fidler,  
Board Member**

- With Brenntag since 1970
- +40 years of experience in chemicals distribution
- Americas, Global Sourcing

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## HIGHLIGHTS 2013

### Important events

May 2013

Acquisition of Blue Sky Environment Pty Ltd (Australia)

July 2013

Opening of a new innovation and training center in Bangkok

September 2013

Publication of Brenntag's first sustainability report

Acquisition of the chemical distribution division of the Zytex Group (India)

December 2013

Acquisition of the operational business of Kemira Water Denmark

## HIGHLIGHTS 2013

### Introductory remarks to 2013 earnings

<b>Macro Economy</b>	<p>Challenging macro economy throughout the year with slight recovery towards the end of the year</p>
<b>Gross profit</b>	<p>Gross profit of EUR 1,945.5m with a growth of 3.7% on a constant FX basis</p>
<b>EBITDA</b>	<p>Adjusted operating EBITDA<sup>1)</sup> of EUR 715.1m is in-line with guidance range of EUR 710m to 725m (growth of 2.4% on a constant FX basis)</p>
<b>Acquisitions</b>	<p>Further strengthening of market position through acquisitions in the US, India and Australia</p>
<b>Free Cash Flow</b>	<p>Strong free cash flow of EUR 543.4m</p>
<b>Dividend</b>	<p>Proposed dividend payment of EUR 2.60 per share (payout ratio of 39.5% of net profit after tax attributable to Brenntag shareholders)</p>
<b>Stock Split</b>	<p>Proposed 3:1 stock split, where existing shareholders will receive 2 additional shares for each share they own</p>

1) The adjustment refers to a non-recurring expense in Europe in relation to an antitrust case item of EUR 16.8m in Q2 2013.

## HIGHLIGHTS 2013

### Successful acquisitions

Acquired company	Strategic rationale
Lubrication Services, L.L.C. (USA)	Participation in the expected rapid growth related to the shale plays and strengthening of existing distribution relationships with key supply partners and key customers.
Zytex Group (India)	Strengthening our nutrition and health distribution business in India. Expanding strategic relationships with key global suppliers.
Blue Sky (Australia)	Benefit from the growth perspectives in the Australian AdBlue market.
Kemira Water Treatment	Strengthening of our industrial chemicals product portfolio

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## FINANCIAL PERFORMANCE

- **At EUR 715.1 million, adjusted operating EBITDA was within the forecast range of EUR 710 million to EUR 725 million**
- **Recent acquisitions were successfully integrated**
- **High free cash flow of EUR 543.4 million in the 2013 financial year again underlines the attractiveness of the business model**
- **Growth in earnings per share to EUR 6.59, enabling payment of an attractive dividend of 2.60 per share (8.3% increase)**

## FINANCIAL PERFORMANCE

### Income statement

	in EUR m	2013	2012 <sup>1)</sup>	Δ	Δ FX adjusted
Sales		9,769.5	9,689.9	0.8%	3.3%
<b>Gross profit</b>		<b>1,945.5</b>	<b>1,925.7</b>	<b>1.0%</b>	<b>3.7%</b>
Operating EBITDA		698.3	707.0	-1.2%	1.6%
<b>EBITDA</b>		<b>696.8</b>	<b>707.0</b>	<b>-1.4%</b>	<b>1.4%</b>
<b>Adj. operating EBITDA <sup>2)</sup></b>		<b>715.1</b>	<b>718.0</b>	<b>-0.4%</b>	<b>2.4%</b>
Adj. operating EBITDA/Gross profit <sup>3)</sup>		36.8%	37.3%		
<b>EBIT</b>		<b>555.9</b>	<b>573.9</b>	<b>-3.1%</b>	
<b>Profit after tax</b>		<b>338.9</b>	<b>337.8</b>	<b>0.3%</b>	

1) 2012 figures IAS 19 restated

2) Q3 2012 (EUR 11m) and Q2 2013 (EUR 16.8m) are adjusted for non-recurring cost items in Europe in relation to an antitrust case

3) Conversion ratio of 35.9% in 2013 (36.7% in 2012) if not adjusted for the non-recurring cost items

