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<<Daniel Rizzo, Analyst, Jefferies LLC>>

Good morning. I'm Dan Rizzo with the Jefferies Chemicals and Packaging team. Up this morning first, we have Univar. With us today is Carl Lukach. He is a CFO; and Heather Kos, VP of IR. I'm going to look at Carl who is just going to take you to the process.

<<Carl Lukach, Executive Vice President and Chief Financial Officer>>

Good morning, everyone. Thanks for being in here early. I have a three point agenda for you today. I want to take time to explain who we are, what we do, where we operate. That's number one. It's amazing to me. So many people in the investment community don't know that. So give me a few minutes on that. Second, I want to make clear what our plan to grow value of enterprises. It's a very simple, clear strategy that we're executing. And then third, hit – what I would say are the highest frequency questions we get from you all and try to address those head on, okay.

So let's start with Page 2 here. And I do need to say, please be aware of that. I certainly will be making a lot of forward-looking statements, because I'm going to tell you about our strategy and expect to grow the value of enterprise. So please, read the risk factors that are enumerated in our SEC filings.

So let's start with who Univar is, what we do and where we operate. We're the largest chemical and ingredient distributor in North America. Our – this year's projected sales are over $10 billion and dollars are gross profit is projected by you all over $2.2 billion. And with adjusted EBITDA, we just gave guidance on Monday of between $725 million and $740 million. We sell into about just every end market in the GDP, very diverse customer base. And no one end market comprises more than 20% of our business.

And that's a very broad end market called case, we call it coatings and adhesives. We partner with the leading chemical producers of the world. And our goal is to achieve the highest value we can for their products in the marketplace and to reach customers that they cannot reach along. So we have over 1,000 suppliers that we buy from. But the top 10 represent about 30% of our business.

You have a sense for the concentration there. We have a very broad and diverse customer base. The top 10 in on the customer side represent about 10% of our sales. We employ about 9,000 people. Most of them are sellers. That's our backbone we are selling. And we also have a warehouses and a fleet over 3,500 tractor trailers that represents about 50% of our transportation needs in the United States.

We have two value propositions. As our CEO likes to say, we buy lunch on both sides of the equation. To our customers, our value proposition is to offer reliable, safe supply of the broadest ranges of chemicals, chemical products from leading branded chemicals, in various size containers, on short order lead times. In United States, our lead time order is one to two days. In Europe, it's a little bit longer. We also offer formulation and technical service through a growing number of small scale laboratories and we also offer chemical waste removal services.

To our supplier partners, we offer them profitable growth that their sales field cannot reach. We also repack. We buy sometimes in rail cars and sell sometimes in 5 gallon pails. As you know, the chemical producers are not geared to sell in that many different varieties of packaging. We run a very asset light business model. We have warehouses, chemical tanks, tractor trailers. We generate today a return on capital about 300 basis points above our cost of capital.

Our largest asset is networking capital. And we are industry-leading in terms of lean, efficient working capital, caring about 45 days globally. That's 12% to 13% of sales are about eight times. And as you can see on this map in terms of where we are, maybe the story is where we are not about two-thirds of our business after the Nexeo acquisition is in United States. We have plenty of room to grow around the world outside of the United States, especially in Eastern Europe and Latin America, and we are really not in Asia yet. We're a 95-year old new company that we were private equity owned from 2007 until our IPO in 2015.

Let me shift then to the structure of the chemical distribution industry, because this is a key part for the value growth opportunity we have. As I think, chemical distribution is highly fragmented, so much so that on a global basis, as large as we are, we occupy about 4% market share, more in the U.S., less elsewhere. And McKinsey has advertised that the chemical industry is one of the most digitally immature industries in the GDP, which is an opportunity. And perhaps the most surprising factor, if you don't know is that distributed chemicals comprise a surprisingly very small portion of the total chemical industry.

BCG consultants estimate in America it's about 10%, only 10%. Conversely, the chemical producers are handling 90% of the commerce in the industry without distribution. Therein lies to growth opportunity, which I'll turn to on the next slide. This I could spend the rest of the day talking to you about this. This is our roadmap on Slide 5. It's our mission, how we're going to grow the value of the enterprise.

Our mission is to redefine it by creating new, higher standards of efficiency and safety and bring economic gains to our customers and to our suppliers. And the way we're going to grow is grow our profitability or really the amount of profit we earned per pound or per ton or per transaction, per invoice, per shipment. Those are the normal things you would think of around selling better and operating the company better.

