

Univar Inc.
Form 10-K
February 21, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018

or
.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the transition period from _____ to _____
Commission File Number 001-37443

Univar Inc.
(Exact name of registrant as specified in its charter)

Delaware 26-1251958
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
3075 Highland Parkway, Suite 200 Downers Grove, Illinois 60515
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (331) 777-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock (\$0.01 par value)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Emerging growth
company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. "

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes " No y

Aggregate market value of common stock held by non-affiliates of registrant on June 29, 2018: \$3.4 billion (see Item 12, under Part III hereof), based on a closing price of registrant's Common Stock of \$26.24 per share.

At February 12, 2019, 141,732,317 shares of the registrant's common stock, \$0.01 par value, were outstanding.

Documents Incorporated by Reference

Certain portions of the registrant's Proxy Statement for the Annual Meeting of Stockholders to be held May 8, 2019 and to be filed within 120 days after the registrant's fiscal year ended December 31, 2018 (hereinafter referred to as "Proxy Statement") are incorporated by reference into Part III.

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SUPPLEMENTAL INFORMATION

Unless the context otherwise indicates or requires, as used in this Annual Report on Form 10-K, (i) the terms “we,” “our,” “us,” “Univar” and the “Company,” refer to Univar Inc. and its consolidated subsidiaries, and (ii) the term “issuer” refers to Univar Inc. exclusive of its subsidiaries.

Our fiscal year ends on December 31, and references to “fiscal” when used in reference to any twelve month period ended December 31, refer to our fiscal years ended December 31.

The term “GAAP” refers to accounting principles generally accepted in the United States of America.

Forward-looking statements and information

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities litigation Reform Act of 1995. Some of the forward-looking statements can be identified by the use of forward-looking terms such as “believes,” “expects,” “may,” “will,” “should,” “could,” “seeks,” “intends,” “plans,” “estimates,” or other comparable terms. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report on Form 10-K and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, capital commitments, macro-economic conditions, liquidity, prospects, business trends, currency trends, competition, markets, growth strategies and the industries in which we operate and including, without limitation, statements relating to our estimated or anticipated financial performance or results. Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be beyond our control. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industries in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Annual Report on Form 10-K. In addition, even if our results of operations, financial condition and liquidity, and the development of the industries in which we operate are consistent with the forward-looking statements contained in this Annual Report on Form 10-K, those results or developments may not be indicative of results, conditions or developments in subsequent periods. A number of important factors could cause actual results to differ materially from those contained in or implied by the forward-looking statements, including those reflected in forward-looking statements relating to our operations and business and the risks and uncertainties discussed in “Risk Factors.” Factors that could cause actual results to differ from those reflected in forward-looking statements relating to our operations and business include:

- general economic conditions, particularly fluctuations in industrial production and the demands of our customers;
- disruptions in the supply of chemicals we distribute or our customers’ or producers’ operations;
- termination or change of contracts or relationships with customers or producers on short notice;
- the price and availability of chemicals, or a decline in the demand for chemicals;
- our ability to pass through cost increases to our customers;
- our ability to meet customer demand for a product;
- trends in oil and gas prices;
- competitive pressures in the chemical distribution industry;
- consolidation of our competitors;
- our ability to execute strategic investments, including pursuing acquisitions and/or dispositions, and successfully integrating and operating acquired companies;
- liabilities associated with acquisitions, dispositions and ventures;
- potential impairment of goodwill;
- inability to generate sufficient working capital;
- our ability to sustain profitability;
- our ability to implement and efficiently operate the systems needed to manage our operations;
- the risks associated with security threats, including cybersecurity threats;
- increases in transportation costs and changes in our relationship with third party carriers;
- the risks associated with hazardous materials and related activities;

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- accidents, safety failures, environmental damage, product quality issues, major or systemic delivery failures involving our distribution network or the products we carry or adverse health effects or other harm related to the materials we blend, manage, handle, store, sell or transport;
- challenges associated with international operations, including securing producers and personnel, import/export requirements, compliance with foreign laws and international business laws and changes in economic or political conditions;
- our ability to effectively implement our strategies or achieve our business goals;
- exposure to interest rate and currency fluctuations;
- evolving laws and regulations relating to hydraulic fracturing and risks associated with chemicals used in hydraulic fracturing;
- losses due to potential product liability claims and recalls and asbestos claims;
- compliance with extensive environmental, health and safety laws, including laws relating to our environmental services businesses and the investigation and remediation of contamination, that could require material expenditures or changes in our operations;
- general regulatory and tax requirements;
- operational risks for which we may not be adequately insured;
- ongoing litigation and other legal and regulatory actions and risks, including asbestos claims;
- loss of key personnel;
- labor disruptions and other costs associated with the unionized portion of our workforce;
- negative developments affecting our pension plans and multi-employer pensions;
- changes in legislation, regulation and government policy; and
- our substantial indebtedness and the restrictions imposed by our debt instruments and indenture.

