

Connecting**Chemistry**



Analyst Round Table 2017



London

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8 November 2017

AGENDA

Analyst Round Table 2017

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FUNDING PROFILE

Brenntag's funding strategy

- Set a funding framework to maintain the group's financial strength at all times
- Long-term and well balanced debt profile
- High degree of diversification and flexibility in funding
- Optimizing costs of debt
- Group-wide standards for banking activities, hedging activities, financial risk and credit risks

Well balanced capital structure

FUNDING PROFILE**Shaping Brenntag's debt profile: two milestone transactions in 2017****New Syndicated Loan (Jan. 2017)**

- Total amount of EUR1.7bn
- Remains most important debt instrument with ca. 60% of total debt
- New loan has maturity until 2022 (vs. 2019 for the old one)
- Undrawn revolving credit facility of EUR 600m offering high level of flexibility
- Attractive funding conditions and more flexible loan documentation
- New loan was basis for successful bond placement

Eurobond Issuance (Sep. 2017)

- Key terms: EUR 600m, 8 years until 2025, coupon = 1.125%
 - Basically no cost of carry
- Rationale:
- Addressing upcoming maturity of existing EUR 400m bond (July 2018, 5.5%)
 - Reducing dependency from loan market by partial redemption
 - Significant extension of maturity profile
 - Capitalizing on attractive conditions on bond market
 - Build on investor diversification