We've made great progress in this first growth opportunity. When we IPO, our EBITDA margin was 6.2%. Monday we posted our second quarter results and our EBITDA margin is 7.8%. So we've been making great progress on this front. The second growth opportunity is to grow our market share by winning more business from the tens of thousands of small local chemical distributors. This gets into the inefficiency of the industry. It's expensive for our supplier

partners to sell through so many distributors. We were listening to that and we're trying to win market share, particularly after the acquisition of Nexeo, which I'll get to next and grow the size of the enterprise by growing market share.

The third opportunity is to raise that 10%, is to win more new product authorizations from the suppliers. Do a good job with this product and supplier partner, do this another product distributor. We can increase the size of the market. So when you cut through it, most management teams have just that first opportunity make more money per transaction. We have in streamline number two there an opportunity to grow the size our market share within that small distributed chemical space. And then thirdly, we have an opportunity to grow the size of the market. Those three together, if you model that out like I do represent a very significant growth opportunity for Univar.

Two last points, digitization and capital required to do it. Capital required to do it, we have the highest density in the industry and we don't need stick some bricks to do this. In fact, after the Nexeo acquisition, we have excess capacity. We have a number of properties that we want to monetize to help pay for the onetime costs to done that transaction. We don't need a killer app. We don't need an invention. There's no R&D involuntary, pure execution story. And last digitization, back to that McKinsey point, we have a defined digitization strategy to digitize our interstates with our customers, with our suppliers and our backroom, each one of those three phases represents opportunity to create sustainable competitive advantage.

Next point on Slide 6, Nexeo. Just to summarize this, if you don't know, on February 28, we acquired our second largest competitor Nexeo Solutions. One month later, we sold the half of Nexeo that we did not want their plastics distribution business. We sold it for $650 million, which was reduced our $2 billion purchase price to $1.35 billion. And if you take $100 million of our stated $120 million now, $120 million synergy, I don't want to call it target, but commitment. We paid just under five times last 12 months trailing EBITDA.

Our synergy estimate is rising. We have this week raised the estimate from a $100 million to $120 million with the possibility of that going higher from enhanced digitization opportunities. We doubled our estimate for 2019 capture of synergies from $10 million to $20 million. We estimate that the onetime costs over the three – over a three-year period at $225 million. We expect to largely fund not all of that, but a good portion of that with monetization of excess sites and with working capital efficiencies. We have about a $50 million opportunity in onetime working capital gains.

I really wanted to cover those three as an intro to Univar. I'm going to skip quickly because of the time herein allow for your questions to get to some of those most asked the questions. But before I do, let me stop here on Slide 11. We are not a chemical manufacturer and I think that's our biggest Elephant in the room is that we are grouped with chemical manufacturing companies. We love our chemical supplier partners. But this is a different business model. We do not have billion dollar manufacturing plants or thousands of R&D people on the payroll. Our fixed costs as a percentage of sales run around 10% of sales. A typical chemical manufacturer runs at 50% or more.

In light of that, three months ago, we tried to simplify and clear what metrics you could use to follow our progress against that growth mission. And it comes down to these six metrics. Gross profit, adjusted EBITDA, cash flow, return on capital, leverage and the synergy capture from the Nexeo acquisition. It's not about capacity utilization. It's not about volume. If you follow industrial distributor companies, they often don't talk about sales. The GP line is often viewed as their sales line. We view it that way. Conversion ratio is an important metric. How much of the GP dollars do we convert EBITDA, and our conversion ratios, if you go back and look at our public data have been rising.

Okay. Shifting then to the most frequently asked questions. On near the top of that list is, "tell me how you perform through the cycle". So we went back and pulled as much data as we could of our EBITDA history. And there's really two points to highlight here. Number one is the relative stability and consistency of our EBITDA over this 14-year period. And I don't want you to miss the second point, the rising EBITDA margin trend since 2013. This resulted from conscious actions by us to pull back from upstream fracking, in 2015, which consumes a lot of volume of chemicals, but not a lot of profits from chemicals.

Number two, a change in the culture of our selling effort from volume push the value in use pricing. We changed out over 50% of our sales force in the United States in the last two years as did Nexeo and have shifted the culture to value and use selling, which our supplier partners are thrilled with. And number three, our success that increasing our operating efficiency in the warehouses and with logistics and the support functions. All three of those contributed to the rising margins that you see there. 2018 at 7.4% and last – this past Monday, our second quarter results were at 7.8%.