All forward-looking statements made in this Annual Report on Form 10-K are qualified by these cautionary statements. These forward-looking statements are made only as of the date of this Annual Report on Form 10-K and we do not undertake any obligation, other than as may be required by law, to update or revise any forward-looking or cautionary statements to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise and changes in future operating results over time or otherwise.

Comparisons of results between current and prior periods are not intended to express any future trends, or indications of future performance, unless expressed as such, and should only be viewed as historical data.

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PART I

ITEM 1. BUSINESS

Our Company

We are a leading global chemical and ingredients distributor and provider of specialty services. We purchase chemicals from thousands of chemical producers worldwide and warehouse, repackage, blend, dilute, transport and sell those chemicals to more than 100,000 customer locations across approximately 130 countries. Our specialized services include e-commerce and digital marketing of chemicals for our producers, chemical waste removal and ancillary services, on-site storage of chemicals for our customers, and support services for the agricultural and pest control industries. We derive competitive advantage from our scale, broad product offering, leading digital solutions, technical expertise, specialized services, long-standing relationships with leading chemical producers and our industry leading safety record.

The global chemical distribution industry is large and fragmented with thousands of distributors but represents a relatively small portion of the total chemical industry. While the total chemical industry is projected to grow at rates about equal to the growth of the gross national product of countries we operate in around the world, the distributed chemicals portion of the market is projected to grow faster as producers and customers increasingly realize the benefits of outsourcing. Chemical producers rely on us to warehouse, repackage, transport and sell their products as a way to expand their market access, enhance their geographic reach, lower their costs and grow their business. Customers who purchase products and services from us benefit from a lower total cost of ownership, as they are able to simplify their chemical sourcing process and outsource functions to us such as just-in-time availability of the right product, packaging, mixing, blending and technical expertise. They also rely on us for safe delivery and off-loading of chemicals that is fully compliant with increasing local and federal regulations.

In the year ended December 31, 2018, we generated \$8.6 billion in net sales, net income of \$172.3 million and \$640.4 million in Adjusted EBITDA. For a reconciliation of Adjusted EBITDA to net income (loss), see “Selected Financial Data” in Item 6 of this Annual Report on Form 10-K.

The following charts illustrate the geographical and end market diversity of our 2018 net sales:

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We maintain strong, long-term relationships with our producers and our customers, many of which span decades. We source materials from thousands of producers worldwide, including premier global leaders. For the year ended December 31, 2018, our 10 largest producers accounted for approximately 27 percent of our total chemical purchases. Similarly, we sell products to thousands of customers globally, ranging from small and medium-sized businesses to large industrial customers. For the year ended December 31, 2018, our top 10 customers accounted for approximately 10 percent of our consolidated net sales. Globally, we service our customers with highly responsive on-time delivery.

Our Segments

Our business is organized and managed in four geographical segments: Univar USA (“USA”), Univar Canada (“Canada”), Univar Europe and the Middle East and Africa (“EMEA”), and Rest of World (“Rest of World”), which is predominantly in Latin America. For additional information on our geographical segments, see “Note 22: Segments” in Item 8 of this Annual Report on Form 10-K for additional information.

USA

We supply a broad offering of commodity and specialty chemicals and ingredients, as well as specialized services to a wide range of end markets, touching a majority of the manufacturing and industrial production sectors in the United States. Our close proximity to customers, combined with our deep product knowledge and end market expertise, serves as a competitive advantage.

We repackage and blend bulk chemicals for shipment by our transportation fleet as well as common carriers. Our highly skilled salesforce is deployed by a geographic sales district as well as by end-use market and industry, e.g., coatings and adhesives, food ingredients and products, pharmaceutical ingredients and products, personal care, and energy.

