

Connecting**Chemistry**



## Q2 2016



10 August 2016

Conference call on Q2 2016 results

Corporate Finance & Investor Relations

## AGENDA

### Q2 2016 Presentation

- Highlights Q2 2016**
- Financials Q2 2016
- Outlook
- Appendix

**HIGHLIGHTS Q2 2016****Introductory remarks to Q2 2016 earnings****Macro  
Economy**

Moderate development in Europe. North America with continuing weak trend. Latin America with challenging conditions overall. Ongoing growth in Asia Pacific.

**Gross profit**

Gross profit of EUR 603.6m growing at +3.1% (+6.3% fx adjusted).

**Operating  
EBITDA**

Operating EBITDA of EUR 215.8m stable at +0.2% (+3.3% fx adjusted).

**EPS**

Earnings per Share of EUR 0.66 (-4.3%).

**Acquisitions**

Signing of the Warren Chem acquisition in South Africa. Purchase of the the remaining 49% outstanding shares of Zhong Yung in China.

## HIGHLIGHTS Q2 2016

## Acquisitions in South Africa and China

Target	Rationale	Indicative annual EBITDA contribution (m EUR)	Investment Amount (m EUR)
Warren Chem Pty Ltd. , South Africa <sup>1)</sup>	Established Specialty chemicals distributor perfectly complements existing product portfolio and expanding local presence in the region	3.3	~24
Zhong Yung, China (purchase of 49%, now 100% owned by Brenntag)	Zhong Yung is active in the key economic regions in China. The company performed well over the years and is an ideal platform for future growth. Brenntag acquired the remaining 49% stake as per the agreement from 2011.	Zhong Yung has already been fully consolidated	~62

