

## Q3 2016



9 November 2016

Conference call on Q3 2016 results

Corporate Finance & Investor Relations

**AGENDA**

**Q3 2016 Presentation**

- Highlights Q3 2016**
- Financials Q3 2016**
- Outlook**
- Appendix**

## HIGHLIGHTS Q3 2016

### Introductory remarks to Q3 2016 earnings

#### Macro Economy

Moderately positive development in Europe. North America with continuing weak trend in industrial production. Latin America with more challenging conditions. Ongoing growth in Asia Pacific.

#### Gross profit

Gross profit of EUR 593.9m growing at 4.1% (5.5% fx adjusted).

#### Operating EBITDA

Operating EBITDA of EUR 205.2m stable at 0.4% (2.0% fx adjusted).

#### EPS

Earnings per Share of EUR 0.60 (-1.6%).

#### Acquisitions

Mayes County Petroleum Products, USA / Lubricants business of NOCO Inc., USA / Distribution business of EP Chem Group, Singapore

## HIGHLIGHTS Q3 2016

### Recent Acquisitions

Target	Rationale	Indicative annual EBITDA contribution (m EUR)	Investment Amount (m EUR)
Mayes County Petroleum Products, USA	Regional integrated lubricant distributor, strengthening relationship with key suppliers and customers in the market	2.3	~14
Lubricants business of NOCO Inc., USA	Complements our lubricants business and solidifies our leading market position, entrance in the Canadian lubricants market	4.0	~33
Distribution business of EPChem, Singapore	Distributor for special performance chemicals for waxes and wax related products. Strengthening and expanding our specialty chemicals footprint in Asia Pacific.	n/a	~27

