



National Association of
Chemical Distributors

PERSPECTIVAS Y POTENCIAL DE LA DISTRIBUCIÓN EN MEXICO

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HYATT REGENCY- MEXICO CITY

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and Chairman of the Board, NACD

Advancing **Stewardship**, Creating **Connections**TM

Who is NACD?



NACD's 400 member companies provide products to over 750,000 end users.

We deliver every six seconds with a safety record 80% better than non-members.

NACD Membership Overview

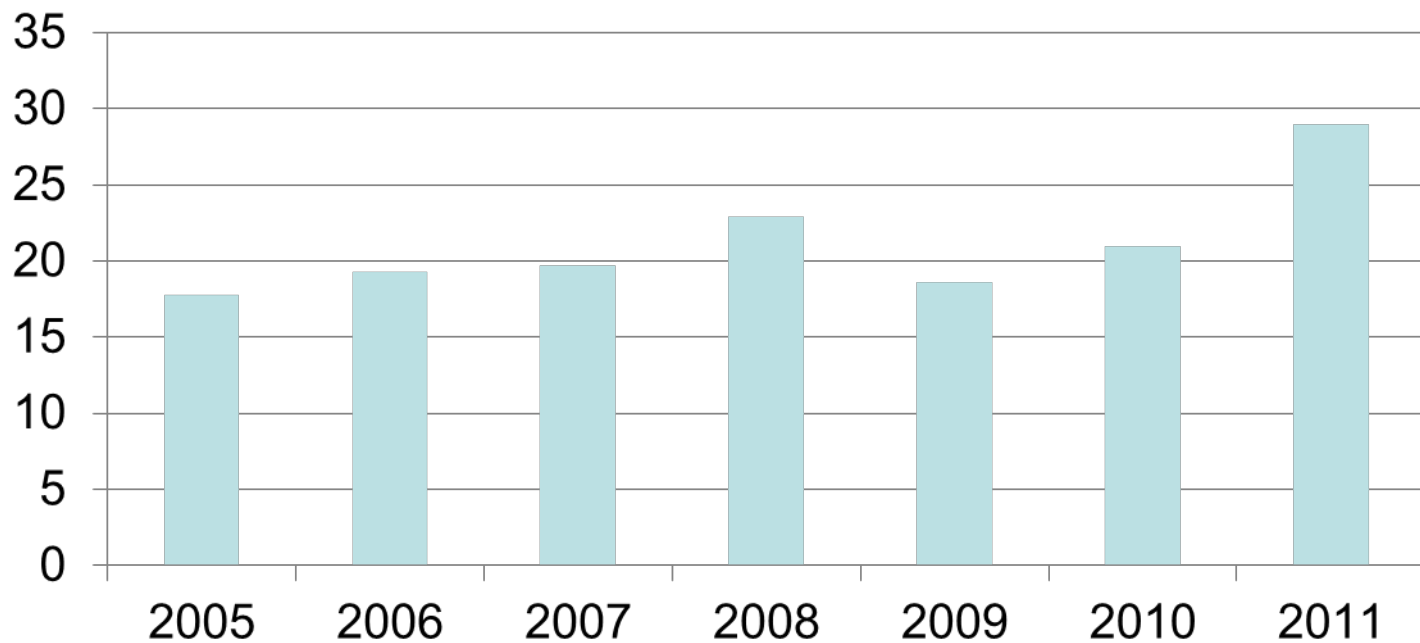
- The typical NACD member:
 - Employs 24 people.
 - Has 3 sites.
 - Generates 23M/US\$ = 296M/MEX\$ in sales annually.
- 50% or more multi-generational, family-owned businesses.
- Most owners/senior managers have a sales background.
- Belong for shared knowledge/expertise to be more competitive and successful.

Sales through Distribution

Growing slowly but steadily

NACD Membership Annual Sales

2005 - 2011 (in billions of US dollars)



Distribution Gaining Momentum

Over the last 5 years:

- NACD's distributor membership **has grown** steadily
 - From 240 to over 260 distributors
- Chemical producer participation **is up** by 35%

Why?

