

Connecting**Chemistry**



Capital Markets Day 2016



London

Brenntag Board of Management – Key Note

17 November 2016

CAPITAL MARKETS DAY 2016**Agenda**

1:00 pm Management presentation and Q&A

2:00 pm Brenntag exhibition

- Asia Pacific
- Commercial Excellence
- M&A
- Supplier Relationships
- Sustainability

4:00 pm Tea time & Get-together with management

5:00 pm Wrap up

CONTENT

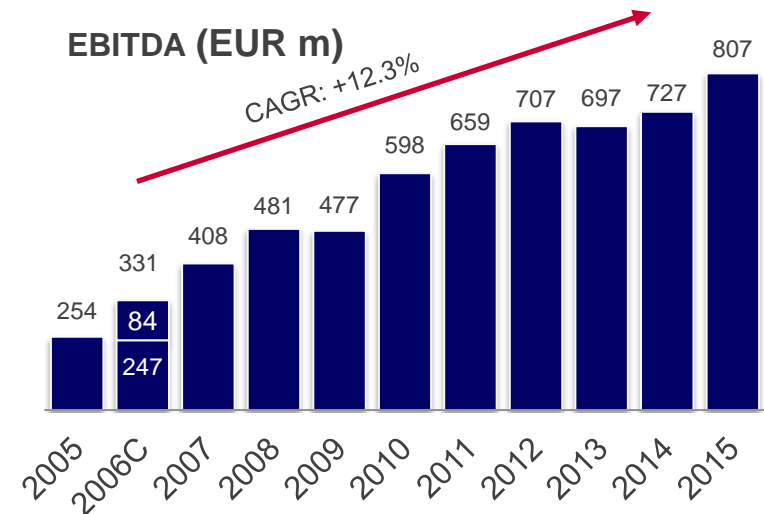
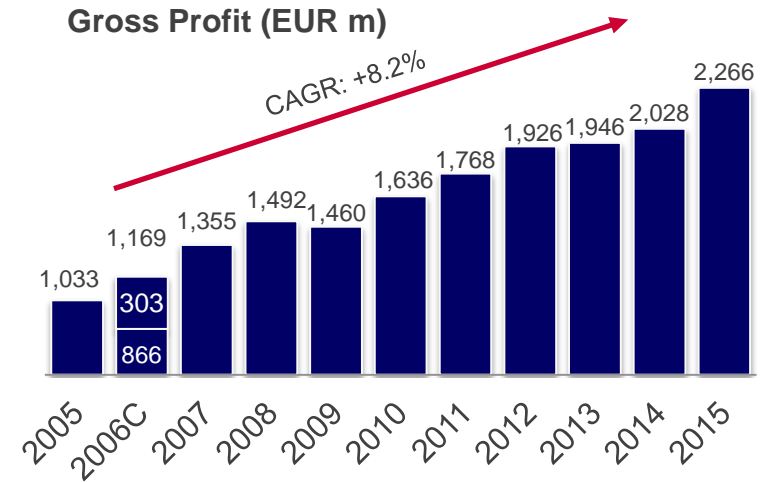
Capital Markets Day 2016

- Introduction**
- Resilient business model in an attractive market**
- M&A Update**
- Financials**
- Regional Update**
- Group Outlook**
- Brenntag exhibition – Introduction of experts**

INTRODUCTION

Brenntag at a glance

Global Market Leader with ~6% market share	Sales of 10.3bn EUR in 2015	Average order size ~EUR 2.500
Full-line portfolio with > 10.000 products	~180.000 customers globally	> 530 sites in 74 countries
>14.000 employees	>5,000 people in sales and marketing	Financial Leverage of 2.0x



*) As per end 2012: BCG Market Report (July 2013)
 Notes: 2005: Brenntag predecessor; 2006: Brenntag and Brenntag predecessor combined

INTRODUCTION

Brenntag is the world market leader in chemical distribution

North America	
Market position	# 2
Op. gross profit	745.2m EUR
Op. EBITDA	274.1m EUR
Employees	> 4,300

EMEA	
Market position	# 1
Op. gross profit	807.7m EUR
Op. EBITDA	277.0m EUR
Employees	> 6,600

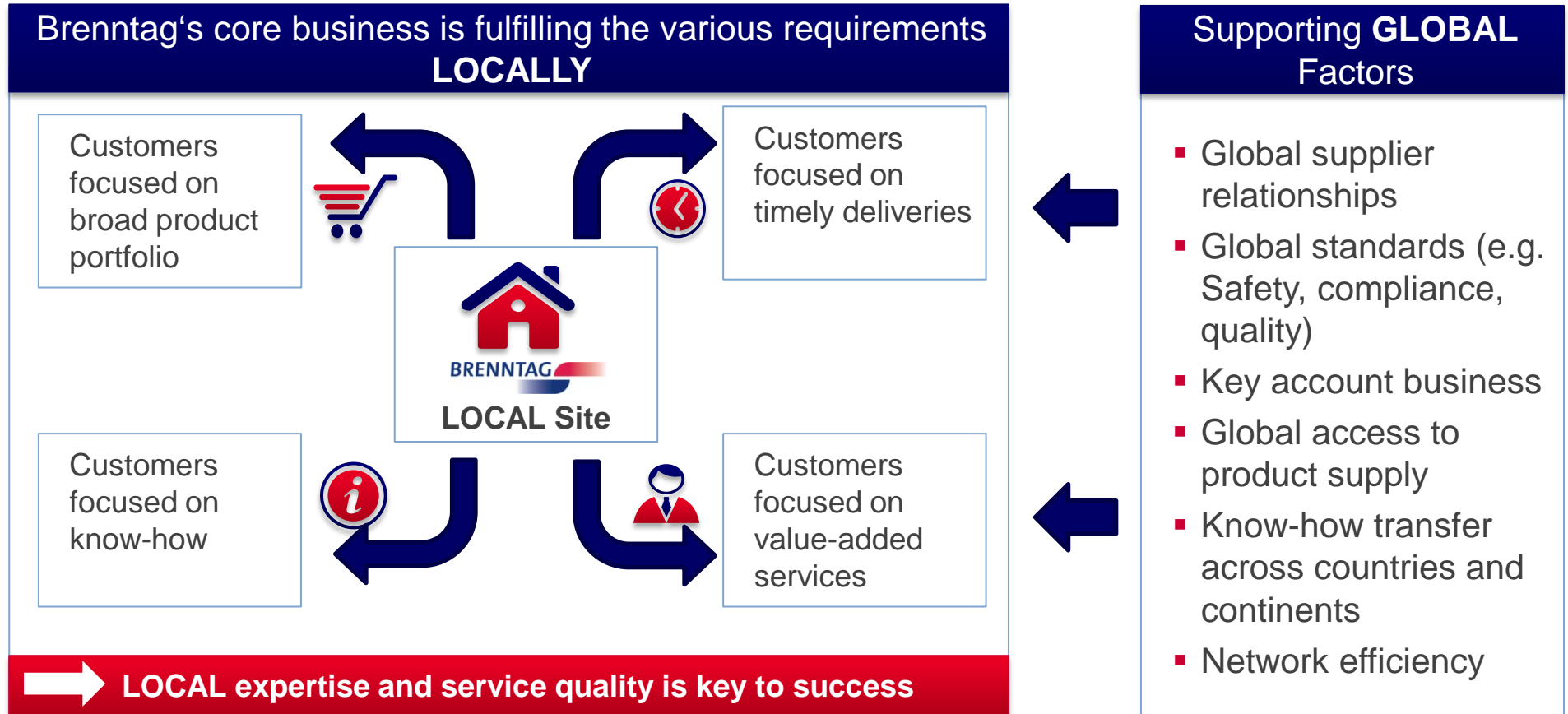
Latin America	
Market position	# 1
Op. gross profit	128.2m EUR
Op. EBITDA	33.2m EUR
Employees	> 1,400

Asia Pacific	
Market position	Top 5
Op. gross profit	133.9m EUR
Op. EBITDA	48.9m EUR
Employees	> 1,800

