



# Investor Presentation

September 2023

# Investor Presentation

1. Introduction to Brenntag
2. Horizon 2: “Strategy to win”
3. Key investment highlights
4. Financials Q2 2023
5. Outlook
6. Appendix



# Brenntag is the undisputed and resilient leader in chemicals and ingredients distribution delivering consistent growth



## Our unique platform ...

Global market leader with superior offering

Unparalleled product portfolio, application know-how and innovation capability

Unique integrator combining global reach with ownership of last mile delivery

Trusted partner with differentiated access to global supply chains



## ... is outperforming<sup>1)</sup>

~3x Op. EBITA since IPO equivalent to ~9% CAGR

Asset light business model with attractive ROCE of ~22%<sup>2)</sup>

EUR 7.2bn cumulative Free Cash Flow

EUR ~2.7bn M&A spend

Consecutive dividend increase since IPO



<sup>1)</sup>Data as of FY22. Timeline since IPO in 2010

<sup>2)</sup>ROCE as per FY 2022

# Two global divisions: Brenntag Specialties and Brenntag Essentials

## Brenntag Specialties

**EUR 1.7bn**  
FY 2022 Op. Gross Profit

**1,000's**  
Suppliers

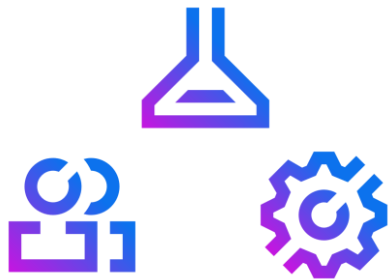
**81**  
Application labs

**EUR 738m**  
FY 2022 Operating EBITA

**~100k**  
Customers

**>400**  
Sites

### Highly specialized performance chemicals & ingredients



- Industry focus
- Attractive supplier portfolio
- Strong customer relationships
- Innovation capabilities
- Application and formulation expertise
- Regulatory expertise
- Brand awareness

## Brenntag Essentials

**EUR 2.6bn**  
FY 2022 Op. Gross Profit

**1,000's**  
Suppliers

**>70**  
Countries

**EUR 911m**  
FY 2022 Operating EBITA

**~150k**  
Customers

**~600**  
Sites

### Process chemicals

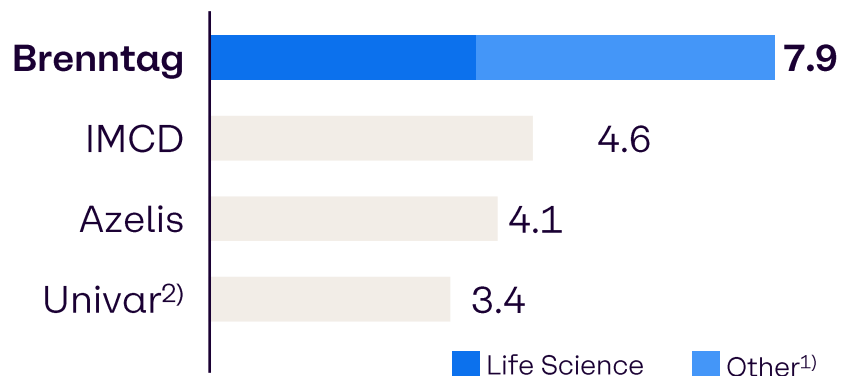


- Cross-industry products
- Global product & market intelligence
- Local market know how & Last mile excellence
- High barriers to entry with a broad global asset base
- Broad and in-depth regional supply chain network with Inter-regional connectivity
- Strong service excellence mindset
- Regulatory expertise

# Brenntag is the only true global player in both Specialties and Industrial markets in 2022

Sales FY22  
in EUR bn

Specialties



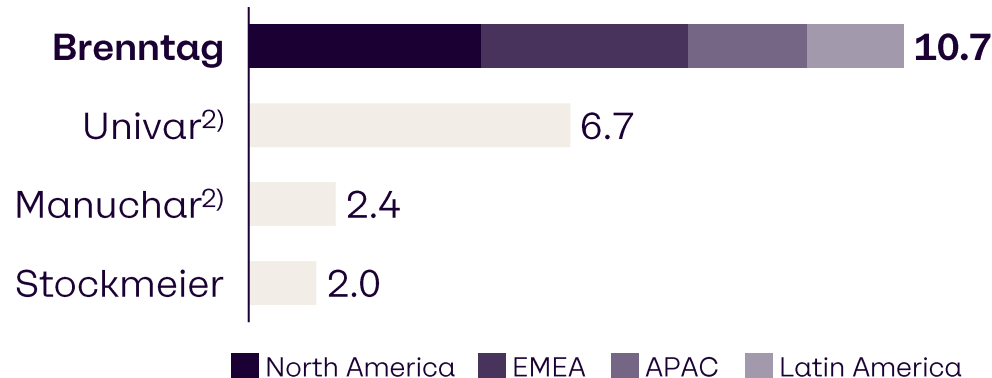
## Brenntag's differentiators

We are the **largest specialties player** leveraging our global setup

Technical expertise delivered via 81 application laboratories

Leadership position in attractive Life Science end markets

Industrial



The most successful distributor at combining **local strength with global reach**

Superior last mile excellence delivered via >600 regional sites

Global sourcing of products from 1,000's of high-quality suppliers

Sources: Company information, ICIS Top 100 Chemical Distributors (2022)

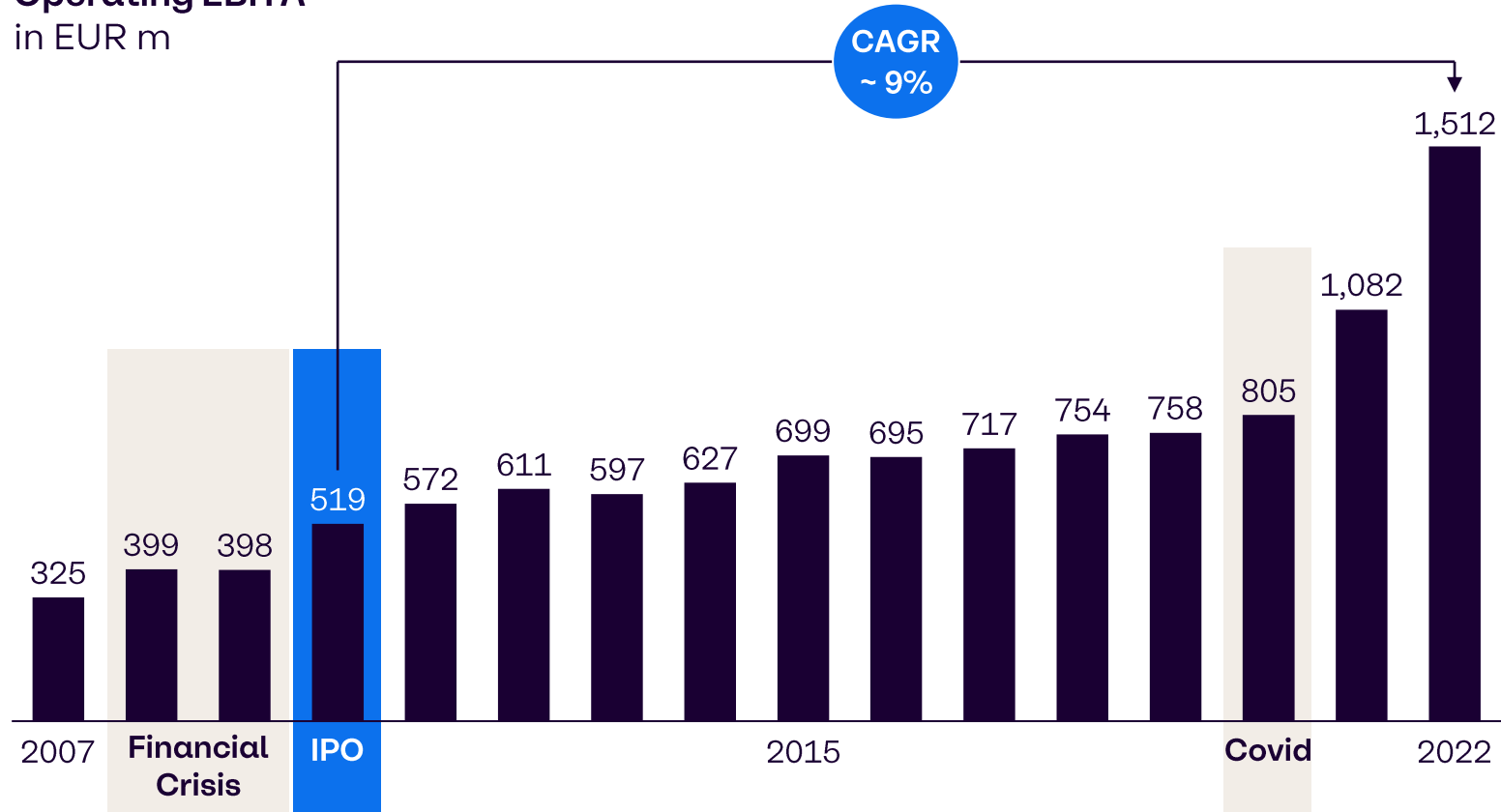
Notes: Univar split into Chemicals and Services (i.e. Industrials) and Ingredients and Specialties (i.e. Specialties). Some specialties are considered 100% despite missing properties, implying that definitions are different across the board. Data excluding Helm, Tricon, and Nagase & Co (traders)

1) Other includes Material Science, Lubricants, Water treatment and others

2) Sales were calculated using 1 USD = 0.879 EUR

# Sustainable track record of compounding growth

Operating EBITA  
in EUR m



Profit growth consistently above chemicals manufacturing growth

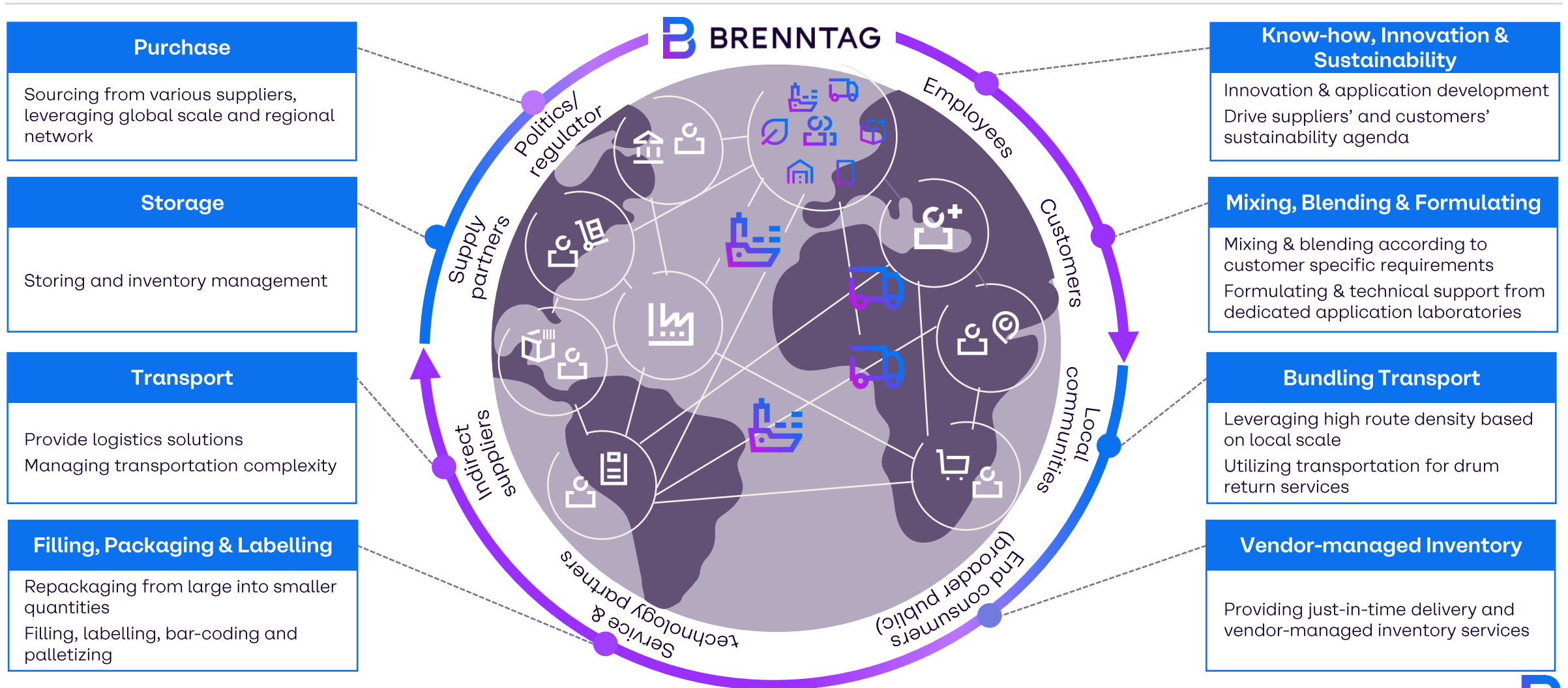
Ability to protect margins even in macro downturns

Operating EBITA margin remains stable across cycle

Countercyclical cash flow profile

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

# Distributors perform a value-added function with economies of scale



# Comparison of different ecosystem key constituents

	<b>“What we are”</b> 	<b>“What we are not”</b> Chemical Producer
Business model	B2B Services / solutions	Manufacturing
Product portfolio	Full-line	Narrow
Customer base	Broad in diverse end-markets	Narrow
Customer order size	Small	Large
Delivery method	Less-than-truckload	Truckload and larger
Fixed assets	Low intensity	High intensity
Fixed asset flexibility	Multi-purpose	Narrow purpose
Cost base	Variable	Fixed
Raw material prices	Market	Contract
Input / Output pricing	Connected	Disconnected