**Total Enterprise Value of ~EUR 130m (for M&A in 2016)**

**Average EV/EBITDA multiple of ~6.2x (excl. Zhong Yung)**

1) Closing expected in Q3

## AGENDA

### Q2 2016 Presentation

■ Highlights Q2 2016

■ **Financials Q2 2016**

■ Outlook

■ Appendix

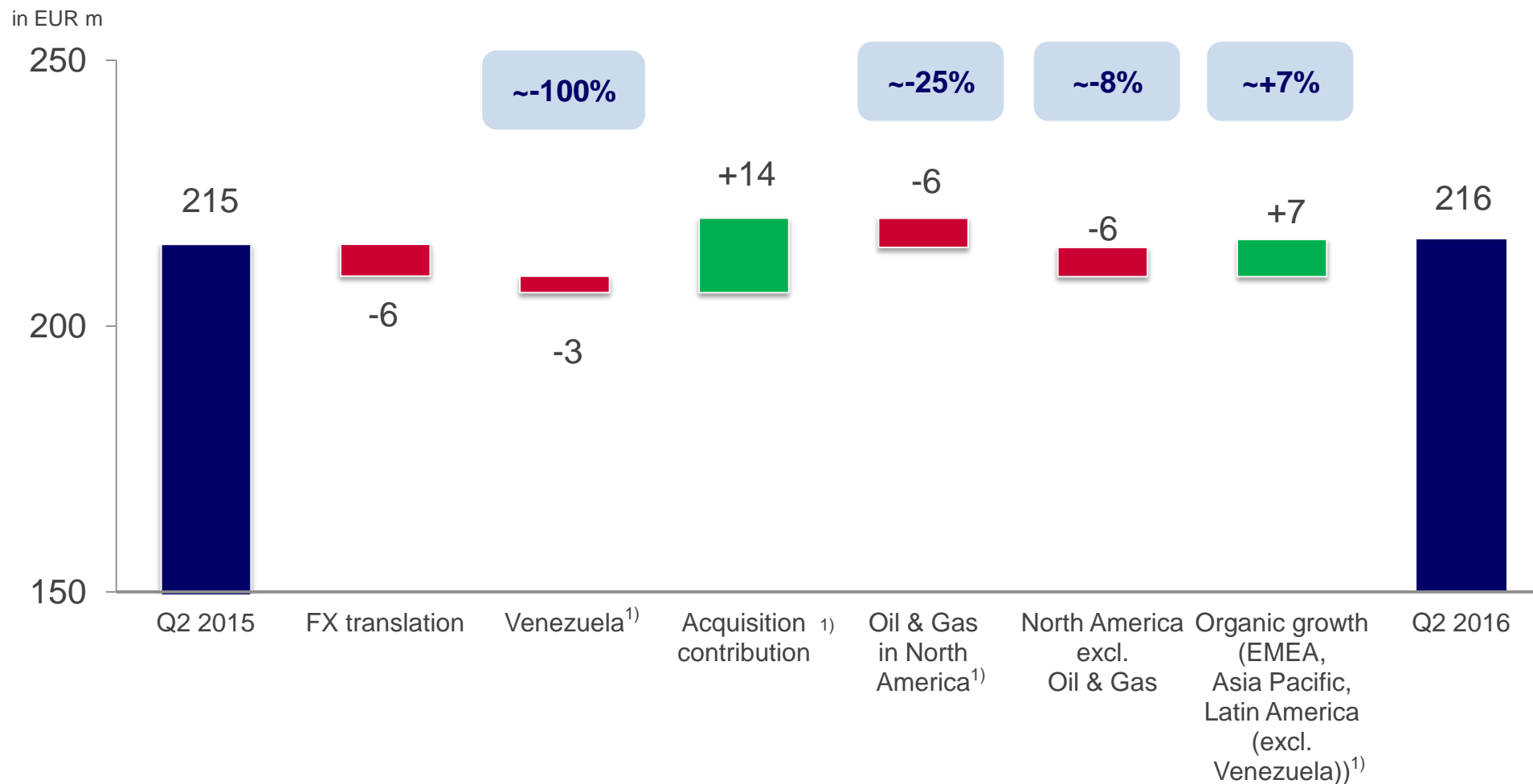
## FINANCIALS Q2 2016

### Income statement

in EUR m	Q2 2016	Q2 2015	Δ	Δ FX adjusted	2015
Sales	2,664.0	2,691.4	-1.0%	2.0%	10,346.1
Cost of goods sold	-2,060.4	-2,106.1	-2.2%		-8,080.1
<b>Gross profit</b>	<b>603.6</b>	<b>585.3</b>	<b>3.1%</b>	<b>6.3%</b>	<b>2,266.0</b>
Expenses	-387.8	-369.9	4.8%		-1,458.6
<b>Operating EBITDA</b>	<b>215.8</b>	<b>215.4</b>	<b>0.2%</b>	<b>3.3%</b>	<b>807.4</b>
Op. EBITDA / Gross profit	35.8%	36.8%			35.6%

FINANCIALS Q2 2016

Operating EBITDA bridge: Q2 2015 to Q2 2016



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

## FINANCIALS Q2 2016

## Income statement (continued)

in EUR m	Q2 2016	Q2 2015	Δ	2015
EBITDA	215.8	215.4	0.2%	807.4
Depreciation	-28.4	-27.2	4.4%	-108.7
<b>EBITA</b>	<b>187.4</b>	<b>188.2</b>	<b>-0.4%</b>	<b>698.7</b>
Amortization <sup>1)</sup>	-12.0	-9.8	22.4%	-36.9
<b>EBIT</b>	<b>175.4</b>	<b>178.4</b>	<b>-1.7%</b>	<b>661.8</b>
Financial result <sup>2)</sup>	-19.4	-17.8	-9.0%	-112.5
EBT	156.0	160.6	-2.9%	549.3
<b>Profit after tax</b>	<b>102.1</b>	<b>108.1</b>	<b>-5.6%</b>	<b>368.1</b>
EPS	0.66	0.69	-4.3%	2.36
EPS excl. Amortization and Zhong Yung liability <sup>3)</sup>	0.71	0.74	-4.1%	2.68

1) Includes scheduled amortization of customer relationships amounting to EUR 9.2m in Q2 2016 (EUR 7.6m in Q2 2015 and EUR 27.7 million in 2015).