Brenntag has a unique global footprint

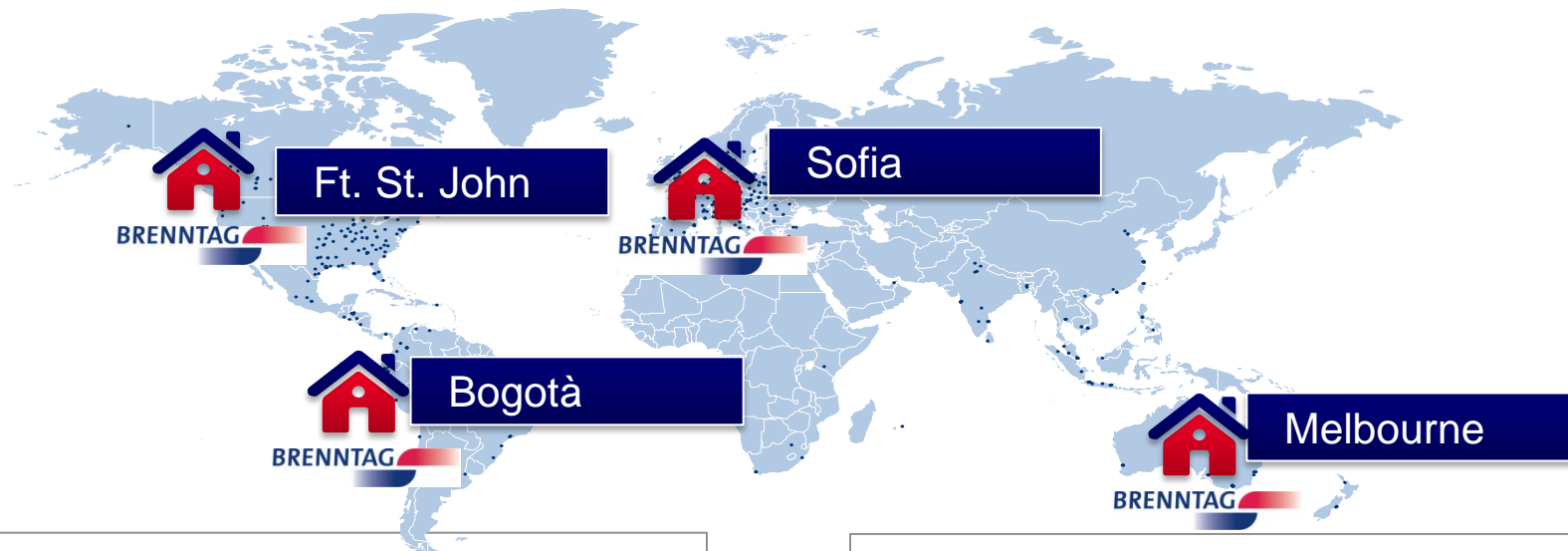
RESILIENT BUSINESS MODEL IN AN ATTRACTIVE MARKET

Chemical distribution is predominantly a local business but global aspects are becoming increasingly important



INTRODUCTION

Chemical distribution is a local business



- Highly diversified and granular business
- Distributors have to retain local customers
- Business is service sensitive
- Competition is local
- Market conditions vary in countries and regions
- Customer requirements are diverse



- Winning local competition leads to
 - ✓ business with key account customers
 - ✓ even more intense supplier relationships
 - ✓ synergies in costs and resources

Local execution leads to global advantages

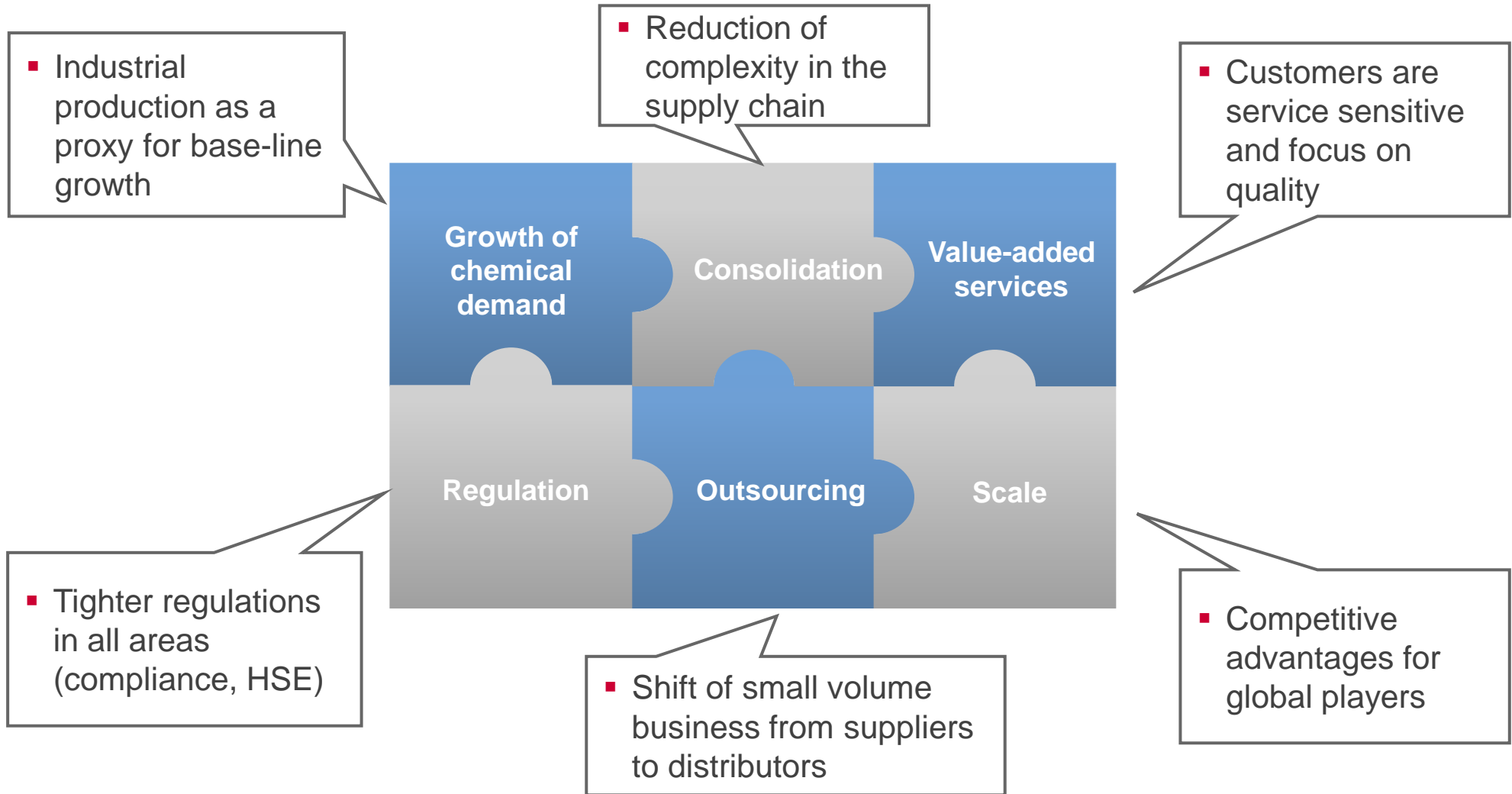
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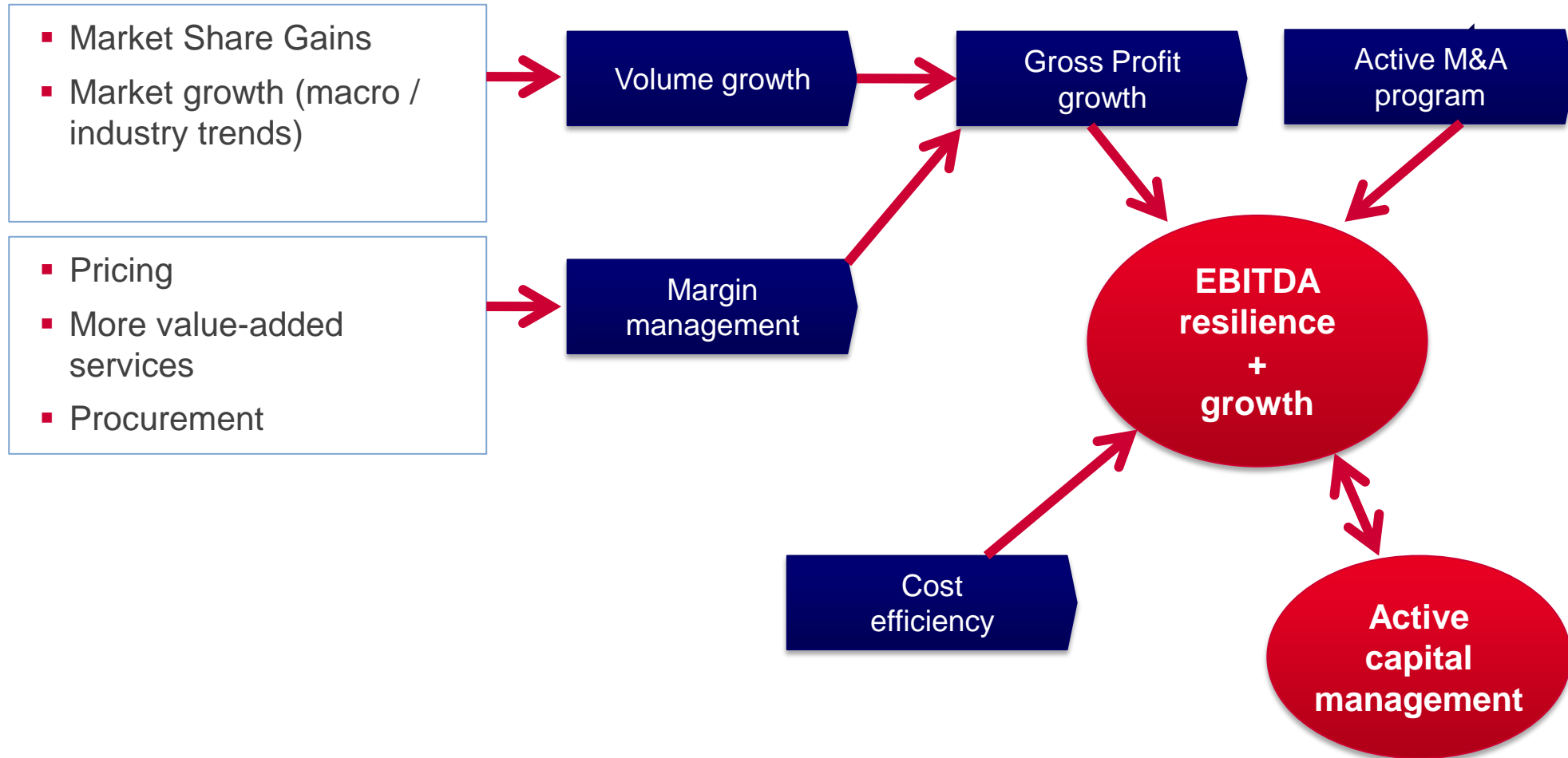
RESILIENT BUSINESS MODEL IN AN ATTRACTIVE MARKET