**Chemical distribution differs substantially from chemical production**



**We are guided by our purpose and vision based on our cultural pillars**

## **Purpose**

Connecting with products,  
knowledge and innovation

Fostering a sustainable future

Caring for human needs

## **Vision 2030**

We shape the future of our industry  
by empowering our partners within  
networks driving collaboration,  
excellence and shared success



# Board of Management

## Highly experienced management team



**Christian  
Kohlpaintner**  
Chief Executive Officer

- Corporate Board Office
- Global Human Resources
- Corporate Planning, Strategy & M&A Brenntag Group
- Global Communications
- Global Marketing
- Internal Audit Brenntag Group
- Compliance & Privacy Brenntag Group
- QSHE Brenntag Group
- Sustainability Brenntag Group
- Brenntag Excellence
- Indirect Procurement



**Kristin  
Neumann**  
Chief Financial Officer

- Corporate Controlling
- Accounting Brenntag Group
- Legal Brenntag Group
- Tax Brenntag Group
- Treasury Brenntag Group
- Corporate Investor Relations
- Corporate Insurance Management
- Shared Services Brenntag Group
- Regional Finance Brenntag



**Michael  
Friede**  
Chief Executive Officer  
Brenntag Specialties

- Brenntag Life Science
- Brenntag Material Science
- Supplier & Customer Excellence BSP
- Supply Chain & Customer Services BSP
- Business Development BSP
- Controlling BSP



**Ewout  
van Jarwaarde**  
Chief Executive Officer  
Brenntag Essentials

- Brenntag Essentials
- Digital, Data and Technology
- Customer & Supplier Excellence BES
- Supply Chain Services BES
- Business Development BES
- Controlling BES

# Investor Presentation

1. Introduction to Brenntag
- 2. Horizon 2: “Strategy to win”**
3. Key investment highlights
4. Financials Q2 2023
5. Outlook
6. Appendix



# Brenntag is undergoing a significant and multidimensional transformation

Brenntag empowers divisions for accelerated strategy execution by evolving operating model and governance structure - Ewout van Jarwaarde and Michael Friede appointed as divisional CEOs



**Old Model**

Full line distributor model with exclusive regional perspective



**Horizon 1:**  
"Project Brenntag"

Market focused bi-divisional operating model while making Brenntag fit for future growth

**Horizon 2:**  
"Strategy to Win"

Differentiated divisional strategies:  
Accelerating growth and capturing new opportunities

*In Progress*

**Horizon 3:**  
"Leader in All Dimensions"

We realize the true potential of Brenntag

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



**Specialties chemicals distributors**



**Industrial chemicals distributors**

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

# Leadership in both markets requires two tailored strategies

## Key industry requirements

- Reinforce supplier strategies to drive growth
- Offer specific customized solutions
- Master Digital & Data driven business models
- Foster sustainability trends
- Drive market consolidation and efficiency gains







**Specialties**

TAM <sup>1)</sup> 2021	EUR 124bn
Growth outlook 2021-26 <sup>2)</sup>	4-6%

**Industrial**

TAM <sup>1)</sup> 2021	EUR 165bn
Growth outlook 2021-26 <sup>2)</sup>	2-4%

## Distinct segment trends

- Application expertise 
- Customized solutions 
- Innovation capability 
- Cost efficiency 
- Security and safe handling of supply 
- Global reach 

Source: BCG analysis

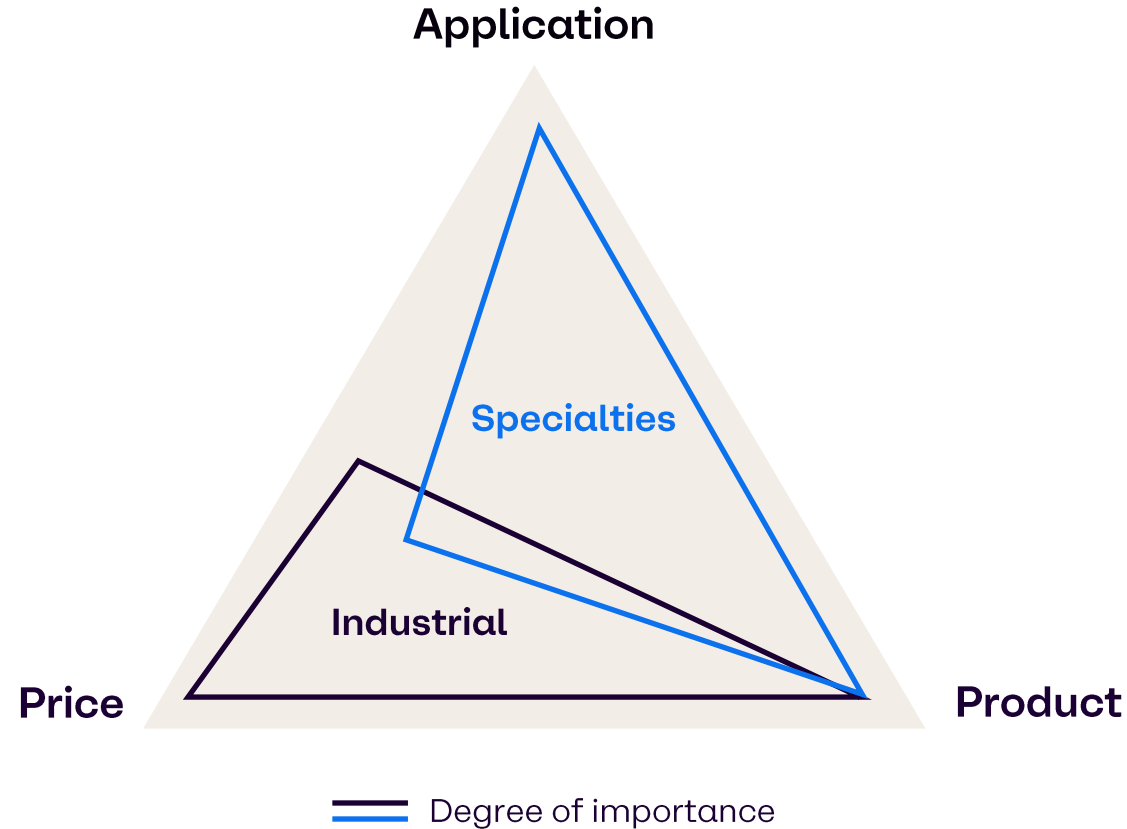
<sup>1)</sup>Total addressable market

<sup>2)</sup>Forward looking growth rates are real growth rates

# Customer needs are becoming more differentiated, requiring tailored propositions

### Specialties customers

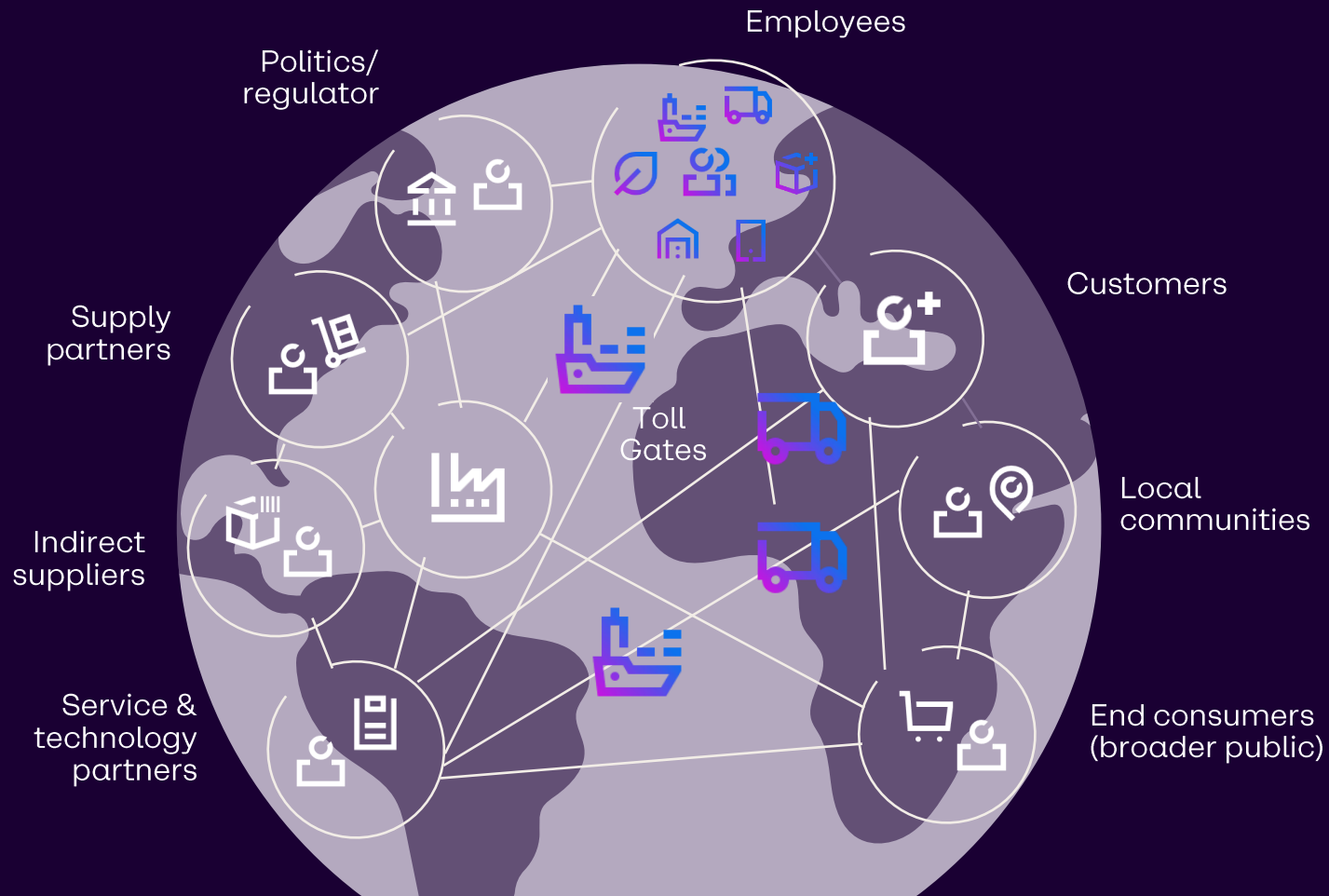
- Focus on technical expertise and innovation
- Comprehensive product portfolio
- Value-added services
- Managing complexity



### Industrial customers

- Focus on “no frills”
- Delivery with seamless operational integration
- Competitive pricing
- Safest delivery

# Brenntag connects key stakeholders across the distribution ecosystem



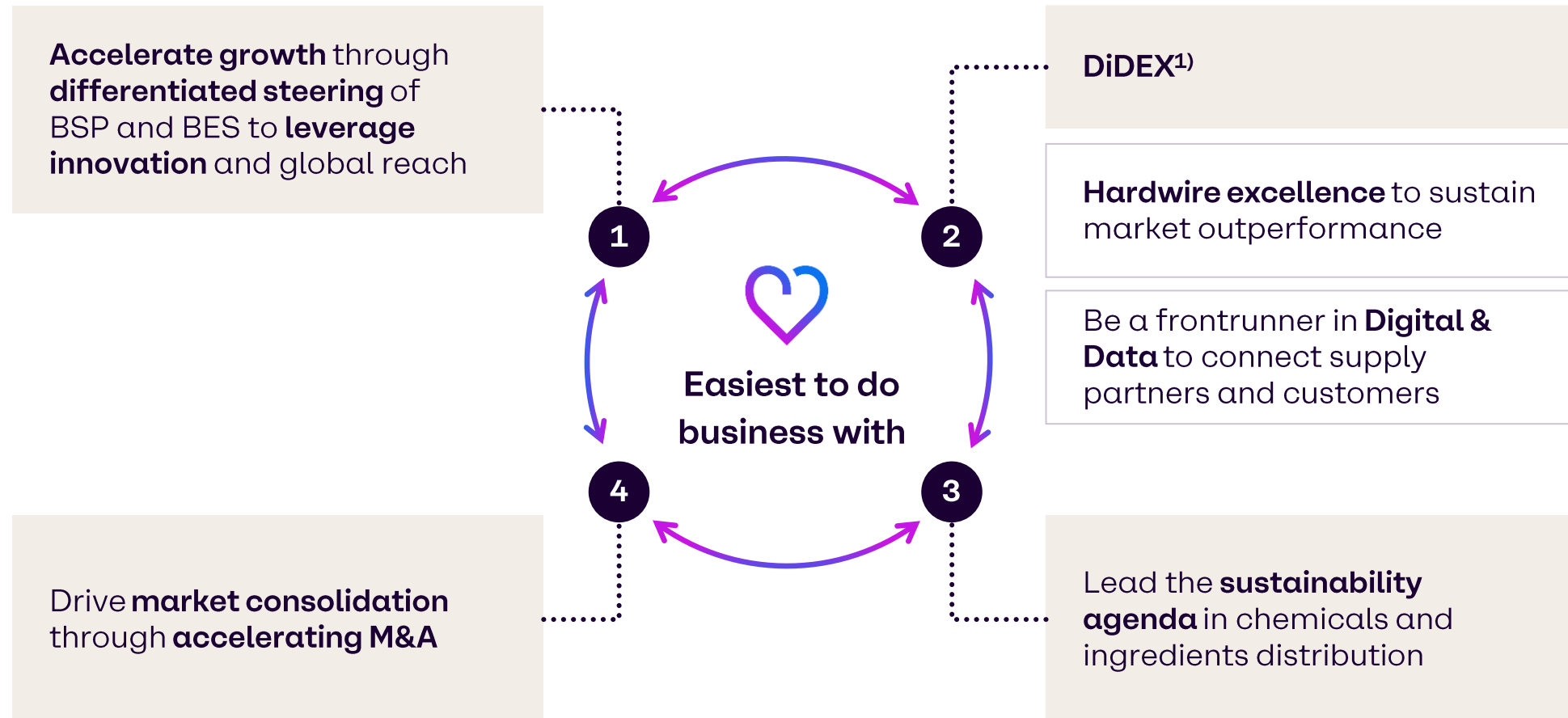
**Product-, knowledge- and innovation-driven interconnected ecosystem of partners**