2) Thereof EUR -0.1m in Q2 2016 (EUR -0.7m in Q2 2015) are related to a change of the purchase price obligation for Zhong Yung (International) Chemical Ltd., which has to be recorded in the income statement according to IFRS (EUR -23.4m in 2015).

3) Adjusted for the net effect of amortizations and changes in the purchase price obligation for the outstanding 49% in Zhong Yung (International) Chemical Ltd.



## FINANCIALS Q2 2016

**Cash flow statement**

in EUR m	Q2 2016	Q2 2015	2015
Profit after tax	102.1	108.1	368.1
Depreciation & amortization	40.4	37.0	145.6
Income taxes	53.9	52.5	181.2
Income tax payments	-45.2	-56.9	-174.2
Interest result	21.8	18.2	71.5
Interest payments (net)	-16.2	-10.2	-67.2
Changes in current assets and liabilities	-32.2	-35.3	60.6
Change in purchase price obligation/IAS 32	0.4	0.9	24.9
Other	-10.0	-7.7	-16.8
<b>Cash provided by operating activities</b>	<b>115.0</b>	<b>106.6</b>	<b>593.7</b>

## FINANCIALS Q2 2016

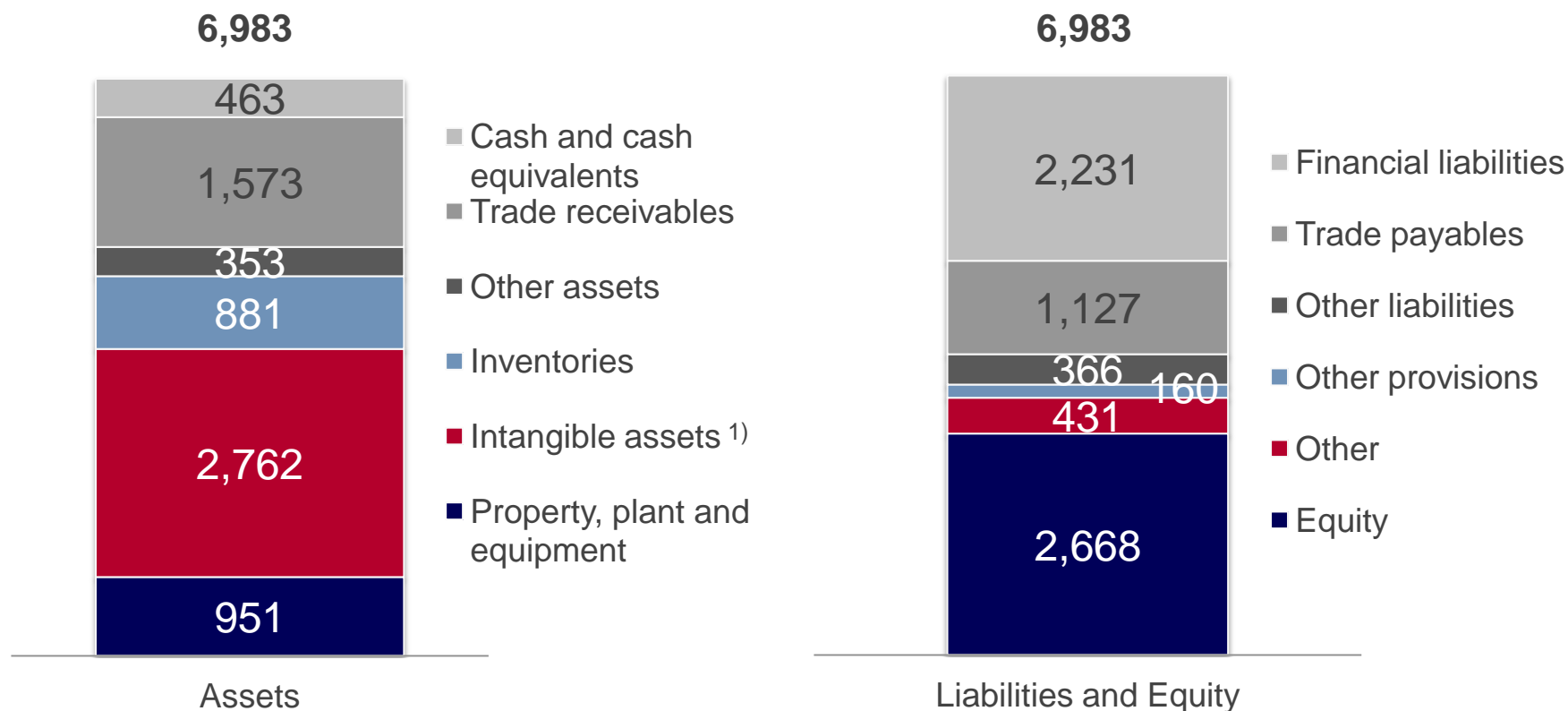
**Cash flow statement (continued)**

in EUR m	Q2 2016	Q2 2015	2015
Purchases of intangible assets and property, plant & equipment (PPE)	-25.7	-20.7	-126.7
Purchases of consolidated subsidiaries and other business units	-15.0	-18.8	-500.8
