



# Brenntag Investor Presentation

Ahead of the upcoming Shareholder Meeting

May 2023

# Brenntag is undergoing a significant transformation



# Since 2020 there has been a significant renewal of the Management Team



**Christian Kohlpaintner**  
Chief Executive Officer

Jan 2020



**Kristin Neumann**  
Chief Financial Officer

Apr 2022



**Michael Friede**  
Will succeed Henri Nejade  
as COO BSP

Apr 2023



**Steven Terwindt**  
Chief Operating Officer  
Brenntag Essentials

Aug 2020



**Ewout van Jarwaarde**  
Chief Transformation  
Officer

Jan 2021

- Since 2020, CEO and Management Team have undertaken an in-depth review and cultural & organisational change, instilling a new end-market focused divisional set up
- Despite its short tenure to date, the Management Team has overdelivered on its targets, including “Project Brenntag”
- Addition of Michael Friede to the Management Board provides a new and exciting perspective on BSP

# Brenntag is successfully delivering on its strategy

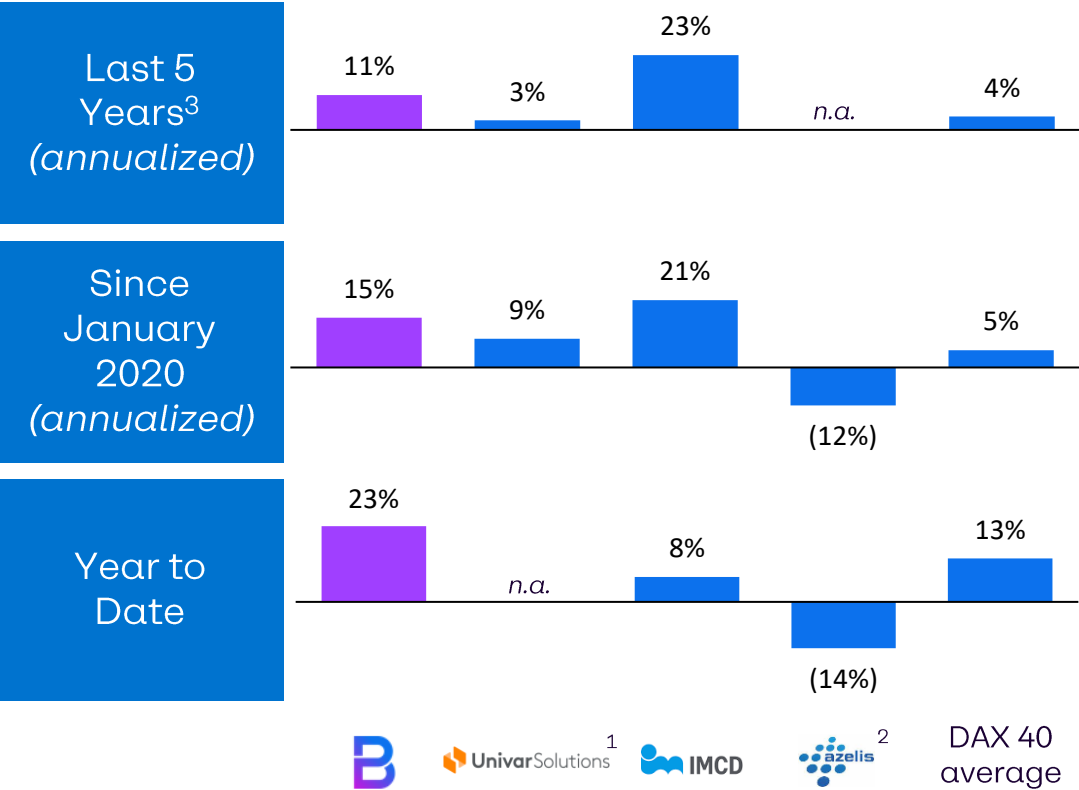
- 1

Consistently delivering value for our shareholders
- 2

Regular and constructive shareholder engagement
- 3

Leading corporate governance

## Strong TSR Performance vs. Peers



Source: FactSet as of 25<sup>th</sup> May 2023. TSR calculated in local currency for each respective company, and assumes re-investment of dividends

<sup>1</sup> Note: TSR performance for Univar shown until leak of Brenntag talks (25<sup>th</sup> November 2022)