**M&A totally: Enterprise Values of ~EUR 200m in 2016 so far  
Average EV/EBITDA multiple of ~6.8x (excl. Zhong Yung)**

AGENDA

**Q3 2016 Presentation**

█ Highlights Q3 2016

█ **Financials Q3 2016**

█ Outlook

█ Appendix

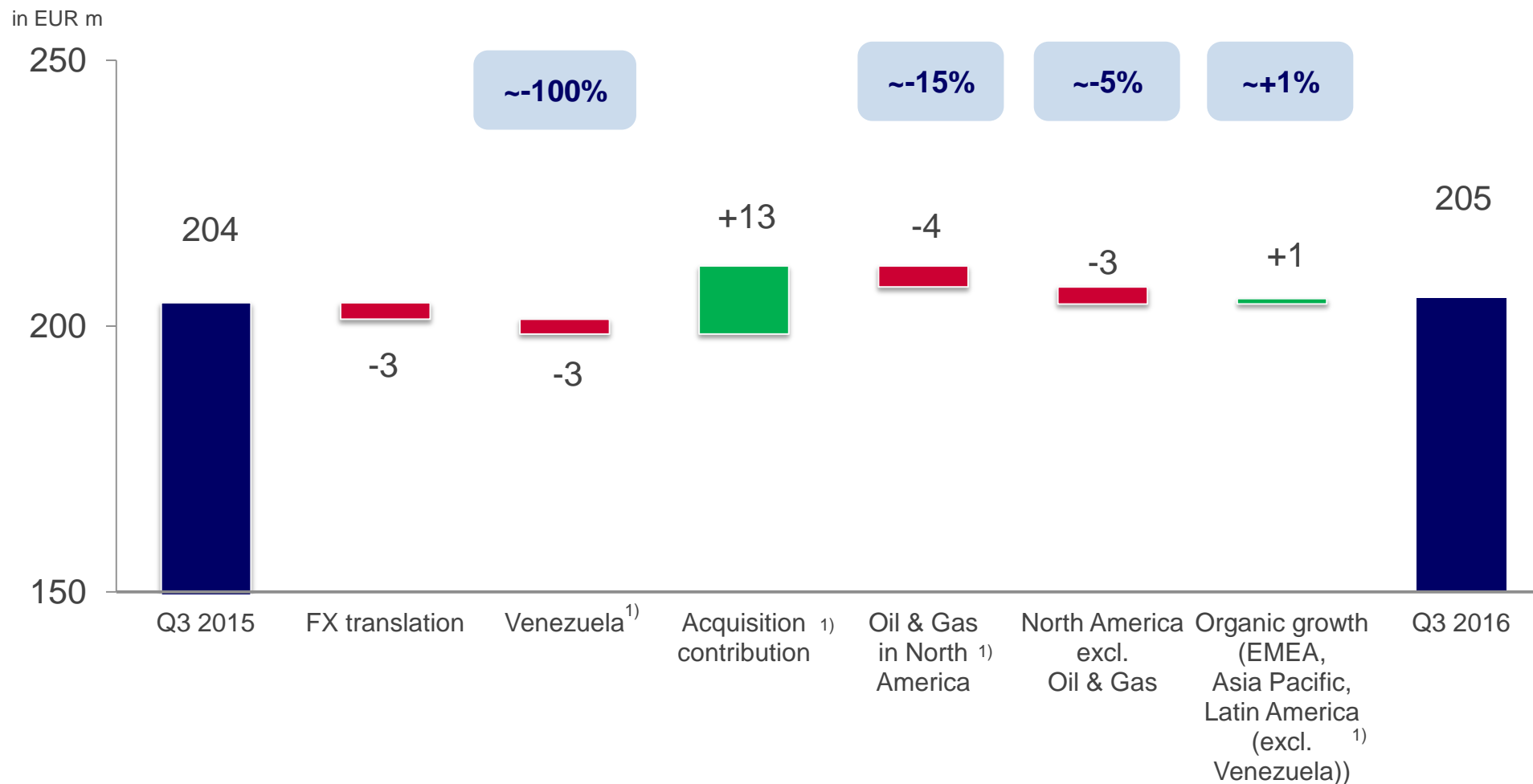
## FINANCIALS Q3 2016

### Income statement

in EUR m	Q3 2016	Q3 2015	Δ	Δ FX adjusted	2015
Sales	2,619.2	2,607.5	0.4%	1.6%	10,346.1
Cost of goods sold	-2,025.3	-2,037.0	-0.6%		-8,080.1
<b>Gross profit</b>	<b>593.9</b>	<b>570.5</b>	<b>4.1%</b>	<b>5.5%</b>	<b>2,266.0</b>
Expenses	-388.7	-366.1	6.2%		-1,458.6
<b>Operating EBITDA</b>	<b>205.2</b>	<b>204.4</b>	<b>0.4%</b>	<b>2.0%</b>	<b>807.4</b>
Op. EBITDA / Gross profit	34.6%	35.8%			35.6%

## FINANCIALS Q3 2016

### Operating EBITDA bridge: Q3 2015 to Q3 2016



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

## FINANCIALS Q3 2016

### Income statement (continued)

in EUR m	Q3 2016	Q3 2015	Δ	2015
EBITDA	205.2	204.4	0.4%	807.4
Depreciation	-28.3	-26.8	5.6%	-108.7
<b>EBITA</b>	<b>176.9</b>	<b>177.6</b>	<b>-0.4%</b>	<b>698.7</b>
Amortization <sup>1)</sup>	-11.7	-9.4	24.5%	-36.9
<b>EBIT</b>	<b>165.2</b>	<b>168.2</b>	<b>-1.8%</b>	<b>661.8</b>
Financial result <sup>2)</sup>	-23.9	-27.3	-12.5%	-112.5
EBT	141.3	140.9	0.3%	549.3
<b>Profit after tax</b>	<b>93.4</b>	<b>94.7</b>	<b>-1.4%</b>	<b>368.1</b>
EPS	0.60	0.61	-1.6%	2.36
EPS excl. Amortization and Zhong Yung liability <sup>3)</sup>	0.66	0.65	1.5%	2.68

1) Includes scheduled amortization of customer relationships amounting to EUR 8.7m in Q3 2016 (EUR 7.1m in Q3 2015 and EUR 27.7 million in 2015).

2) Thereof EUR 0.0m in Q3 2016 (EUR -0.6m in Q3 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 (for 2015 only) changes in the purchase price obligation for Zhong Yung.