Other	1.2	1.7	5.9
<b>Cash used for investing activities</b>	<b>-39.5</b>	<b>-37.8</b>	<b>-621.6</b>
Capital increase	-	-	-
Payments in connection with the capital increase	-	-	34.3
Purchases of companies already consolidated	-41.4	-	-
Profits distributed to non-controlling interests	-1.0	-1.3	-1.9
Dividends paid to Brenntag shareholders	-154.5	-139.1	-139.1
Repayment of (-)/proceeds from (+) borrowings (net)	-2.1	-123.7	218.7
<b>Cash used for financing activities</b>	<b>-199.0</b>	<b>-264.1</b>	<b>112.0</b>
<b>Change in cash &amp; cash equivalents</b>	<b>-123.5</b>	<b>-195.3</b>	<b>84.1</b>

FINANCIALS Q2 2016

# Balance Sheet as of June 30, 2016

in EUR m



1) Of the intangible assets as of June 30, 2016, some EUR 1,271 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 Q2 2016

## Balance Sheet and leverage

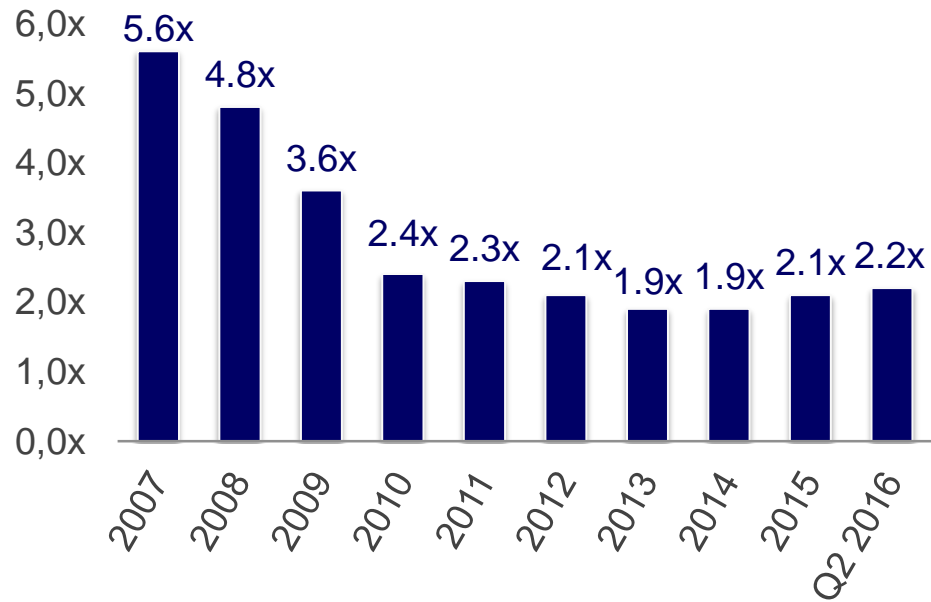
in EUR m	30 June 2016	31 Mar 2016	31 Dec 2015
Financial liabilities	2,230.5	2,211.1	2,255.2
./. Cash and cash equivalents	463.4	580.2	579.1
Net Debt	1,767.1	1,630.9	1,676.1
<b>Net Debt/Operating EBITDA <sup>1)</sup></b>	<b>2.2x</b>	<b>2.0x</b>	<b>2.1x</b>
Equity	2,668.0	2,698.4	2,690.5