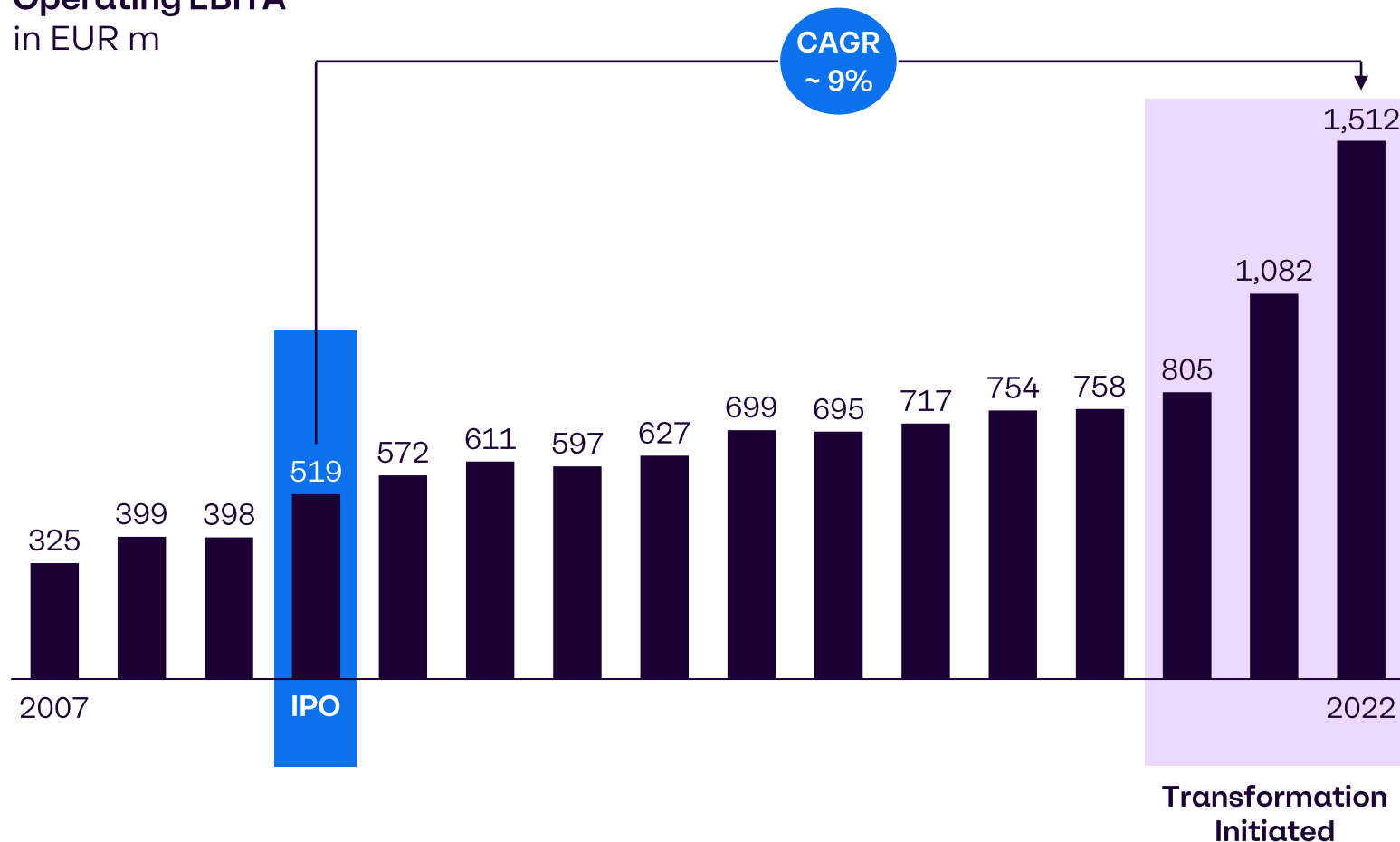
<sup>2</sup> Note: TSR performance for Azelis shown since IPO (17<sup>th</sup> September 2021)

<sup>3</sup> Note: TSR performance from 25<sup>th</sup> May 2018 to 25<sup>th</sup> May 2023



# ① Sustainable track record of compounding growth

Operating EBITA  
in EUR m



Profit growth consistently above chemicals manufacturing growth





Ability to protect margins even in macro downturns

Operating EBITA margin remains stable across cycle

Countercyclical cash flow profile

Recurring and synergistic bolt-on M&A a key opportunity to compound earnings

# ① Successful delivery of Project Brenntag one year ahead of plan

	 <b>Operating model</b>	 <b>Go-to-market approach</b>	 <b>Site network optimization</b>	 <b>People &amp; change</b>
<b>Key objective</b>	Two distinct world class divisions	Clear customer segmentation	Reduced complexity	Right sizing headcount and refreshing leadership
<b>Delivered</b>	Successfully implemented new operating model	Dedicated and focused sales forces in place	<b>100</b> Sites closed	<b>&gt;1,300</b> Structural FTE reduction
<b>Operating EBITDA impact<sup>1</sup></b>	<b>Top line levers</b>	<b>Bottom line levers</b>	<b>Total</b>	<b>Cash out</b>
	<b>~EUR 80m</b> Op. EBITDA impact from Op. Gross Profit growth	<b>~EUR 169m</b> Op. EBITDA impact from expense reduction	<b>~EUR 249m</b> delivered one year earlier than planned ✓	~EUR 89m expenses ~EUR 93m Capex <sup>2</sup>

<sup>1</sup> Against baseline 2019

<sup>2</sup> Net Capex, calculated as: capital expenditure, less avoided leases, less avoided capex, less proceeds from sale