## FINANCIALS Q3 2016

### Cash flow statement

in EUR m	Q3 2016	Q3 2015	2015
Profit after tax	93.4	94.7	368.1
Depreciation & amortization	40.0	36.2	145.6
Income taxes	47.9	46.2	181.2
Income tax payments	-42.7	-31.3	-174.2
Interest result	21.1	17.4	71.5
Interest payments (net)	-32.4	-33.9	-67.2
Changes in current assets and liabilities	36.9	24.9	60.6
Change in purchase price obligation/IAS 32	0.3	1.0	24.9
Other	15.5	11.7	-16.8
<b>Cash provided by operating activities</b>	<b>180.0</b>	<b>166.9</b>	<b>593.7</b>

## FINANCIALS Q3 2016

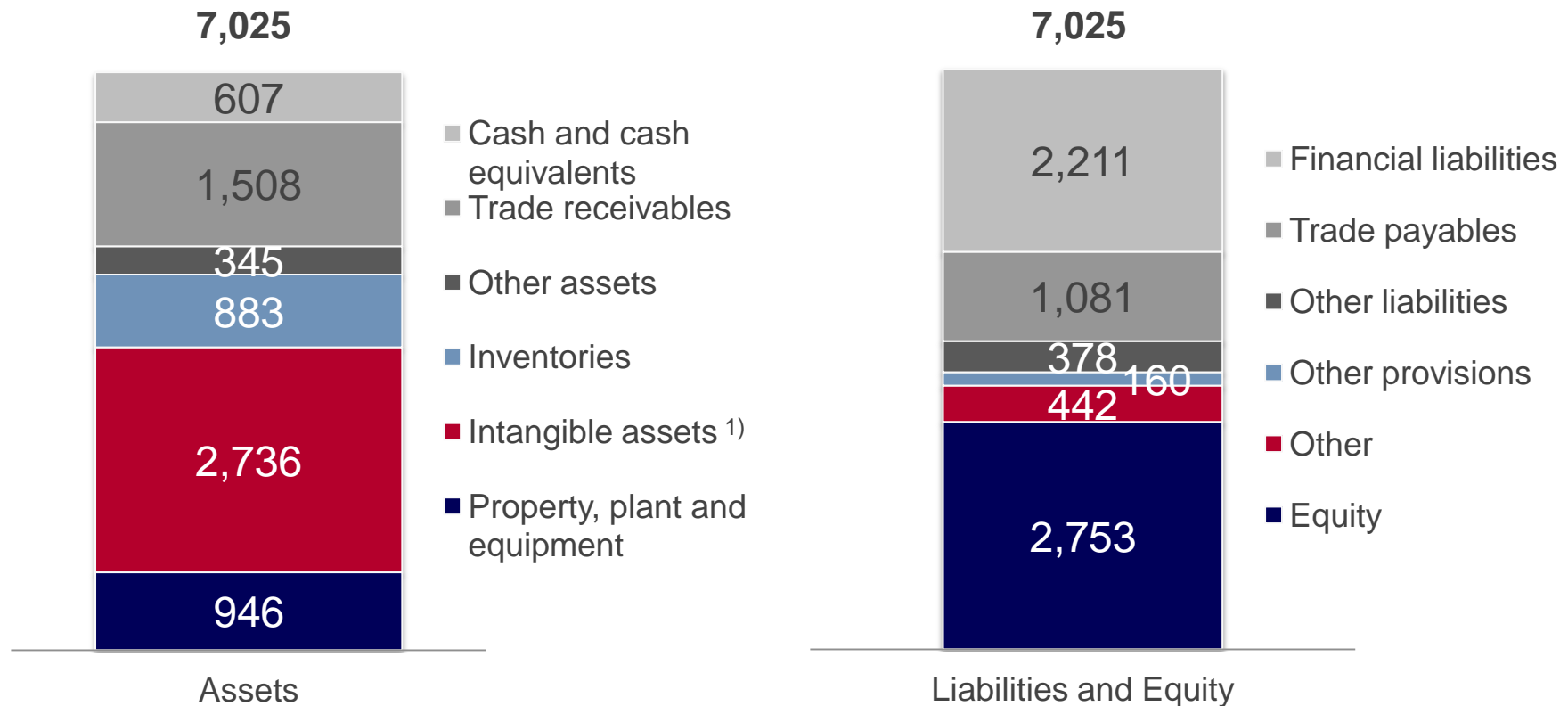
### Cash flow statement (continued)