Canada

Our Canadian operations are regionally focused, with a highly skilled salesforce supplying a broad offering of commodity and specialty chemicals and specialized services to the local customer base. In Eastern Canada, we primarily focus on industrial markets such as food ingredients, pharmaceutical ingredients, coatings and adhesives, and chemical manufacturing. We also service the cleaning and sanitation, personal care, mining, and energy markets. In Western Canada, we focus on forestry, chemical manufacturing, mining, and energy markets (e.g., midstream gas pipeline, oil sands processing and oil refining). Lastly, due to its

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size, we have dedicated resources and expertise serving the agriculture end market. In agriculture, we formulate and distribute crop protection and fertilizer products to independent retailers and specialty applicators servicing the agricultural end markets in both Western Canada and Eastern Canada and we provide support services to agricultural chemical producers throughout the country.

EMEA

We maintain a strong presence in the United Kingdom and Continental Europe with sales offices in 20 countries. We also have four sales offices in the Middle East and Africa.

We execute primarily on a pan-European basis, leveraging centralized or shared information technology systems, raw materials procurement, logistics, route operations and the management of producer relationships where possible to benefit from economies of scale and improve cost efficiency. We have strong end market expertise and key account management capability across Europe to better support sales representatives in each country and for serving our key customer end markets, namely pharmaceutical ingredients and finished products, food ingredients, coating and adhesives, and personal care.

Rest of World

We operate sales offices and distribution sites in Mexico, Brazil and to a lesser extent the Asia-Pacific region. We continue to look for expansion opportunities throughout Latin America and opened a new sales center in Colombia, in 2018.

Our Competitive Strengths

We derive strength and competitive advantage from our scale, broad product offering, leading digital solutions, high levels of service and expertise, long-standing relationships with producers, and our industry leading safety record.

Scale

We operate one of the most extensive chemical distribution networks in the world, comprising more than 600 distribution facilities, approximately 90 million gallons of chemical storage tank capacity and hundreds of tractors, railcars, tankers and trailers operating daily through our facilities. We purchase thousands of different chemicals, some in large quantities, from over thousands of producers. Our purchasing power and global procurement relationships provide us with advantages over local and regional competitors due to economies of scale and our ability to manage our working capital.

Product breadth and market reach

We offer a wide range of chemical products and services across nearly all end-use markets. This enables us to present to customers a “one-stop-shop” approach that simplifies their procurement process and lowers their total cost of ownership, and provides suppliers with the opportunity to achieve growth by accessing new end markets through us.

Leading digital solutions

We offer today’s customers a flexible, omni-channel experience empowered partially by an industry-leading digital commerce platform, MyUnivar.com. Here, customers can - at any time from any device - browse our full catalog, request a quote, and access a wide array of documents necessary to managing their business. This provides unparalleled access to valuable information, allows customers to do business on their own terms, and enhances the customer experience.

In addition, through both Univar and ChemPoint capabilities, we offer suppliers cutting edge digital marketing and sales solutions to extend market reach and improve penetration. Leveraging digital solutions such as CRM, digital marketing, and advanced analytics enables us to effectively create and capture demand on behalf of our supplier partners.

Service and expertise

Globally, we provide our customers with highly responsive on-time delivery from our nearby facilities. This highly responsive service level enables our customers to lower their inventory levels and avoid production interruptions from lack of chemical ingredients.

To complement our extensive product portfolio, we offer to our customers specialized services, such as our chemical waste removal and environmental response services, chemical storage, and specialty product blending and formulation services. These services provide efficiency gains to our customers and deepen our relationships with them.

We also provide, through our highly skilled sales force, in-depth product technical knowledge and end market expertise to our customers, as well as valuable market and customer insights to our producers about how their products are performing in the market.

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Long-standing producer and customer relationships

We have developed strong, long-term relationships, many spanning several decades, with the world's premier global chemical producers and distribute products to more than 100,000 customer locations around the globe, from small and medium sized businesses to global industrial customers. The strength of our relationships has provided opportunities for us to integrate our service and logistics capabilities into our customers' and producers' business processes and to promote collaboration on supply chain optimization, marketing and other revenue enhancement strategies.

Safety and regulatory compliance

At Univar we are Serious about Safety. Our safety culture is embedded into our global operations. Safety is foundational in planning for operations, products, processes and facilities. Specific initiatives include:

- data driven and causality-based accident prevention work;
- improved process and facility controls;
- mandatory general education and role specific safety training;
- joint management-worker Health and Safety Committees; and
- safety audits, incident investigation and improvement measures.

Our efforts have resulted in significant improvements in global safety metrics during the last 7 years. We track worker injuries using the US Occupational Safety & Health Administration (OSHA) standardized methodology of Total Case Incident Rate (TCIR), which is the rate of recordable injuries per 200,000 hours worked. We have reduced our TCIR from 1.69 in 2011 to 0.58 in 2018, an improvement of 66.0%.

