



## Q3 2017



8 November 2017

Conference call on Q3 2017 results

Corporate Finance & Investor Relations

**AGENDA**

**Q3 2017 Presentation**

- Highlights Q3 2017**
- Financials Q3 2017
- Outlook
- Appendix

## HIGHLIGHTS Q3 2017

### Introductory remarks to Q3 2017 earnings

<b>Macro Economy</b>	<p>Macro economic environment follows the trends seen this year so far: Moderate growth in Europe. Positive dynamic in North America. Challenging conditions in some countries in Latin America. Macro economic growth in Asia Pacific.</p>
<b>Gross profit</b>	<p>Gross profit of EUR 619.4m growing at 4.3% (+7.7% fx adjusted).</p>
<b>Operating EBITDA</b>	<p>Operating EBITDA of EUR 216.0m growing at 5.3% (+8.5% fx adjusted).</p>
<b>EPS</b>	<p>Earnings per Share of EUR 0.65 (+8.3%).</p>
<b>Bond 2025</b>	<p>Placement of an eight-year corporate bond with a volume of 600m EUR and a coupon of 1.125%.</p>

AGENDA

**Q3 2017 Presentation**

█ Highlights Q3 2017

█ **Financials Q3 2017**

█ Outlook

█ Appendix

## FINANCIALS Q3 2017

### Income statement

in EUR m	Q3 2017	Q3 2016	Δ	Δ FX adjusted	2016
Sales	2,892.5	2,619.2	10.4%	13.9%	10,498.4
Cost of sales	-2,273.1	-2,025.3	12.2%		-8,129.1
<b>Gross profit</b>	<b>619.4</b>	<b>593.9</b>	<b>4.3%</b>	<b>7.7%</b>	<b>2,369.3</b>
Expenses	-403.4	-388.7	3.8%		-1,559.3
<b>Operating EBITDA</b>	<b>216.0</b>	<b>205.2</b>	<b>5.3%</b>	<b>8.5%</b>	<b>810.0</b>
Op. EBITDA / Gross profit	34.9%	34.6%			34.2%

## FINANCIALS Q3 2017

### Income statement (continued)

in EUR m	Q3 2017	Q3 2016	Δ	2016
Operating EBITDA	216.0	205.2	5.3%	810.0
Net expenses from holding charges and special items	-4.8	-	100%	-
Depreciation	-28.1	-28.3	-0.7%	-115.5
<b>EBITA</b>	<b>183.1</b>	<b>176.9</b>	<b>3.5%</b>	<b>694.5</b>
Amortization <sup>1)</sup>	-11.2	-11.7	-4.3%	-47.2
<b>EBIT</b>	<b>171.9</b>	<b>165.2</b>	<b>4.1%</b>	<b>647.3</b>
Financial result	-21.8	-23.9	-8.8%	-111.6
EBT	150.1	141.3	6.2%	535.7
<b>Profit after tax</b>	<b>100.8</b>	<b>93.4</b>	<b>7.9%</b>	<b>361.0</b>
EPS	0.65	0.60	8.3%	2.33

1) Includes scheduled amortization of customer relationships amounting to EUR 8.9m in Q3 2017 (EUR 8.7m in Q3 2016 and EUR 35.9 million in 2016).

## FINANCIALS Q3 2017

### Cash flow statement

in EUR m	Q3 2017	Q3 2016	2016
Profit after tax	100.8	93.4	361.0
Depreciation & amortization	39.3	40.0	162.7
Income taxes	49.3	47.9	174.7
Income tax payments	-42.1	-42.7	-170.6
Interest result	20.5	21.1	81.5
Interest payments (net)	-33.1	-32.4	-67.0
Changes in current assets and liabilities	-21.1	36.9	-27.6
Change in purchase price obligation/IAS 32	0.3	0.3	2.6
Other	10.4	15.5	22.6
<b>Cash provided by operating activities</b>	<b>124.3</b>	<b>180.0</b>	<b>539.9</b>