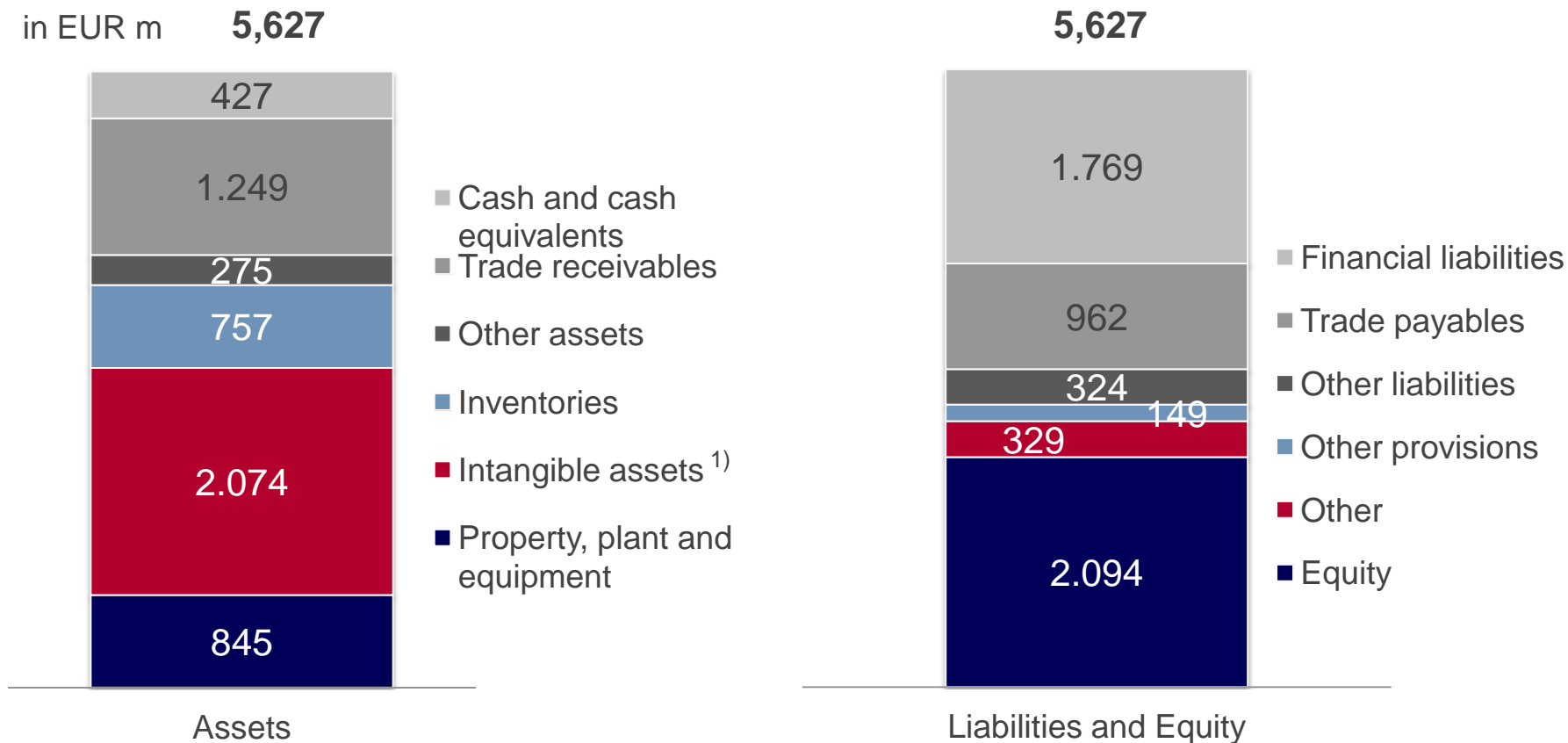
## FINANCIAL PERFORMANCE

### Segments

in EUR m		Europe	North America	Latin America	Asia Pacific	All other segments	Group
<b>Operating gross profit</b>	<b>2013</b>	<b>930.0</b>	<b>763.1</b>	<b>163.6</b>	<b>121.7</b>	<b>13.9</b>	<b>1,992.3</b>
	2012	927.9	742.3	169.9	113.5	15.1	1,968.4
	Δ	0.2%	2.8%	-3.5%	7.2%	-7.9%	1.2%
	Δ FX adjusted	1.3%	6.7%	2.1%	11.3%	-7.9%	3.9%