# ① We fully delivered against our medium term targets

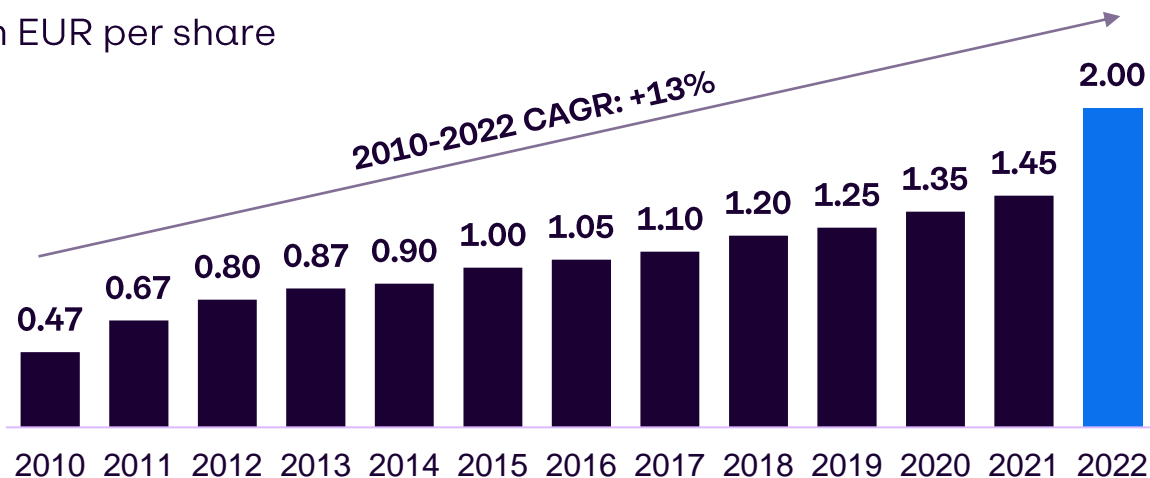
Medium-term  
targets as  
announced in  
2020

Organic underlying business	<b>&gt; 4% p.a.</b> Organic Operating Gross Profit	<b>4% - 6% p.a.</b> Organic Operating EBITDA	✓
Project Brenntag	<b>EUR 220 m</b> Operating EBITDA uplift by FY2023		✓
M&A	<b>EUR 200-250m p.a.</b> Proven track record		✓

# ① Committed to delivering strong shareholder returns as part of our capital allocation policy

## Consistently growing dividends since IPO

in EUR per share



Management Board and Supervisory Board propose to use EUR 309m of distributable profit of Brenntag SE to pay a dividend of EUR 2.00 per no par value share (+38%YoY)

## Introducing share buyback program

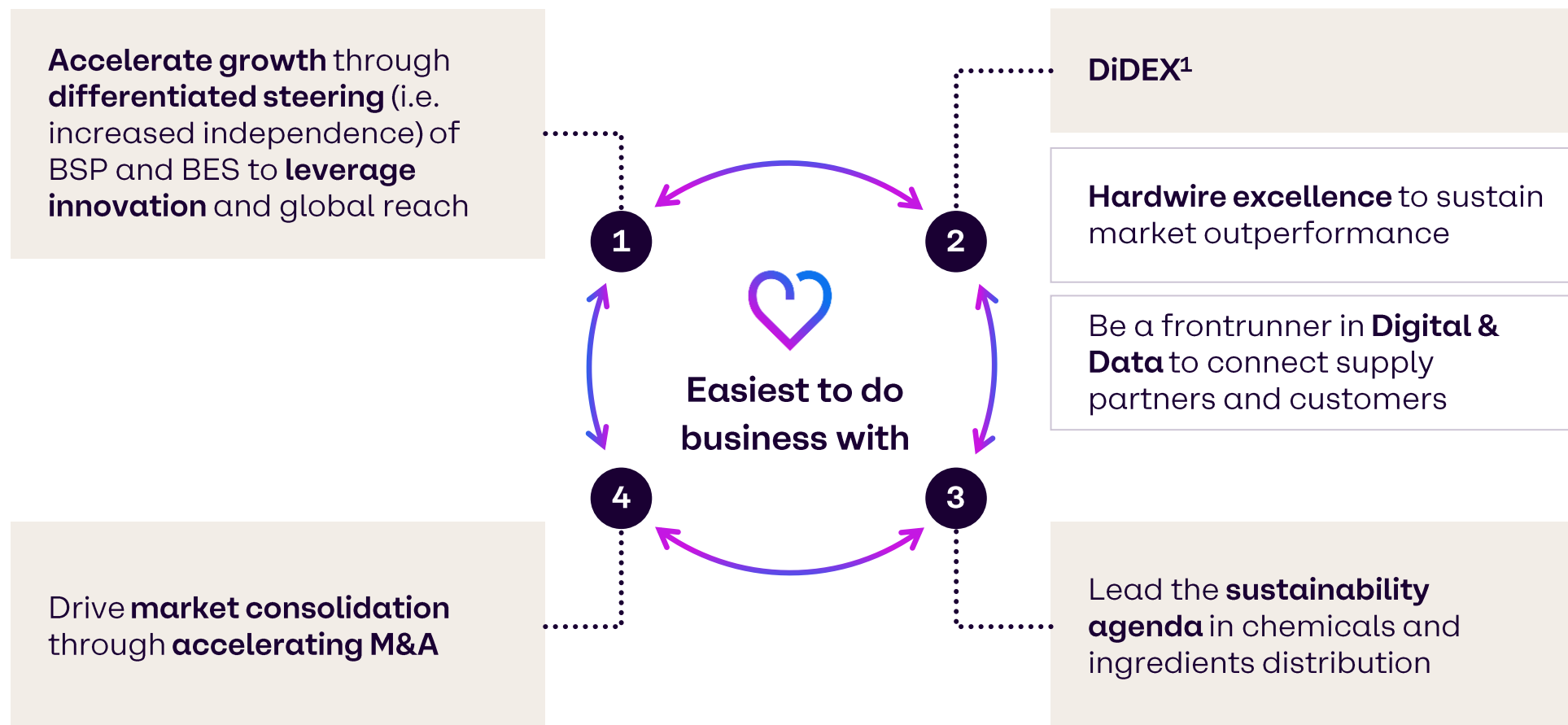
Share buyback program initiated in March 2023 and to be executed within 12 months, delivering on our announced capital allocation strategy from our 2022 Capital Markets Day – *(the CMD took place before PrimeStone started their engagement)*