## FINANCIALS Q3 2017

### Cash flow statement (continued)

in EUR m	Q3 2017	Q3 2016	2016
Purchases of intangible assets and property, plant & equipment (PPE)	-32.8	-26.6	-138.8
Purchases of consolidated subsidiaries and other business units	-5.8	-0.3	-139.6
Other	2.4	0.7	9.0
<b>Cash used for investing activities</b>	<b>-36.2</b>	<b>-26.2</b>	<b>-269.4</b>
Capital increase	-	-	-
Payments in connection with the capital increase	-	-	-
Purchases of companies already consolidated	-	-6.3	-62.2
Profits distributed to non-controlling interests	-	-	-1.6
Dividends paid to Brenntag shareholders	-	-	-154.5
Repayment of (-)/proceeds from (+) borrowings (net)	587.5	-3.3	-30.8
<b>Cash used for financing activities</b>	<b>587.5</b>	<b>-9.6</b>	<b>-249.1</b>
<b>Change in cash &amp; cash equivalents</b>	<b>675.6</b>	<b>144.2</b>	<b>21.4</b>

Mainly bond proceeds



## FINANCIALS Q3 2017

### Balance Sheet and leverage

in EUR m	30 Sept 2017	30 June 2017	31 Mar 2017	31 Dec 2016	30 Sep 2016
Financial liabilities	2,637.6	2,099.8	2,164.1	2,283.8	2,211.1
./. Cash and cash equivalents	1,053.1	380.5	506.5	601.9	607.1
Net Debt	1,584.5	1,719.3	1,657.6	1,681.9	1,604.0
<b>Net Debt/Operating EBITDA <sup>1)</sup></b>	<b>1.9x</b>	<b>2.1x</b>	<b>2.0x</b>	<b>2.1x</b>	<b>2.0x</b>
Equity	2,945.5	2,900.8	3,054.6	2,959.2	2,752.8

1) Operating EBITDA for the quarters on LTM basis.

## FINANCIALS Q3 2017

### Working capital

in EUR m	30 Sept 2017	30 June 2017	31 Mar 2017	31 Dec 2016	30 Sep 2016
Inventories	997.1	1,007.3	1,013.0	962.8	883.2
+ Trade receivables	1,716.3	1,761.5	1,744.5	1,511.2	1,508.4
./. Trade payables	1,174.3	1,247.7	1,246.3	1,119.4	1,080.6
<b>Working capital (end of period)</b>	<b>1,539.1</b>	<b>1,521.1</b>	<b>1,511.2</b>	<b>1,354.6</b>	<b>1,311.0</b>
Working capital turnover (year-to-date) <sup>1)</sup>	8.0x	8.2x	8.3x	8.0x	8.1x
Working capital turnover (last twelve months) <sup>2)</sup>	7.9x	8.0x	8.0x	8.0x	8.0x

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 2017

### Free cash flow

in EUR m	Q3 2017	Q3 2016	Δ	Δ	2016
Operating EBITDA	216.0	205.2	10.8	5.3%	810.0
Capex	-31.5	-26.2	-5.3	20.2%	-141.1
Δ Working capital	-38.5	11.1	-49.6	-446.8%	-27.5
<b>Free cash flow</b>	<b>146.0</b>	<b>190.1</b>	<b>-44.1</b>	<b>-23.2%</b>	<b>641.4</b>

## FINANCIALS Q3 2017

### Bond 2025

#### Transaction

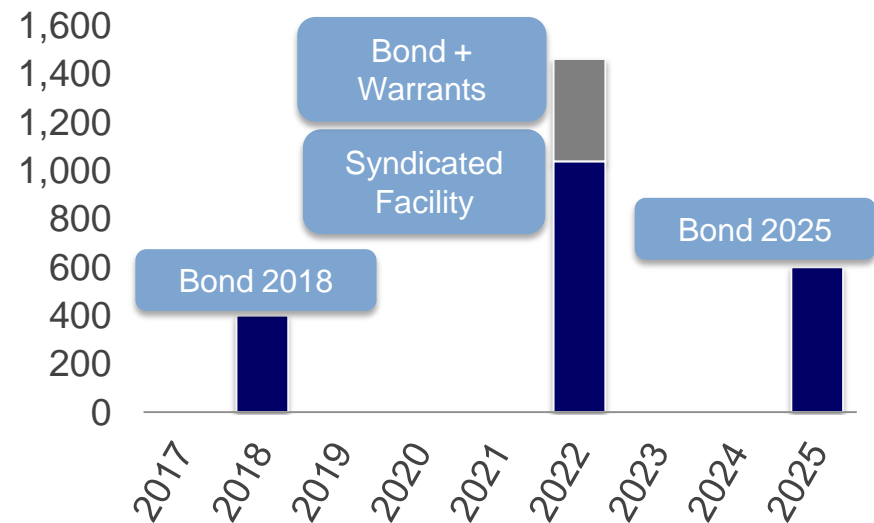
- Corporate bond with a volume of 600m EUR
- Maturity of eight years until 2025
- Coupon of 1.125%
- Issue price of 99.227%