1. Responsible Distribution is the industry benchmark.
2. Supplier Confidence.
3. **Enhanced Value:**
 - Custom Blending,
 - Warehousing,
 - Safety Training / Best Practices,
 - Analytical Services.

Recent Membership Sales Performance

Company Productivity Report (CPR) for 2011 showed member companies:

- Achieved the highest overall profitability in five years.
- Sales growth for 2011 was generally lower than that of the prior year.



How are U.S. Distributors driving value?

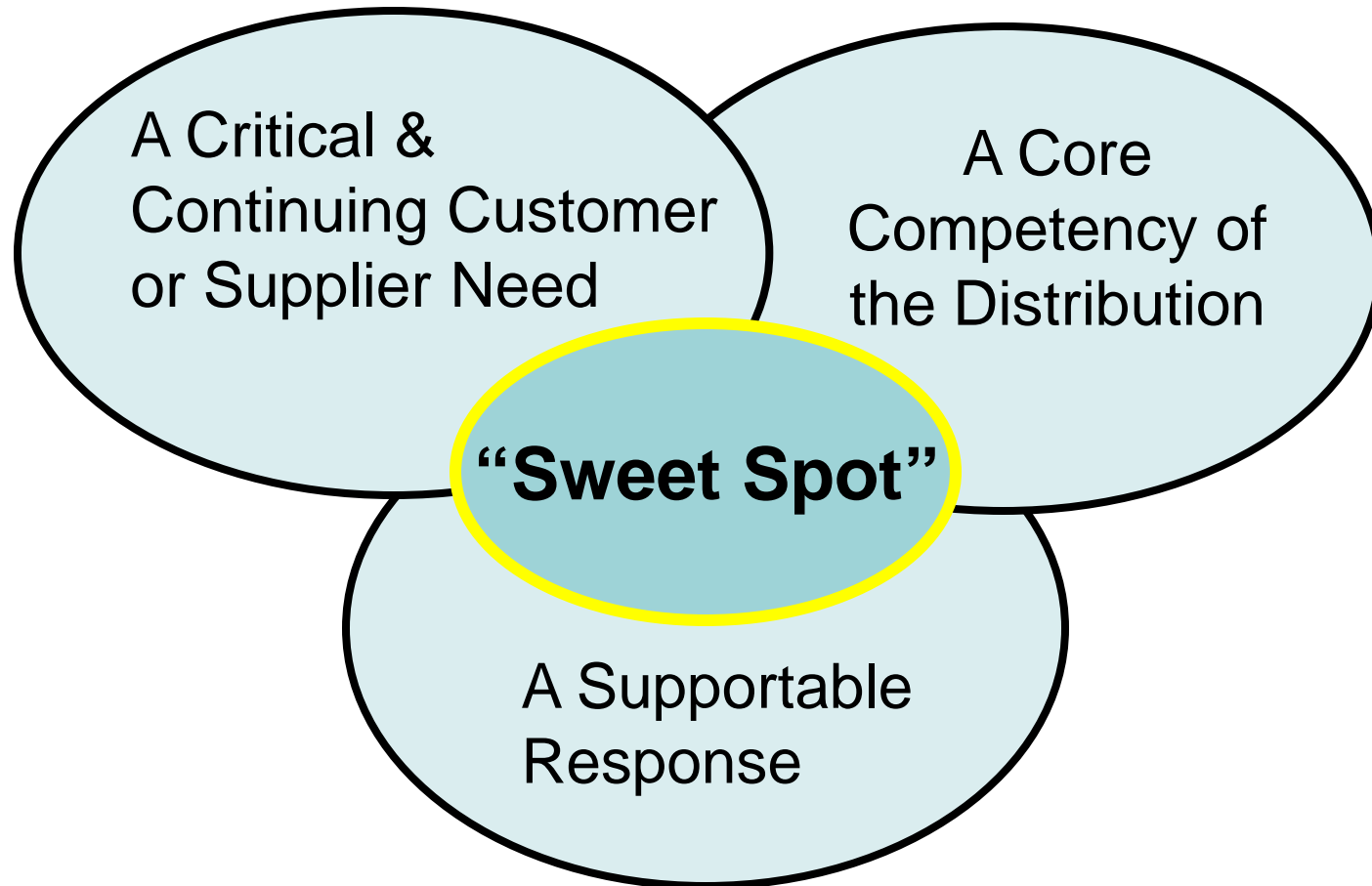


Diagram courtesy of Tecker Consultants, LLC



1 Chemical Manufacturers

Large Quantity Production

Chemical manufacturers' role is to make base chemical products in large or bulk quantities.

Manufacturers rely on distributors to serve a key role in finding customers and servicing them locally in smaller quantities.

2 CHEMICAL DISTRIBUTORS

Local Expertise. Smaller Quantities. Sales and Marketing.

Chemical Distributors provide the following functions:

- Resell chemical ingredients safely and securely in smaller quantities on behalf of manufacturers, such as:
 - Less than truckload (LTL)
 - Containers and drums (e.g., 330 gallon and 55 gallon)
 - Very small units (e.g., 5 gallon and 1 gallon containers)
- Local Bulk Storage, Rail and Large Packaging Capabilities
- Ongoing and Just-In-Time Local Deliveries
- Specialty blending to meet customer needs



3 Customers

NACD members serve approximately 750,000

Diverse Companies such as:

- Pharmaceuticals and Food Ingredients
- Cosmetics, Detergents, and Fragrances
- Paint and Coatings, Energy/Biodiesel, and Metal Finishing
- Aerospace, Transportation, and Agriculture
- Hospitals, Research and Health Care
- Electronics, Automotive, Plastics and Steel
- Water Treatment, Pulp and Paper and more