<b>Adj. Operating EBITDA</b>	<b>2013</b>	<b>314.2</b>	<b>325.7</b>	<b>47.0</b>	<b>47.5</b>	<b>-19.3</b>	<b>715.1</b>
	2012	316.9	321.7	56.9	46.8	-24.3	718.0
	Δ	-0.9%	1.2%	-17.4%	1.5%	-20.6%	-0.4%
	Δ FX adjusted	0.4%	4.9%	-12.3%	4.2%	-20.6%	2.4%

## FINANCIALS 2013

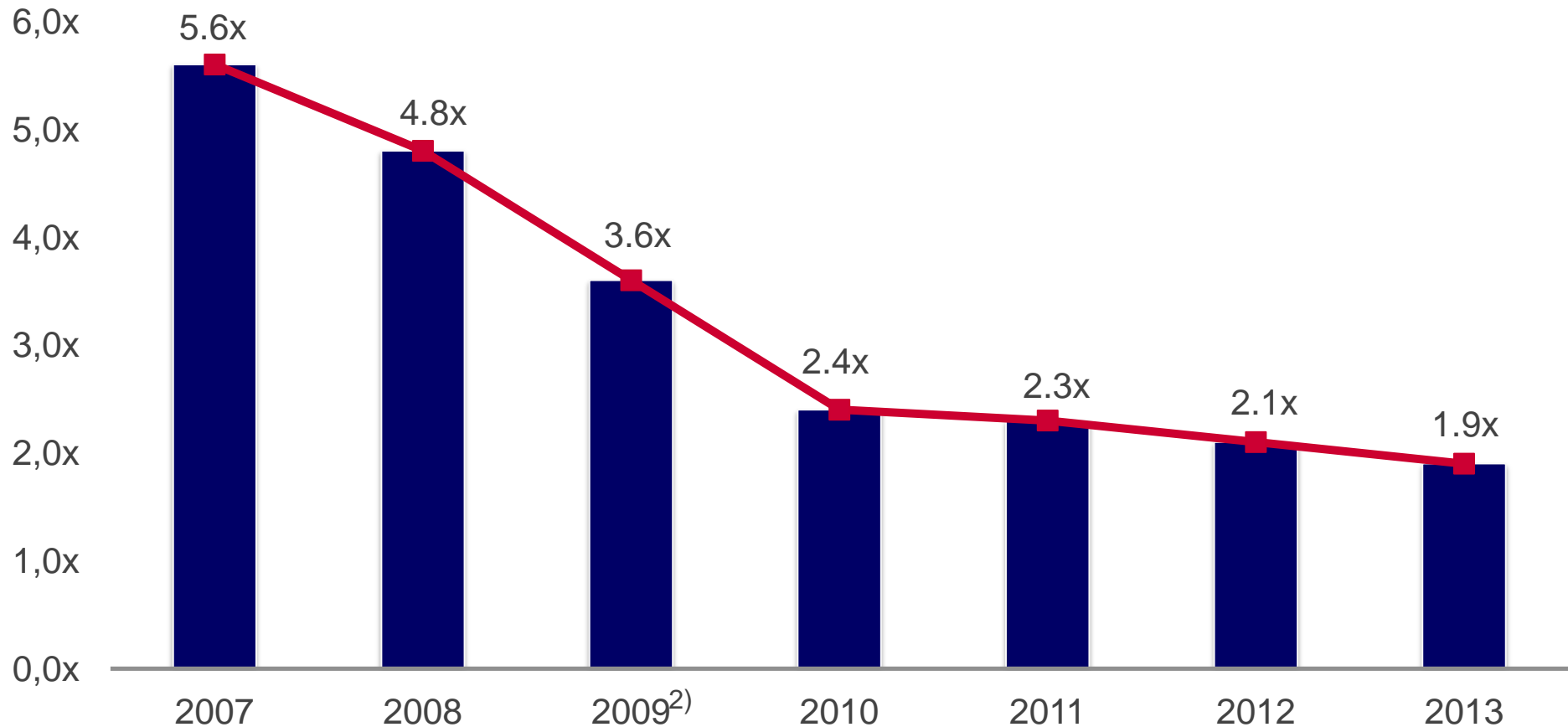
# Balance Sheet as of 31 December 2013



1) Of the intangible assets as of December 31, 2013, some EUR 1,148 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.