#### Rationale

- Capitalizing on attractive funding conditions
- Refinancing of Bond 2018 with much more favourable interest rates (Bond 2018: 5.500%)
- Extension of maturity profile

#### Maturity profile as of September 30, 2017

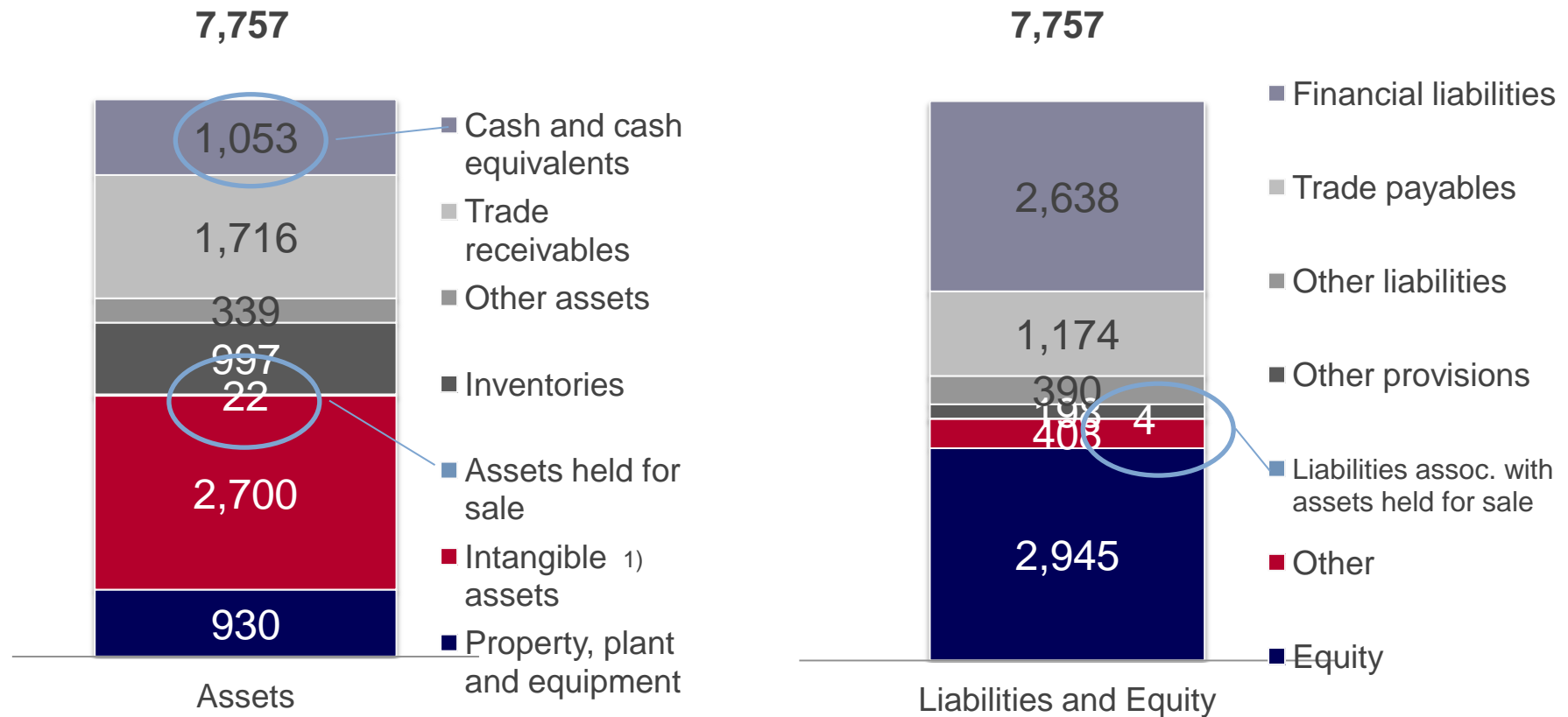
in EUR m



## FINANCIALS Q3 2017

# Balance Sheet as of Sep 30, 2017

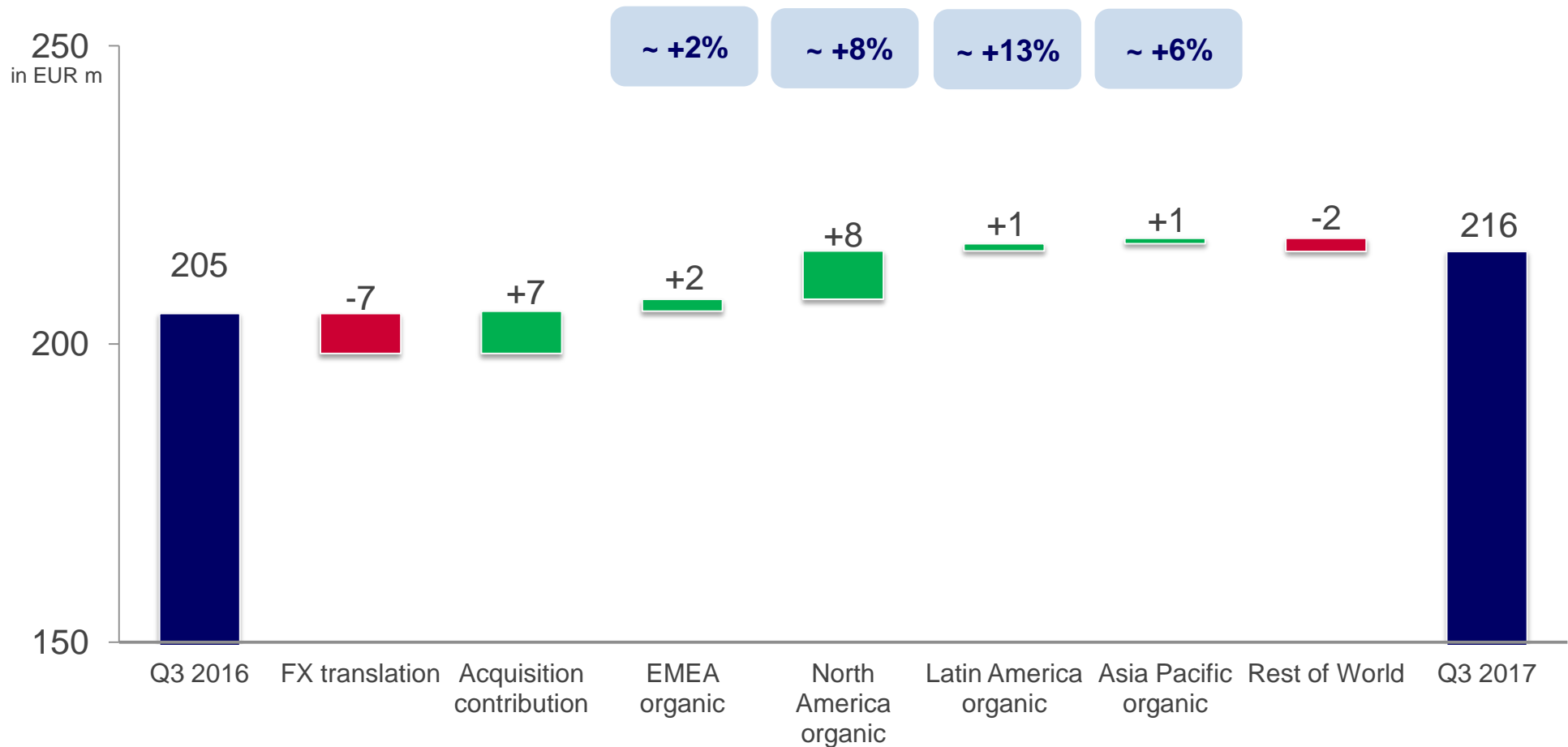
in EUR m



1) Of the intangible assets as of Sep 30, 2017, some EUR 1,232 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 Q3 2017

### Operating EBITDA bridge<sup>1)</sup>: Q3 2016 to Q3 2017



1) Calculations are partly based on assumptions made by management; Effects based on rounded figures

## FINANCIALS Q3 2017

### Segments – EMEA

in EUR m	Q3 2017	Q3 2016	Δ in %	in % (fx adj.)
Operating gross profit	269.6	261.3	3.2	4.2
<b>Operating EBITDA</b>	<b>90.6</b>	88.2	2.7	3.7

#### Update

- Positive macro economic growth
- Operating gross profit and operating EBITDA growth which was mainly driven organically
- Mixed picture in the countries with particular challenges in one non-core business in the Nordic region
- Execution of efficiency improvement program on plan; in Q3 EUR 4.8m expenses recorded below operating EBITDA. Total expenses foreseen at EUR 25m.