Structural growth drivers in chemical distribution remain unchanged

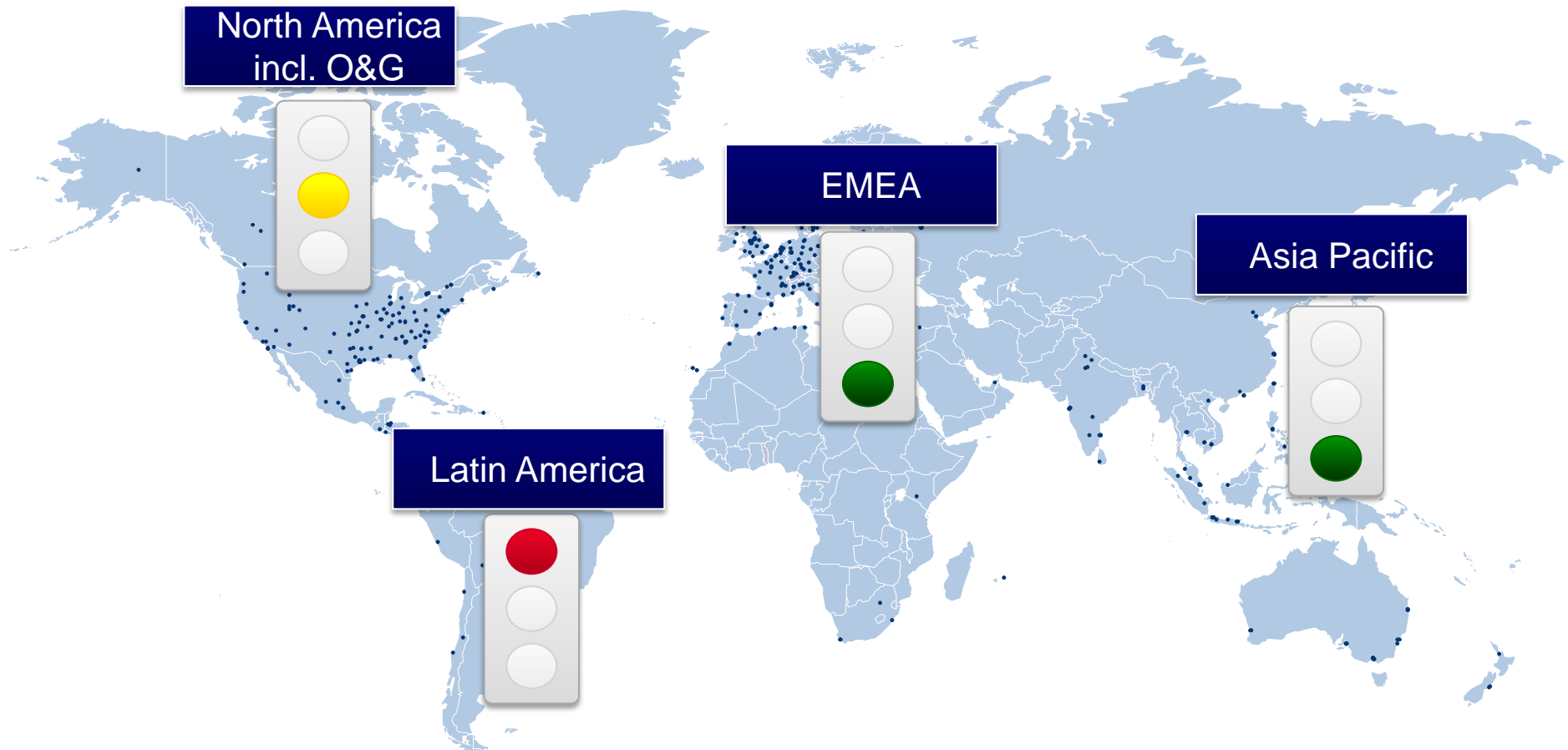


RESILIENT BUSINESS MODEL IN AN ATTRACTIVE MARKET

Brenntag focuses on EBITDA generation and the drivers that can be influenced



RESILIENT BUSINESS MODEL IN AN ATTRACTIVE MARKET
Gross Profit development in the regions recently



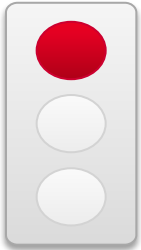
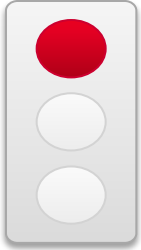
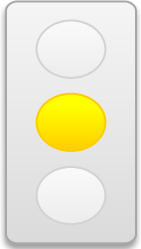
RESILIENT BUSINESS MODEL IN AN ATTRACTIVE MARKET

What growth drivers delivered in the past

<p>Gross Profit growth</p>		<ul style="list-style-type: none"> ▪ Group's GP growth below long term trends and impacted by macro-economic environment ▪ Positive development in EMEA and Asia Pacific; North America particularly affected by oil & gas, Latin America affected by Venezuela and high volatility
<p>Cost efficiency</p>		<ul style="list-style-type: none"> ▪ Strict cost monitoring in place ▪ Efficiency measures are best-in-class for years
<p>Active M&A program</p>		<ul style="list-style-type: none"> ▪ Average deal execution within guided range ▪ Continuously active M&A pipeline