€750m to be returned to shareholders through the share buyback program

We remain committed to our investment grade credit rating



# ① Delivering our “Strategy to Win” – A major transformation program requiring consistent dedication



# ① Increasing specialisation of suppliers requires an evolution in distributors' capabilities



Suppliers increasingly focusing portfolio towards specific specialties or commodity propositions

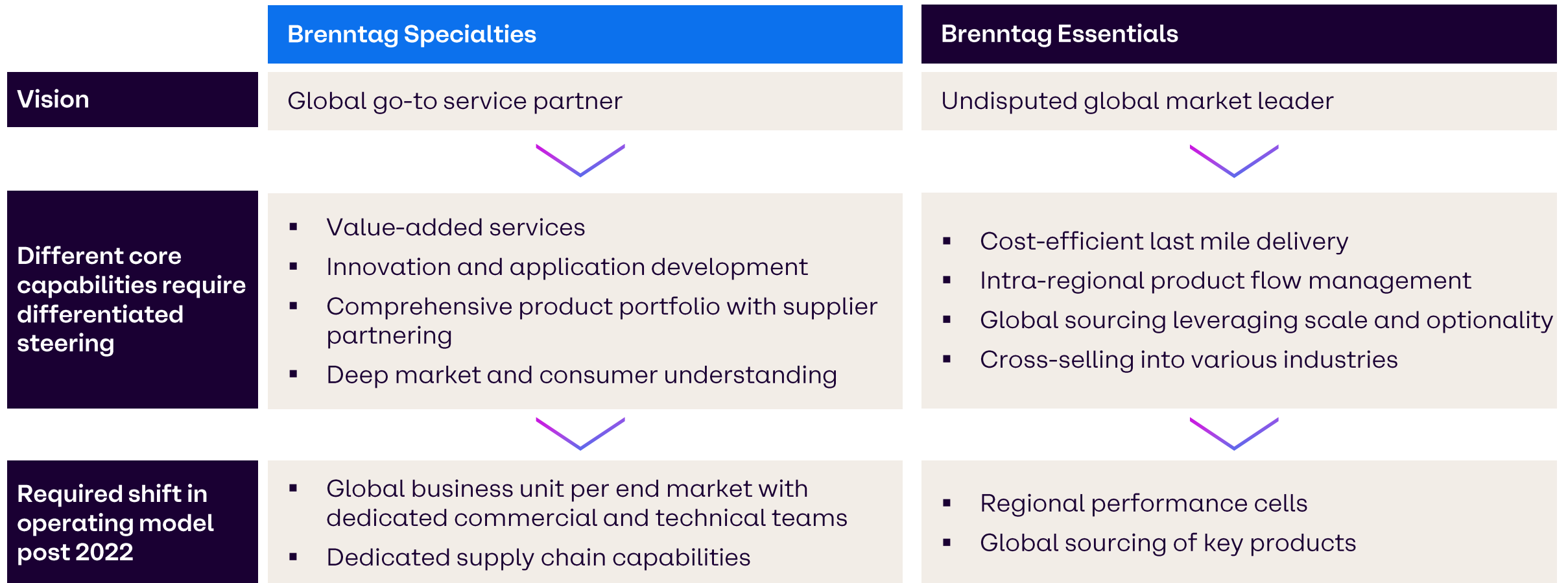
Distributors need to anticipate and reinforce suppliers' strategy to remain value-added partners

Distributors are required to have unique capabilities resulting in exclusive relationships

