



Third Quarter 2018 Earnings Call

November 6, 2018



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Regulation G: Non-GAAP Measures

The information presented herein regarding certain unaudited non-GAAP measures does not conform to generally accepted accounting principles in the United States (U.S. GAAP) and should not be construed as an alternative to the reported results determined in accordance with U.S. GAAP. Univar has included this non-GAAP information to assist in understanding the operating performance of the company and its operating segments. These non-GAAP financial measures include gross profit (exclusive of depreciation), gross margin (exclusive of depreciation), delivered gross profit (exclusive of depreciation), Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net income and Adjusted earnings per share (“Adjusted EPS”). The non-GAAP information provided may not be consistent with the methodologies used by other companies. All non-GAAP information related to previous Univar filings with the SEC has been reconciled with reported U.S. GAAP results.

Third Quarter 2018 Overview

Highlights

- GAAP EPS grew 25.0% to \$0.35
- Adjusted EPS rose 11.1% to \$0.40
- Double-digit Adjusted EBITDA growth (CN) across all segments except Canada
- 8th consecutive quarter of Adjusted EBITDA growth
- Disciplined spending and strong operating leverage
- Leverage reduced to 3.9x
- Announced acquisition of Nexeo

Challenges

- Canada business impacted by temporary factors
- Freight markets remain challenging
- Early signs of demand uncertainty
- USA transformation progress is positive but uneven, as expected
- FX headwinds

Third Quarter 2018 Financial Summary

Global double digit growth outside of Canada

Q3 GAAP EPS ⁽¹⁾ \$0.35 vs. \$0.28 prior year

- Reported net income rose 27.5% to \$49.6 million vs. \$38.9 million in the prior year
- GAAP EPS increased 25.0% to \$0.35

Q3 Adjusted EPS ⁽¹⁾⁽²⁾ \$0.40 vs. \$0.36 prior year

- Higher tax rate was a \$0.08 per share headwind
- Additional pressure from FX translation rates

Q3 Adjusted EBITDA ⁽¹⁾ \$157.0 million vs. \$149.3 million in 2017

- Mix improvement led to ninth consecutive quarter of higher profitability per pound
- Solid operating leverage resulted in a conversion ratio increase of 70 basis points
- Adjusted EBITDA margin improved for the ninth quarter in a row, increasing 10 basis points to 7.4%
- Strong free cash flow supported continued deleveraging

(1) Variances to Q3 2017.

(2) Adjusted Net Income / Diluted Weighted Average Shares Outstanding. Adjusted net income excludes the same items that are excluded from Adjusted EBITDA, except for stock-based compensation expense and non-operating retirement benefits.

Balance Sheet Highlights

Deleveraging on-track

(\$ in millions)	LTM ended September 30,		
	2018	2017	Y/Y
Net Debt ⁽¹⁾	\$2,523.8	\$2,676.9	(\$153.1)
Leverage ⁽²⁾	3.9x	4.6x	(0.7x)
Interest Coverage ⁽³⁾	5.1x	4.2x	0.9x
Return on Assets Deployed ⁽⁴⁾	24.6%	21.9%	270 bps

(1) Net Debt defined as Total Debt (Long term debt, inclusive of debt discount and unamortized debt issuance costs, plus short term financing) less cash and cash equivalents.

(2) Net Debt divided by last 12 months (LTM) of Adjusted EBITDA.

(3) Interest coverage defined as LTM Adjusted EBITDA / LTM Cash Interest (net of interest income).

(4) LTM Earnings before Interest, Taxes and Amortization (EBITA) divided by trailing 13 month average of net PP&E plus net working capital (accounts receivable plus inventory less accounts payable).