## FINANCIALS Q3 2017

### Segments – North America

in EUR m	Q3 2017	Q3 2016	Δ in %	in % (fx adj.)
Operating gross profit	265.6	254.7	4.3	9.7
<b>Operating EBITDA</b>	<b>103.6</b>	96.3	7.6	12.3

#### Update

- Ongoing positive trend in macroeconomic environment
- Strong gross profit drives operating EBITDA growth
- Contribution from acquisitions is above expectations



## FINANCIALS Q3 2017

### Segments – Latin America

in EUR m	Q3 2017	Q3 2016	Δ in %	in % (fx adj.)
Operating gross profit	42.0	41.7	0.7	5.2
<b>Operating EBITDA</b>	<b>10.6</b>	9.4	12.8	17.0

#### Update

- Slight and slow improvement of macroeconomic conditions
- Good results in operating gross profit and operating EBITDA mainly driven by positive performance of Brazil
- Overall the region remains to be volatile

## FINANCIALS Q3 2017

### Segments – Asia Pacific

in EUR m	Q3 2017	Q3 2016	Δ in %	in % (fx adj.)
Operating gross profit	51.1	46.4	10.1	15.7
<b>Operating EBITDA</b>	<b>18.8</b>	16.7	12.6	17.6

#### Update






- Positive macroeconomic growth momentum in the region
- Double-digit operating gross profit and operating EBITDA growth
- Positive performance particularly in Thailand, Vietnam and China.

## AGENDA

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- **Outlook**
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## OUTLOOK 2017

	2016 9M/2017	Comments	Trend 2017
Gross profit	EUR 2,369m EUR 1,893m	<ul style="list-style-type: none"> <li>Gross profit to increase due predominantly to higher volumes in the existing business</li> </ul>	
Operating EBITDA	EUR 810m EUR 639m	<ul style="list-style-type: none"> <li>Confirmation of guidance range: EUR 820m to EUR 850m for 2017 (excl. special items)</li> </ul>	
Working capital	EUR 1,355m EUR 1,539m	<ul style="list-style-type: none"> <li>To a large extent a function of sales growth</li> <li>Increase in WC driven by higher chemical prices</li> </ul>	
Capex	EUR 141m EUR 79m	<ul style="list-style-type: none"> <li>Capex spending to increase to over EUR 150m driven by projects to expand our business operations.</li> </ul>	
Free cash flow	EUR 641m EUR 295m	<ul style="list-style-type: none"> <li>Decrease due to investments in WC resulting from higher chemical prices</li> </ul>	

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!**

## APPENDIX

# Contents

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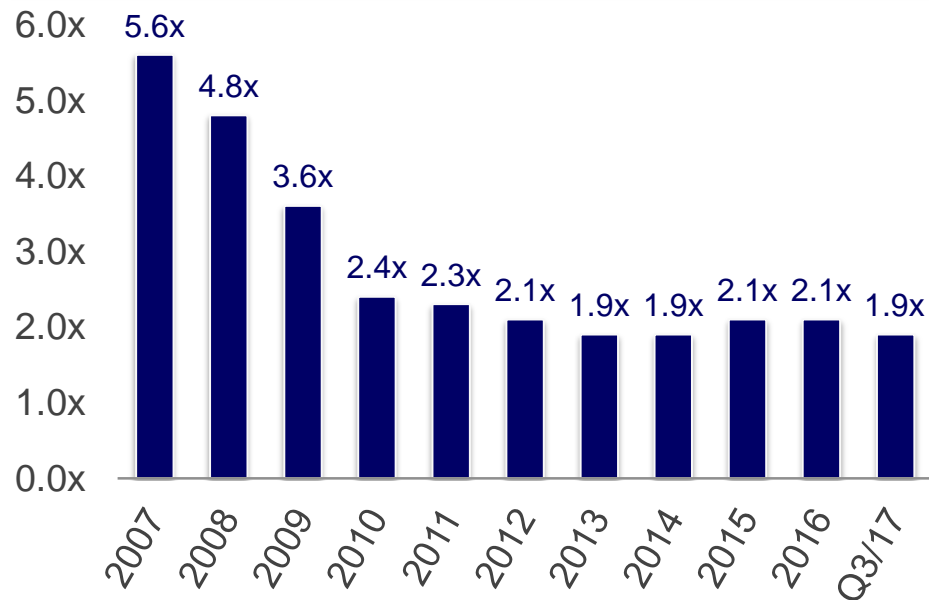
	<b>Page</b>
<b>Financial stability</b>	23
<b>Segments Q3 2017</b>	24
<b>Income Statement 9M 2017</b>	25
<b>Cash flow statement 9M 2017</b>	26
<b>Free cash flow 9M 2017</b>	28
<b>Segments 9M 2017</b>	29