in EUR m	Q3 2016	Q3 2015	2015
Purchases of intangible assets and property, plant & equipment (PPE)	-26.6	-27.0	-126.7
Purchases of consolidated subsidiaries and other business units	-0.3	-3.3	-500.8
Other	0.7	1.6	5.9
<b>Cash used for investing activities</b>	<b>-26.2</b>	<b>-28.7</b>	<b>-621.6</b>
Capital increase	-	-	-
Payments in connection with the capital increase	-	-	34.3
Purchases of companies already consolidated	-6.3	-	-
Profits distributed to non-controlling interests	-	-	-1.9
Dividends paid to Brenntag shareholders	-	-	-139.1
Repayment of (-)/proceeds from (+) borrowings (net)	-3.3	-61.1	218.7
<b>Cash used for financing activities</b>	<b>-9.6</b>	<b>-61.1</b>	<b>112.0</b>
<b>Change in cash &amp; cash equivalents</b>	<b>144.2</b>	<b>77.1</b>	<b>84.1</b>

## FINANCIALS Q3 2016

# Balance Sheet as of September 30, 2016

in EUR m



1) Of the intangible assets as of September 30, 2016, some EUR 1,267 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 2016

### Balance Sheet and leverage

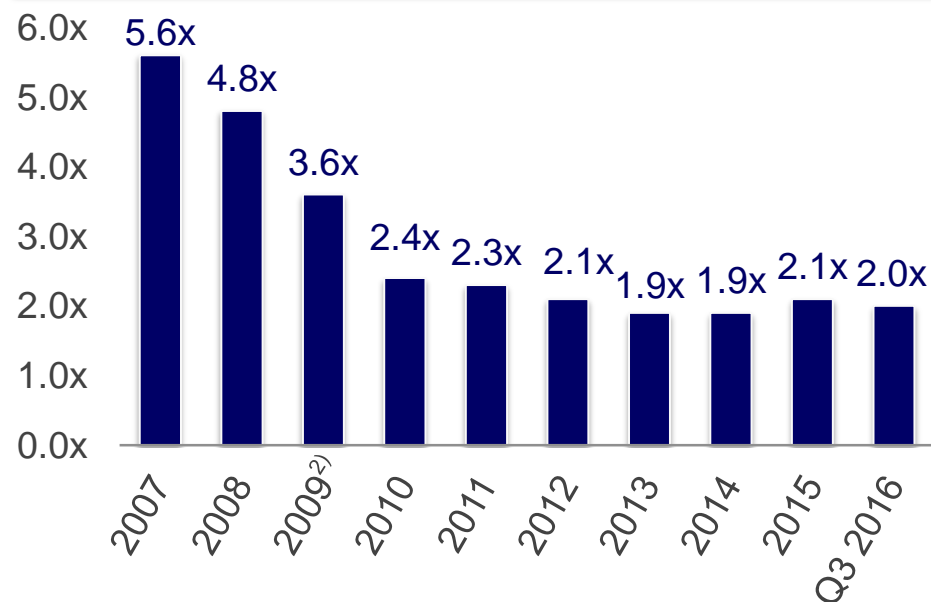
in EUR m	30 Sep 2016	30 June 2016	31 Mar 2016	31 Dec 2015
Financial liabilities	2,211.1	2,230.5	2,211.1	2,255.2
./. Cash and cash equivalents	607.1	463.4	580.2	579.1
Net Debt	1,604.0	1,767.1	1,630.9	1,676.1
<b>Net Debt/Operating EBITDA <sup>1)</sup></b>	<b>2.0x</b>	<b>2.2x</b>	<b>2.0x</b>	<b>2.1x</b>
Equity	2,752.8	2,668.0	2,698.4	2,690.5

1) Operating EBITDA for the quarters on LTM basis.