## Characteristics of successful ecosystems

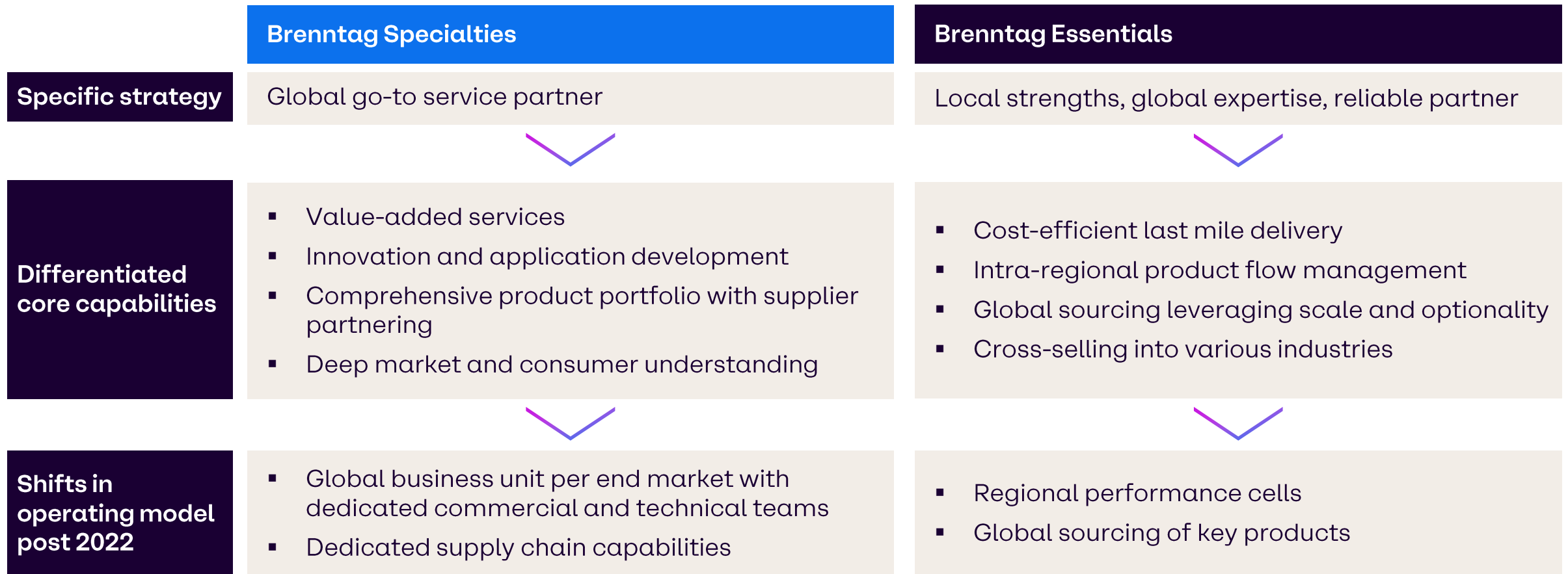
- ✓ Collaboration
- ✓ Shared benefits
- ✓ Human needs
- ✓ Empowerment
- ✓ Multiple dimensions
- ✓ Sustainability



# “Strategy to win” - shaping the future of sustainable chemical & ingredients distribution



# Horizon 2 leads to BSP and BES with specific strategies, differentiated core capabilities and shifting operating models



# Differentiated steering of BSP and BES will be further reflected in management and organizational structures

## Brenntag Group *Overarching umbrella*

*Amongst others:*

- **Strategic direction** of the group
- **Investor Relations**
- **Capital and Top Leadership/Talent allocation**
- **Governance, Compliance, and Policies**



## Brenntag Specialities (BSP)

- Application expertise
- Customized solutions
- Innovation and lab capability

Operations structured by  
**End Markets**



## Brenntag Essentials (BES)

- Cost efficiency
- Security and safe handling of supply chains
- Global reach

Operations structured by  
**Regions**

# Brenntag Specialties: Be the global specialties go-to-service partner for innovative and sustainable solutions



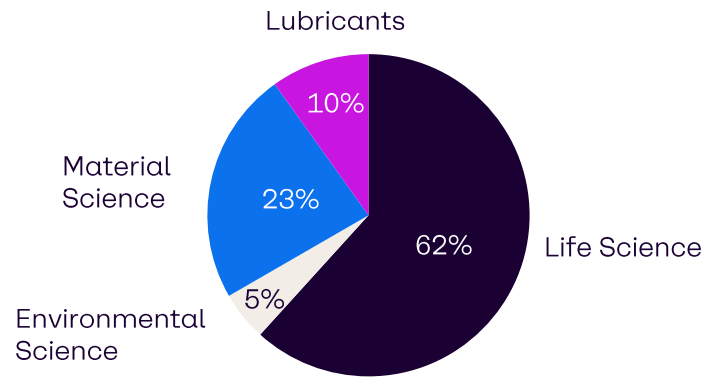
# Operating in highly attractive end markets with a well diversified portfolio

	Segment	Attractiveness <sup>1)</sup>	Growth potential	% Op. Gross Profit FY22
Market leading Specialties portfolio diversified across key end markets	<b>Life Science</b>	Food	} GDP +++	60%
		Personal Care		
		Pharma		
		HI&I		
		Animal Nutrition		
High growth and resilient Life Science represents 55% of BSP portfolio	<b>Material Science</b>	CASE	} GDP++	18%
		Construction		
		Polymers		
		Rubber		
Strong demand for value-added services in BSP focus end markets	<b>Environmental Science</b>	Water Treatment	} GDP+	6%
	<b>Lubricants</b>	Lubricants (raw)		
		Lubricants (fin)		



# Global network of application labs to deliver value-added and innovative solutions

Application labs by end market



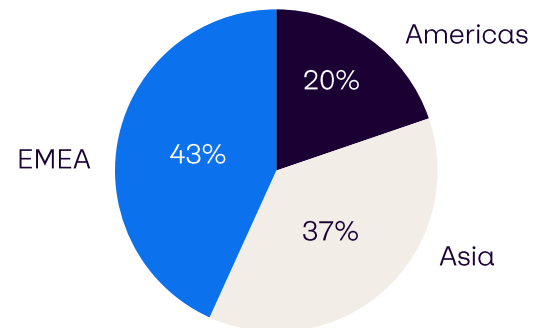
**81 laboratories**

Diversified across BSP end industries

**Global collaboration and expertise**

Advanced knowledge exchange networks and centers of excellence

Application labs by geographical coverage

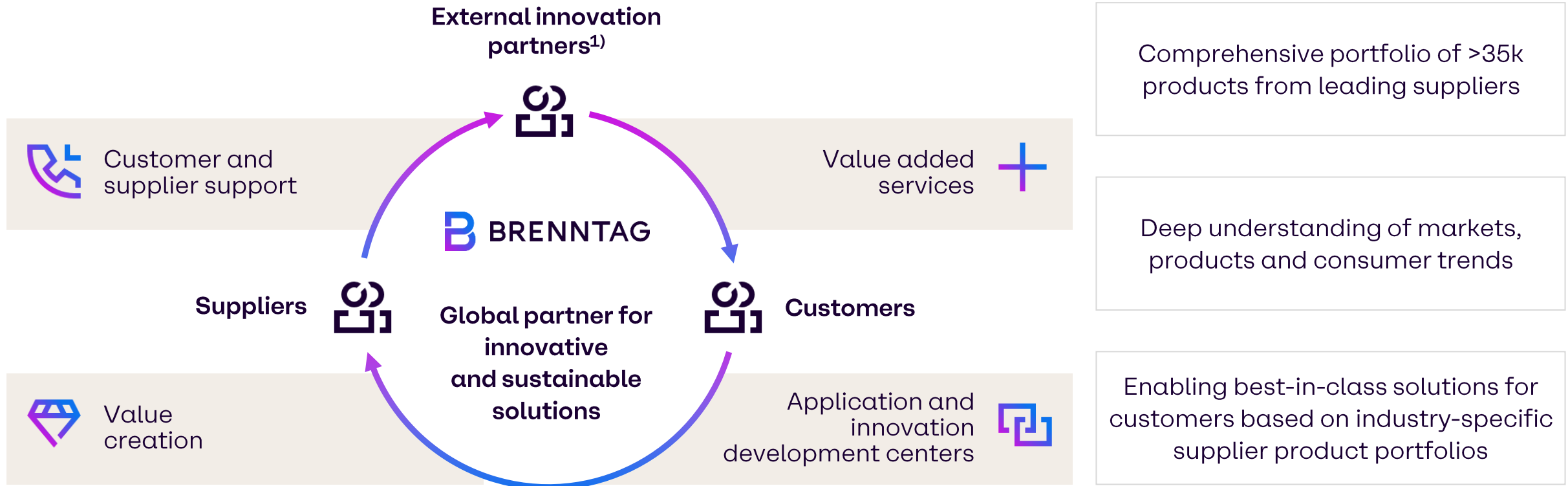


**State-of-the-art equipment and technical experts**

Across strategic locations to elevate our solutions offering



# Strategically partnering with suppliers and customers in a solutions ecosystem



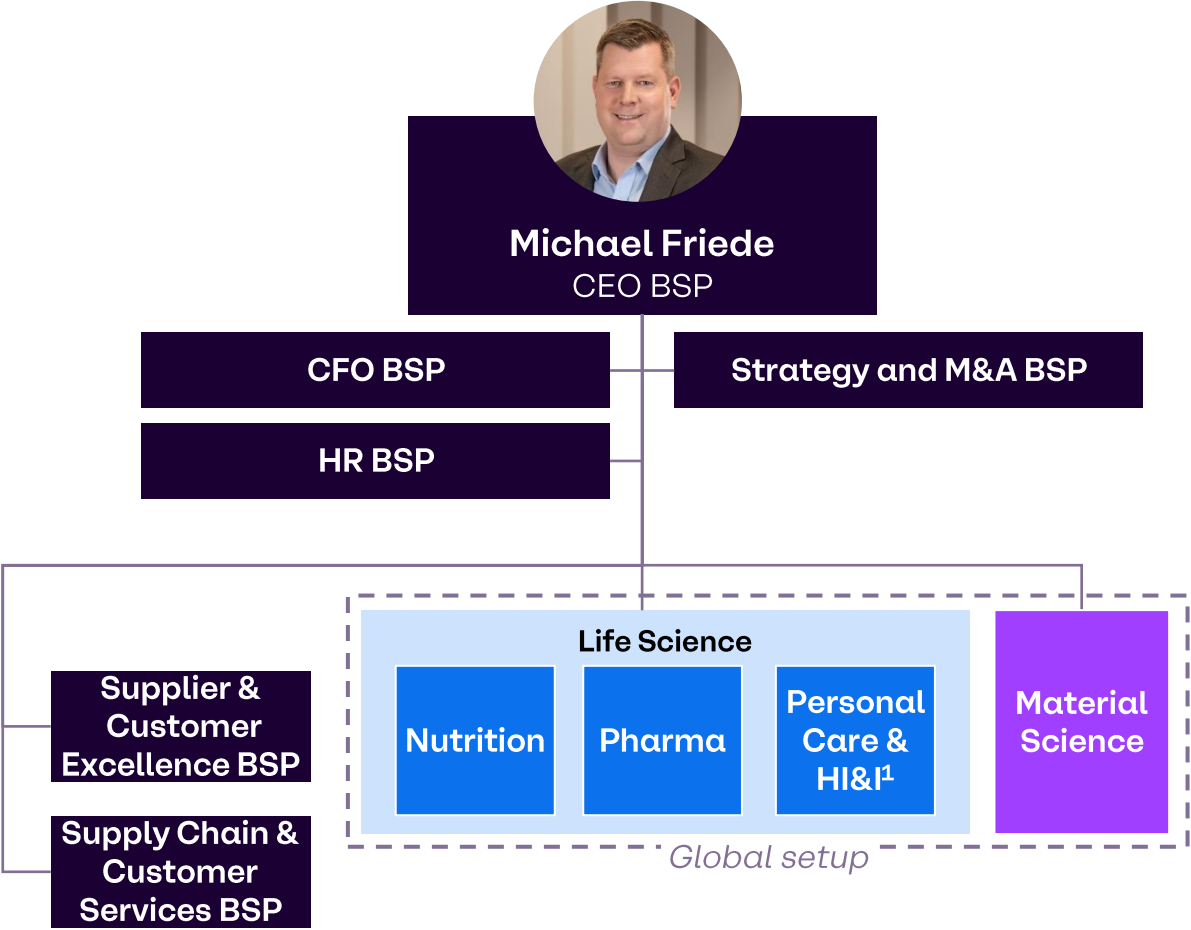
# Brenntag Specialties strategic priorities to achieve our ambition