RESILIENT BUSINESS MODEL IN AN ATTRACTIVE MARKET

Headwinds we have been facing

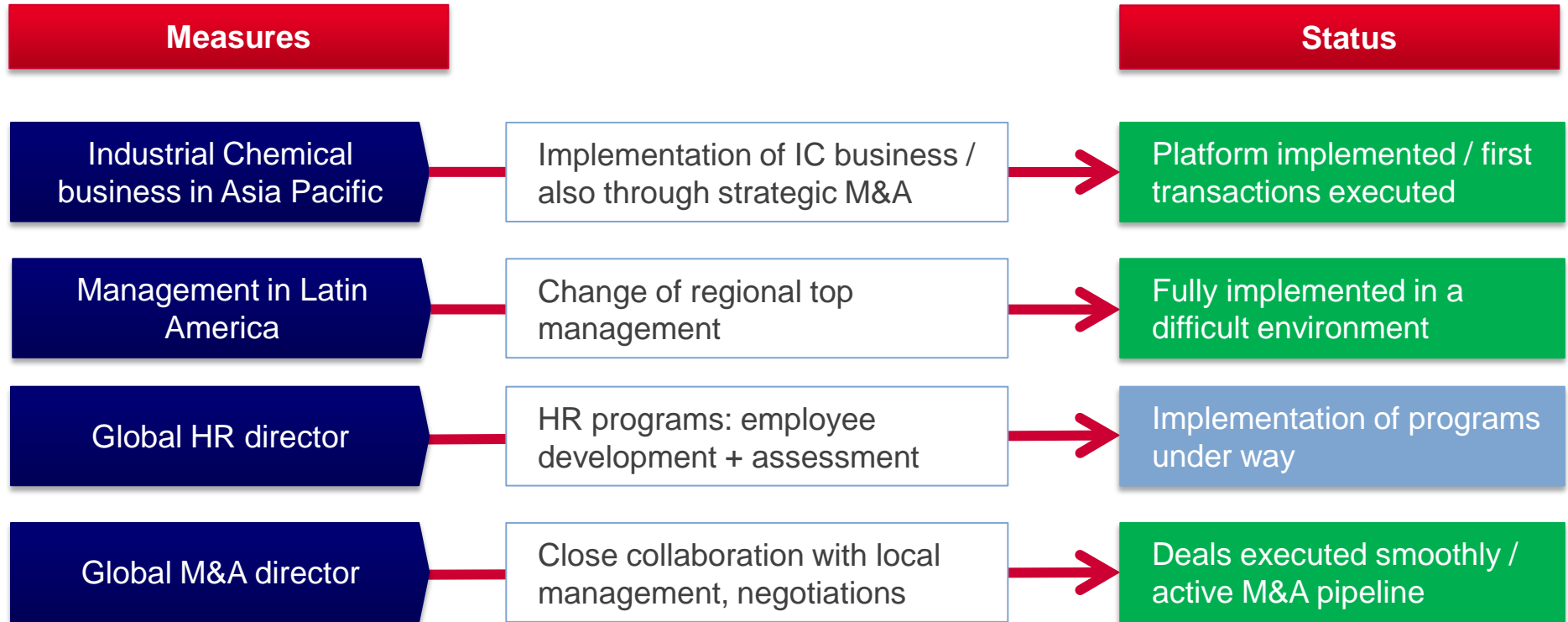
<p>Unfavorable macro environment</p>		<ul style="list-style-type: none"> ▪ Difficult macroeconomic conditions in EMEA and North America ▪ Negative development of Industrial Production in North and Latin America
<p>Major events impacting business</p>		<ul style="list-style-type: none"> ▪ Unexpected further deterioration in the oil & gas sector impacting organic gross profit growth by USD ~40m in 2016 in North America ▪ Unexpected devaluation of currency in Venezuela and continued difficult situation overall
<p>M&A execution</p>		<ul style="list-style-type: none"> ▪ Vast majority of M&A activity is successful ▪ J.A.M.: signs of dilution of performance due to weakness in the marine fuel business

RESILIENT BUSINESS MODEL IN AN ATTRACTIVE MARKET
What we have executed...



RESILIENT BUSINESS MODEL IN AN ATTRACTIVE MARKET

What we have executed...(2)



RESILIENT BUSINESS MODEL IN AN ATTRACTIVE MARKET

We do **NOT intend to make significant changes to our infrastructure and major changes to our strategy**

No significant changes to infrastructure

- We won't cut profitable business and gross profit generation
- We will remain focused on delivering service excellence

No major shift of business focus

- We won't become distracted by other business models
- We will follow our global full line approach

RESILIENT BUSINESS MODEL IN AN ATTRACTIVE MARKET

Business development: What we **WILL** do...

<p>Drive GP growth LOCALLY</p>		<ul style="list-style-type: none"> ▪ Drive local Commercial Excellence initiatives and monitor local markets thoroughly
<p>Drive GP growth GLOBALLY</p>		<ul style="list-style-type: none"> ▪ Demonstrate strengths that arise from scale: full-line service provider, global footprint, dense logistics network ▪ Efficient product supply
<p>Invest in organic growth</p>		<ul style="list-style-type: none"> ▪ Monitor market for growth opportunities ▪ Invest in attractive markets and regions (allocate resources and/or spend Capex)
<p>Strict cost management</p>		<ul style="list-style-type: none"> ▪ Maintain best-in-class efficiency ratios ▪ Execute selected cost-reduction measures
<p>Cash flow generation</p>		<ul style="list-style-type: none"> ▪ Focus on Working Capital and Capex ▪ Maintain high “return on capital”

RESILIENT BUSINESS MODEL IN AN ATTRACTIVE MARKET

Business development: What we WILL do... (2)



Brenntag is well positioned to capture future growth opportunities

RESILIENT BUSINESS MODEL IN AN ATTRACTIVE MARKET**Digitization: Brenntag has already embarked on a journey to benefit from opportunities****Current Status**

- Chemical distribution market not significantly touched by digitization so far
- Brenntag has invested in dedicated resources for digital applications with a digitization team in an offsite location
- Broad based team covering IT, sales, supplier relationships, operations. Currently developing digitization pilots in different areas.

Digitization opportunities @Brenntag include...

- Internal process efficiency
- Business development
- Business Intelligence
- Customer interfaces
- Supplier interaction

Brenntag's scale will be a clear advantage – through global approach and platform

RESILIENT BUSINESS MODEL IN AN ATTRACTIVE MARKET**Market conditions in chemical distribution allow for clear competitive advantages for Brenntag****Market condition**

- Steadily **rising demand** for chemicals
- Highly **fragmented** market with >10,000 players
- **No relevant new market entrants**
- Market **consolidation** driven by suppliers, customers and larger distributors
- **Diversification** due to customers from various industries
- **Local business** with different characteristics in each country
- Increasing **regulations**
- **Value-added services** support customer retention

**Competitive advantages for Brenntag**

- ✓ Global footprint
- ✓ Full line product portfolio
- ✓ Diverse value-added services
- ✓ Business relationships to several thousand suppliers
- ✓ Service for multi-national customers
- ✓ Industry expertise and exchange of best practices
- ✓ Business Intelligence
- ✓ Dense logistics network