Question number two, what's this model look like in an economic downturn? That's a pretty popular question these days. So we went and pulled the EBITDA line here. And if you look at Q4 2008, we all remember that through Q4 2009 keep the troughs in the great financial crisis, we dropped 12% EBITDA. I mean, volume is important to us. I mean that we sell chemicals, volumes of chemicals, pounds – billions of pounds per quarter. But our EBITDA sensitivity, this is largely because our fixed cost base is more semi-fixed than a producer.

And the question I always ask is how long will a recession last? Not whether or not there'll be one. In my lifetime, when I look at the economies charts, there have been nine recessions. The average duration was six months. This model through a six months slowdown period generates more cash, as we harvest working capital. EBITDA will go down, cash flow typically goes up.

And then we're going to have to rebuild it as the economies come back. That counter cyclical behavior of cash flow gives us a wonderful pillow or cushion to weather this storm. And if you look at our history next chart, it's a little distorted. I hate to say that, but these are GAAP numbers. So we've got the significant one-time items in there. And you see here – I hope you'll call that relatively stable cash flow over that period of time.

Back in 2008 and 2010 and 2012, our working capital management was pretty episodic. We swung year-to-year. And if you look at those dips in cash flow, a lot of that was working capital build. We've now smoothed that out. We've gotten much better at our working capital

management. As our leverage came down, we got more, better terms from our suppliers and got out of negative spread, we call it, accounts payable versus accounts receivable terms. We reversed that as positive now, so we're better working capital and it has smooth out that cash flow.

Next most often question is around return on capital. You can see the build there in the last three years, what's the long-term story? If you look back from 2007 to 2018, since the LBO of Univar in 2007, the average 14 year average ROIC of the company was 4%, not a good performance. If you look at the most recent four years since the IPO, the average ROIC was 8%. And if you look at last year, it was 11%.

We look and take seriously ROIC and EVA, we call it UVA, Univar Value Added, people like to focus on our business and others, it's just on a margin basis. You can ruin a distribution business by focusing just on margin. You have to open the other eye and look at return on capital. We have some great high margin businesses that consume a of capital. And they're not as high on the list as some other product lines that we have that earn a low margin, low GP margin, but have a 1% cost of serve on OpEx and have no capital consumption, no working capital. But you have to look through both lenses and we do. That's how we manage our portfolio.

Leverage. Last most frequently asked question, leverage and capital deployment. You see us coming down from the mountain here. Our inheritance was six times leverage at the IPO. The IPO funds went to pay down expensive debt and we've been coming down from those high levels ever since. We are ticking – we ticked up with the Nexeo acquisition to 4.0 – 4.1 this past quarter. We are on a tractor line to get down to 3.6-ish, 3.5-ish by the end of this year. And we see ourselves going below three next year, excluding any cash we might bring in from divestitures. And that's a new element in our game plan.

After the Nexeo acquisition, we really are focusing on capturing the synergies and the value of that transaction. And we're looking at other adjacent businesses in our portfolio that take away from our sole focus on that and are pretty far along in the evaluation process of our portfolio and hope to have some news for you on that within the next six months.

Capital deployment is other to the capital priority is to reduce debt and get it below three. I hate to say a target, but we want to get this – the investment community moves around a bit on this and what they're comfortable with. But we think that right now, 2.5-ish month might be a good landing spot. And then we can look at other ways to return capital to shareholders.

Other than reducing debt, what are the capital opportunities for Univar? As I mentioned earlier, we don't need a lot of capital to grow this exercise this growth plan. We don't need more terminals, more trucks, more tanks. We've got more than enough. What we could use more of is digital investment and we're spending, we think wisely in that area.

And we are always looking at opportunities to acquire. Next year was a big transaction for us. That's not typical. Our normal acquisitions are small bolt-ons. if you look back at period of 2015 and 2016, we acquired about 10 companies that we're in the price range of $50 million to $100 million would be a large one. We continue to look for those opportunities, they're not in the U.S.

now. They’re mostly in Europe and Latin America with some other opportunities in other parts of the world.

So let me just close down by saying these key points. We had solid Q2 results this past Monday posted. We like everyone in the industrial world had lower fines, but not lower profits. And that’s true, that now visible inflow of synergy capture from the Nexeo acquisition, as well as good cost management and higher gross profit margins. Our gross profit margins in the quarter were up.

Number two, Nexeo is a bright spot on the story. We have a treasure chest of synergies that we’re just opening and just beginning to bring to the income statement. Number three, deleveraging, remains our top priority use of cash in the short term and we should be below 3 by the end of next year. Number four, is we have an attractive rising return on capital. And last point is the strategy of the company is simple and clear. I hope you don’t find that any complexity in that, we know what we want to do.