**Specialties chemicals  
distributors**

**Industrial chemicals  
distributors**

# ① “Strategy to Win” with dedicated strategies, differentiated steering and shifting operating models



# ① Digital.Data.Excellence.

## Becoming easiest to do business with

**Excellence** through harmonized, industry-leading processes and **omnichannel partner** engagement



## Unlocking value from our data

**Data-** and **AI-driven** real-time **insights** and decisions



## Creating a scalable technology platform

**Modular** architecture, **cloud** first, **API** first, and security-embedded  
Leading technology **partnerships**



## Digital, data and process capabilities and talent

New **Digital & Data** talents and digital up-skilling of Brenntag employees



## Value delivery and change

**Transformation** experience from Project Brenntag  
**Agile best practices** (start small, scale rapidly)



# ① Benefit of DiDEX will result in net annual EBITA uplift of EUR 200m by 2026

**EUR 200m**

Net annual EBITA uplift by 2026

**80%**

From bottom line measures

**EUR ~350m**

Total investment until 2026 to develop Digital & Data capabilities<sup>1</sup>

**~65%**

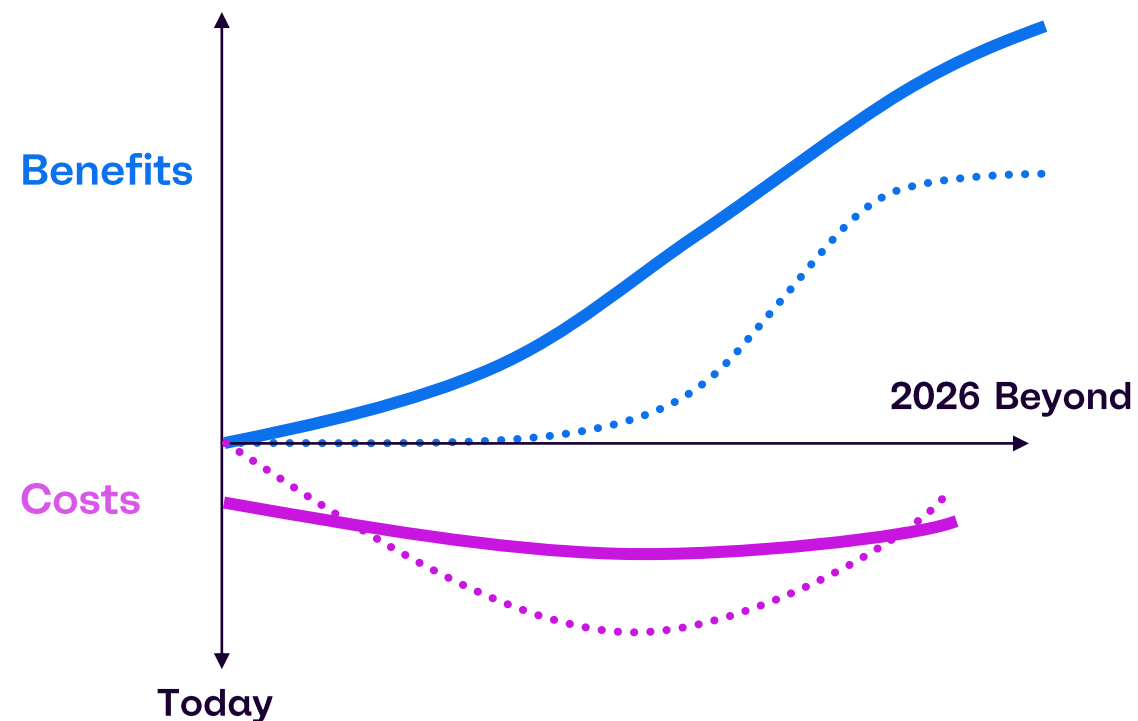
OPEX

**~35%**

CAPEX

Program is already delivering benefits

ILLUSTRATIVE



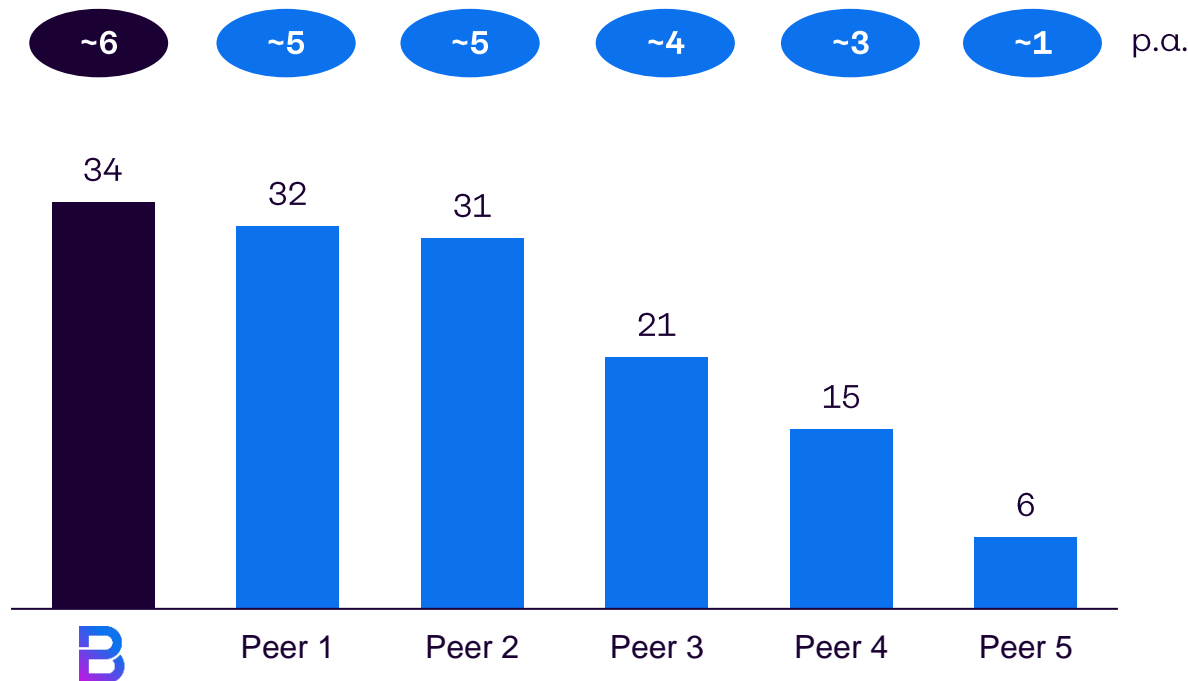
— Our transformation

..... Traditional IT projects

# ① Brenntag is the leading bolt-on consolidator in the industry

## M&A activity 2017-2022...

Number of deals



## ... with compounding value creation over time

EUR  
4.9bn

Acquired revenue 2010 - 2022, equivalent to ~€55m on average

~3%

Average share of M&A contribution to annual Op. EBITDA from 2010 - 2022

EUR  
~2.7bn

M&A spend via 91 acquisitions from 2010 - 2022

~8x

Average EBITDA multiple paid pre-synergies

# ① Our mid-term targets will deliver industry outperformance

Organic Gross Profit growth	Group Organic Operating Gross Profit CAGR <sup>1</sup>	4 - 6%
	BSP	6 - 8%
	BES	3 - 4%
Organic Operating EBITA growth	Group Organic Operating EBITA CAGR <sup>1</sup>	6 - 8%
	BSP	7 - 9%
	BES	4 - 5%
DiDEX improvement program	Net annual EBITA uplift by 2026	EUR 200m
Planned M&A investments	Annual M&A spend	EUR 400 - 500m

Note: Base year for targets is 2021

<sup>1</sup> Excluding benefits from DiDEX



## ② Brenntag maintains an extensive and high-quality dialogue with all of its shareholders

### Capital Markets Day in 2023

Update on Brenntag “Strategy to Win”

Operating model

Portfolio choices

### Shareholder Interaction 2023 YTD

8  
investor conferences

~350  
investor meetings

25  
conference &  
roadshow days

55%  
% shareholder  
capital met

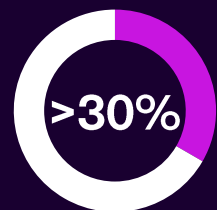