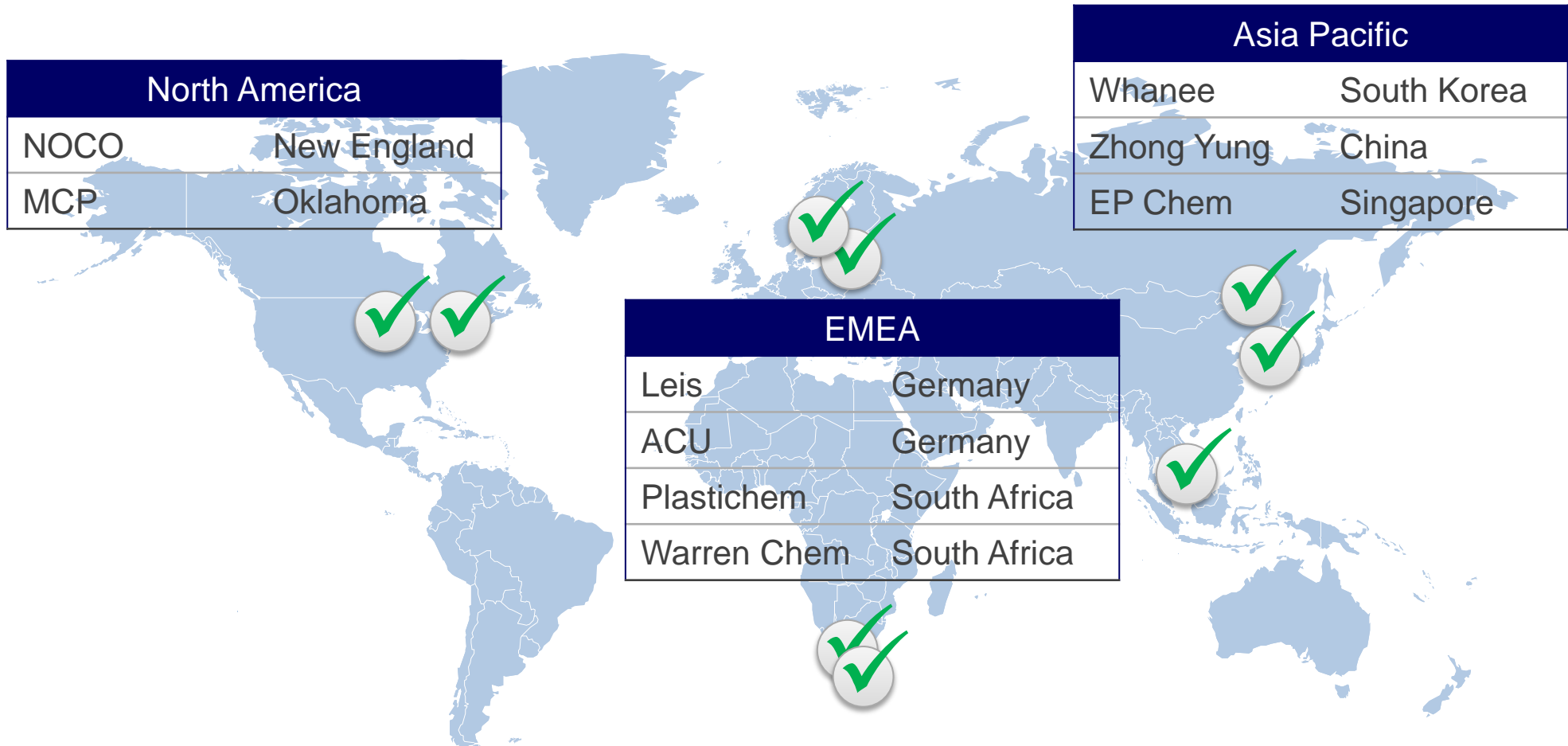
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M&A UPDATE

Successful execution of M&A strategy in 2016



Total EV of ~EUR 200m (incl. Zhong Yung) for the 9 acquisitions with an average EV/EBITDA multiple of ~6.8x (excl. Zhong Yung)

M&A UPDATE**Strategic step into lubricants business in North America****J.A.M., Texas**

- Product portfolio: serving the industrial, commercial, automotive, marine and compound blender end markets
- Streamlining of processes and operations ongoing
- YTD 2016 performance below expectation mainly due to situation in marine fuel products

G.H. Berlin Windward, New England

- Highly diversified customer and product portfolio
- Multi-brand supplier portfolio
- Smooth integration into Brenntag Group completed
- YTD 2016 performance on plan

- Expansion of lubricants footprint through acquisitions of MC Petroleum and Noco., Inc.

Platform for lubricants distribution established and further acquisitions executed

M&A UPDATE

Strategic step into industrial chemicals business in Asia Pacific with TAT Group

TAT Group

- Strategic step within market for distribution of Industrial Chemicals in South East Asia
- Focus on value-added services (e.g. drumming, re-packaging, refilling and laboratory activities)
- Smooth integration into Brenntag Group completed
- Performance on plan YTD 2016
- Synergies with Brenntag Singapore in logistics handling and support functions



M&A UPDATE**Global M&A approach remains unchanged – different focus areas in the regions**

-  ■ 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
-  ■ Market remains highly fragmented facilitating significant further consolidation potential
-  ■ Definition of different local strategies
-  ■ Dedicated corporate M&A team and additional experts in the regions
-  ■ Financing flexibility is competitive advantage
-  ■ Active pipeline with targets in all regions

We see ourselves as a consolidator and have a proven track record of successful acquisitions

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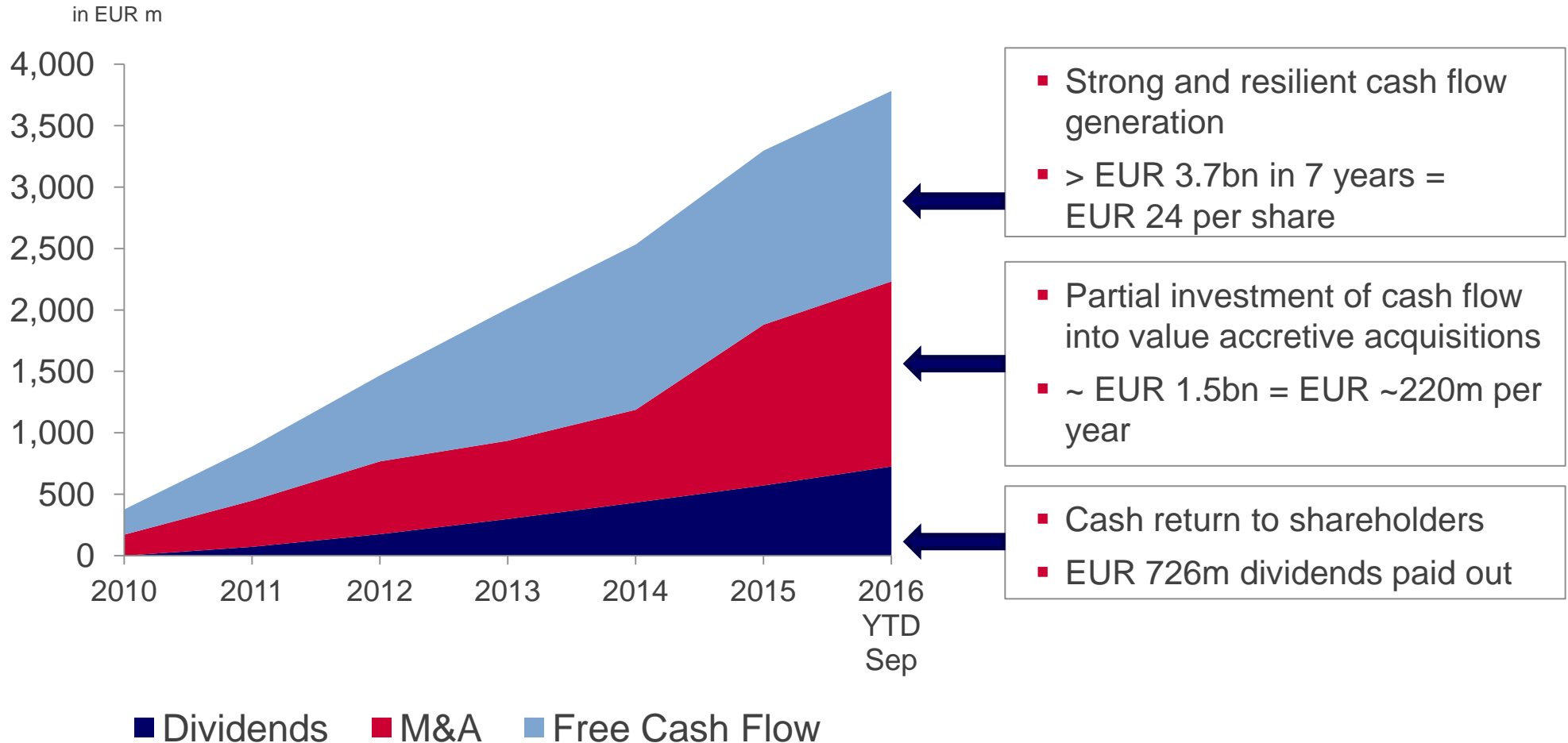
FINANCIALS