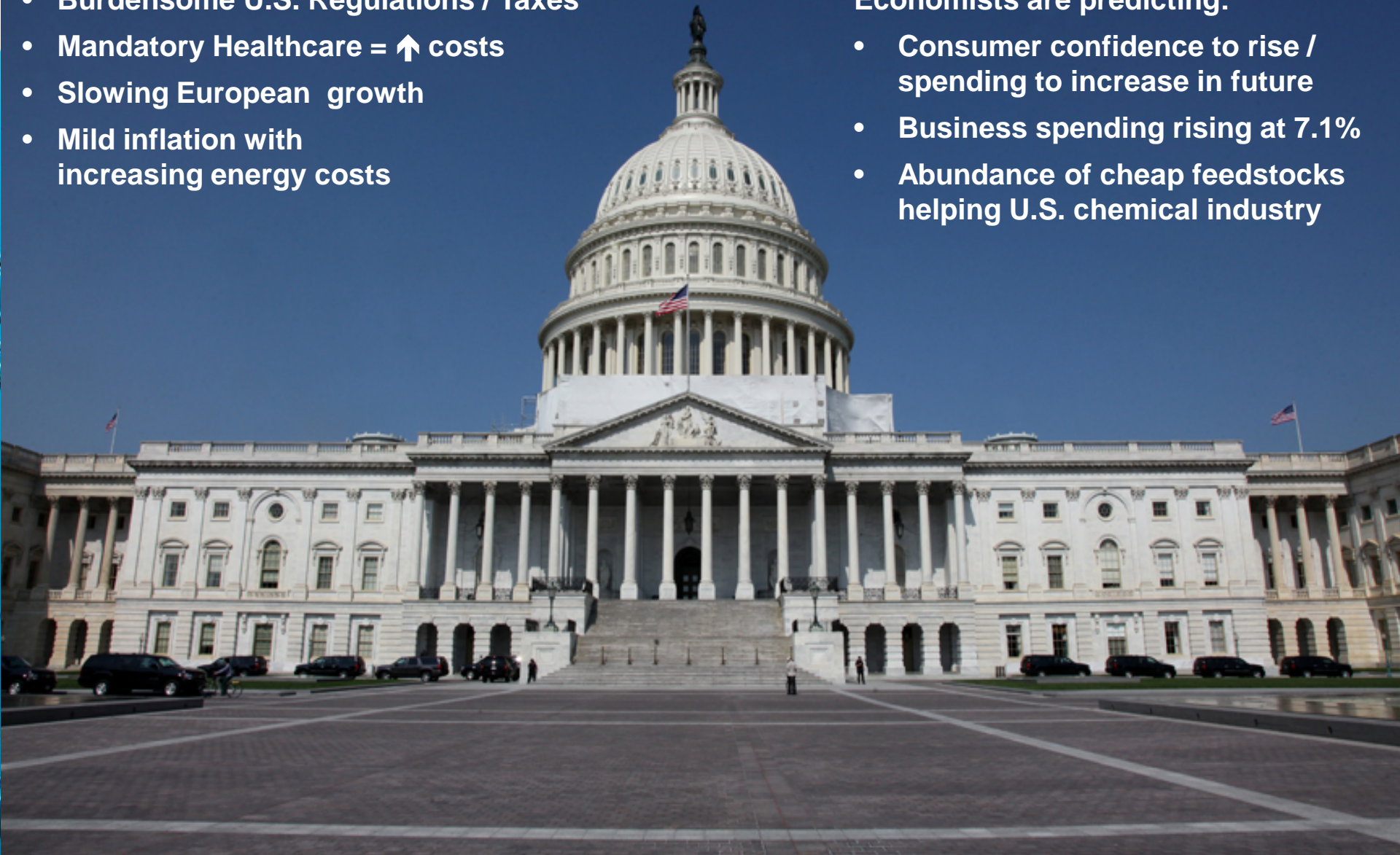
Impediments to Growth:

- Burdensome U.S. Regulations / Taxes
- Mandatory Healthcare = ↑ costs
- Slowing European growth
- Mild inflation with increasing energy costs

Bright side:

Economists are predicting:

- Consumer confidence to rise / spending to increase in future
- Business spending rising at 7.1%
- Abundance of cheap feedstocks helping U.S. chemical industry



Premier Program – NACD Responsible Distribution®

Fully integrated Environmental, Health, Safety & Security (EHS&S) Management System with:

- Guiding Principles
- Code of Management Practice (12)
- Mandated Third-Party Verification



- Sets a higher standard of consistent quality
- Provides operational best practices
- Improves communication with supplier partners
- Creates opportunities:
 - ✓ Networking / Learning,
 - ✓ Alliances or Partnerships,
 - ✓ Mergers and Acquisitions - Industry consolidation as a result

Alignment with other Programs

Responsible Distribution helps create alignment with other industry partners including, but not limited to:



- American Chemical Council (ACC) – Responsible Care®
- International Associations

Hubbard-Hall Benefits by Association

Belonging to NACD supports Hubbard-Hall's business principles through – A.R.M.

A **Legislative/Regulatory** – proactive advocacy on National and International issues

R **Responsible Distribution** – Credibility with all stakeholders

M **Member Value** – Resources for the sustainability and long term viability of the chemical distribution industry

In the Future, NACD is Committed to

Helping members achieve their goals.

Global partnerships with associations
throughout the world.



Responsible Distribution[®]

By working cooperatively together, we can expand chemical distribution by:

- **Sharing best practices**
- **Exchanging information**
- **Learning from each other**
- **Participating in each other's events/conventions**



Note:

- ❖ *A member of ANIQ currently sits on NACD's Board of Directors.*
- ❖ *ANIQ members also participate in NACD's Annual Meeting each year in November.*

Conclusion

If you have questions,
feel free to contact me at
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Thank you!

www.nacd.com