We believe that being Serious about Safety results in a competitive advantage by:

- maintaining and improving relationships with our customers, who view safety performance as a key criterion for vendor selection;
- improving employee recruitment and retention; and
- reducing the likelihood of incidents and enabling our employees to focus on their contributions.

While we believe being Serious about Safety improves our service, productivity and financial performance, that is not why safety is important to us. At Univar, we believe it is our responsibility to provide safe working conditions and challenge ourselves to continually improve.

Our Growth Strategy

We believe that we are well positioned to drive profitable growth, increase our market share, and capitalize on industry outsourcing trends by focusing on our key initiatives of Commercial Greatness, Operational Excellence and One Univar.

Drive profitable growth

Commercial Greatness. We seek to increase the value we provide our customers and our producers by improving our customers' experience and driving additional growth for our producers. We seek to:

- further develop a highly skilled and well-equipped sales force utilizing a value-based consultative sales approach that is aligned to customer and end market needs by geography, product and service, and industry specialization;
- continue to increase our technical and industry-specific product and market expertise;
- develop a world-class marketing capability to dynamically identify and align resources with high-growth, high value opportunities;
- cultivate and maintain long-term producer relationships through deep market and product knowledge, value-based selling, reduced complexity in distribution channels, and offering complementary products and services as a total solution for our customers; and
- offer industry-leading digital solutions that drive customer and supplier preference, enhance supply chain efficiency, empower employees with valuable insights and provide new sources of profitable growth through innovation.

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Operational Excellence. We are committed to continuously improving our operating performance and lowering our costs per transaction. We seek to:

- align our business teams with identified growth opportunities in customer end markets, product markets, services, and industries in a way that narrows focus and increases accountability;
- increase our use of digital tools to simplify tasks, lower costs and improve customer experience;
- continue to use Lean methodologies to deliver project-by-project productivity gains;
- increase the cost efficiency of our warehouses, terminals, tank farms and logistics, and improve our net working capital efficiency;
- deliver a compelling customer value proposition by providing simplified sourcing, cost effective just-in-time delivery and managed inventory along with value-added services; and
- continue to build on our industry leading safety performance as a differentiator with both customers and producers.

One Univar. We are committed to developing a healthy, high-performance culture through the selection, recognition and development of engaged employees. We aspire to build an environment where the best people want to work and add value for our customers, producers and shareholders. We will strengthen the overall governance and efficiency of our global business operations with integrated, disciplined operating processes and by leveraging best practices.

Expand our market share

We believe our Commercial Greatness, Operational Excellence and One Univar initiatives will allow us to outperform competitors, leading to market share gains. We will continue to streamline and enhance our customer experience in order to be the easiest distributor to do business with and to increase customer preference for Univar. In addition, we believe our industry-focused go-to-market strategy combined with innovative sales and marketing support and strong customer preference will lead to winning additional product authorizations from producers. Finally, we are also pursuing selective acquisitions to increase our presence and develop competitive advantage in attractive end markets and whose products and service capabilities can benefit from our scale advantages. As a result, Univar is positioned well to gain market share.

Capitalize on industry outsourcing trends

We are well positioned to benefit from the growing trend of chemical producers and customers to outsource key tasks to chemical distributors. As a full-line distributor with a strong supply-chain-network across a broad geographic region, we are well suited to help customers and producers consolidate their distributor relationships and lower their total costs of ownership or service. Finally, as a leader in chemical distribution, we believe we can accelerate this trend by increasing the attractiveness of our total value proposition to both customers and our producers.

Through our Commercial Greatness, Operational Excellence and One Univar initiatives and by reinforcing our “one-stop-shop” provider capability, we will build on and increase the economic value we create in the global supply chain.

Accelerate digital transformation

We are positioned well to drive profitable growth and increased operational efficiency by orchestrating a multi-year digital transformation. We will continue to introduce new, innovative digital solutions that enhance our customer experience and drive stronger customer preference and customer loyalty, thereby increasing the lifetime value of customers to Univar. Through MyUnivar.com, we already offer an industry leading digital portal that allows customers to conduct business 24 hours a day, seven days a week, from virtually any device; and customers are increasingly adopting this platform to transact with us. We are committed to expanding our offering of digital solutions and bolstering our leadership position in the industry.