Resilient business profile confirmed over longer timeframe



FINANCIALS

Shareholders benefit from strong and resilient cash flow generation

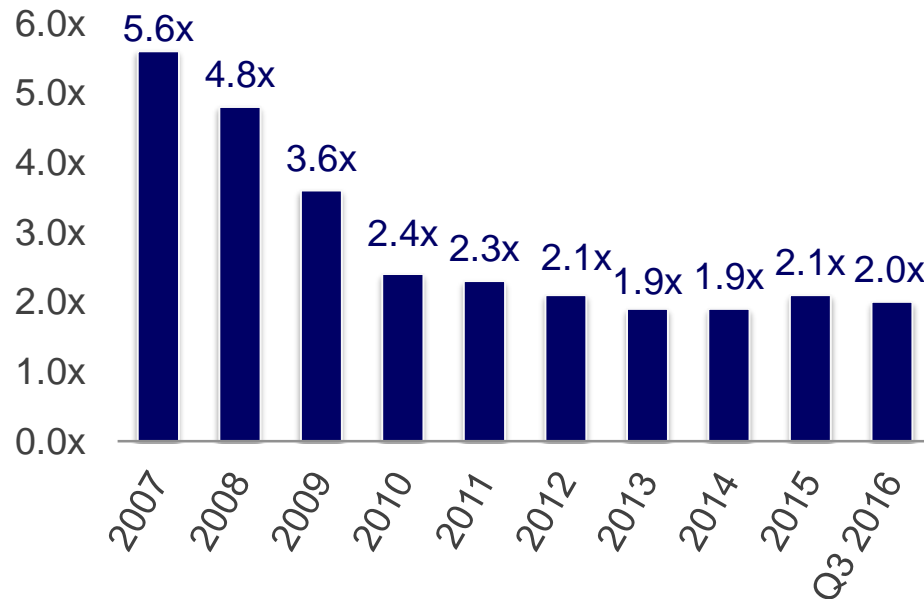


Cumulative presentation; 2016: Free cashflow is based on Q3 YTD, includes all acquisitions signed as per Nov. 2016

FINANCIALS

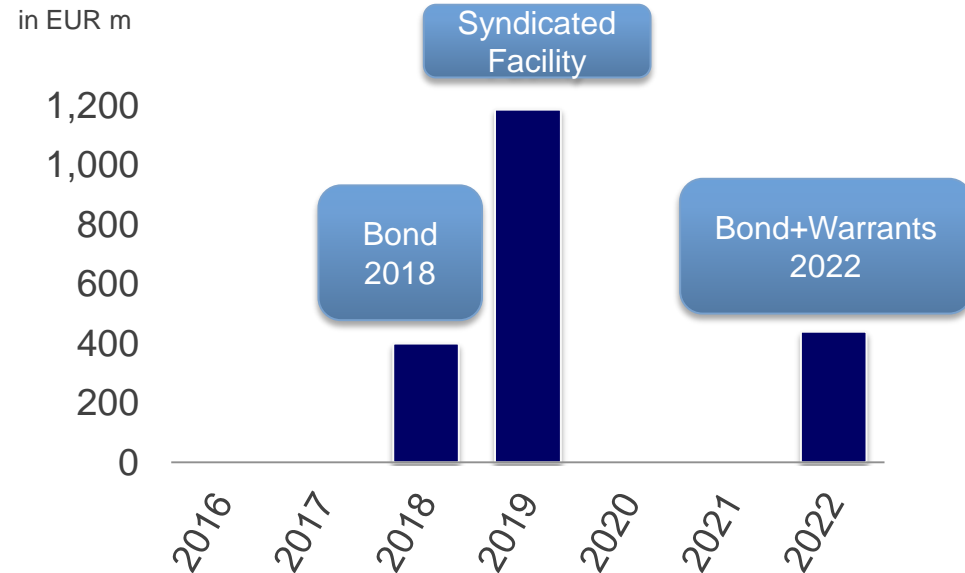
Financial stability of Brenntag Group

Leverage: Net debt/Operating EBITDA ¹⁾



- 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.

FINANCIALS**Overview of 9M 2016 earnings****Macro
Economy**

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

Gross profit

Gross profit of EUR 1,784.1m growing at 4.1% (6.0% fx adjusted).

**Operating
EBITDA**

Operating EBITDA of EUR 613.1m stable at -0.3% (1.7% fx adjusted).

EPS

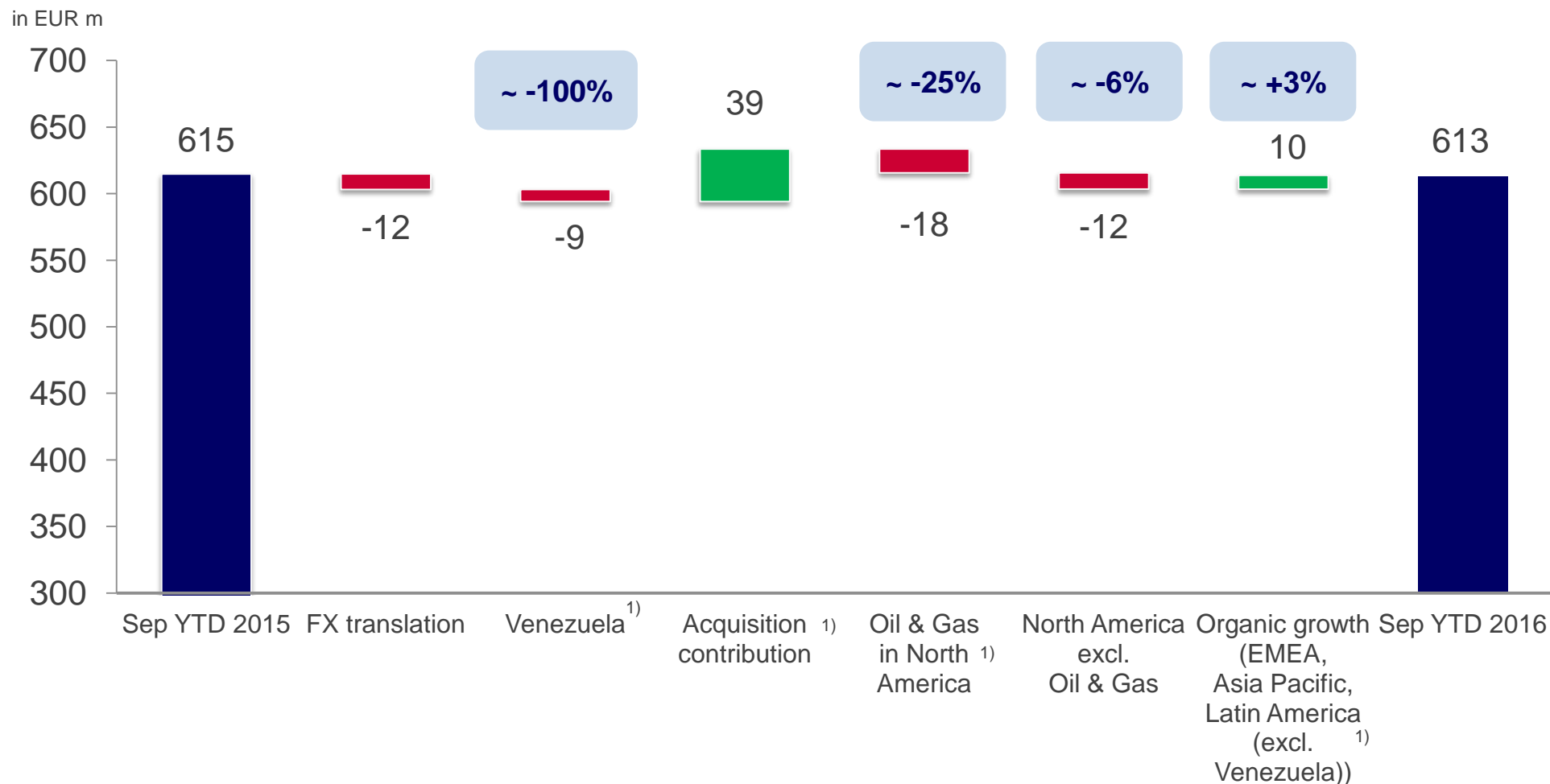
Earnings per Share of EUR 1.69.

Acquisitions

Execution of 9 acquisitions in 3 regions. Market entry in South Korea. Expansion of lubricants platform in North America. Business expansion in South Africa.