## ② Continuous dialogue between the Supervisory Board and our shareholders on governance topics

### Corporate Governance Roadshow 2022

- ✓ Supervisory Board perspective on transformation and Project Brenntag
- ✓ ESG
- ✓ Supervisory and Management Board composition
- ✓ Management Board Remuneration System

13

investors



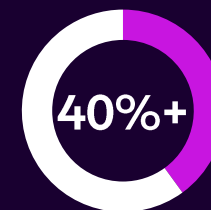
% shareholder  
capital met

### Corporate Governance Roadshow 2023

- ✓ Supervisory Board perspective on transformation and “Strategy to Win”
- ✓ Future evolution of the Supervisory Board
- ✓ Management Board Remuneration System

18

investors



% shareholder  
capital met

# ③ Richard Ridinger brings in his vast executive experience in the relevant industries and is an ideal Chairman candidate



## Richard Ridinger

Member of the Supervisory Board since 2020

Proposed candidate for elections in 2023 and proposed Chairman of the Supervisory Board

**Nationality:** German

**Year of birth:** 1958

**Profession:** Independent Management Consultant

### Career

- |             |   |
|-------------|---|
| 2012 – 2019 | ▪ CEO, <b>Lonza Group</b> , Basel, Switzerland (SMI-listed)   |
| 2002 – 2011 | ▪ Executive Vice President, <b>Cognis</b> , Monheim am Rhein, Germany   |
| 1986 – 2002 | ▪ Various Positions in R&D, Engineering, Operations, Marketing & Sales, Business Unit Lead, <b>HENKEL</b> , Düsseldorf, Germany |

### Membership in control bodies of commercial enterprises

- **DSM-Firmenich**, Kaiseraugst, Switzerland (listed) (Non-executive member of the Board of Directors)
- **Roar HoldCo**, Stockholm, Sweden (not listed) (Non-executive member and Chair of the Board of Directors) and Recipharm, Stockholm, Sweden (Group company, shares held by Roar HoldCo AB, not listed) (Non-executive member and Chair of the Board of Directors)

✓ > 20 years of management experience in executive management positions

✓ Deep expertise in the chemical (including specialties), life sciences and ingredients industries

✓ Track record of successful operational and strategic transformations and value creation

✓ Ideal candidate for the Chair role, given deep knowledge of Brenntag, experience as a Chair at other companies and extensive preparation time for this role (*envisaged handover announced already in 2020*)

# ③ Sujatha Chandrasekaran is a perfect candidate to strengthen the competencies required to support the ongoing transformation



## Sujatha Chandrasekaran

Proposed candidate for elections in 2023

**Nationality:** American, Australian and Indian

**Year of birth:** 1967

**Profession:** Member of control bodies of various companies

> 25 years in leading executive management positions in global companies, with a strong focus on technology and data, strategic transformation, digital business models, operations cybersecurity, and e-commerce.