Univar – Consolidated Highlights

Improving execution drives profitable gains

- Sales force becoming more effective
- Institutionalizing commercial disciplines to support sustainable growth
- Operational productivity tracking well to targets
- Expanded conversion ratio by 70 basis points

(\$ in millions)

KEY METRICS

Three months ended September 30,	2018	2017	Y/Y
External Net Sales	\$2,130.7	\$2,048.7	4.0%
Currency Neutral	--	--	6.2%
Gross Profit ⁽¹⁾	\$468.7	\$454.8	3.1%
Gross Margin ⁽²⁾	22.0%	22.2%	-20 bps
Outbound freight and handling	\$82.7	\$74.8	10.6%
Del. Gross Profit ⁽³⁾	\$386.0	\$380.0	1.6%
Adjusted EBITDA	\$157.0	\$149.3	5.2%
Currency Neutral	--	--	8.2%
Adjusted EBITDA Margin	7.4%	7.3%	+10 bps
Conversion Ratio ⁽⁴⁾	33.5%	32.8%	+70 bps

(1) Gross profit defined as net sales less cost of goods sold (exclusive of depreciation).

(2) Gross margin is calculated by dividing gross profit by external net sales.

(3) Delivered gross profit is calculated by subtracting outbound freight and handling costs from gross profit.

(4) Conversion Ratio defined as Adjusted EBITDA / Gross Profit.



USA – Highlights

Transformation advances

- Double-digit Adjusted EBITDA growth from solid top line growth and strong operating leverage
- Margins impacted by seasonal product mix and inflation in chemical prices



KEY METRICS

(\$ in millions)

Three months ended September 30,	2018	2017	Y/Y
External Net Sales	\$1,285.3	\$1,185.0	8.5%
Gross Profit ⁽¹⁾	\$290.4	\$273.4	6.2%
Gross Margin ⁽²⁾	22.6%	23.1%	-50 bps
Outbound freight and handling	\$56.1	\$50.3	11.5%
Del. Gross Profit ⁽³⁾	\$234.3	\$223.1	5.0%
Adjusted EBITDA	\$99.4	\$90.4	10.0%
Adjusted EBITDA Margin	7.7%	7.6%	+10 bps

(1) Gross profit defined as net sales less cost of goods sold (exclusive of depreciation).

(2) Gross margin is calculated by dividing gross profit by external net sales.

(3) Delivered gross profit is calculated by subtracting outbound freight and handling costs from gross profit.

CANADA – Highlights

Strength in industrial chemicals offset by temporary impacts

- Double-digit Adjusted EBITDA growth in Eastern Canada industrial markets
- Growth more than offset by weather-disrupted agriculture market and large customer partial plant shutdown
- FX headwinds



KEY METRICS

(\$ in millions)

Three months ended September 30,	2018	2017	Y/Y
External Net Sales	\$273.5	\$299.9	(8.8)%
Currency Neutral	--	--	(3.3)%
Gross Profit ⁽¹⁾	\$48.7	\$56.2	(13.3)%
Currency Neutral	--	--	(8.4)%
Gross Margin ⁽²⁾	17.8%	18.7%	-90 bps
Outbound freight and handling	\$10.1	\$9.1	11.0%
Del. Gross Profit ⁽³⁾	\$38.6	\$47.1	(18.0)%
Adjusted EBITDA	\$19.2	\$25.2	(23.8)%
Currency Neutral	--	--	(17.9)%
Adjusted EBITDA Margin	7.0%	8.4%	-140 bps

(1) Gross profit defined as net sales less cost of goods sold (exclusive of depreciation).

(2) Gross margin is calculated by dividing gross profit by external net sales.

(3) Delivered gross profit is calculated by subtracting outbound freight and handling costs from gross profit.