FINANCIALS 9M 2016

Operating EBITDA bridge: Sep YTD 2015 to Sep YTD 2016



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

FINANCIALS 9M 2016

Segments

in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Group
Operating gross profit	9M 2016	807.7	745.2	128.2	133.9	10.5	1,825.5
	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%
Operating EBITDA	9M 2016	277.0	274.1	33.2	48.9	-20.1	613.1
	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%

FINANCIALS

Update on Oil & Gas in North America

Status update

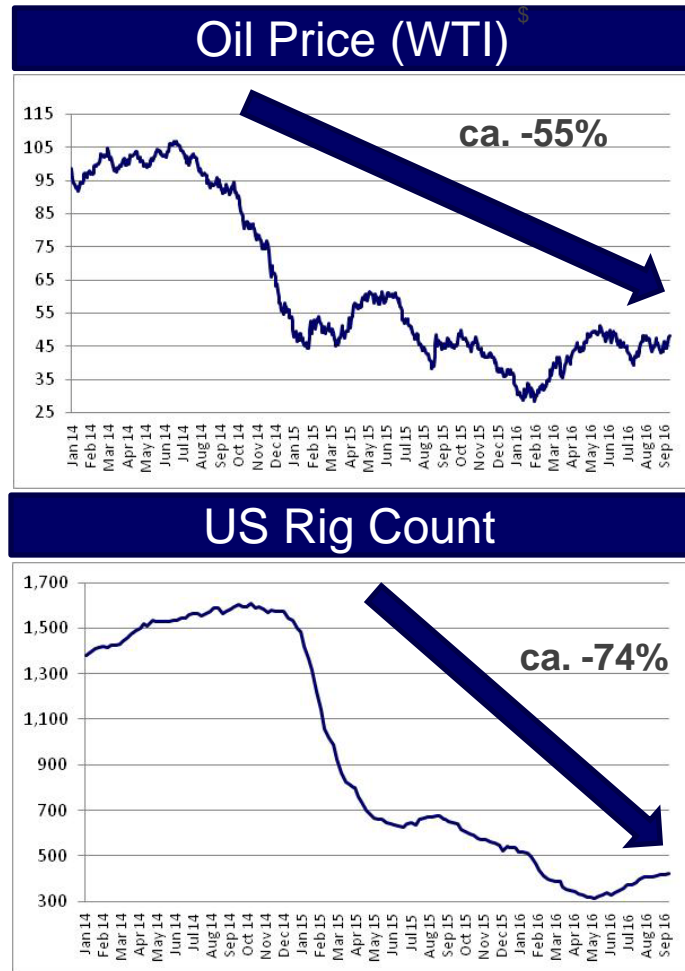
- Stabilization on current levels
- Currently no further significant deterioration in the industry expected
- Strict monitoring of our regional operation centers

Local success stories

- Trusting and successful relationship with large customers
- Knowledge-transfer from Coastal into the region
- Rightsizing of oil & gas operations
- Implementation of smaller warehouses in dedicated areas according to customer demand

DEVELOPMENT OF MAJOR US OIL AND GAS MACRO INDICATOR

Severe downturn in Oil & Gas industry over the last 2 years with impact on Brenntag



Approx. USD -80m GP for Brenntag from 2014 to 2016

Impact Group: Approx. - 3% GP (over two years)

Impact North America: Approx. - 7% GP (over two years)

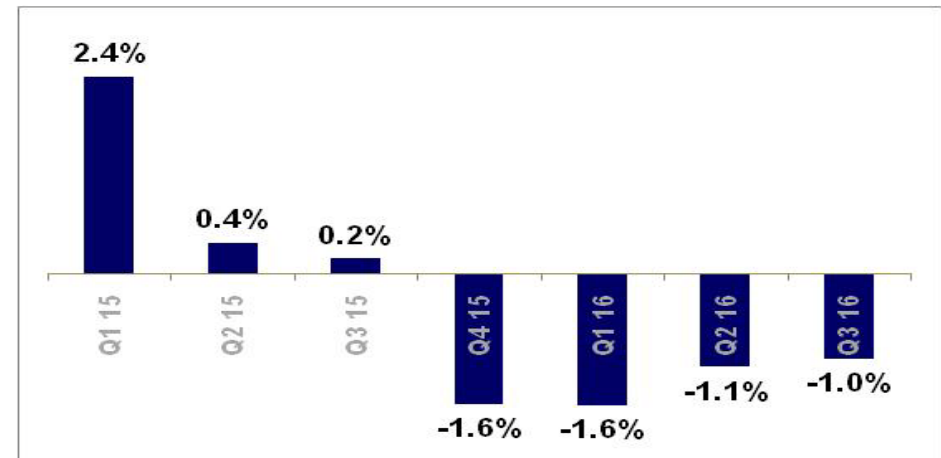
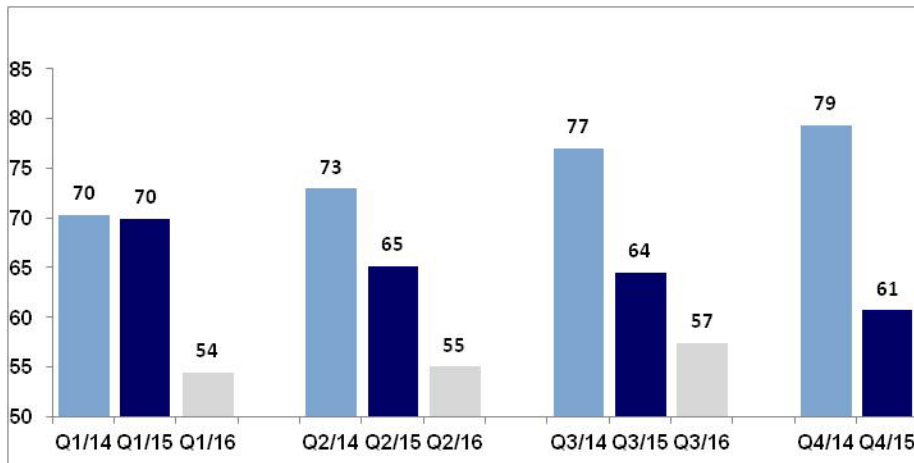
FINANCIALS

North America: Reduction in Gross Profit with Oil & Gas customers – other industries suffering from weak demand

2014-2016: O&G Gross Profit

IP Growth US on prior year

in USD m

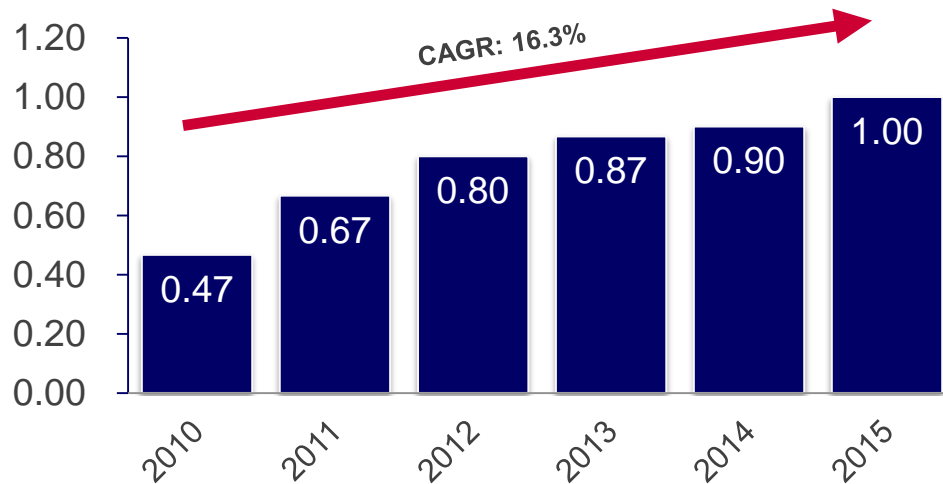


- Full review of the Oil & Gas business
- Headcount reduction

FINANCIALS

Brenntag pays a regular and steadily increasing dividend**Historical Dividends**

in EUR per share

**Attractive dividend**

- Regular and steadily increasing dividend payments due to strong free cash flow generation
- Pay-out ratio of 30% - 45% of net income