## FINANCIALS Q3 2016

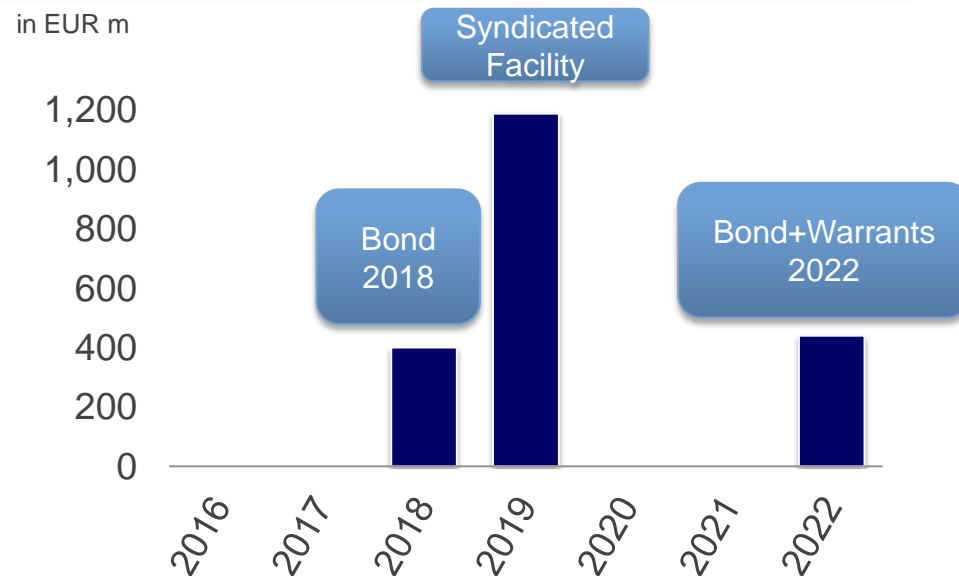
### Financial stability of Brenntag Group

#### 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 September 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.

2) 2009 adjusted for expense items relating to the equity termination of a multiyear program

## FINANCIALS Q3 2016

### Working capital

in EUR m	30 Sep 2016	30 June 2016	31 Mar 2016	31 Dec 2015
Inventories	883.2	880.5	866.3	897.1
+ Trade receivables	1,508.4	1,572.8	1,494.3	1,426.5
./. Trade payables	1,080.6	1,126.7	1,077.1	1,055.5
<b>Working capital (end of period)</b>	<b>1,311.0</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	8.1x	8.0x
Working capital turnover (last twelve months) <sup>2)</sup>	8.0x	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 Q3 2016

### Free cash flow

in EUR m	Q3 2016	Q3 2015	Δ	Δ	2015
EBITDA	205.2	204.4	0.8	0.4%	807.4
Capex	-26.2	-25.3	-0.9	3.6%	-130.1
Δ Working capital	11.1	11.9	-0.8	-6.7%	87.0
<b>Free cash flow</b>	<b>190.1</b>	<b>191.0</b>	<b>-0.9</b>	<b>-0.5%</b>	<b>764.3</b>

## FINANCIALS Q3 2016

### Segments

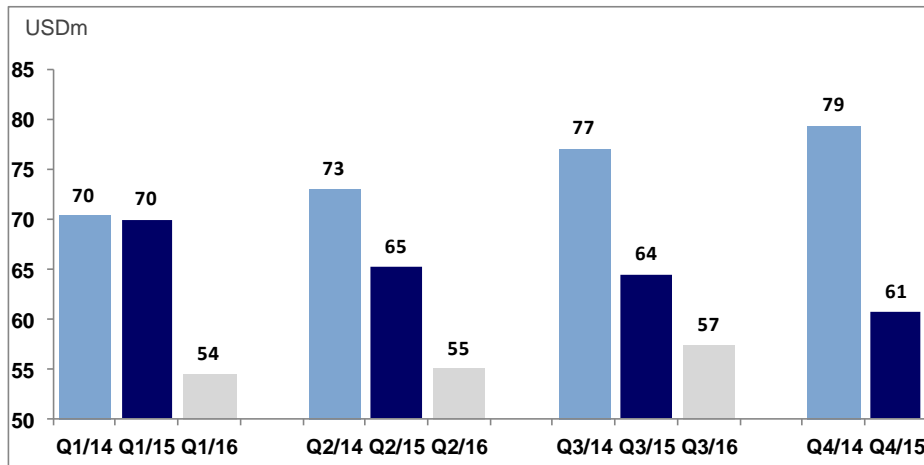
in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Group
<b>Operating gross profit</b>	<b>Q3 2016</b>	<b>261.3</b>	<b>254.7</b>	<b>41.7</b>	<b>46.4</b>	<b>3.6</b>	<b>607.7</b>
	Q3 2015	255.1	240.9	50.5	34.4	3.5	584.4
	Δ	2.4%	5.7%	-17.4%	34.9%	2.9%	4.0%
	Δ FX adjusted	5.3%	6.2%	-18.7%	36.3%	2.9%	5.4%
<b>Operating EBITDA</b>	<b>Q3 2016</b>	<b>88.2</b>	<b>96.3</b>	<b>9.4</b>	<b>16.7</b>	<b>-5.4</b>	<b>205.2</b>
	Q3 2015	87.2	95.7	15.4	12.1	-6.0	204.4
	Δ	1.1%	0.6%	-39.0%	38.0%	-10.0%	0.4%
	Δ FX adjusted	4.6%	1.0%	-40.1%	38.3%	-10.0%	2.0%