In addition, we will leverage new digital solutions to deliver a truly superior experience to our supplier partners, improving their market reach and penetration and providing valuable market insights through data analytics. Also, we will continue our progress to digitize our distribution network, creating a more agile, transparent supply chain, resulting in improved capabilities and efficiency. Finally, we will leverage digital to empower our employees with valuable, timely insights resulting in better decisions, and we will continue to automate administrative functions in order to enhance employee productivity.

Company History

Our history dates back to 1924 when we were founded as a brokerage business. In 1986, we acquired McKesson Chemical Corporation, then the third largest US chemical distributor, solidifying our presence throughout the United States and making us the largest chemical distributor in North America. In 2001, we continued our expansion into Europe through the acquisition of Ellis & Everard, which specialized in the distribution of chemicals in the United Kingdom and Ireland and had additional facilities

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in Europe and the Eastern United States. In 2007, we acquired ChemCentral, which enabled us to improve our market share and operational efficiencies in North America.

In 2007, we were acquired by investment funds advised by CVC Capital Partners Advisory (US), Inc. (“CVC”) as well as investment funds associated with Goldman, Sachs & Co. and Parcom. In November 2010, investment funds associated with Clayton, Dubilier & Rice, LLC (“CD&R”) acquired a 42.5 percent ownership interest in us. In December 2010, we acquired Basic Chemicals Solutions, a global distributor and trader of commodity chemicals, which strengthened our ability to provide value in the supply chain between chemical producers and end-users and reinforced our global sourcing capabilities. In January 2011, we completed the acquisition of Quaron, a chemical distributor operating in Belgium and the Netherlands, which complemented our strong European foothold in specialty chemicals with expanded product portfolio and increased logistical capability. We continued our expansion into the emerging markets in 2011 through our acquisition of Eral-Protex, a leading chemical distributor in Turkey, and the acquisition of Arinos, a leading chemical distributor of specialty and commodity chemicals and high-value services in Brazil. In December 2012, we acquired Magnablend, whose specialty chemical and manufactured products broadened our energy offerings. In May 2013, we expanded our Mexican presence with the acquisition of Quimicompuestos, making us a leading chemical distributor in the Mexican market. In November 2014, we acquired D’Altomare Quimica Ltda., a Brazilian distributor of specialty chemicals and ingredients, which expanded our geographic footprint and market presence in Brazil. In April 2015, we acquired Key Chemical, Inc., one of the largest distributors of fluoride to municipalities in the United States, which expanded our offerings into the municipal and other industrial markets. On June 23, 2015, we closed our initial public offering (“IPO”) in which we issued and sold 20.0 million shares of common stock at a public offering price of \$22.00 per share. In addition, we completed a concurrent private placement of \$350.0 million for shares of common stock (17.6 million shares) to Dahlia Investments Pte. Ltd., an indirect wholly owned subsidiary of Temasek Holdings (Private) Limited (“Temasek”). We received total net proceeds of approximately \$760.0 million from the IPO and the private placement after deducting underwriting discounts and commissions and other offering expenses of approximately \$30.0 million. These expenses were recorded against the proceeds received from the IPO. Certain selling stockholders sold an additional 25.3 million shares of common stock in the IPO and concurrent private placement. We did not receive any proceeds from the sale of these shares.

In July 2015, we acquired the assets of Chemical Associates, Inc., a marketer, manufacturer, and distributor of oleochemicals, many of which are based on renewable and sustainable resources, thereby enhancing the value Univar brings to a number of our key markets such as personal care, food, cleaning and sanitization, lubricants, and coatings and adhesives. In October 2015, we entered into the agrochemical formulation market and expanded our capabilities in the third-party agriculture logistics market in Canada with the acquisition of the Future Group. In November 2015, we acquired Arrow Chemical, Inc., adding a complementary portfolio of active pharmaceutical ingredients (“APIs”) and other specialty ingredients essential to the formulation of generic and over-the-counter pharmaceuticals. In December 2015, we acquired Weaver Town Oil Services, Inc., and Weavertown Transport Leasing, Inc., operating as the Weavertown Environmental Group, which strengthened our ChemCare waste management service offering with a broad range of complementary services, including industrial cleaning, waste management and transportation, site remediation, and 24/7 emergency response services. In December 2015, we also acquired Polymer Technologies Ltd., a U.K.-based developer and distributor of unique ultraviolet/electron beam curable chemistries used to formulate environmentally responsible paints, inks, and adhesives.