<b>Strategic ambition</b>	<b>Be the global go-to-service partner for innovative and sustainable products</b>												
<b>Strategic priorities</b>	<b>1</b> Increase value-added service offering	<b>2</b> Offer the most comprehensive and sustainable portfolio	<b>3</b> Expand global footprint	<b>4</b> Develop with high-growth customers and industries	<b>5</b> Accelerate M&A								
<b>End market approach</b>	<table border="1"> <tr> <td data-bbox="354 876 947 968"> <b>Life Science</b> </td> <td data-bbox="947 876 2466 968">           Grow food and replicate success to scale pharma and personal care segments         </td> </tr> <tr> <td data-bbox="354 968 947 1059"> <b>Material Science</b> </td> <td data-bbox="947 968 2466 1059">           Increase position as innovative and solution-oriented player         </td> </tr> <tr> <td data-bbox="354 1059 947 1150"> <b>Environmental Science</b> </td> <td data-bbox="947 1059 2466 1150">           Become leading provider of sustainable solutions         </td> </tr> <tr> <td data-bbox="354 1150 947 1263"> <b>Lubricants</b> </td> <td data-bbox="947 1150 2466 1263">           Reinforce position as leading distributor of sustainable and low carbon brands         </td> </tr> </table>					<b>Life Science</b>	Grow food and replicate success to scale pharma and personal care segments	<b>Material Science</b>	Increase position as innovative and solution-oriented player	<b>Environmental Science</b>	Become leading provider of sustainable solutions	<b>Lubricants</b>	Reinforce position as leading distributor of sustainable and low carbon brands
<b>Life Science</b>	Grow food and replicate success to scale pharma and personal care segments												
<b>Material Science</b>	Increase position as innovative and solution-oriented player												
<b>Environmental Science</b>	Become leading provider of sustainable solutions												
<b>Lubricants</b>	Reinforce position as leading distributor of sustainable and low carbon brands												



# BSP organized by global business units to better address its industry, customer and supplier environment

## BSP Executive Committee



BSP centered around **Global Business steering** with **two** future reporting segments: **Life Science** and **Material Science**

**Shifting from a regional to a global steering** of the business while leveraging local strengths

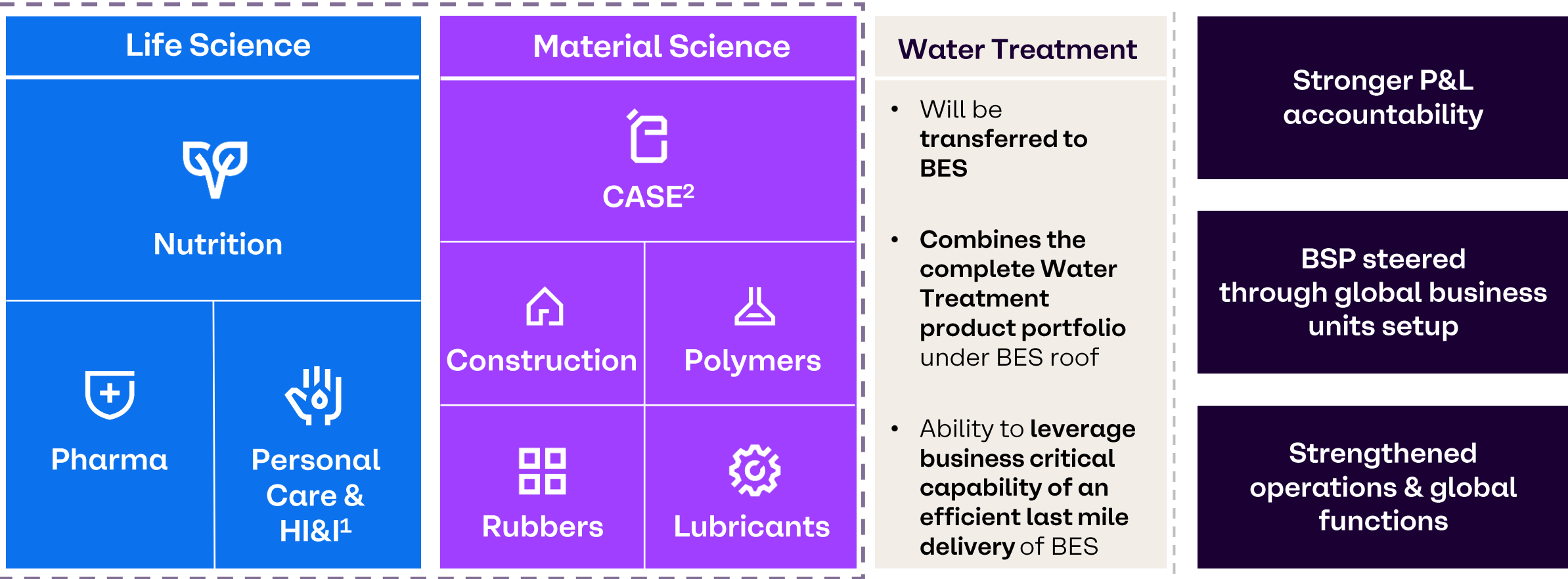
**Product portfolio of BSP to be sharpened further** until our CMD and followed by structural build-up

**Dedicated organizations, skills and capabilities** for BSP enabling faster innovation, more value-added solutions and supply chain steering

**As a first step a more focused portfolio** following transfer of Water Treatment to BES. Lubricants included in Material Science

Global business units with **full P&L responsibility** will be reported externally in **two segments**

# BSP will be externally reported in two segments - Life Science and Material Science effective January 1<sup>st</sup>, 2024



Setup of global business units ensures maximum efficiency while executing Brenntag’s “Strategy to Win”

<sup>1</sup> Household, Industrial & Institutional Cleaning Ingredients  
<sup>2</sup> Coatings, Adhesives, Sealants and Elastomers

# Brenntag Specialties: Sustainably delivering above market growth



Expanding into high growth regions and optimizing our portfolio and solutions capabilities



Above market growth in Gross Profit is complemented by further selective acquisitions



Streamlined industry focus and deep understanding of customer requirements to increase margins

## Medium term targets

Organic Operating  
Gross Profit CAGR<sup>1)</sup>

**6% - 8%**

Organic Operating  
EBITA CAGR<sup>1)</sup>

**7% - 9%**

Operating EBITA  
Conversion  
Ratio<sup>2)</sup> 2026

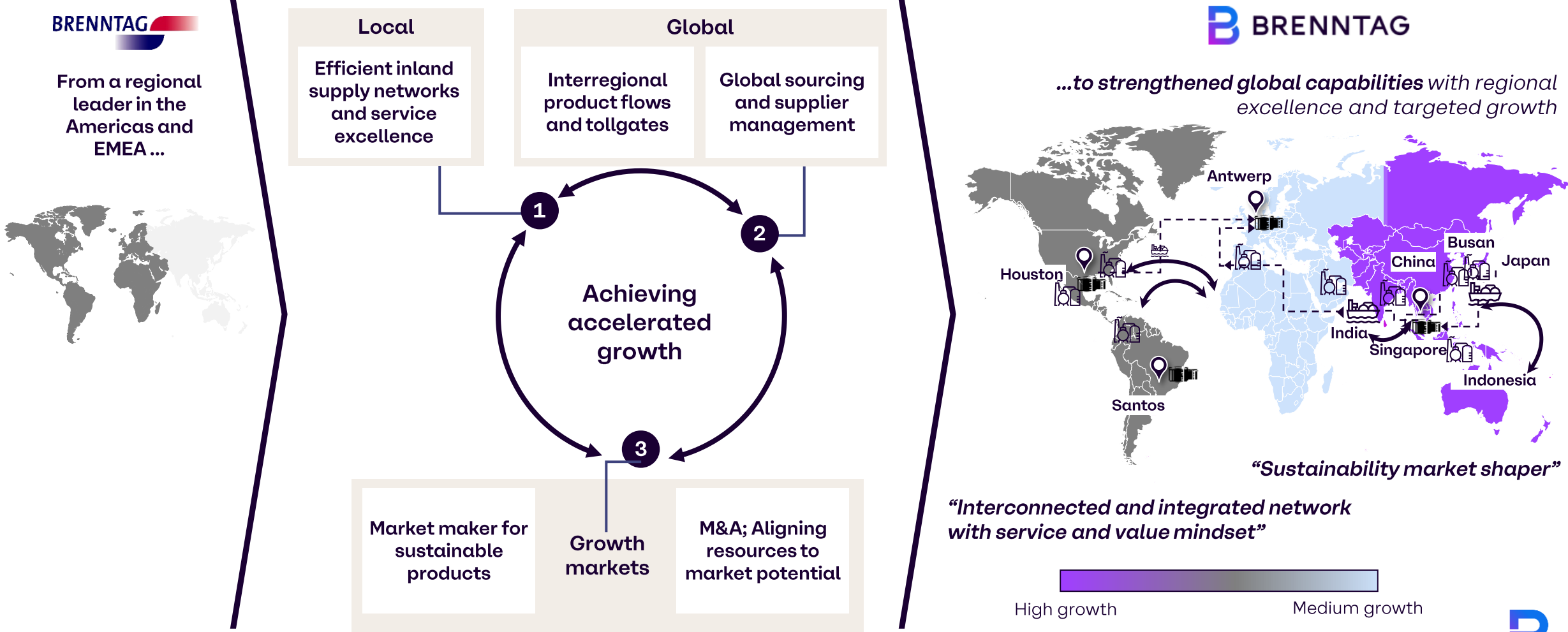
**40% - 42%**

Note: Base year for targets is 2021

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

<sup>2)</sup> Calculated as EBITA / Op. Gross Profit. Excludes DiDEX

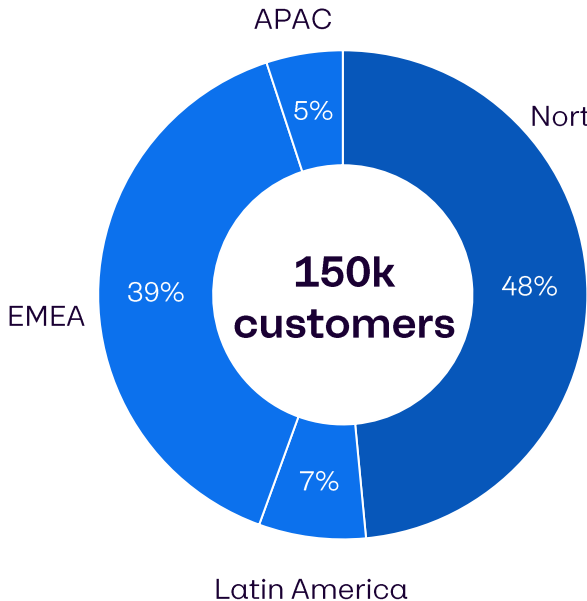
# Brenntag Essentials: Connecting local strengths with global scale and expertise



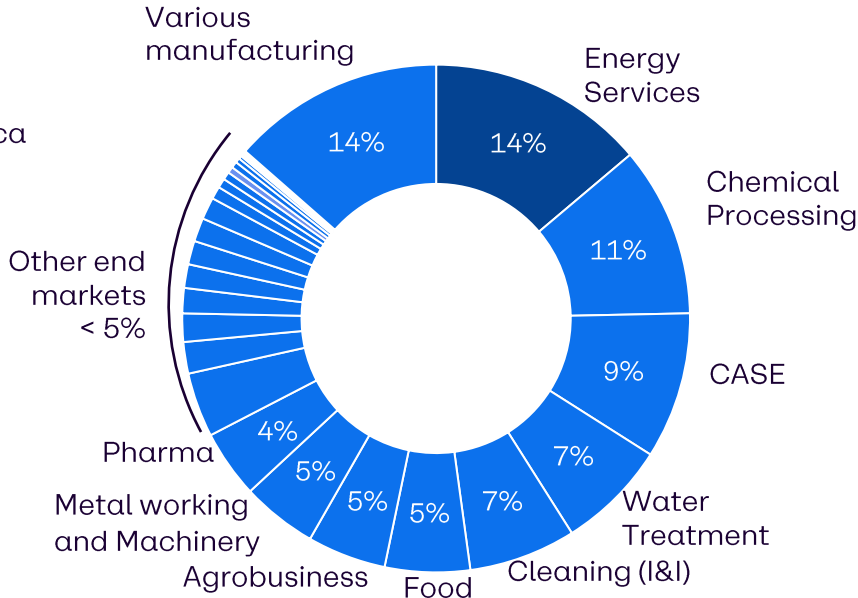
# Highly diversified geographic, industry and product spread make the Essentials business resilient

## Geographies

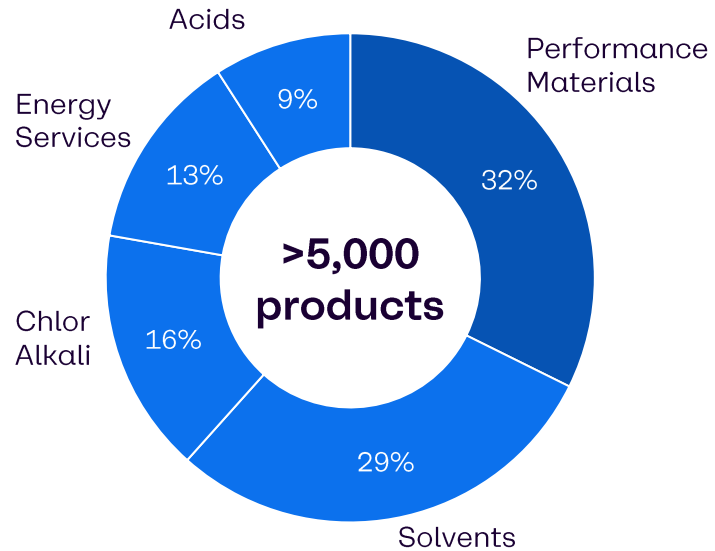
Op. Gross Profit (EUR m, 2022)