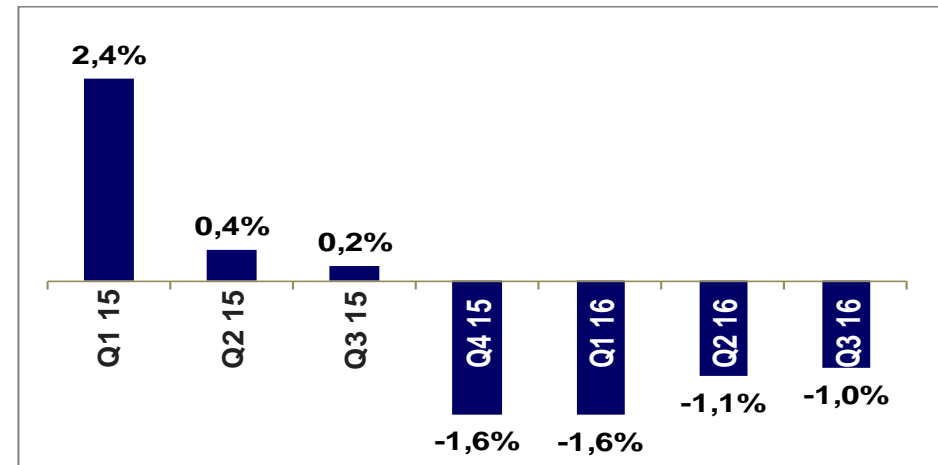
## FINANCIALS Q3 2016

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

### Q3 2016: O&G Gross Profit



### IP Growth US on prior year



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

AGENDA

**Q3 2016 Presentation**



■ Highlights Q3 2016

■ Financials Q3 2016




■ **Outlook**

■ Appendix

# OUTLOOK

	2015 9M 2016	Comments	Trend 2016
Gross profit	<p><b>EUR 2,266m</b></p> <p><b>EUR 1,784m</b></p>	<ul style="list-style-type: none"> <li>▪ Meaningful increase expected</li> <li>▪ Performance is expected to be supported by the business in the EMEA and Asia Pacific regions in particular and by acquisitions</li> </ul>	
Operating EBITDA	<p><b>EUR 807m</b></p> <p><b>EUR 613m</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Guidance range:</b> EUR 800m to EUR 820m for the full year 2016.</li> </ul>	
Profit after tax	<p><b>EUR 368m</b></p> <p><b>EUR 262m</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 9M 2016	Comments	Trend 2016
Working capital	<b>EUR 1,268m</b> <b>EUR 1,311m</b>	<ul style="list-style-type: none"> <li>To a large extent a function of sales growth</li> <li>Expected to grow in 2016</li> </ul>	
Capex	<b>EUR 130m</b> <b>EUR 70m</b>	<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	<b>EUR 764m</b> <b>EUR 486m</b>	<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 moderate decrease in free cash flow 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

# Contents

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	<b>Page</b>
<b>Income Statement 9M 2016</b>	23
<b>Cash flow statement 9M 2016</b>	25
<b>Free Cash Flow 9M 2016</b>	27
<b>Segments 9M 2016</b>	28

