

Connecting**Chemistry**



## Capital Markets Day 2016



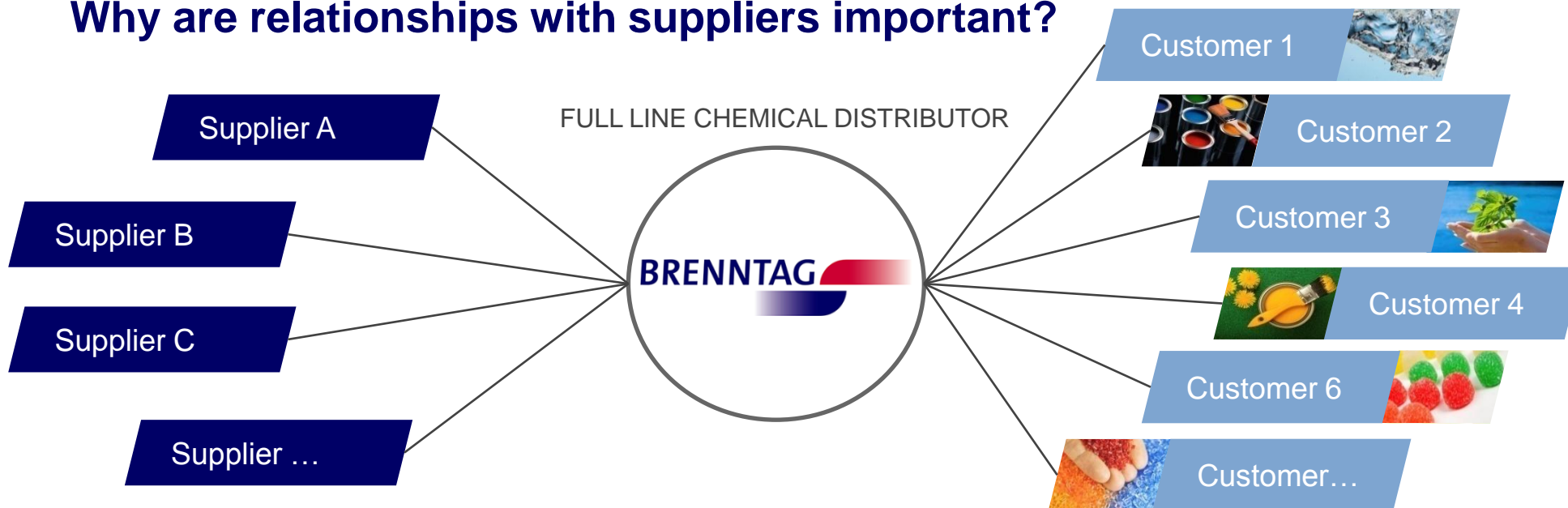
Two Temple Place, London

Supplier Relationships – David O’Connell

17 November 2016

## SUPPLIER RELATIONSHIPS

### Why are relationships with suppliers important?



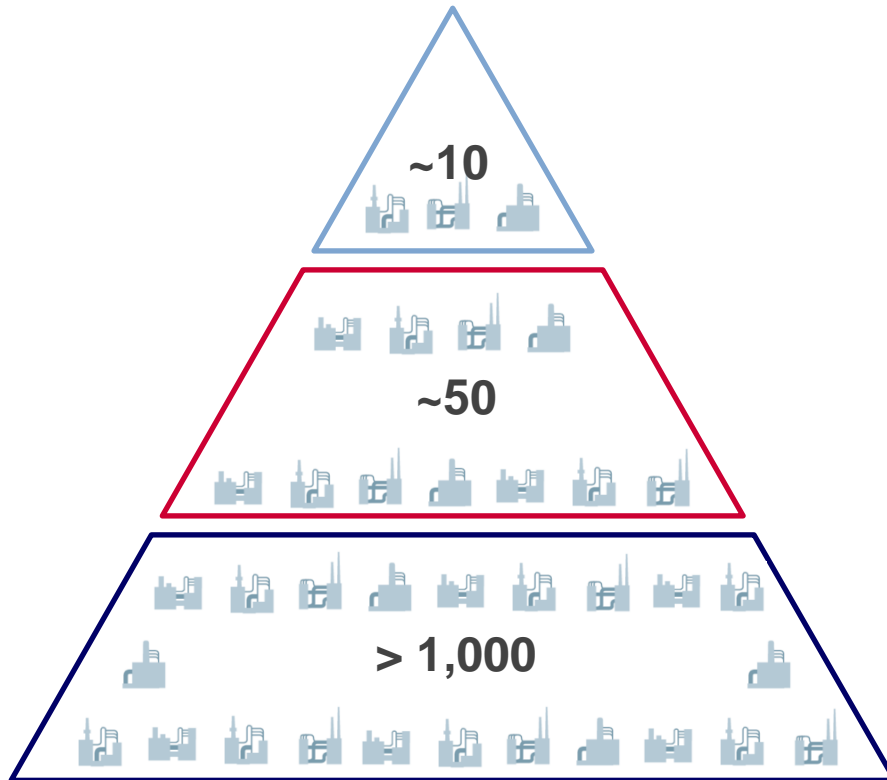
## ADVANTAGES

### ... for Suppliers

- Brenntag offers **unrivalled market access** to 10's of thousands of **chemicals' customers** worldwide
- Brenntag **reduces complexity** and provides expertise and knowledge

### ... for Brenntag

- The **business model** is based upon being the **chemical producers channel partner**
- Significant **supplier** spending (COGS represent ~75-80% of sales)

**SUPPLIER RELATIONSHIPS****3 categories of supplier management****Global suppliers:**

- Jointly aligned global strategies to deliver growth for both, based on mutual scale, best practice exchange and expansion to new geographies.