## FINANCIALS 2013

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



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

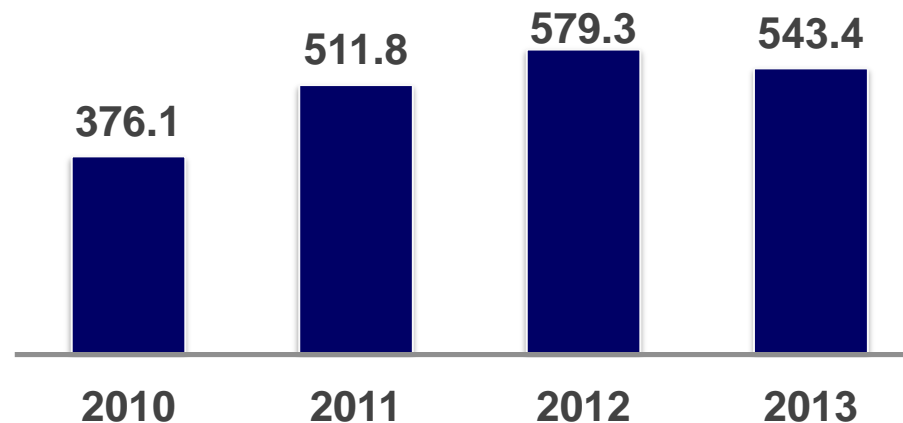
2) 2009 adjusted for expense items relating to the early termination of a multi-year incentive program.

## FINANCIAL PERFORMANCE

### Free cash flow

in EUR m	2013	2012	Δ	Δ
EBITDA	696.8	707.0	-10.2	-1.4%
CAPEX	-97.2	-94.7	-2.5	2.6%
Δ Working capital	-56.2	-33.0	-23.2	70.3%
<b>Free cash flow</b>	<b>543.4</b>	<b>579.3</b>	<b>-35.9</b>	<b>-6.2%</b>

### Development of Free Cash Flow since IPO



## FINANCIAL PERFORMANCE

### Dividend proposal

in EUR	2013	2012	2011	2010
Earnings per share attributable to shareholders of Brenntag AG	6.59	6.52	5.39	2.93
Dividend per share in EUR	2.60	2.40	2.00	1.40
<b>Payout ratio</b>	39.5%	36.8 %	37.1%	36.0%

## FINANCIALS 2013

# Proposed 3:1 Stock Split: investors shall receive 2 additional shares for each share held

### Reasoning

The share price has more than doubled since the IPO and is now one of the highest in the MDAX.

Further positive development and an increasing share price expected.

### Objective

Remain an attractive share for a very broad shareholder base including retail investors.

### Split ratio

Every existing investor shall receive 2 additional shares for each share already held (3:1 ratio). The new shares will come from an increase of the subscribed capital by transfer from the capital reserve.

### Timing / Process

The Management Board and the Supervisory Board will propose the stock split to the General Shareholders' Meeting (GSM) in June this year.

Implementation shortly after the GSM.



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## STRATEGIC FOCUS AND APPROACH

### We support our customers – even long before delivery

#### Tailor-made services for discerning customers

- As the world market leader in chemical distribution, Brenntag sells more than 10,000 products around the globe – industrial and specialty chemicals.

#### Generating success by sharing knowledge

- It is a crucial part of our value-added services for us to provide the most suitable solutions for our customers. That involves sharing dedicated know-how with our business partners.

#### Combining operational excellence and market intelligence

- Our dedicated team of sales representatives comprises experts with a scientific background and experience in laboratory work and product development.