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## FINANCIALS 9M 2016

### Income statement

in EUR m	9M 2016	9M 2015	Δ	Δ FX adjusted
Sales	7,863.3	7,872.8	-0.1%	1.7%
Cost of goods sold	-6,079.2	-6,159.7	1.3%	
<b>Gross profit</b>	<b>1,784.1</b>	<b>1,713.1</b>	<b>4.1%</b>	<b>6.0%</b>
Expenses	-1,171.0	-1,098.3	6.6%	
<b>Operating EBITDA</b>	<b>613.1</b>	<b>614.8</b>	<b>-0.3%</b>	<b>1.7%</b>
Op. EBITDA/Gross profit	34.4%	35.9%		

## FINANCIALS 9M 2016

### Income statement (continued)

in EUR m	9M 2016	9M 2015	Δ
EBITDA	613.1	614.8	-0.3%
Depreciation	-85.5	-80.5	6.2%
<b>EBITA</b>	<b>527.6</b>	<b>534.3</b>	<b>-1.3%</b>
Amortization <sup>1)</sup>	-35.9	-28.4	26.4%
<b>EBIT</b>	<b>491.7</b>	<b>505.9</b>	<b>-2.8%</b>
Financial result <sup>2)</sup>	-93.0	-68.8	35.2%
EBT	398.7	437.1	-8.8%
<b>Profit after tax</b>	<b>261.5</b>	<b>294.0</b>	<b>-11.1%</b>

1) This figure includes for the period January to September 2016 scheduled amortization of customer relationships totalling EUR 27.1 million (9M 2015: EUR 21.9m).

2) Thereof EUR -1.0m in 9M 2016 and EUR -1.9m in 9M 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 9M 2016

### Cash flow statement

in EUR m	9M 2016	9M 2015
Profit after tax	261.5	294.0
Depreciation & amortization	121.4	108.9
Income taxes	137.2	143.1
Income tax payments	-131.7	-142.0
Interest result	63.2	53.8
Interest payments (net)	-56.0	-55.5
Changes in current assets and liabilities	-49.1	-53.6
Other	47.5	-15.1
<b>Cash provided by operating activities</b>	<b>394.0</b>	<b>333.6</b>

## FINANCIALS 9M 2016

### Cash flow statement (continued)

in EUR m	9M 2016	9M 2015
Purchases of intangible assets and property, plant & equipment	-76.3	-66.7
Purchases of consolidated subsidiaries and other business units	-46.4	-47.7
Other	4.1	4.0
<b>Cash used for investing activities</b>	<b>-118.6</b>	<b>-110.4</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	-1.3
Dividends paid to Brenntag shareholders	-154.5	-139.1
Repayment of (-)/proceeds from (+) borrowings (net)	-11.7	-196.7
<b>Cash used for financing activities</b>	<b>-229.4</b>	<b>-337.1</b>
<b>Change in cash &amp; cash equivalents</b>	<b>46.0</b>	<b>-113.9</b>

## FINANCIALS 9M 2016

### Free cash flow

in EUR m	9M 2016	9M 2015	Δ	Δ	2015
EBITDA	613.1	614.8	-1.7	-0.3%	807.4
CAPEX	-70.3	-62.9	-7.4	11.8%	-130.1
Δ Working capital	-56.8	-32.8	-24.0	-73.2%	87.0
<b>Free cash flow</b>	<b>486.0</b>	<b>519.1</b>	<b>-33.1</b>	<b>-6.4%</b>	<b>764.3</b>

## FINANCIALS 9M 2016

### Segments

in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Group
<b>Operating gross profit</b>	<b>9M 2016</b>	<b>807.7</b>	<b>745.2</b>	<b>128.2</b>	<b>133.9</b>	<b>10.5</b>	<b>1,825.5</b>
	9M 2015	775.3	712.6	150.7	104.7	11.4	1,754.7
	Δ	4.2%	4.6%	-14.9%	27.9%	-7.9%	4.0%
	Δ FX adjusted	6.6%	5.2%	-11.3%	32.7%	-7.9%	5.9%
<b>Operating EBITDA</b>	<b>9M 2016</b>	<b>277.0</b>	<b>274.1</b>	<b>33.2</b>	<b>48.9</b>	<b>-20.1</b>	<b>613.1</b>
	9M 2015	268.3	282.0	46.9	36.9	-19.3	614.8
	Δ	3.2%	-2.8%	-29.2%	32.5%	4.1%	-0.3%
	Δ FX adjusted	6.1%	-2.4%	-25.9%	37.0%	4.1%	1.7%

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