## End Markets



## Products



# Brenntag Essentials has unrivalled foundational strengths resulting in a clear competitive advantage



**Unique local and regional distribution network**, deeply embedded in high demand centers around the world

**150k customers**



**Superior “last mile” service excellence, own logistics resources** and customer proximity makes us indispensable in local markets

**>600 sites**



Professional and experienced **workforce with local market expertise who truly understand local customer needs**

**>10,000 employees**



**Global sourcing of products across regions using scale, leverage and optionality** plus intra-regional supply chain to provide **security of supply**

**1,000+ suppliers**



**Strong geographic, product, industry, application and customer diversification provides breadth**

**>70 countries**



**Industry leading safety, regulatory and sustainability standards**

**Leading ESG standards**

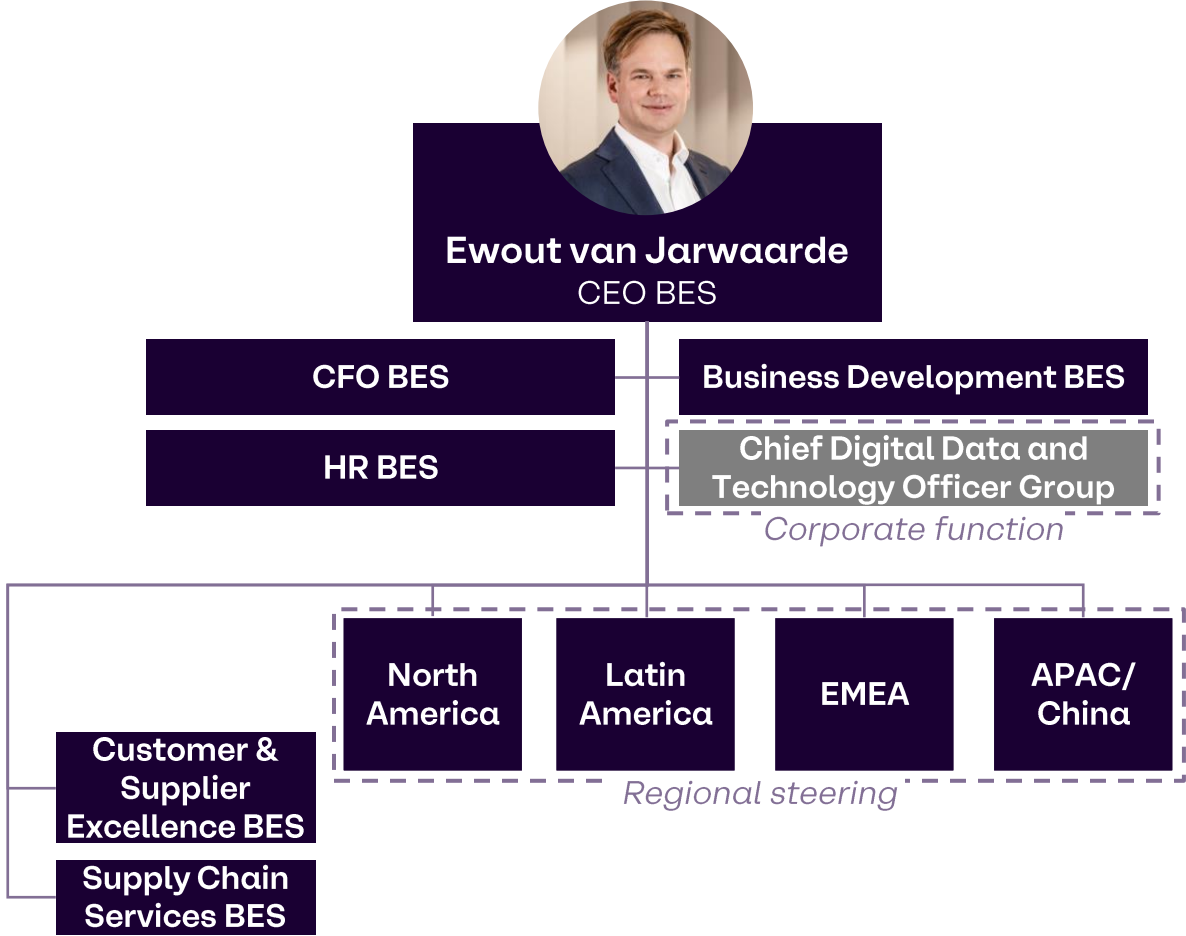


# Key strategic priorities to achieve accelerated, above market growth and strong cash conversion

<b>Strategic ambition</b>	Be the undisputed global market leader shaping the future of Essentials distribution, achieving accelerated above market growth with strong cash conversion					
<b>Strategic priorities</b>	<b>1</b> Local strength		<b>2</b> Global expertise		<b>3</b> Growth markets	
	Strengthen local and regional distribution networks in under-represented areas (i.e. NA, LA, APAC)	Optimize last mile delivery capabilities driving down cost-to-serve while <b>enhancing service excellence</b> and value-added services	Reinforce global sourcing and market intel capabilities to improve <b>security of supply</b> and capture competitive product streams	Expand our global terminal capabilities at <b>strategic ports</b> to enhance intra-regional product flows and connectivity to our regional networks	Capture new market potential and strengthen our market position through <b>M&amp;A</b>	Be the market leader for <b>sustainable products and sustainable supply chain solutions</b>

# BES will deliver last mile excellence and leverage our unique global reach to better serve our customers and suppliers

## BES Executive Committee



Truly leveraging Brenntag’s **#1 market position** and **global presence**

Strengthening local execution, **driving regional harmonization** and **excellence**

**Building on the last mile delivery ownership** while leveraging Brenntag’s **unique global reach**

Strengthening “delivery” of the regional business units with **dedicated functional support**

Building **regional supply chain setup** and extending **global sourcing & supply capabilities**





# Brenntag Essentials: Industry leading growth, profitability and cash generation



Sustainable Gross Profit and EBITA growth



Product portfolio optimization focusing on profitability



Improved inland supply chain efficiency and ease of doing business reduces costs



Strong balance sheet with industry leading cash-generation that can support M&A

## Medium term targets

Organic Operating Gross Profit CAGR<sup>1)</sup>

**3% - 4%**

Organic Operating EBITA CAGR<sup>1)</sup>

**4% - 5%**

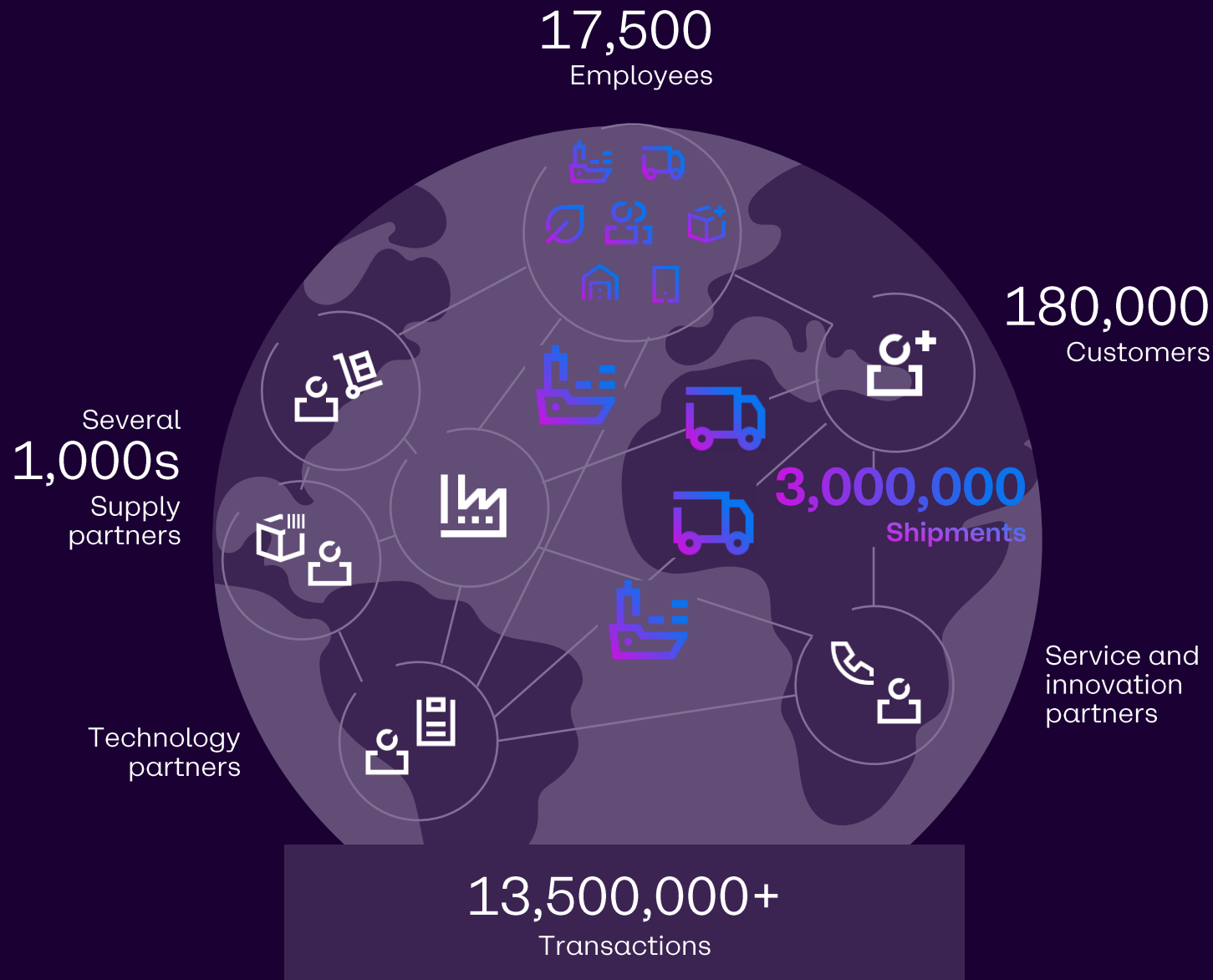
Operating EBITA Conversion Ratio<sup>2)</sup> 2026