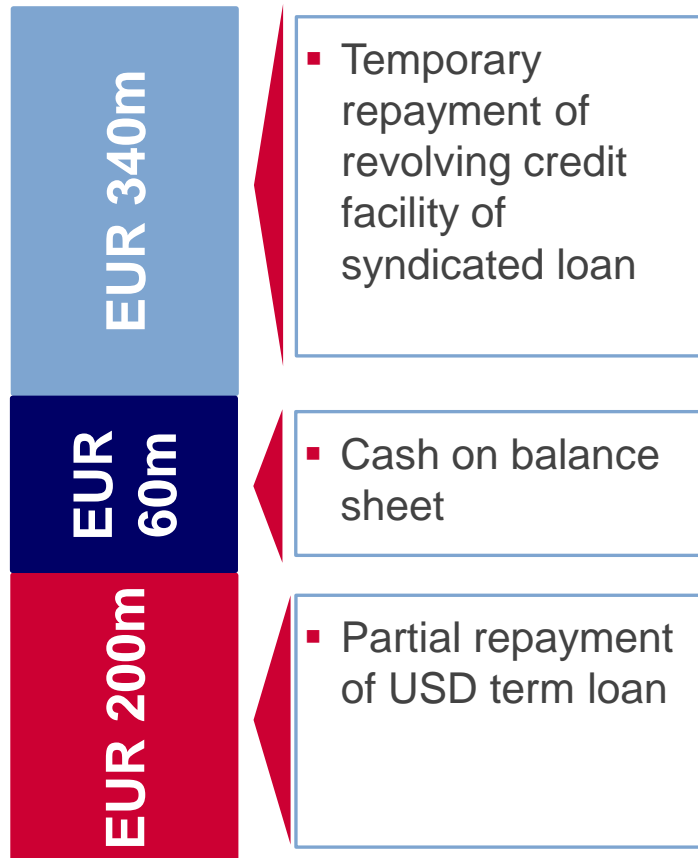
FUNDING PROFILE

Use of proceeds of new Eurobond

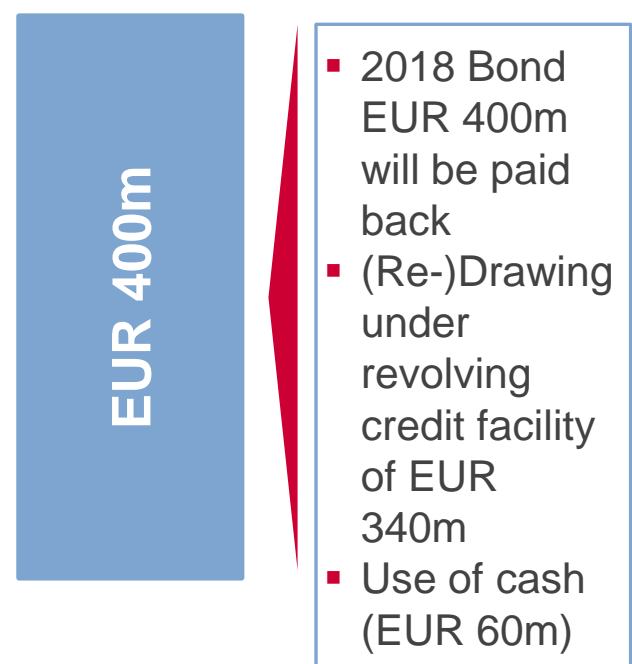
Proceeds new bond



Current use of proceeds



Envisaged ultimate use of proceeds (from July 2018)