## STRATEGIC FOCUS AND APPROACH

# We reduce complexity for our customers – by providing sophisticated solutions and a dense network

### Finding the right mix for every customer

- With value-added services such as blending solutions, Brenntag supports its customers with the individual mixing of different chemicals and outsource specific parts of their value chain.

### Adding value in various customer industries

- We support our customers and suppliers in producing new and innovative blends and improving existing formulations.

### Reducing complexity – maximizing quality

- Based on trust and performance, we establish strategic relationships with our customers enabling them to concentrate on their core business and ultimately making them more successful.



## STRATEGIC FOCUS AND APPROACH

### We meet our customers' needs – as their success is our objective

#### Diligence in a highly diversified business

- Most customers order several products in less-than-truckload quantities. To handle the granularity of the business, Brenntag has devised an innovative logistics system that ensure just-in-time-delivery, every time.

#### Focus on customers' needs

- The Brenntag service does not end with just-in-time delivery: To further support our customers, we take back the packaging material and guarantee environmentally friendly disposal or reuse.

#### Global excellence meets local markets

- Whether in North or Latin America, Europe or Asia Pacific – each customer expects near perfect accuracy and tailored solutions. To meet those requirements, Brenntag has to identify with the cultures of local markets.



## STRATEGIC FOCUS AND APPROACH

**We recognize our suppliers' potential – and make sure our customers all around the world do, too**

### Linking suppliers' expertise to local market opportunities

- Brenntag functions as a direct link between suppliers and customers, thus enabling the company to introduce high-potential products to individual local markets.

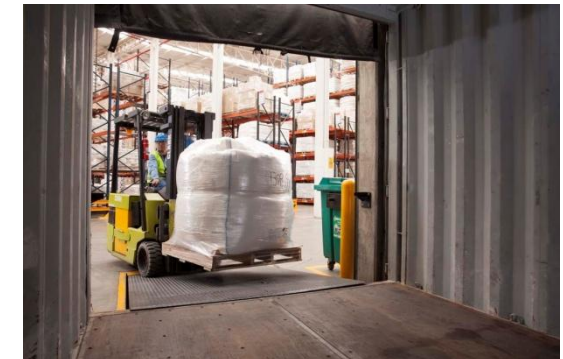


### Analyzing potential with in-depth knowledge

- Brenntag successfully places suppliers' products in different countries in different regions at the same time – however remote they may be.

### Reducing complexity and building strong networks

- By empowering suppliers to expand their global reach in a safe and efficient manner, Brenntag reinforces their business development process, hence serving as a source of innovation to the supplier.







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## OUTLOOK

	2013	Comments	Trend 2014
Sales	<b>EUR 9,770m</b>	<ul style="list-style-type: none"> <li>Global economy expected to improve in the course of 2014</li> <li>Structural growth trends for chemical distributors and Brenntag's strong competitive position in particular are expected to provide growth potential.</li> </ul>	
Gross profit	<b>EUR 1,946m</b>	<ul style="list-style-type: none"> <li>Based on past experience, price changes are expected to have no significant influence on gross profit</li> <li>Positive development of gross profit is expected due to structural growth trends and better macro environment.</li> </ul>	
Operating EBITDA	<b>EUR 698m</b>	<ul style="list-style-type: none"> <li>Operating EBITDA expected to benefit from gross profit development and internal efficiency measures</li> </ul>	
Profit after tax	<b>EUR 339m</b>	<ul style="list-style-type: none"> <li>Profit after tax is expected to grow in-line with EBITDA</li> </ul>	



## OUTLOOK

	2013	Comments	Trend 2014
Working capital	EUR 1,044m	<ul style="list-style-type: none"> <li>To a large extent a function of sales growth.</li> <li>Expected to grow in 2014 (compared to year end 2013).</li> </ul>	
Capex	EUR 97m	<ul style="list-style-type: none"> <li>Capex spending to increase slightly driven by projects for expanding our business operations</li> </ul>	
Free Cash Flow	EUR 543m	<ul style="list-style-type: none"> <li>Free cash flow is expected to increase</li> </ul>	



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## 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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