1) Operating EBITDA for the quarters on LTM basis.

FINANCIALS Q2 2016

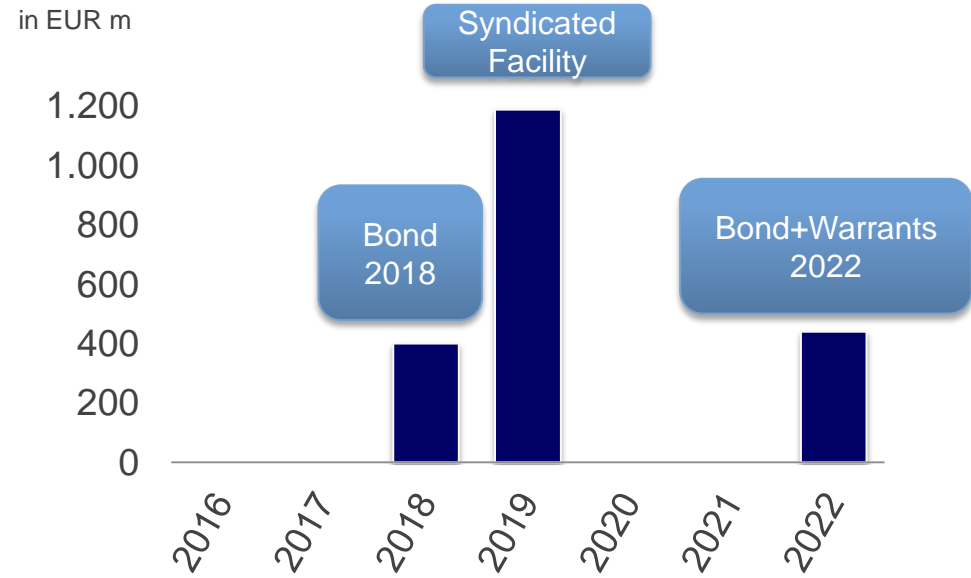
# Financial stability of Brenntag Group

**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 June 30, 2016**



- 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 Q2 2016

### Working capital

in EUR m	30 June 2016	31 Mar 2016	31 Dec 2015
Inventories	880.5	866.3	897.1
+ Trade receivables	1,572.8	1,494.3	1,426.5
./. Trade payables	1,126.7	1,077.1	1,055.5
<b>Working capital (end of period)</b>	<b>1,326.6</b>	<b>1,283.5</b>	<b>1,268.1</b>
Working capital turnover (year-to-date) <sup>1)</sup>	8.1x	8.1x	8.0x
Working capital turnover (last twelve months) <sup>2)</sup>	7.9x	7.9x	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 Q2 2016