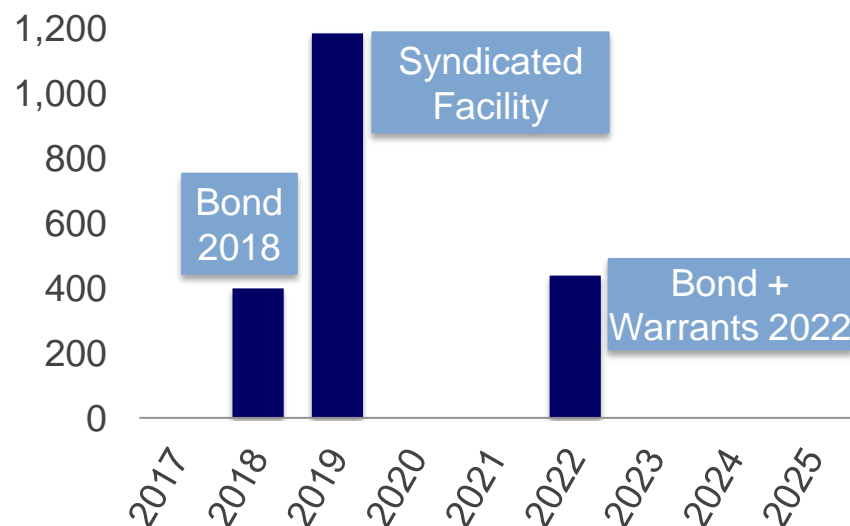


FUNDING PROFILE

Shaping financial profile of Brenntag Group in 2017

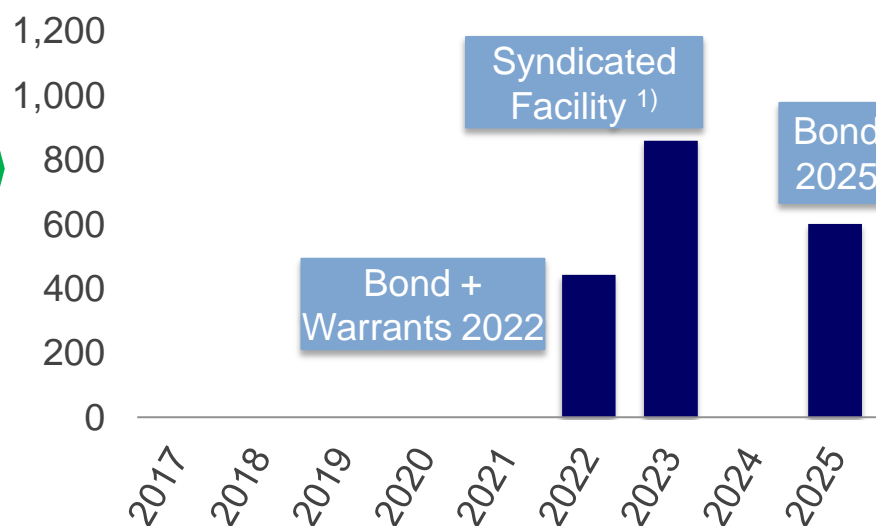
Maturity profile as of December 2016

in EUR m



Envisaged maturity profile from July 2018

in EUR m



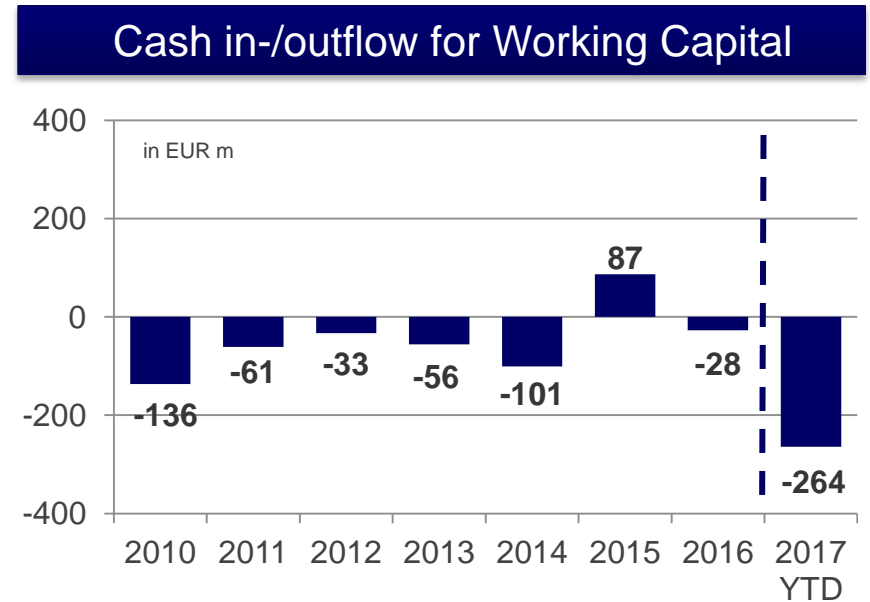
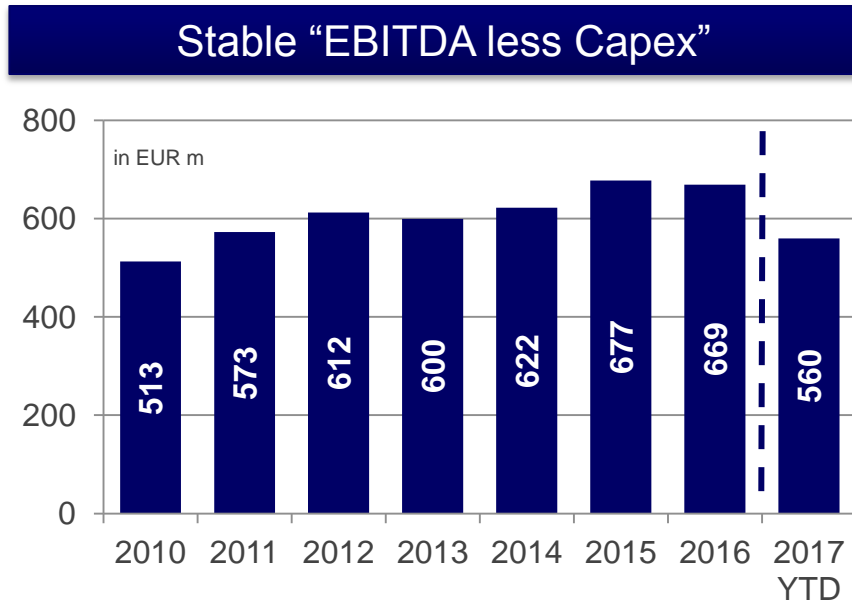
- Two investment grade ratings: “BBB” by S&P and “Baa3” by Moody’s
- Significant reduction of net finance costs from July 2018 onwards
- High flexibility due to undrawn revolving credit facility of EUR 600m