**Industry and regional suppliers:**

- Regional channel to market; joint market plans, customer project pipelines including applications development, plus supply chain optimization.

**Other suppliers:**

- Mainly focused on procurement efficiency, via global price transparency, inter-regional purchase bundling and inventory management.

**We encourage a collaborative culture with global and regional suppliers, and our dedicated experts work in close partnership to generate sustainable profitable growth.**

## SUPPLIER RELATIONSHIPS

### Example of a global supplier strategy; utilizing scale and best practice

#### Scenario

Execute a global strategy to achieve a mutually agreed growth target

#### Method

Top level commitment to objectives

Market specific business planning

Strong stewardship and consistency

Cross regional best practice exchange  
Acquisitions and geographic expansion



#### Result

Long term, consistent growth

Strong global business development ethos  
and wide geographic spread promotes  
resilience and market strength

## SUPPLIER RELATIONSHIPS

### Example of a regional supplier strategy; exploiting knowledge and infrastructure

#### Scenario

Existing supplier wants to sell new output from lower cost countries in the European market

#### Method

Brenntag uses its market intelligence tools to identify new, potential demand

Joint workshops to agree commercial essentials and market entry strategy

Brenntag provides import infrastructure, supply chain expertise and selling resource



#### Result

New market entry achieved for supplier

New volume growth for Brenntag without compromising existing arrangements

Volume based efficiency gains for Brenntag's network

## SUPPLIER RELATIONSHIPS

### Example of an industry supplier strategy; applications knowledge and supplier branding to higher value market sectors

#### Scenario

New regulatory requirements for consumer protection create a 'specialty' market for a mature chemical in the cosmetics applications

Chemical producer seeks access to and value from the many small cosmetics formulators



#### Method

Joint work to differentiate a traditional chemical into a specialty for cosmetics formulations

Product branding, regulatory documentation, specific marketing and value-added pricing

#### Result

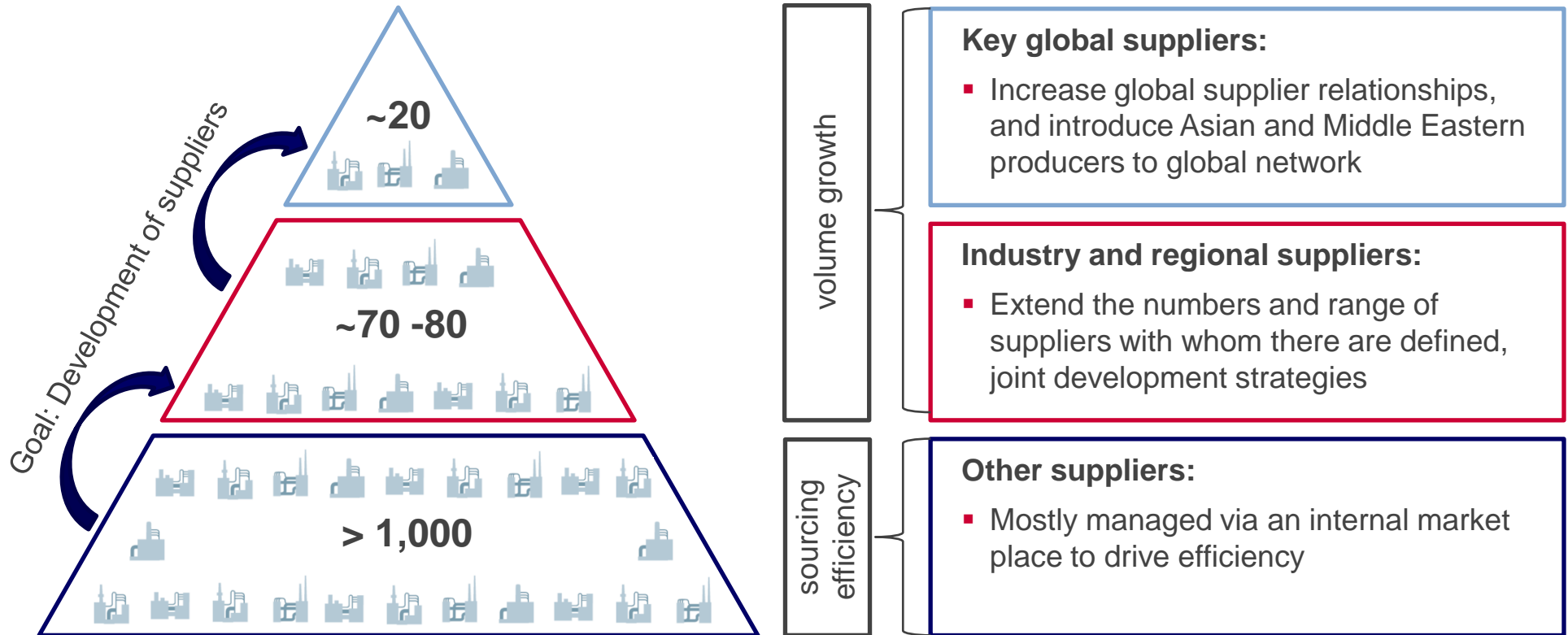
New application segment developed

Substantial product margin premium compared to traditional markets

Strong supplier appreciation for Brenntag's customer industry expertise

## SUPPLIER RELATIONSHIPS

### The next steps in supplier relationship management



**VISION :** Excellence in supplier relationships on a global scale as a key platform for mutual value and growth.