EMEA – Highlights

Strongest growth region

- Double-digit Adjusted EBITDA growth in Focused Industries
- Gross margin, Adjusted EBITDA margin, and conversion ratio rise
- New supplier authorizations and extensions increasing
- FX headwinds



KEY METRICS

(\$ in millions)

Three months ended September 30,	2018	2017	Y/Y
External Net Sales	\$472.4	\$456.9	3.4%
Currency Neutral	--	--	7.0%
Gross Profit ⁽¹⁾	\$107.9	\$102.9	4.9%
Currency Neutral	--	--	8.6%
Gross Margin ⁽²⁾	22.8%	22.5%	+30 bps
Outbound freight and handling	\$14.6	\$13.8	5.8%
Del. Gross Profit ⁽³⁾	\$93.3	\$89.1	4.7%
Adjusted EBITDA	\$35.6	\$30.9	15.2%
Currency Neutral	--	--	20.7%
Adjusted EBITDA Margin	7.5%	6.8%	+70 bps

(1) Gross profit defined as net sales less cost of goods sold (exclusive of depreciation).

(2) Gross margin is calculated by dividing gross profit by external net sales.

(3) Delivered gross profit is calculated by subtracting outbound freight and handling costs from gross profit.

REST OF WORLD – Highlights

Double-digit growth offset by FX headwinds

- Growth in Brazil and increasing profitability in Asia Pacific
- Gross margin improved due to favorable mix
- Strong operating leverage



(\$ in millions)

KEY METRICS

Three months ended September 30,	2018	2017	Y/Y
External Net Sales	\$99.5	\$106.9	(6.9)%
Currency Neutral	--	--	4.2%
Gross Profit ⁽¹⁾	\$21.7	\$22.3	(2.7)%
Currency Neutral	--	--	11.7%
Gross Margin ⁽²⁾	21.8%	20.9%	+90 bps
Outbound freight and handling	\$1.9	\$1.6	18.8%
Del. Gross Profit ⁽³⁾	\$19.8	\$20.7	(4.3)%
Adjusted EBITDA	\$9.1	\$9.3	(2.2)%
Currency Neutral	--	--	12.9%
Adjusted EBITDA Margin	9.1%	8.7%	+40 bps

(1) Gross profit defined as net sales less cost of goods sold (exclusive of depreciation).

(2) Gross margin is calculated by dividing gross profit by external net sales.

(3) Delivered gross profit is calculated by subtracting outbound freight and handling costs from gross profit.

Cash Flow Highlights

(\$ in millions)	Three months ended September 30,		
	2018	2017	Y/Y
Net cash provided by operating activities	\$46.4	\$48.3	(3.9)%
Cash Interest (net)	(\$37.5)	(\$41.4)	(9.4)%
Cash Taxes	(\$11.0)	(\$3.4)	223.5 %
Pension Contribution	(\$6.6)	(\$13.6)	(51.5)%
Net Working Capital	(\$60.2)	(\$31.6)	90.5 %
Capital Expenditures ⁽¹⁾	(\$14.8)	(\$19.4)	(23.7)%
Acquisitions	\$0.4	(\$23.9)	NM

(1) Excludes additions from capital leases.

OUTLOOK

Q4 2018 & Full Year 2018

Full Year 2018

Adjusted EBITDA
high single digit % growth
versus 2017 ⁽¹⁾

Q4 2018

Adjusted EBITDA
essentially flat to
Q4 2017 ⁽²⁾ result

EXPECTATIONS

2018

Advance Commercial Greatness,
Operational Excellence and One Univar
initiatives

Selective commercial and technology
investments

Strategic, selective and disciplined
acquisition approach

Continue to de-leverage the balance sheet

Transformation into a growth company

(1) Assumes growth of 2017 Adjusted EBITDA of \$603.7 million, restated for the adoption of the FASB retirement benefits pronouncement or \$593.8 million.

(2) Q4 17 Adjusted EBITDA of \$148.5 million, restated for the adoption of the FASB retirement benefits pronouncement or \$146.1 million.