## Free cash flow

in EUR m	Q2 2016	Q2 2015	Δ	Δ	2015
EBITDA	215.8	215.4	0.4	0.2%	807.4
Capex	-26.5	-22.7	-3.8	16.7%	-130.1
Δ Working capital	-24.6	-25.6	1.0	-3.9%	87.0
<b>Free cash flow</b>	<b>164.7</b>	<b>167.1</b>	<b>-2.4</b>	<b>-1.4%</b>	<b>764.3</b>

## FINANCIALS Q2 2016

### Segments

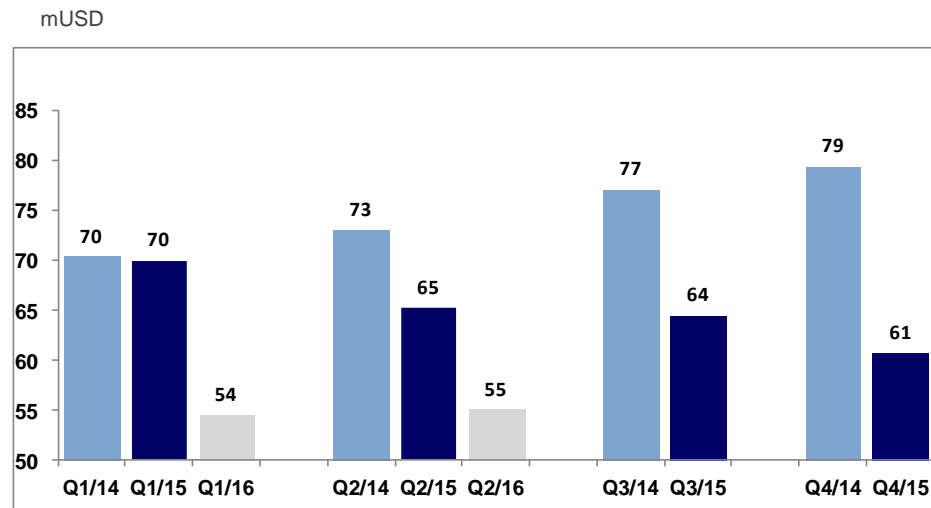
in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Group
<b>Operating gross profit</b>	<b>Q2 2016</b>	<b>278.8</b>	<b>246.3</b>	<b>42.9</b>	<b>45.6</b>	<b>3.8</b>	<b>617.4</b>
	Q2 2015	263.8	243.9	50.5	36.9	4.0	599.1
	Δ	5.7%	1.0%	-15.0%	23.6%	-5.0%	3.1%
	Δ FX adjusted	8.3%	3.5%	-9.1%	31.2%	-5.0%	6.2%
<b>Operating EBITDA</b>	<b>Q2 2016</b>	<b>100.5</b>	<b>93.2</b>	<b>11.4</b>	<b>17.3</b>	<b>-6.6</b>	<b>215.8</b>
	Q2 2015	92.9	98.4	16.1	13.7	-5.7	215.4
	Δ	8.2%	-5.3%	-29.2%	26.3%	15.8%	0.2%
	Δ FX adjusted	11.2%	-3.1%	-24.2%	33.1%	15.8%	3.3%