**28% - 30%**

Note: Base year for targets is 2021

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

<sup>2)</sup> Calculated as EBITA / Op. Gross Profit. Excludes DiDEX



## Brenntag digitally connects the industry ecosystem

### Key connectors

Unrivalled access to transactional data

Most extensive supply chain connecting for sustainability

Insights on market developments and innovation





# Brenntag to become the data- and tech-driven industry leader with strong focus on operational excellence

---



Becoming easiest to do business with



Unlocking the value from our data



Creating a scalable technology platform



Building capabilities to attract and retain talent



Driving value delivery and embed change



Net annual EBITA uplift of EUR 200m by 2026

# 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



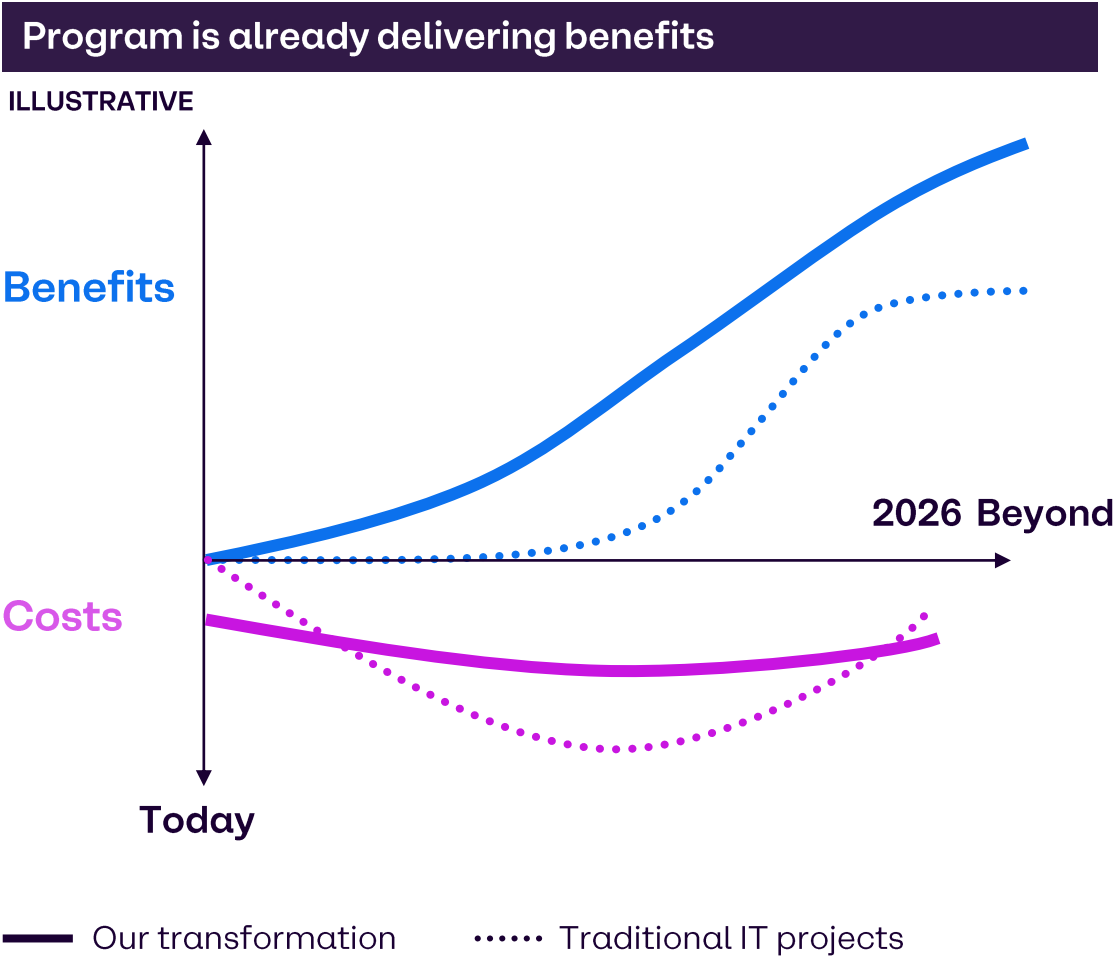
## Value delivery and change

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

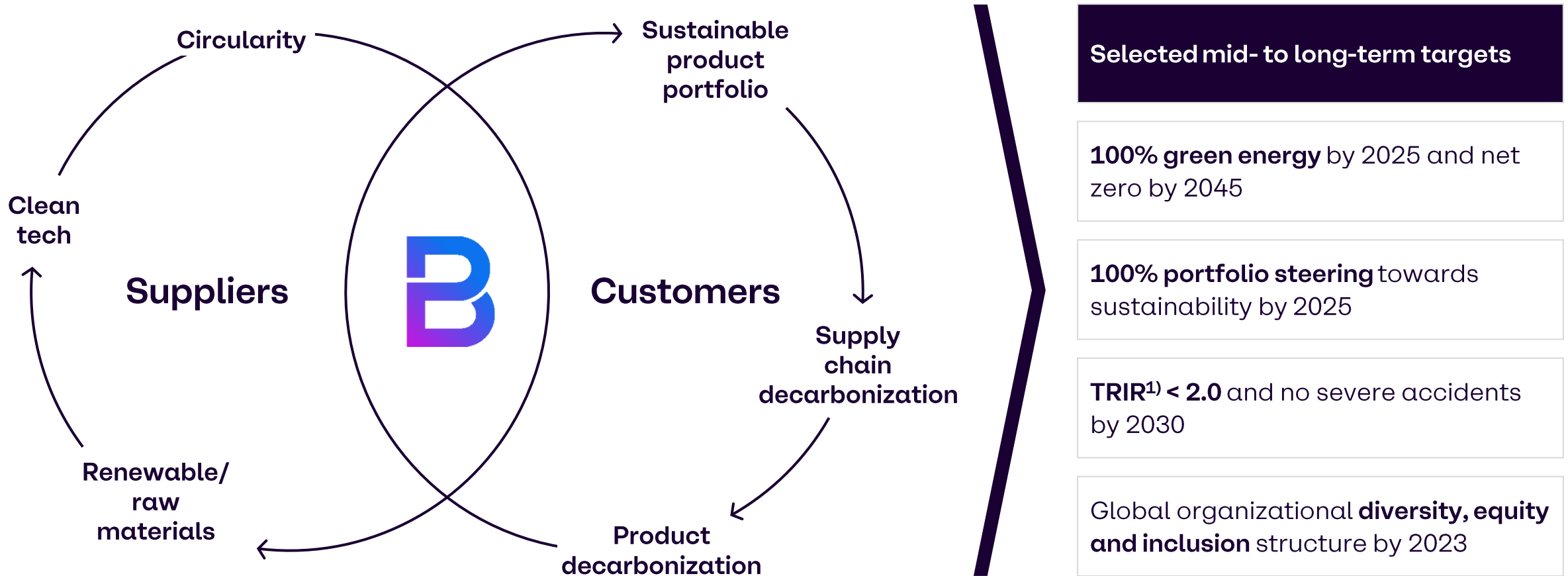


# Benefit of DiDEX will result in net annual EBITA uplift of EUR 200m by 2026

<b>EUR 200m</b> Net annual EBITA uplift by 2026	<b>80%</b> From bottom line measures
<b>EUR ~350m</b> Total investment until 2026 to develop Digital & Data capabilities <sup>1)</sup>	<b>~65%</b> OPEX
	<b>~35%</b> CAPEX

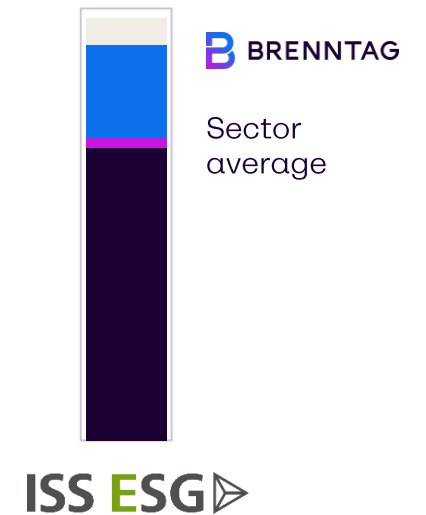
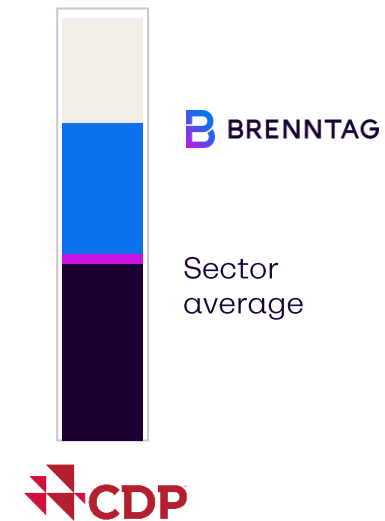
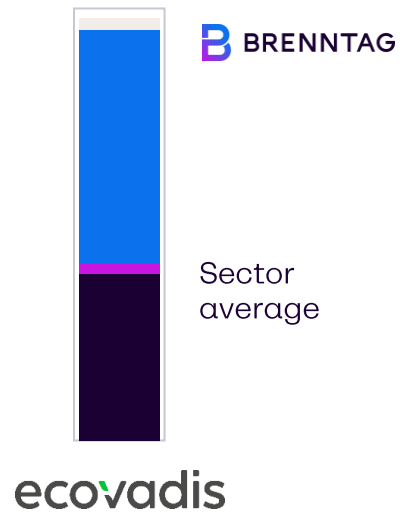
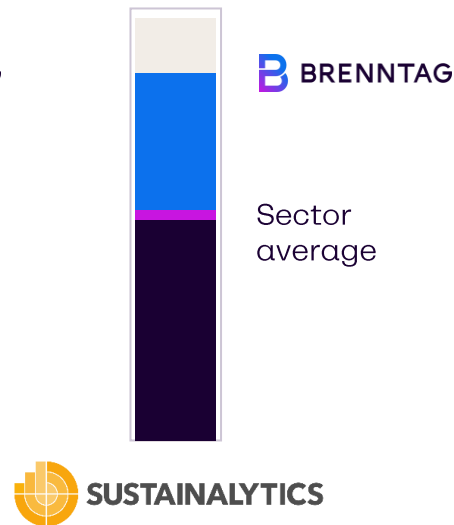
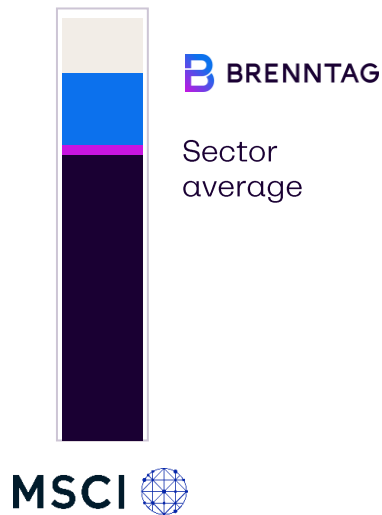


# Leading the creation of a sustainable ecosystem across the industry



# Brenntag well ahead of sector average and further strengthening its leading ESG position

## Memberships and initiatives



Rating<sup>1)</sup>:  
**AA**

Risk Rating<sup>2)</sup>:  
**16.0 (low risk)**

Rating<sup>3)</sup>:  
**Platinum (Top 1%)**

Score<sup>4)</sup>:  
**B**

Rating<sup>5)</sup>:  
**C+ (Top 5%)**

# Clear M&A strategy as an enabler of future growth

## Key pillars of growth ...

Accelerate **growth in Life Science** globally

Enhance **strategic capabilities and market positions**

Expand position in **emerging markets** in Specialties and Essentials

Selectively **fill white spots** to complement our portfolio

Improve **tech capabilities** and realize **efficiency gains**

## ... translating into strategic plans

Continued **financial and integration** discipline

Extensive pipeline of **>300 targets**

Additive to **sustainability goals**

Annual M&A spend of ~EUR 400-500m



# Group financial 2026 targets at a glance

## Growth and profitability

**4% - 6%**

Organic Operating Gross Profit CAGR

**6% - 8%**

Organic Operating EBITA CAGR

**35% - 37%**

Operating EBITA Conversion Ratio<sup>1)</sup>

## Digital.Data.Excellence / Self-help program

**EUR 200m**

Net annual EBITA uplift by 2026

## Planned investments

**EUR 400-500m**

Annual M&A spend

**EUR 300-350m**

Annual Capex<sup>2)</sup>

Note: Base year for targets is 2021

<sup>1)</sup> Calculated as Op. EBITA / Gross Profit. Includes DiDEX

<sup>2)</sup> Excluding Capex for DiDEX

# Investor Presentation

1. Introduction to Brenntag
2. Horizon 2: “Strategy to win”
- 3. Key investment highlights**
4. Financials Q2 2023
5. Outlook
6. Appendix





# Investment highlights

## Brenntag is the undisputed and resilient leader



Two global market leaders with superior offering: Brenntag Specialties & Brenntag Essentials



Significant growth potential in an attractive industry



Unparalleled product portfolio, application know-how and innovation capability



Leading consolidator in a highly fragmented market



Trusted partner with access to global supply chains and ownership of last mile delivery



Superior business model with resilience through the downturn



Frontrunner in Digital & Data and sustainability to connect supply partners and customers



Sound financial profile with consistent growth and strong dividend track record



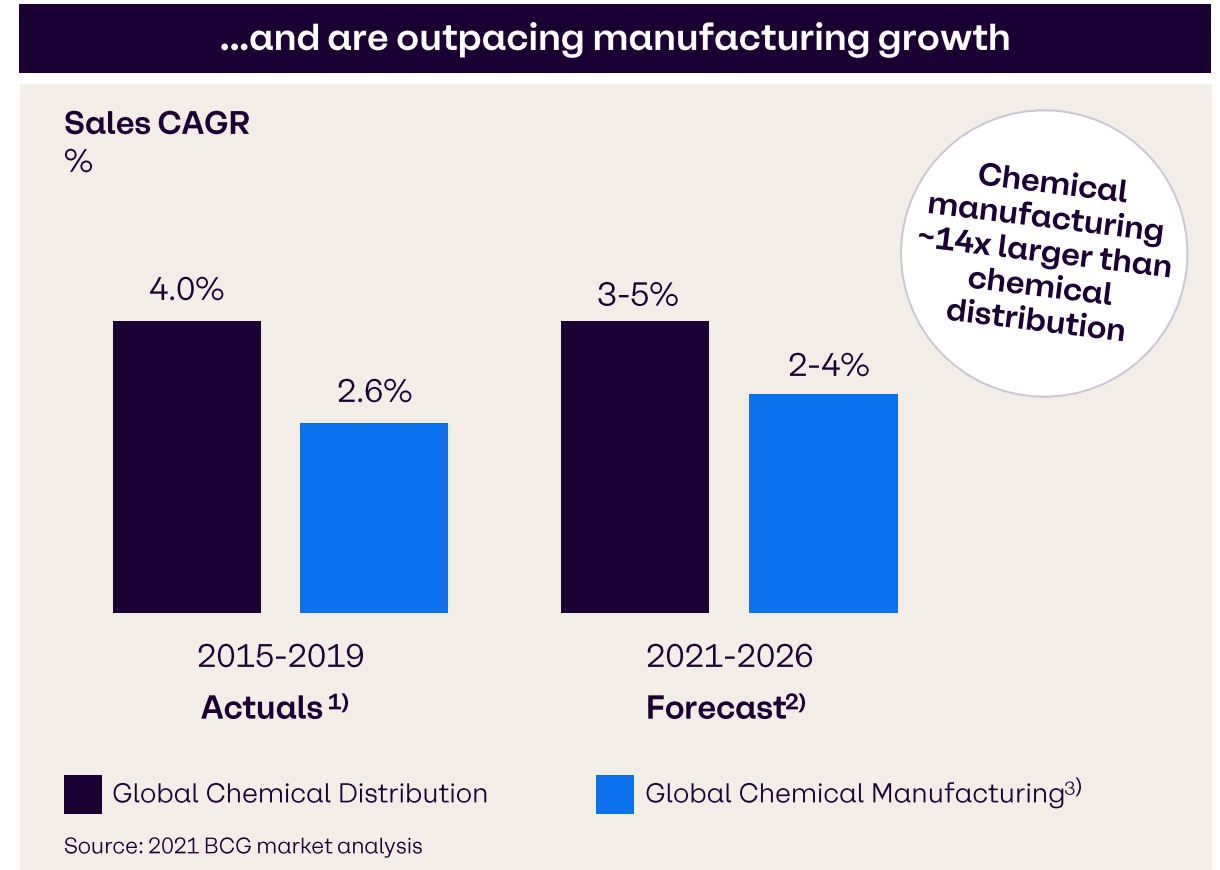
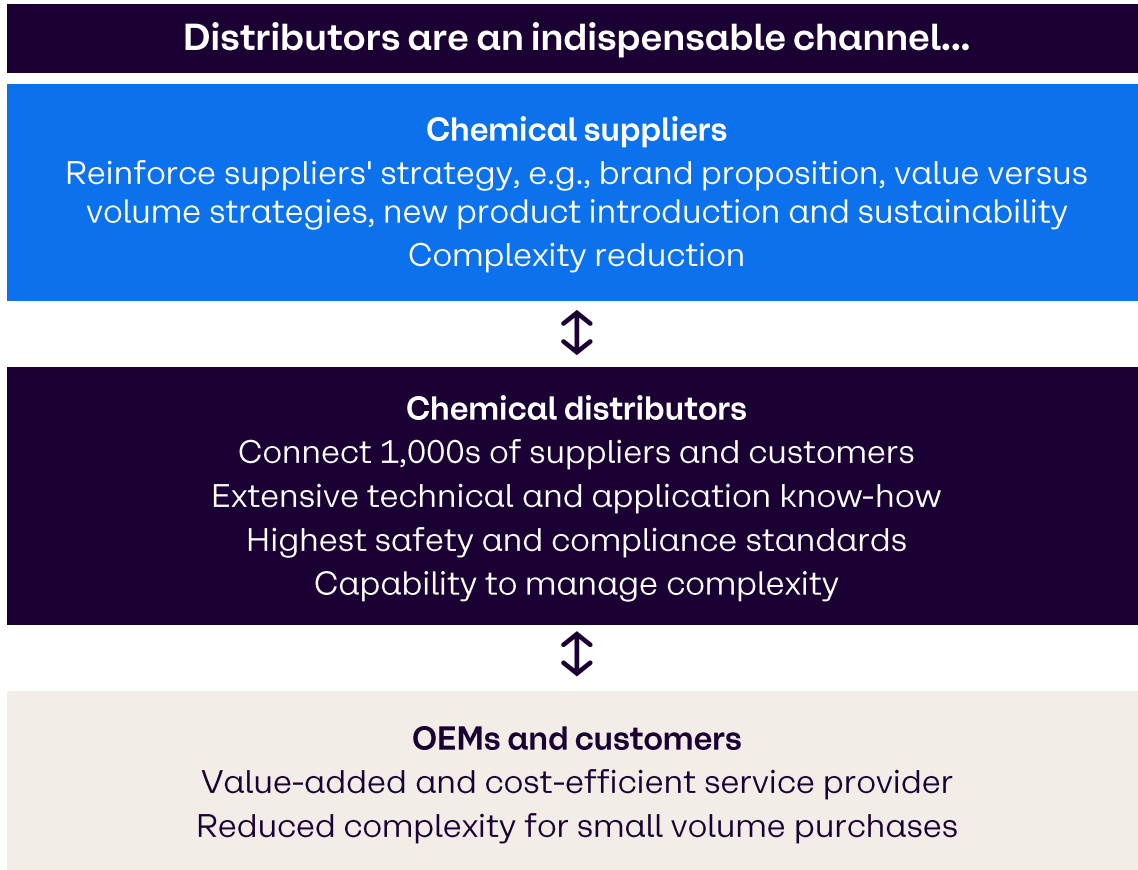
# Resilient service and distribution platform with high geographical and operational diversification