### Career

- |             |   |
|-------------|---|
| 2019 - 2022 | ▪ Senior Executive Vice President, Chief Digital & Information Officer, <b>CommonSpirit Health</b> , Chicago, USA |
| 2016 - 2019 | ▪ Global Chief Digital Officer, Chief Information Officer, <b>Kimberly-Clark</b> , Irving, USA                    |
| 2011 - 2016 | ▪ Senior Vice President, Global Chief Technology and Data Officer, <b>Walmart</b> , Bentonville, USA              |

### Membership in control bodies of commercial enterprises

- **American Eagle Outfitters**, Pittsburgh, USA (listed) (Non-executive member of the Board of Directors)
- **Cardinal Health**, Dublin, USA (listed) (Non-executive member of the Board of Directors)
- **Agendia**, Irvine, USA (Non-executive member of the Board of Directors)
- **HealthEM.AI**, San Jose, USA (Non-executive member of the Board of Directors)



In the search process for the elections at the AGM 2023, the focus was on competencies in:

- IT, digital transformation and data management
- Supply chain management
- Experience in distribution / transactional businesses
- International leadership experience (esp. in North America)
- Change management expertise (incl. cultural transformation)



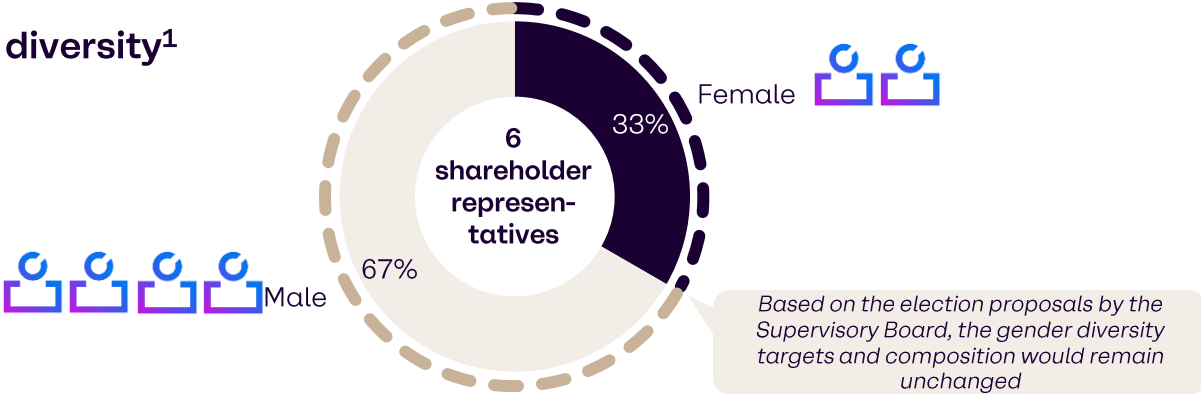
**Ms. Chandrasekaran will strengthen the profile in key focus areas**



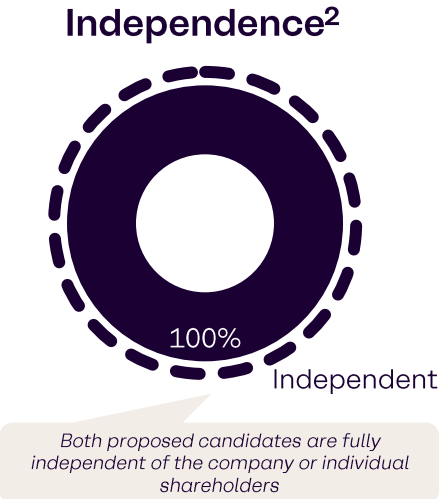
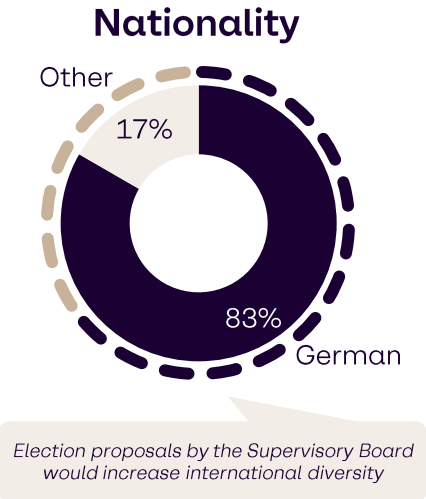
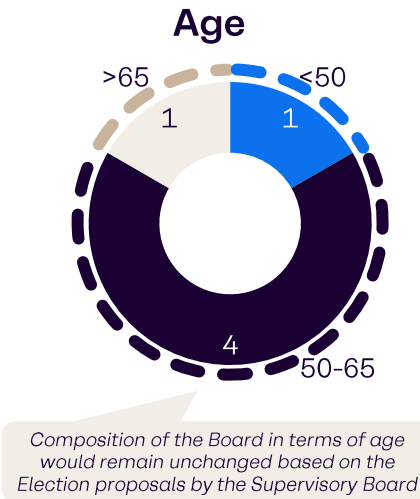
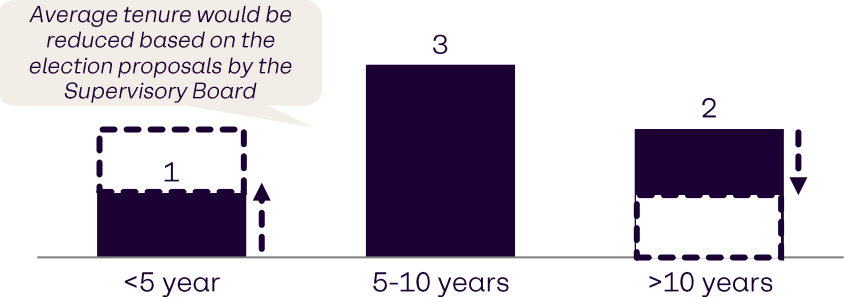
# ③ Balanced Board composition across various metrics – maintaining diversity and full independence of the Supervisory Board