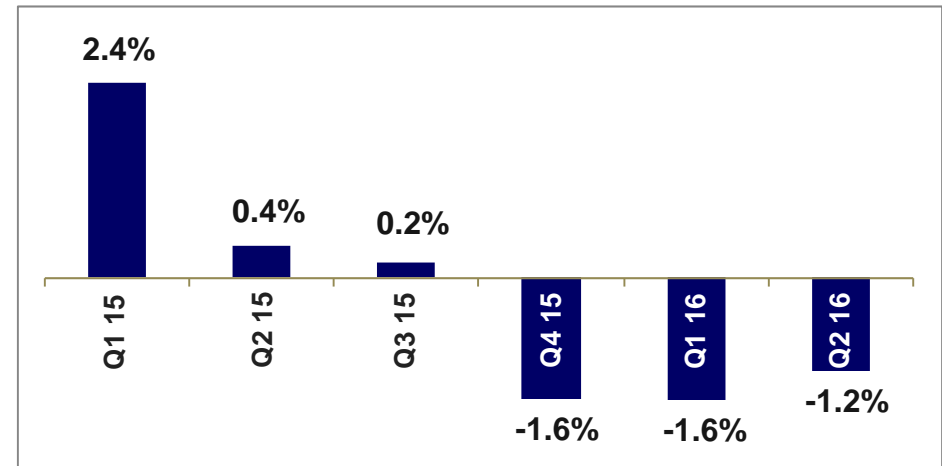
**FINANCIALS Q2 2016**

**Update North America: Trends in Gross Profit with Oil & Gas customers and industrial production**

**Q2 2016: O&G Gross Profit**



**IP Growth US on prior year**



Total 2014 = USD 299m    Total 2015 = USD 260m

At constant FX Rates; IP Growth US source: Board of Governors of the Federal Reserve System

## AGENDA

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■ **Outlook**

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## OUTLOOK

	2015 H1 2016	Comments	Trend 2016
Gross profit	<p><b>EUR 2,266m</b></p> <p><b>EUR 1,190m</b></p>	<ul style="list-style-type: none"> <li>▪ Meaningful increase expected due to the acquisitions carried out in 2015 and higher volumes</li> <li>▪ All regions are expected to support the performance albeit to different degrees (Latin America excl. Venezuela).</li> </ul>	
Operating EBITDA	<p><b>EUR 807m</b></p> <p><b>EUR 408m</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Guidance range:</b> EUR 800m to EUR 840m for the full year 2016.</li> </ul>	
Profit after tax	<p><b>EUR 368m</b></p> <p><b>EUR 168m</b></p>	<ul style="list-style-type: none"> <li>▪ General development driven by growth of operating EBITDA.</li> <li>▪ Negative impact from asset-write-off in Venezuela.</li> </ul>	

## OUTLOOK

	2015 H1 2016	Comments	Trend 2016
Working capital	<p><b>EUR 1,268m</b></p> <p><b>EUR 1,327m</b></p>	<ul style="list-style-type: none"> <li>▪ To a large extent a function of sales growth</li> <li>▪ Expected to grow significantly in 2016</li> </ul>	
Capex	<p><b>EUR 130m</b></p> <p><b>EUR 44m</b></p>	<ul style="list-style-type: none"> <li>▪ Capex spending increase to ca. EUR 150m driven by projects for business expansion.</li> </ul>	
Free Cash Flow	<p><b>EUR 764m</b></p> <p><b>EUR 296m</b></p>	<ul style="list-style-type: none"> <li>▪ As the reduction in working capital of 2015 is not expected to be repeated in 2016, we expect a reduction in free cash flow of more than 10% despite the positive EBITDA development.</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, M&A and Compliance



**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

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## FINANCIALS H1 2016

### Income statement

in EUR m	H1 2016	H1 2015	Δ	Δ FX adjusted
Sales	5,244.1	5,265.3	-0.4%	1.7%
Cost of goods sold	-4,053.9	-4,122.7	1.7%	
<b>Gross profit</b>	<b>1,190.2</b>	<b>1,142.6</b>	<b>4.2%</b>	<b>6.3%</b>
Expenses	-782.3	-732.2	6.8%	
<b>Operating EBITDA</b>	<b>407.9</b>	<b>410.4</b>	<b>-0.6%</b>	<b>1.4%</b>
Op. EBITDA/Gross profit	34.3%	35.9%		

## FINANCIALS H1 2016

## Income statement (continued)

in EUR m	H1 2016	H1 2015	Δ
EBITDA	407.9	410.4	-0.6%
Depreciation	-57.2	-53.7	6.5%
<b>EBITA</b>	<b>350.7</b>	<b>356.7</b>	<b>-1.7%</b>
Amortization <sup>1)</sup>	-24.2	-19.0	27.4%
<b>EBIT</b>	<b>326.5</b>	<b>337.7</b>	<b>-3.3%</b>
Financial result <sup>2)</sup>	-69.1	-41.5	66.5%
EBT	257.4	296.2	-13.1%
<b>Profit after tax</b>	<b>168.1</b>	<b>199.3</b>	<b>-15.7%</b>

1) This figure includes for the period January to June 2016 scheduled amortization of customer relationships totalling EUR 18.4 million (H1 2015: EUR 14.8m).