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REGIONAL UPDATE

EMEA

Market Situation

- Flat macroeconomic environment persisted longer than expected

Strategy

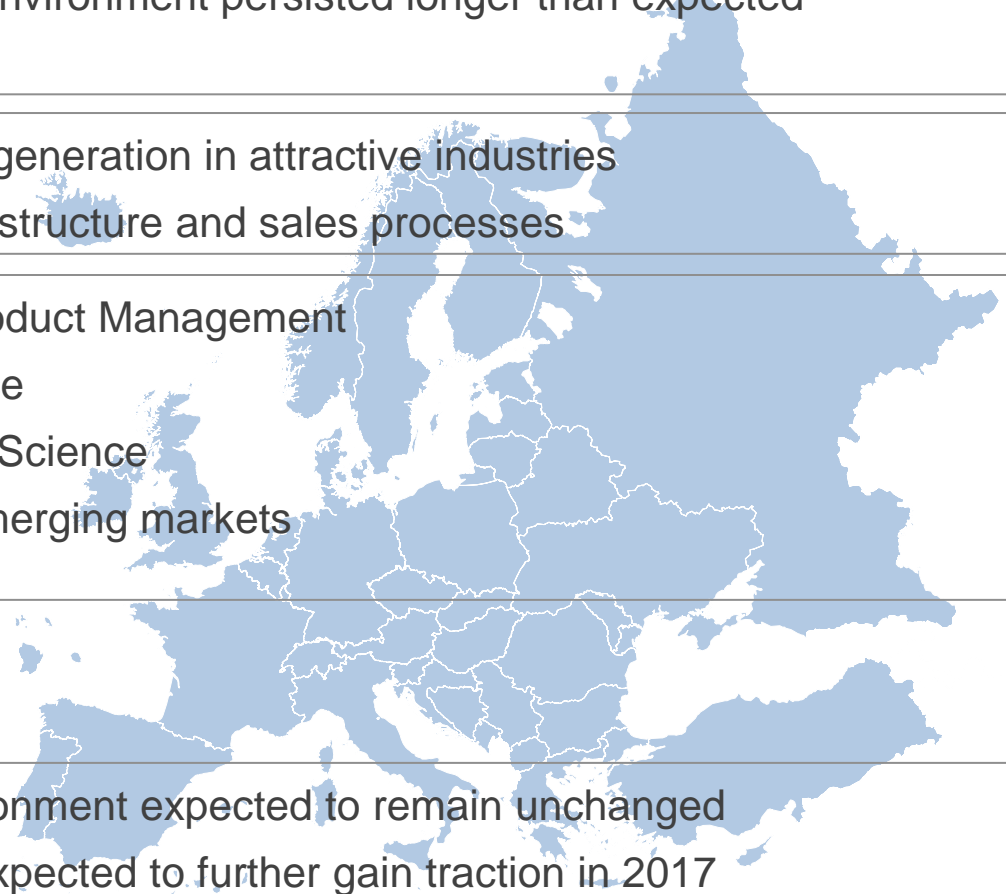
- Focus on gross profit generation in attractive industries
- Harmonization of infrastructure and sales processes

Initiatives

- ONE Brenntag 2.0 Product Management
- Commercial Excellence
- Industry focus on Life Science
- Focus on growth in emerging markets

Outlook

- Macroeconomic environment expected to remain unchanged
- Measures executed expected to further gain traction in 2017



REGIONAL UPDATE

North America

Market Situation

- Macro economy on a slowly improving trend
- Oil & Gas sector shows signs of stabilization

Strategy

- Grow business of specialty chemicals organically and through acquisitions
- Adapt to oil & gas challenges and growth opportunities
- Exploit operational leverage with lubricants platform

Initiatives

- High performance sales management assessment with improved commercial and service excellence execution
- Increase market penetration (e.g. specialty chemicals, key accounts, value-added services)
- Reposition oil & gas business to reflect ongoing and new opportunities

Outlook

- Macro economy (i.e. industrial production) is expected to turn positive during 2017
- Business is well positioned with growth initiatives expected to deliver

REGIONAL UPDATE Latin America

Market Situation

- Region is characterized by geopolitical and macroeconomic volatility

Strategy

- Expansion of business with specialty chemicals
- Increase market penetration within focused industries

Initiatives

- Regrouping of sub-regions to focus on key opportunities by geography
- Supply chain optimization in order to best adapt to current developments and requirements of both suppliers and customers
- Execute business retention and growth opportunities within Brazil

Outlook

- Macroeconomic environment expected to remain difficult
- Business is well positioned to cope with ongoing volatility

REGIONAL UPDATE

Asia Pacific

Market Situation

- Region demonstrates the highest growth potential
- Increase market sophistication and grow value-added services

Strategy

- Geographic expansion, especially in China
- Further expand position in specialty chemicals in selected countries (e. g. China, South Korea)

Initiatives

- Active M&A pipeline
- Positioning of specialty chemicals through green field projects in North Asia
- Development of blending solutions in the entire region
- Focus on attractive industries in Vietnam, Thailand and Indonesia

Outlook

- Steadily growing earnings contribution expected
- Further consolidation in the market to be seen

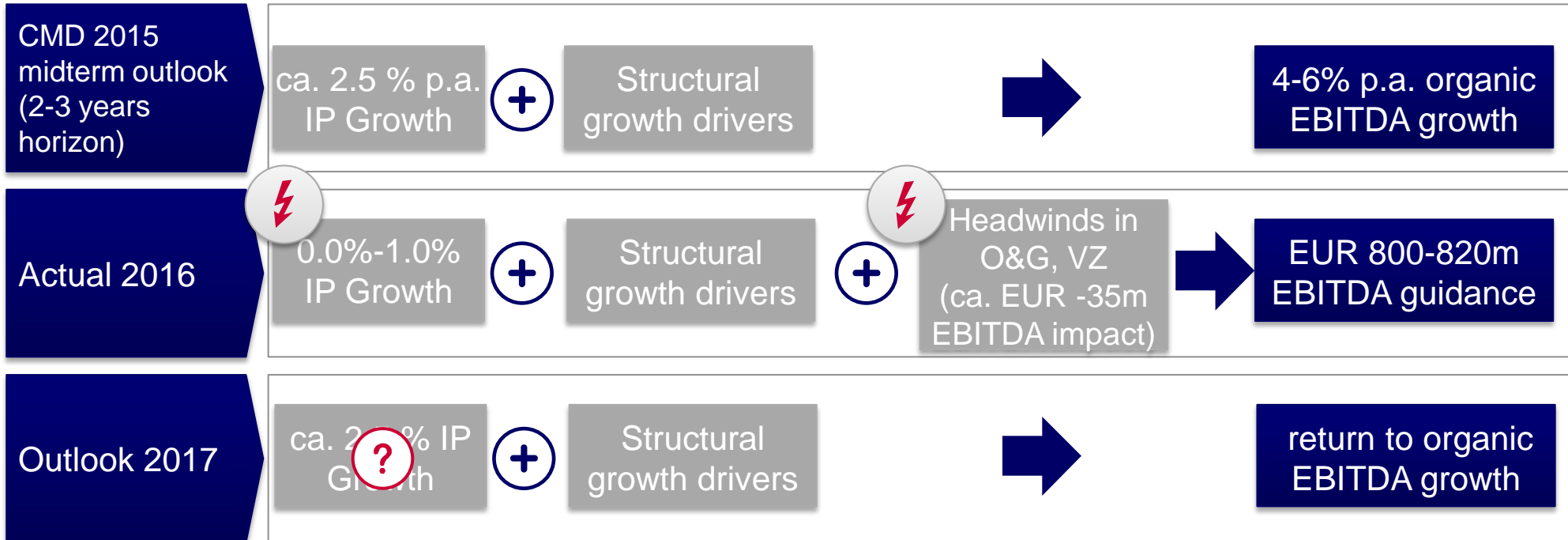
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GROUP OUTLOOK

Currently existing headwinds are expected to diminish going forward



Fundamental business principles support a 4-6% organic EBITDA growth p.a. in a 2-3 years horizon plus additional M&A

Note: IP growth rates are based on regional weighting according to footprint of Brenntag

GROUP OUTLOOK

Resilient business model in an attractive market



CAPITAL MARKETS DAY 2016

We are happy to answer your questions!

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INTRODUCTION TO EXPERTS

Brenntag is always on the move

Asia Pacific

- Henri Nejade, Member of the Board of Management

Commercial Excellence

- Uwe Schuelcke, COO EMEA

Mergers & Acquisitions

- Anthony Gerace, Managing Director M&A

Supplier Relationships

- David O'Connell, Commercial Director Industrial Chemicals, EMEA

Sustainability

- Dr. Dirk Eckert, Corporate Development

BRENNTAG
Capital Markets Day 2016



THANK YOU VERY MUCH FOR YOUR ATTENTION