**Illustrative changes in the board composition based on the election proposals for AGM 2023 submitted by the Supervisory Board**

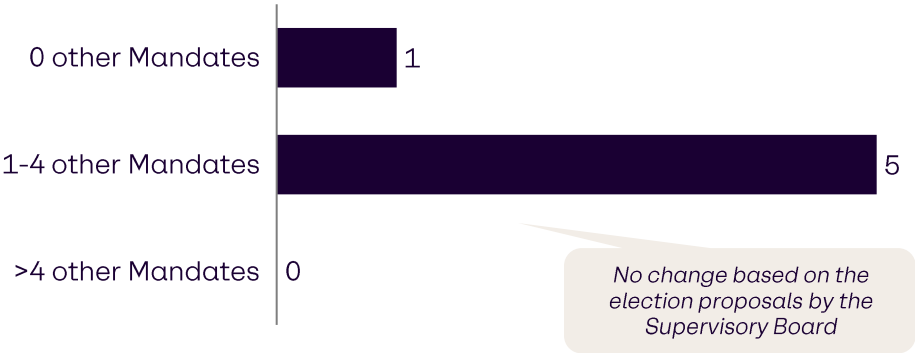
## Gender diversity<sup>1</sup>



## Membership on Brenntag Supervisory Board



## Mandates at other listed companies<sup>3</sup>



20

<sup>1</sup> Target for the proportion of women on the Supervisory Board = 33%; Target for the proportion of Women on the Board of Management = 20%

<sup>2</sup> Own definition; No conflict of interest; Tenure of Doreen Nowotne and Andreas Rittstiegl not considered an issue since distance to Board of Management is sufficient, especially due to changes in the BoM 2020/2021

<sup>3</sup> As of January 2023; Including German supervisory boards or comparable domestic and foreign supervisory bodies; Not including other bodies of commercial enterprises; Chair counted as single mandate

# ③ The Supervisory Board has all the necessary competencies to advise and support on Brenntag's transformation

 Key focus areas for the election of the new candidate

Member	Expert qualification – Key concrete objectives and criteria										Committees		
	Corporate Governance Compliance	Executive Leadership/ CEO Exp.	Chemical Industry	Distribution/Supply Chain Mgmt./B2B Services	Strategy / Portfolio Mgmt./ M&A	HR/ Change Mgmt.	Financial Expert: Accounting/ Audit <sup>1</sup>	Capital Markets	Digital Transformation/ IT	ESG / Sustainability/ CSR/Safety	Presiding and Nomination Committee	Audit Committee	Transformation and Sustainability Committee
Doreen Nowotne (Chair)	✓			✓	✓	✓	✓	✓		✓	✓ (Chair)		✓ (Chair)
Stefanie Berlinger	✓				✓		✓	✓		✓		✓	
Wijnand Donkers	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓		✓
Ulrich Harnacke	✓	✓		✓	✓	✓	✓	✓		✓		✓ (Chair)	
Dr. Andreas Rittstieg	✓	✓			✓			✓	✓	✓	✓		
Richard Ridinger	✓	✓	✓	✓	✓	✓		✓	✓	✓		✓	✓
Sujatha Chandrasekaran	✓	✓		✓		✓			✓	✓			

Chair until AGM 2023; Not standing for re-election at AGM 2023

Standing for re-election at AGM 2023

Illustrative: Not yet part of the SB but standing for election at AGM 2023

<sup>1</sup> Please note that in accordance with section 107 (5) 3 AktG the Audit Committee must (also) comply with the requirements of section 100 (5) AktG , i.e. one member of the Audit Committee has to be an expert for accounting, one member has to be an expert for auditing therefore Stefanie Berlinger is the auditing expert and Ulrich Harnacke is the accounting expert.

# ③ The Supervisory Board demonstrates high level of commitment and professionalism

## Supervisory Board commitment and collaboration principles

- ✓ **Regular interaction** within the Supervisory Board
- ✓ **Trusted dialogue** with Board of Management
- ✓ **Intense involvement** in decisions of fundamental importance
- ✓ **Close consultation of Board of Management** throughout the **strategy development process** (e.g. “Strategy to Win”)
- ✓ **Prompt information** by Board of Management on the course of business
- ✓ **Detailed review** of Management Board reports and proposed board resolutions
- ✓ **Open and transparent communication with shareholders** on the corporate governance topics

### FY22 Statistics

8

Board  
meetings

9

Transformation  
Committee  
meetings

100%

Attendance  
rate<sup>1</sup>



#3

among German DAX  
companies in  
Corporate Governance  
Ranking by DVFA