Maturity profile reflects main debt instruments of Brenntag Group

1) Subject to successful execution of 1-year extension option

FUNDING PROFILE

Free cash flow is based on stable EBITDA and Capex



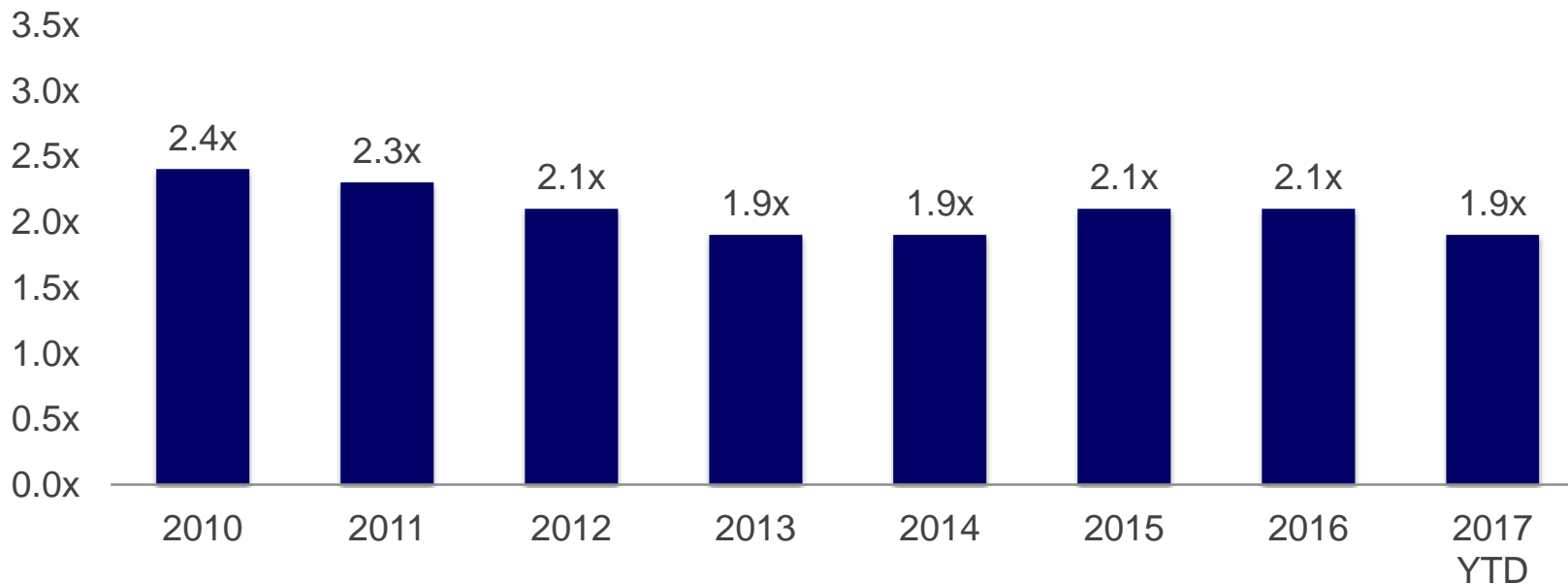
- Stable "EBITDA less Capex" is basis for cash flow generation

- WC is part of the value proposition
- WC is influenced by chemical prices
- Stable WC turnover for the last 3 years
- Often: Rising prices = higher volumes

FUNDING PROFILE

Stable leverage ratio & investment grade rating

Leverage: Net debt/Operating EBITDA ¹⁾



- Stable leverage ratio in times of M&A activity
- Leverage profile supports M&A strategy and provides sufficient flexibility

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

FUNDING PROFILE

Strong financial profile supporting the strategy and providing flexibility

Strong financial profile...

- Investment grade rating with headroom
- Balanced maturity profile
- Undrawn credit facilities
- Financing flexibility is competitive advantage
- Access to debt capital markets
- Strong and resilient cash generation
- M&A funding strategy out of actual cashflow

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■ **Funding Profile**

■ **M&A Update**

M&A UPDATE**Global M&A approach remains unchanged**

Highly fragmented market

Advantages for larger players

Trend to consolidation

Brenntag M&A approach

- Strategic objectives unchanged: building up scale and efficiency, expand geographic coverage, improve full-line portfolio
- Focus on bolt-on acquisitions
- Discipline regarding valuation and due diligence
- Clearly defined M&A focus for each region
- Dedicated corporate M&A team and local experts
- Financing flexibility is competitive advantage
- Active pipeline with targets in all regions

Acquisitions deliver potential for accelerated growth and are key component of our strategy