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## FINANCIALS Q3 2017

# Financial stability of Brenntag Group

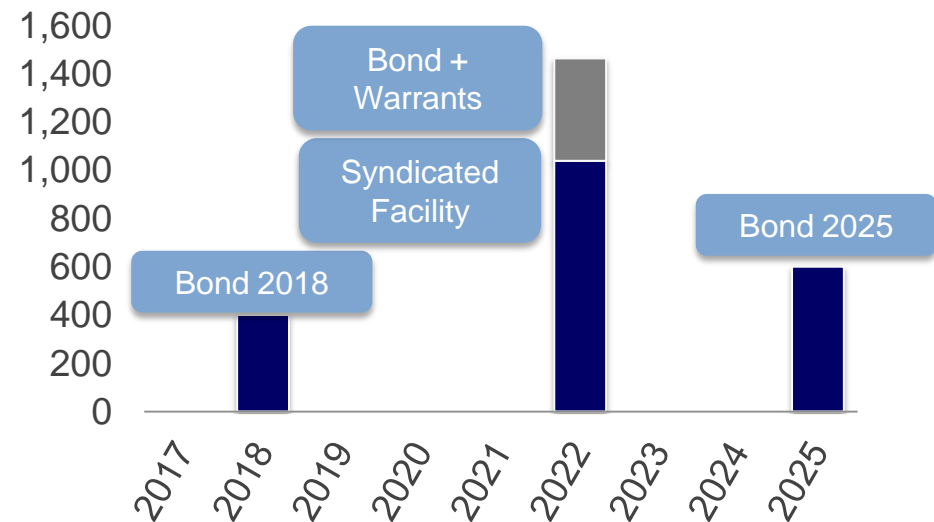
### Leverage: Net debt/Operating EBITDA <sup>1)</sup>



- Business demonstrates ability to de-leverage constantly
- Investment-grade ratings from Standard & Poor's ("BBB") and Moody's ("Baa3")

### Maturity profile as of Sep 30, 2017

in EUR m



- Refinancing at attractive market conditions in Jan. and Sep. 2017
- Balanced and long-term maturity profile
- High flexibility due to undrawn revolving credit facility of EUR 600m

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

## FINANCIALS Q3 2017

### Segments

in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Group
<b>Operating gross profit</b>	<b>Q3 2017</b>	<b>269.6</b>	<b>265.6</b>	<b>42.0</b>	<b>51.1</b>	<b>3.9</b>	<b>632.2</b>
	Q3 2016	261.3	254.7	41.7	46.4	3.6	607.7
	Δ	3.2%	4.3%	0.7%	10.1%	8.3%	4.0%
	Δ FX adjusted	4.2%	9.7%	5.2%	15.7%	8.3%	7.5%
<b>Operating EBITDA</b>	<b>Q3 2017</b>	<b>90.6</b>	<b>103.6</b>	<b>10.6</b>	<b>18.8</b>	<b>-7.6</b>	<b>216.0</b>
	Q3 2016	88.2	96.3	9.4	16.7	-5.4	205.2
	Δ	2.7%	7.6%	12.8%	12.6%	40.7%	5.3%
	Δ FX adjusted	3.7%	12.3%	17.0%	17.6%	40.7%	8.5%