1) As % of purchase value  
 2) As % of Sales  
 3) As % of Op. Gross Profit  
 4) Less than truckload



# Distribution is an attractive and indispensable market, growing faster than chemical manufacturing



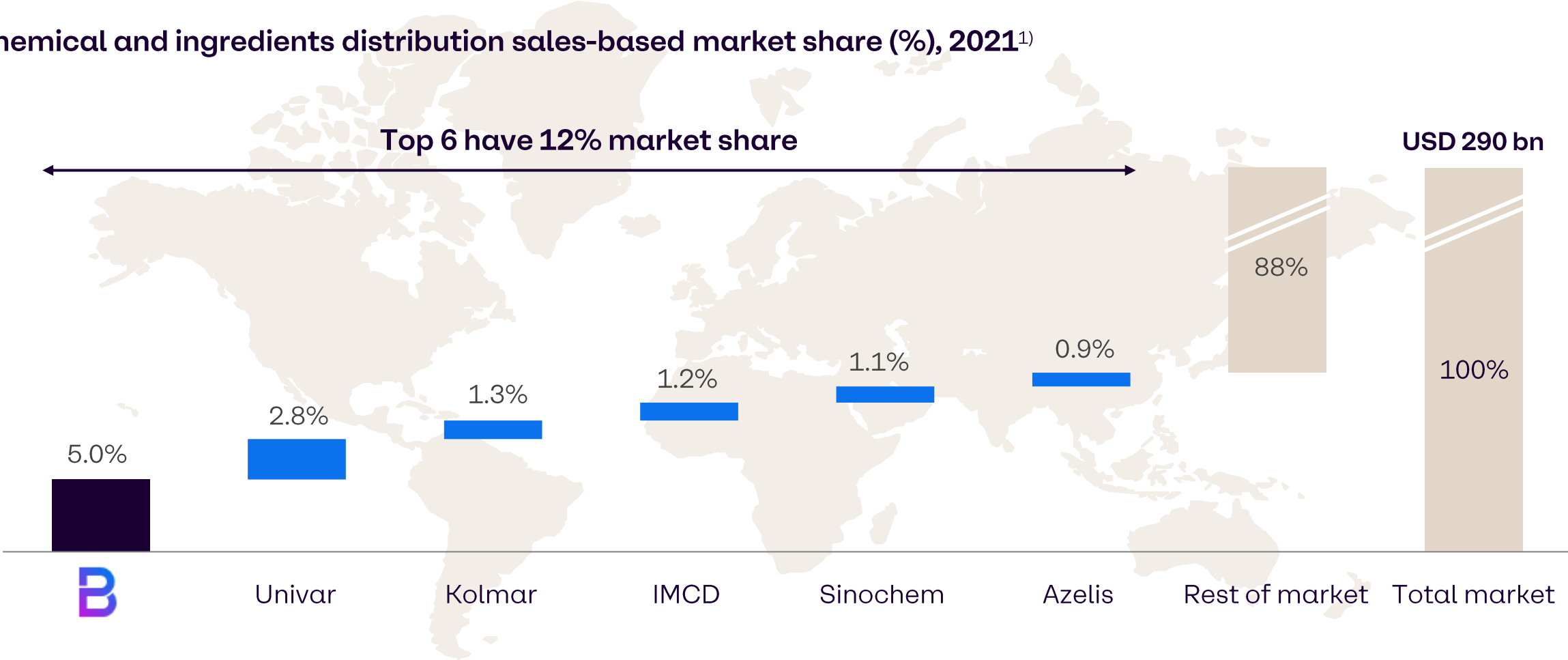
<sup>1)</sup> Year 2020 is excluded to avoid one-off Covid-19 impact

<sup>2)</sup> Forward looking growth rates are real growth rates

<sup>3)</sup> Global Chemical Manufacturing is defined as global sales minus global exports plus global imports, implying that Global Chemical Manufacturing equals global sales

# Brenntag is the undisputed global leader in a highly fragmented chemical and ingredients distribution market

Chemical and ingredients distribution sales-based market share (%), 2021<sup>1)</sup>



Source: ICIS Top 100 Chemical Distributors (2022), BCG chemical distribution market model

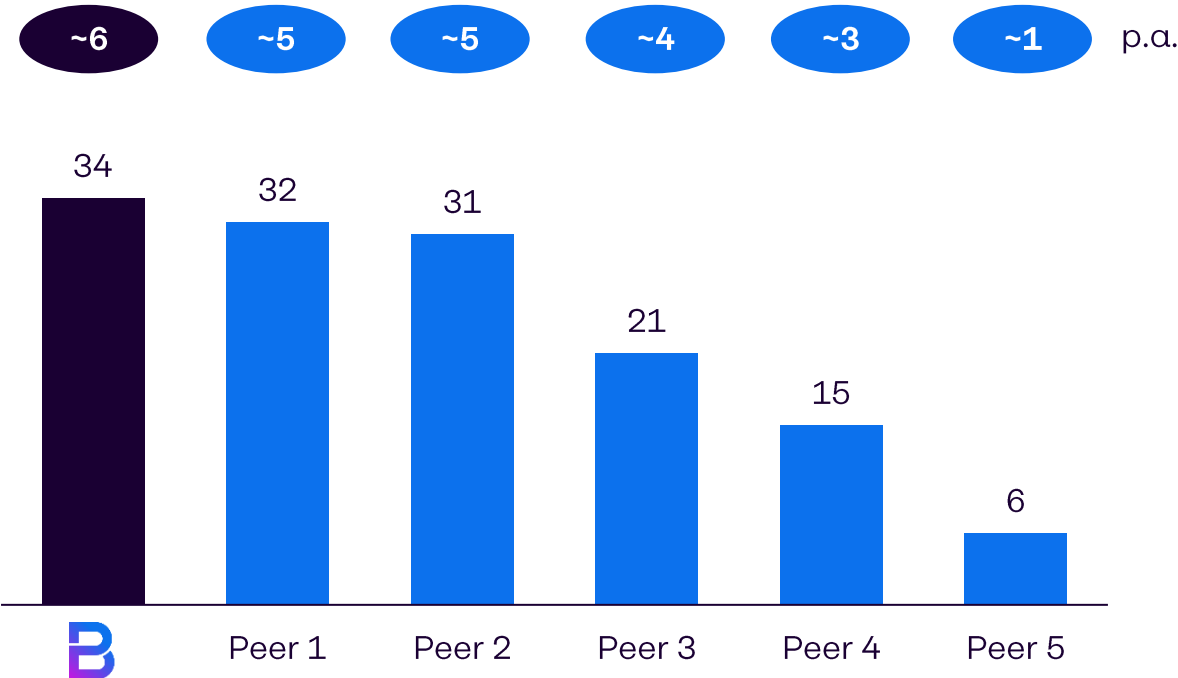
<sup>1)</sup> Excluding Helm, Tricon, and Nagase & Co (traders)



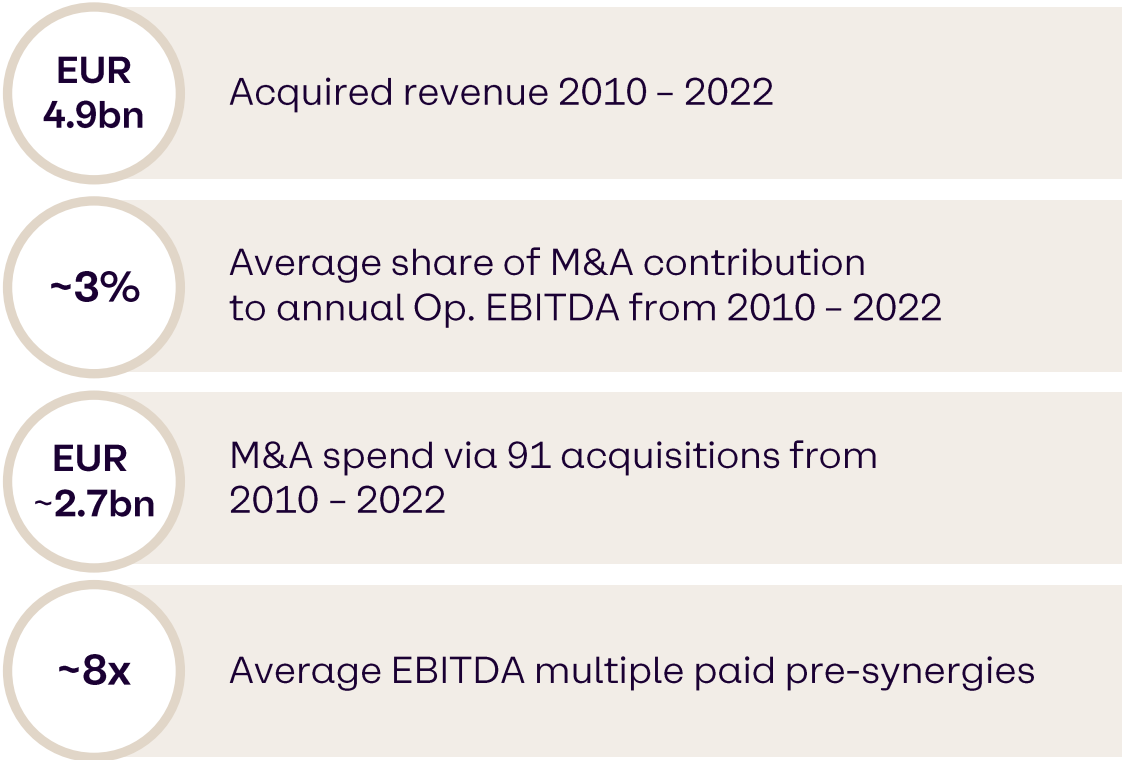
# Brenntag is the leading consolidator in the industry

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

Number of deals



## ... with compounding value creation over time



# Our capital allocation framework

- Brenntag's capital structure and targeted **investment grade credit rating** define the boundaries of discretionary capital spending
- We maintain a target leverage of ~2.0x
- 35% – 50% of consolidated profit after tax is paid to shareholders as a **dividend** on an annual basis

## Capital allocation priorities



Reinvest in the business to support the strategy and long-term growth



Deployment into value-generative M&A where strategically attractive



Additional shareholder returns if value-maximizing for our shareholders



# Investor Presentation

1. Introduction to Brenntag
2. Horizon 2: “Strategy to win”
3. Key investment highlights
- 4. Financials Q2 2023**
5. Outlook
6. Appendix



# Highlights Q2 2023

## SALES

EUR 4,257m

- 13.7% vs. PY  
(fx adj.)

## OPERATING GROSS PROFIT

EUR 1,021m

- 8.5% vs. PY  
(fx adj.)

## OPERATING EBITA

EUR 332.2m

- 25.8% vs. PY  
(fx adj.)