I'm going to little bit longer and let’s have some questions then from you all. Thank you.

Q&A

<Q – Daniel Rizzo>: Thanks. Just in terms of, you mentioned that you’ve changed I think 50% of your U.S. sales force. How has the dynamic change with the Nexeo acquisitions in terms of turning around your sales force? Do you think the cultural change you needed to do there was done? And this is how things changed in last few months.

<A – Carl Lukach>: Yeah, it’s a great question, Dan. The sales force work is done. And the largest piece of work we had after the acquisition was to redefine the territories of the sellers. We had in the U.S. around 500 to 600 U.S. sellers at legacy Univar. Nexeo brought us 300. We’re now just under a 1,000 in the USA, largest U.S. chemical sales force in America.

The territories are redefined. The cultural changes over, it’s no longer volume push. And it’s about value and use selling. The incentive plans were similar for the two companies. It’s delivered gross profit dollar growth. We have more hunters in the sales force than farmers. We were more far the other way before the transition. So we think we’ve got the right team to go out and win market share.

<Q – Daniel Rizzo>: Did you find that the Nexeo sales force is more hunters or do you have to kind of work with them too.

<A – Carl Lukach>: One of the surprises after due diligence was we think their sale team was more advanced. They were about a year ahead of us in terms of making that transition to value and use selling and their training and development.

<Q>: [Question Inaudible]

<A – Carl Lukach>: Great question. Okay. Since you didn't have the mic. The question is what are we doing to manage for value growth the customer mix. Well, how's it changed? If you go back pre-IPO, it was volume. It was the bigger the volume, customer the better. The DNA in the room at the meetings I went into was all about tens of thousands of tons. Whoever could talk about tons got the attention. That culture has shifted to profit. How much are we making per pound? That's the right one. So that's the first big change. And that really on return on capital, because some customers will say, look, we'll give you this much business, if you build a translator facility in Cheyenne, Wyoming. Those days are over. I mean, we have to get without a contract. So it has changed our behavior and our view on where the value is.

It's not a large, small thing. I mean, there are great large customers. They're great small customers. It's more of a profitability lens that we look through. Margin management is important, return on capital. That shift has been made and the way we evaluate our businesses every month and data, it's that way. There are, like, every business, some no profits zones and some low profits zones. You have to know where they are. You can get in there and make good economic profit, if you have good working capital terms. There are some businesses in our portfolio that would look on a margin basis sub-par, but actually on a margin plus return on capital basis are good, also risk management.

So all that's in play now. I don't see a big shift though going forward. I think we did the margin management purging and back in 2016 and 2017. So I think now we're deploying more sellers into those end markets. We call them focused industries, where we think the value capture opportunity is higher, where our service is more valuable to the customer. Some of those are pharmaceuticals, consumer, cosmetics and personal care, food ingredients, coatings and adhesives is still on the list for sure. And we just added two with Nexeo. We added industrial lubricants and metalworking. So we're deploying more sellers into those markets.

<Q>: [Question Inaudible]

<A – Carl Lukach>: No, not in the top list. Yeah. But there are some [indiscernible] (27:07) we used to have two very big. If you go back to the S1 in 2015, I mean, it's printed, Halliburton and Schlumberger were the top two customers of the company. Halliburton was at $900 million, Schlumberger was about $500 million. They're not on the list now. That's probably the biggest single change in that top 10 list. Our exposure to upstream fracking today is around $250 million of revenue, back in 2015 at the IPO was $1.7 billion in revenue.

<Q>: So then, I would mean that the case mortgage, I think you said it is a largest end market of the case. So what are you seeing there in terms of demand trend? I mean things change at all in the past few months. And what's your outlook as we headed into 2020.

<A – Carl Lukach>: In coatings?

<Q>: In case.

<A – Carl Lukach>: In case. Yeah, we've housing down coatings is going through a tough plod right now. So in terms of our current performance and what volumes are down, we have some

large volume commodity products like acetone solvent into coatings that are a big contributor to volume decrease. Out into 2021, I mean, I’m not an expert on the cycle of that coatings industry, but it usually does cycle back. So we’ll be with them.

<<Daniel Rizzo, Analyst, Jefferies LLC>>

Any other questions? All right. Thank you very much.

<<Carl Lukach, Executive Vice President and Chief Financial Officer>>

Okay, thanks Dan. Thank you all for being here. Great to see a full house. Thank you.