## FINANCIALS 9M 2017

### Income statement

in EUR m	9M 2017	9M 2016	Δ	Δ FX adjusted
Sales	8,867.2	7,863.3	12.8%	12.7%
Cost of goods sold	-6,974.7	-6,079.2	14.7%	
<b>Gross profit</b>	<b>1,892.5</b>	<b>1,784.1</b>	<b>6.1%</b>	<b>6.1%</b>
Expenses	-1,254.0	-1,171.0	7.1%	
<b>Operating EBITDA</b>	<b>638.5</b>	<b>613.1</b>	<b>4.1%</b>	<b>4.2%</b>
Op. EBITDA/Gross profit	33.7%	34.4%		
Net expenses from holding charges and special items	-5.9	-	100%	
Depreciation	-86.2	-85.5	0.8%	
<b>EBITA</b>	<b>546.4</b>	<b>527.6</b>	<b>3.6%</b>	
Amortization <sup>1)</sup>	-34.5	-35.9	-3.9%	
<b>EBIT</b>	<b>511.9</b>	<b>491.7</b>	<b>4.1%</b>	
Financial result	-67.7	-93.0	-27.2%	
EBT	444.2	398.7	11.4%	
<b>Profit after tax</b>	<b>302.3</b>	<b>261.5</b>	<b>15.6%</b>	

1) Includes scheduled amortization of customer relationships amounting to EUR 27.4m in 9M 2017 (EUR 27.1m in 9M 2016 and EUR 35.9 million in 2016).

## FINANCIALS 9M 2017

### Cash flow statement

in EUR m	9M 2017	9M 2016
Profit after tax	302.3	261.5
Depreciation & amortization	120.7	121.4
Income taxes	141.9	137.2
Income tax payments	-144.8	-131.7
Interest result	65.8	63.2
Interest payments (net)	-62.5	-56.0
Changes in current assets and liabilities	-246.5	-49.1
Other	71.2	47.5
<b>Cash provided by operating activities</b>	<b>248.1</b>	<b>394.0</b>

## FINANCIALS 9M 2017

### Cash flow statement (continued)

in EUR m	9M 2017	9M 2016
Purchases of intangible assets and property, plant & equipment	-85.9	-76.3
Purchases of consolidated subsidiaries and other business units	-40.7	-46.4
Other	14.3	4.1
<b>Cash used for investing activities</b>	<b>-112.3</b>	<b>-118.6</b>
Capital increase	-	-
Payments in connection with the capital increase	-	-
Purchases of companies already consolidated	-	-62.2
Profits distributed to non-controlling interests	-1.0	-1.0
Dividends paid to Brenntag shareholders	-162.2	-154.5
Repayment of (-)/proceeds from (+) borrowings (net)	496.0	-11.7
<b>Cash used for financing activities</b>	<b>332.8</b>	<b>-229.4</b>
<b>Change in cash &amp; cash equivalents</b>	<b>468.6</b>	<b>46.0</b>

## FINANCIALS 9M 2017

### Free cash flow

in EUR m	9M 2017	9M 2016	Δ	Δ	2016
EBITDA	638.5	613.1	25.4	4.1%	810.0
CAPEX	-78.9	-70.3	-8.6	12.2%	-141.1
Δ Working capital	-264.3	-56.8	-207.5	365.3%	-27.5
<b>Free cash flow</b>	<b>295.3</b>	<b>486.0</b>	<b>-190.7</b>	<b>-39.2%</b>	<b>641.4</b>

## FINANCIALS 9M 2017

### Segments

in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Group
<b>Operating gross profit</b>	<b>9M 2017</b>	<b>828.6</b>	<b>818.3</b>	<b>129.8</b>	<b>148.3</b>	<b>11.4</b>	<b>1,936.4</b>
	9M 2016	807.7	745.2	128.2	133.9	10.5	1,825.5
	Δ	2.6%	9.8%	1.2%	10.8%	8.6%	6.1%
	Δ FX adjusted	3.4%	9.5%	-1.9%	11.1%	8.6%	6.1%
<b>Operating EBITDA</b>	<b>9M 2017</b>	<b>281.4</b>	<b>298.8</b>	<b>29.5</b>	<b>52.6</b>	<b>-23.8</b>	<b>638.5</b>
	9M 2016	277.0	274.1	33.2	48.9	-20.1	613.1
	Δ	1.6%	9.0%	-11.1%	7.6%	18.4%	4.1%
	Δ FX adjusted	2.3%	8.7%	-14.2%	8.2%	18.4%	4.2%

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