In March 2016, we acquired Bodine Services of the Midwest, further strengthening our ChemCare waste management, environmental maintenance and response service offering in key geographic markets. That same month, we acquired the assets of Nexus Ag Business, Inc., enhancing our existing macronutrient and crop protection inputs through a proprietary line of micronutrients, macronutrients and specialty fertilizers. Together with our leading distribution and services network in the region, this acquisition further strengthens our agriculture group’s ability to provide customers in Canada with a complete product service offering that covers the entire growing cycle from start to finish.

In September 2017, we acquired Tagma Brasil Ltda. (“Tagma”), expanding our agriculture business in one of the world’s fastest-growing agricultural markets. That same month, we acquired the assets of PVS Minibulk, Inc. (“PVS”), strengthening our MiniBulk business in the West Coast market.

In January 2018, we acquired Kemetyl Norge Industri AS (“Kemetyl”) as well as the assets of Kemetyl Aktiebolag, expanding our leading position in the pharmaceutical industry in Norway and Sweden. In May 2018, we acquired Earthoil Plantations Limited (“Earthoil”), expanding and strengthening our existing global natural beauty and personal care product line in EMEA.

In September 2018, we announced the signing of a definitive agreement to acquire Nexeo Solutions, Inc. (“Nexeo”). The transaction (“Nexeo Acquisition”) was unanimously approved by the Boards of Directors of both companies, and is anticipated to close in the first quarter of 2019, subject to the approval of Univar’s shareholders, as well as satisfaction of other customary conditions. On January 29, 2019, Nexeo’s key stockholders, TPG Global and First Pacific, provided consent for the proposed transaction.

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During 2016 and 2017, we engaged in a series of secondary registrations of our stock. As a result, CVC divested its ownership interest in our company and both CD&R and Temasek continued to reduce their ownership stakes in our company. As of January 31, 2018, CD&R and Temasek owned 8.2% and 9.9%, respectively, of our issued and outstanding shares. As a result of Temasek's reduction in ownership below 10% , it is no longer considered a significant stockholder in 2018.

The below chart illustrates the change in our Significant Stockholders since the IPO date.

Products and End Markets

The focus of our marketing approach is to identify attractive end-user markets and provide customers in those markets all of their commodity and specialty chemical or ingredient needs. We also offer value-added services as well as procurement solutions that leverage our chemical, supply chain and logistics expertise, networked inventory sourcing and producer relationships. We provide our customers with a “one-stop shop” for their commodity and specialty chemical needs and offer a reliable and stable source of quality products and services.

We buy and inventory chemicals and ingredients in large quantities such as barge loads, railcars or full truck loads from chemical producers and sell and distribute smaller quantities to our customers. Approximately 40 percent of the chemicals and ingredients we purchase are in bulk form, and we repackage them into various size containers for sale and distribution.

Commodity chemicals and ingredients represent the largest portion of our business by sales and volume. Our commodity portfolio includes acids and bases, surfactants, glycols, inorganic compounds, alcohols and general chemicals used extensively throughout most end markets. Our specialty chemicals and ingredient sales represent an important, high-value, higher-growth portion of the chemical distribution market. We typically sell specialty products in lower volumes but at a higher profit than commodity products and our intent is to increase our presence in the specialty market. While many producers supply specialty products directly to customers, there is an increasing trend toward outsourcing the distribution of these specialized, lower volume products and ingredients. We believe that customers and producers value Univar's ability to supply both commodity and specialty products, particularly as the markets continue to consolidate.

We focus on sourcing high-volume products that we distribute to our customers. Generally, we sell chemicals and ingredients via our industry-focused salesforce. However, a small proportion of the chemicals that we source are sold directly to certain high-volume customers through a dedicated sales team who handles these unique products and transactions. Our global sourcing capabilities enhance our global market presence, ensure safety of supply and competitive pricing, and provide product expertise across all market segments.

We serve a diverse set of end markets and regions, with no end market accounting for more than 14 percent of our net sales over the past year.

Our key global end markets include:

Agricultural and Environmental Sciences. Within the Agriculture industry we are a leading wholesale distributor of crop protection products to independent retailers and specialty applicators in Canada. To support this end market, we distribute herbicides, fungicides, insecticides, seed, micronutrients, macronutrients, horticultural products and

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fertilizers among other products. In addition, we provide storage, packaging and logistics services for major crop protection companies. The Environmental Sciences group supplies pest control products and equipment to the structural pest control, public health, vegetation management, turf and ornamental, food processing and post-harvest storage, animal health and hay production markets. We operate a network of approximately 70 Univar ProCenter distribution centers in North America to serve this end market.

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