2) Thereof EUR -1.0m in H1 2016 and EUR -1.3m in H1 2015 are related to change in purchase price obligation Zhong Yung (International) Chemical Ltd., which has to be recorded in the income statement according to IFRS.



## FINANCIALS H1 2016

## Cash flow statement

in EUR m	H1 2016	H1 2015
Profit after tax	168.1	199.3
Depreciation & amortization	81.4	72.7
Income taxes	89.3	96.9
Income tax payments	-89.0	-110.7
Interest result	42.1	36.4
Interest payments (net)	-23.6	-21.6
Changes in current assets and liabilities	-86.0	-78.5
Other	31.7	-27.8
<b>Cash provided by operating activities</b>	<b>214.0</b>	<b>166.7</b>

## FINANCIALS H1 2016

## Cash flow statement (continued)

in EUR m	H1 2016	H1 2015
Purchases of intangible assets and property, plant & equipment	-49.7	-39.7
Purchases of consolidated subsidiaries and other business units	-46.1	-44.4
Other	3.4	2.4
<b>Cash used for investing activities</b>	<b>-92.4</b>	<b>-81.7</b>
Capital increase	-	-
Payments in connection with the capital increase	-	-
Purchases of companies already consolidated	55.9	-
Profits distributed to non-controlling interests	-1.0	-1.3
Dividends paid to Brenntag shareholders	-154.5	-139.1
Repayment of (-)/proceeds from (+) borrowings (net)	-8.4	-135.6
<b>Cash used for financing activities</b>	<b>-219.8</b>	<b>-276.0</b>
<b>Change in cash &amp; cash equivalents</b>	<b>-98.2</b>	<b>-191.0</b>

## FINANCIALS H1 2016

### Free cash flow

in EUR m	H1 2016	H1 2015	Δ	Δ	2015
EBITDA	407.9	410.4	-2.5	-0.6%	807.4
CAPEX	-44.1	-37.6	-6.5	-17.3%	-130.1
Δ Working capital	-67.9	-44.7	-23.2	-51.9%	87.0
<b>Free cash flow</b>	<b>295.9</b>	<b>328.1</b>	<b>-32.2</b>	<b>-9.8%</b>	<b>764.3</b>

1) The figures for 2014 have been adjusted owing to the first-time application of IFRIC 21 (Levies).

## FINANCIALS H1 2016

### Segments

in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Group
<b>Operating gross profit</b>	<b>H1 2016</b>	<b>546.4</b>	<b>490.5</b>	<b>86.5</b>	<b>87.5</b>	<b>6.9</b>	<b>1,217.8</b>
	H1 2015	520.2	471.7	100.2	70.3	7.9	1,170.3
	Δ	5.0%	4.0%	-13.7%	24.5%	-12.7%	4.1%
	Δ FX adjusted	7.1%	4.7%	-7.5%	31.0%	-12.7%	6.2%
<b>Operating EBITDA</b>	<b>H1 2016</b>	<b>188.8</b>	<b>177.8</b>	<b>23.8</b>	<b>32.2</b>	<b>-14.7</b>	<b>407.9</b>
	H1 2015	181.1	186.3	31.5	24.8	-13.3	410.4
	Δ	4.3%	-4.6%	-24.4%	29.8%	10.5%	-0.6%
	Δ FX adjusted	6.7%	-4.1%	-18.8%	35.9%	10.5%	1.4%

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