M&A UPDATE

Clearly defined strategy by region

EMEA



Expand leading position

- Realize synergies from acquisitions and continue product line expansion
- Selected geographic expansion (e.g. Middle East)
- Growth in life science industries

North America



Increase market share

- Build up scale and efficiencies
- Expand geographic coverage in selected states
- Strengthen full-line portfolio
- Growth in specialty chemicals
- Major step lubricant distribution market

Latin America



Capitalize on leading position

- Expansion in high growth, stable economies
- Focus on growth in specialty chemicals

Asia Pacific



Focus on high growth regions

- Continue to integrate and consolidate recent acquisitions
- Develop industrial portfolio across South East Asia
- Develop specialty portfolio in China

M&A UPDATE

Activities 2017

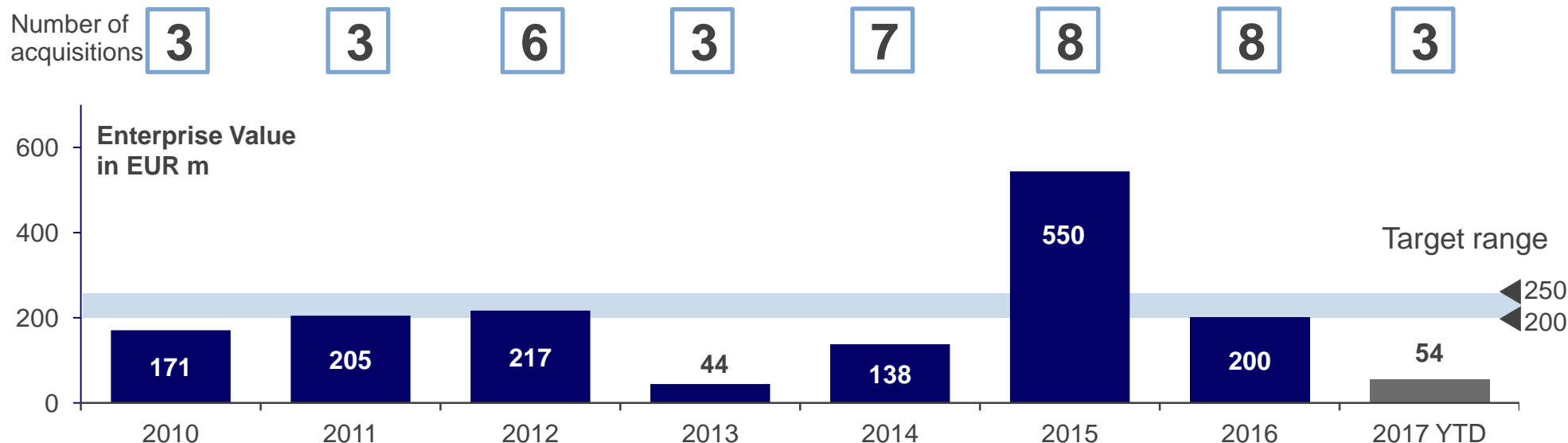
Target	Rationale	Indicative annual EBITDA contribution (EUR m)	Investment Amount (EUR m)
Petra Industries, Inc., USA	Strengthening the mixing and blending business in North America. The business supports our customer service business.	2.4	~19
Greene's Energy Group, LLC, USA (one business segment)	Leading 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
Wellstar Group, Hong Kong	Focus on the distribution of specialty pigments, resins and additives mainly across China. Building up specialty chemical division in China. Joint Venture take over a majority stake of 51%.	n/d	~25

M&A total: Enterprise Values of ~EUR 54m in 2017 so far
Average EV/EBITDA multiple of ~8.1x

M&A UPDATE

Successful and sustainable acquisition track record

- Acquisition activities in all regions
- Acquisition spend of EUR ~220m per year (2010-2016)
- Average transaction size of EUR 38m
- Brenntag applies a hurdle rate of 14% (pre-tax, un-levered) for acquisitions
- Strategic market entries into South East Asia, China, Australia and Middle East



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THANK YOU VERY MUCH FOR YOUR ATTENTION