Nexeo Acquisition Overview

Transaction Details

- Univar to acquire 100% of the outstanding shares of Nexeo (NASDAQ: NXEO)
- Transaction is inclusive of Nexeo net debt and other obligations
- Per share consideration: each Nexeo share receives 0.305 shares of Univar common stock plus \$3.29⁽¹⁾ in cash
- Expected 1H19 close⁽²⁾

Strategic Rationale⁽³⁾

- Combined Company will drive growth and shareholder value
- North America's largest chemicals and ingredients sales force
- Broadest product offering
- Most efficient supply chain network in the industry
- Accelerates digital transformation

Financial Benefits⁽³⁾

- \$100 million of operating synergies expected annually from combining chemicals and ingredients businesses
- \$15 million in annual run rate capex savings
- Accretive to earnings and cash flow beginning in the first full year post closing
- \$375 million+ annual free cash flow⁽⁴⁾ in first full year post closing

Accelerating Univar's Transformation and Growth

- (1) Cash consideration of \$3.29 per share is subject to reduction by up to \$0.41 per share based on the closing price of Univar common stock on the day prior to the consummation of the acquisition. The cash consideration will be reduced on a linear basis from \$3.29 to \$2.88 per share of Nexeo common stock to the extent that the closing price of Univar common stock is between \$25.34 and \$22.18. If the closing price of Univar common stock is \$22.18 per share or lower, the cash consideration will be \$2.88 per share of Nexeo common stock. If the closing price of Univar common stock is \$25.34 per share or higher, the cash consideration will be \$3.29 per share of Nexeo common stock. Following the closing, existing Nexeo equity warrants will be exercisable for the merger consideration on a cashless basis in accordance with the terms of the warrant agreement, which can be found in Nexeo's SEC filings.
- (2) The transaction is expected to close during the first half of 2019, subject to the approval of both Univar and Nexeo shareholders, as well as receipt of regulatory approvals and satisfaction of other customary conditions.
- (3) Anticipated assuming transaction close.
- (4) Including net one-time integration costs.

Full-Year 2018 Guidance

(\$ in millions, except per share data)	Year ended December 31,	
	2018	2017
Adjusted EPS	~\$1.60	\$1.39
Adjusted EBITDA	high single digit % growth	\$593.8 ⁽¹⁾
Cash Interest (net)	~(\$125)	(\$136.3)
Tax Rate on Adjusted EPS	~28%	16.3%
Pension Contribution	~(\$42)	(\$38.2)
Change in Net Working Capital	~(\$50 - 100)	(\$52.6)
Capital Expenditures	~(\$90)	(\$82.7)
Debt Amortization	~(\$17)	(\$89.2)

(1) Restated to reflect the adoption of the FASB retirement benefits pronouncement.

Note: Cash inflow +/ Cash outflow -

Appendix - Q3 2018 Adjusted Net Income and Adjusted EBITDA Reconciliation

	Three months ended September 30,			
	2018		2017	
(\$ in millions, except per share data)	Amount	per share ⁽¹⁾	Amount	per share ⁽¹⁾
Net income	\$49.6	\$0.35	\$38.9	\$0.28
Other operating expenses, net (excluding stock-based compensation)	\$8.4	\$0.06	\$7.3	\$0.05
Other expense, net (excluding non-operating retirement benefits)	\$0.8	\$0.01	\$7.1	\$0.05
Benefit from income taxes related to reconciling items	(\$2.6)	(\$0.02)	(\$2.2)	(\$0.02)
Other non-recurring tax items	\$0.6	\$—	\$—	\$—
Adjusted net income	\$56.8	\$0.40	\$51.1	\$0.36
Stock-based compensation expense	\$4.0		\$4.5	
Non-operating retirement benefits	(\$3.3)		(\$2.7)	
Interest expense, net	\$32.2		\$38.4	
Depreciation and amortization	\$45.0		\$49.3	
All remaining provision for income taxes	\$22.3		\$8.7	
Adjusted EBITDA	\$157.0		\$149.3	

(1) Immaterial differences may exist in summation of per share amounts due to rounding.