## EPS

EUR 1.23

Q2 2022: EUR 1.86

## FREE CASH FLOW

~EUR 432m

Significantly higher vs. prior-year

## OPERATIONAL UPDATE

Evolved  
operating model  
announced

Go-live 1<sup>st</sup> January 2024

## COST CONTAINMENT

Measures  
Initiated


Measures to intensify in H2 2023

## FY 2023 GUIDANCE CONFIRMED & SPECIFIED

EUR 1.3-1.4bn

Operating EBITA

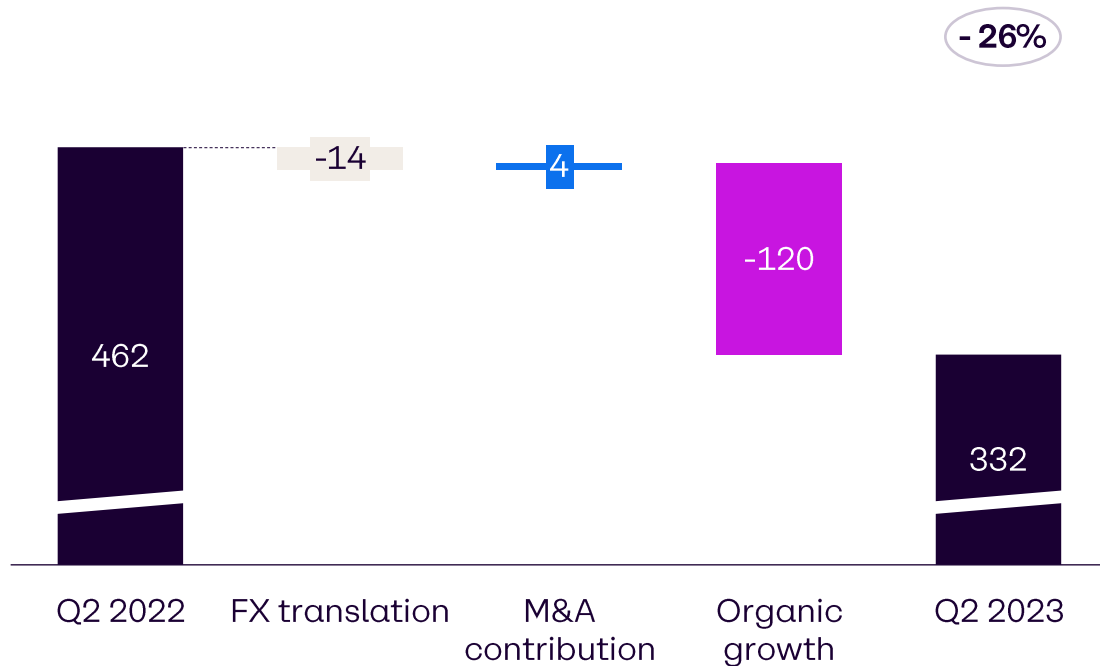
# Brenntag continued to manage challenging macroeconomic conditions well in Q2 2023

- 
- Macroeconomic environment remains challenging
  - Ongoing geopolitical uncertainties and inflationary trends
  - Continued destocking and sluggish end market demand in certain end markets
  - Slower demand pickup and normalized supply chains lead to declines in chemical prices globally
- Brenntag results emphasize resilience of the chemical distribution business model
  - Benefits from high diversification in product portfolio, customer and supplier base
  - Indications that inventory control measures on customer side are bottoming out

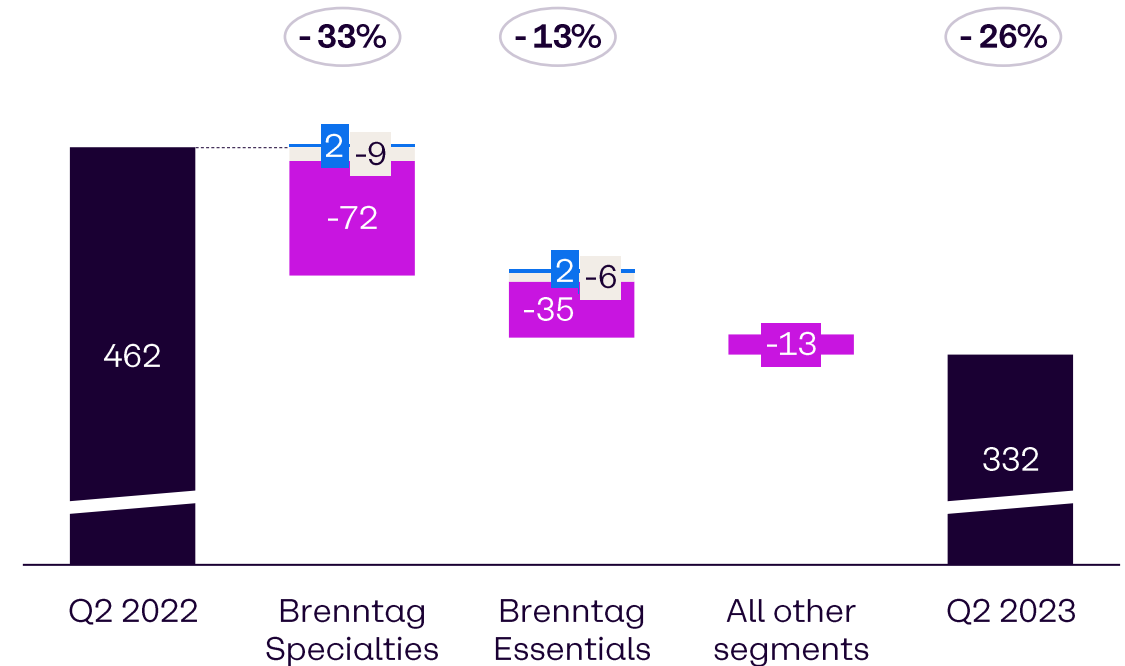
Brenntag continues to focus on foundational strength and is confident that H2 2023 will generate volumes exceeding H1 2023

# Financials Q2 2023: Operating EBITA bridges<sup>1)</sup>

Reconciliation – Operating EBITA growth (FX-adj.)  
in EUR m



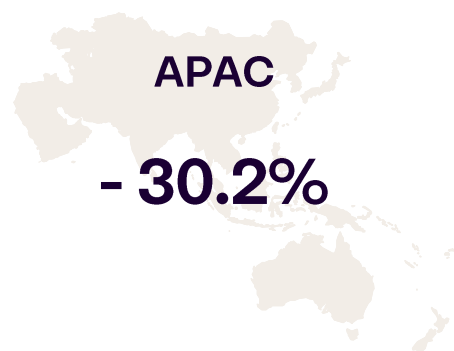
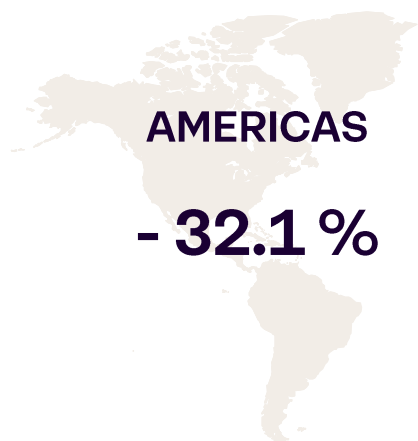
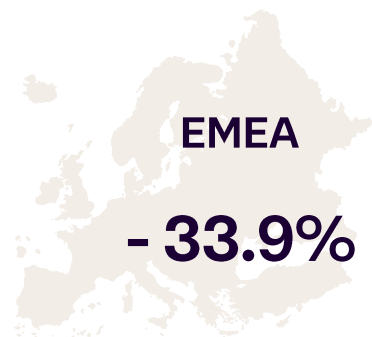
Segment – Operating EBITA growth (FX-adj.)  
in EUR m



FX translation
  M&A contribution
  Organic Growth

# Financials Q2 2023: Brenntag Specialties

## Operating EBITA growth<sup>1)</sup>



### Focus industries (GP dev.)

Nutrition	↓
Pharma	↑
Personal Care/Hi&I	↓
Water treatment	↑
Material Science	↓
Lubricants	↓

Brenntag Specialties reported weaker results but according to our expectations and guidance

Op. Gross Profit of EUR 374.8 million, a decrease of 15.9%.

Op. EBITDA of EUR 155.8 million, a decrease of 30.7%.

Op. EBITA of EUR 144.7, a decline of 32.6 %.

Pharma and Water Treatment performed very well but could not compensate weaker performance of overall portfolio

Focus industries such as Nutrition and Personal Care/Hi&I competed against record prior-year-levels

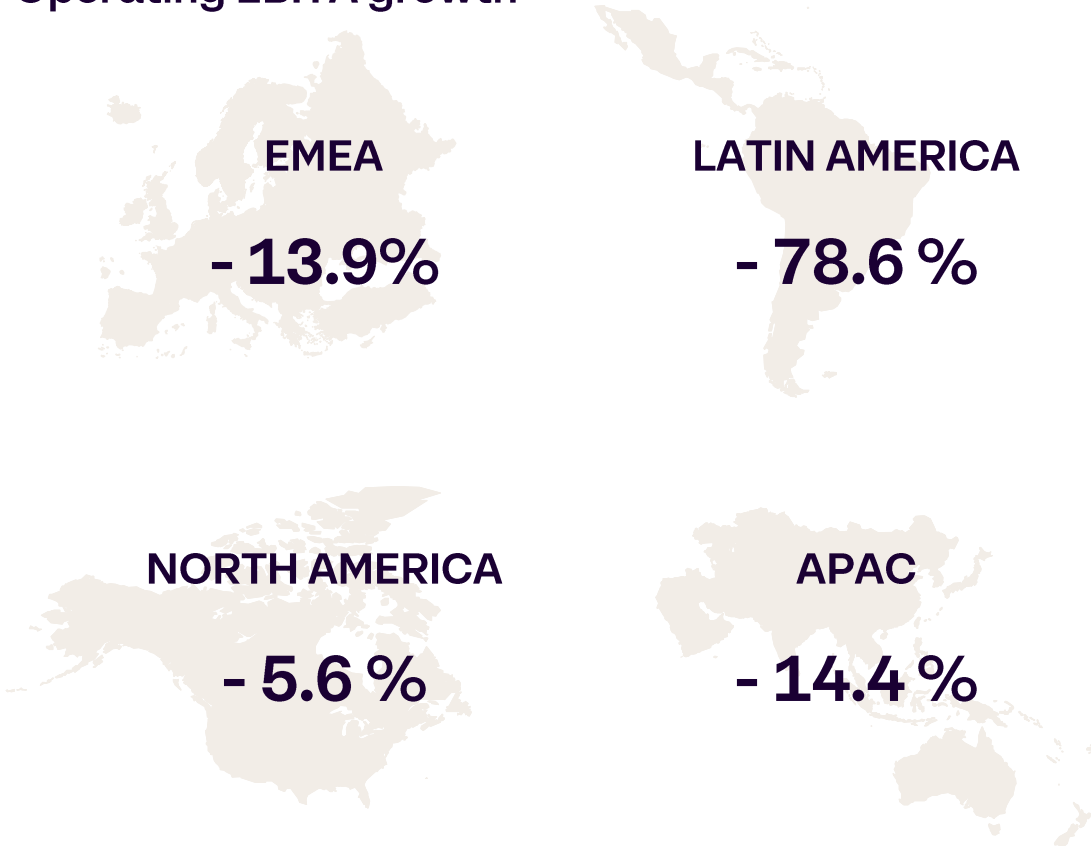
Muted construction activity continues to impact Material Science business

Macroeconomic environment characterized by inflationary cost development

Op. EBITA Conversion ratio of 38.6%

# Financials Q2 2023: Brenntag Essentials

## Operating EBITA growth<sup>1)</sup>



Brenntag Essentials continued to demonstrate its resilience in adverse market conditions and against a very strong Q2 2022

Op. Gross Profit of EUR 638.3 million, a decline of 3.1%

Op. EBITDA of EUR 288.4 million, a decline of 8.2%

Op. EBITA of EUR 225.5 million, a decrease of 12.7%

Margins remained on a high level although pressure is increasing

EMEA and North America showed a robust performance

APAC impacted by lower demand in China;  
Latin America continues to show low demand

Macroeconomic environment characterized by  
inflationary cost development

Op. EBITA Conversion ratio of 35.3%



# Containment measures to counterbalance cost inflation in 2023

Initiate and intensify various cost control measures in 2023 to safeguard results while not jeopardizing our Horizon 2 strategy execution

## Headcount reductions and strict hiring control

Reduction of headcount number by 300 in a socially responsible manner using natural fluctuation as well as strict hiring control measures

## Discretionary expenses and indirect procurement

Reduce discretionary expenses, travel & consulting costs and 3rd party contractors as well as other indirect spend

## Site network optimization

Continuously optimizing our site network with 25 additional site closures until end of 2023



# Investor Presentation

1. Introduction to Brenntag
2. Horizon 2: “Strategy to win”
3. Key investment highlights
4. Financials Q2 2023
- 5. Outlook**
6. Appendix





# Outlook 2023:

## Well positioned in a continuously challenging environment



### Operating EBITA Guidance

- Guidance confirmed and specified to the lower range of the original Guidance due to challenging market environment and unfavourable FX effects
- FY 2023 operating EBITA guidance of EUR 1.3-1.4bn
- This is equivalent to an operating EBITDA of EUR 1.6-1.7bn



### Comments

- Forecast takes into account the contributions to earnings from acquisitions already closed and assumes stable fx-rates at the time of the specification of the guidance



### Macro environment

- We expect a continuously tough operating environment, characterized by geo-political uncertainty, macroeconomic challenges but also a sequentially recovering demand across various end markets



### Additional information

- EUR/USD: ~ 1.08 (2022: ~ 1.05)
- Sensitivity (FY basis): Delta of EUR/USD +/- 1 cent = EUR ~ -/+ 10m op. EBITA
- Tax rate: 26-28%
- Capex 2023: EUR ~350m

# Our mid-term targets will deliver industry outperformance

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

Note: Base year for targets is 2021

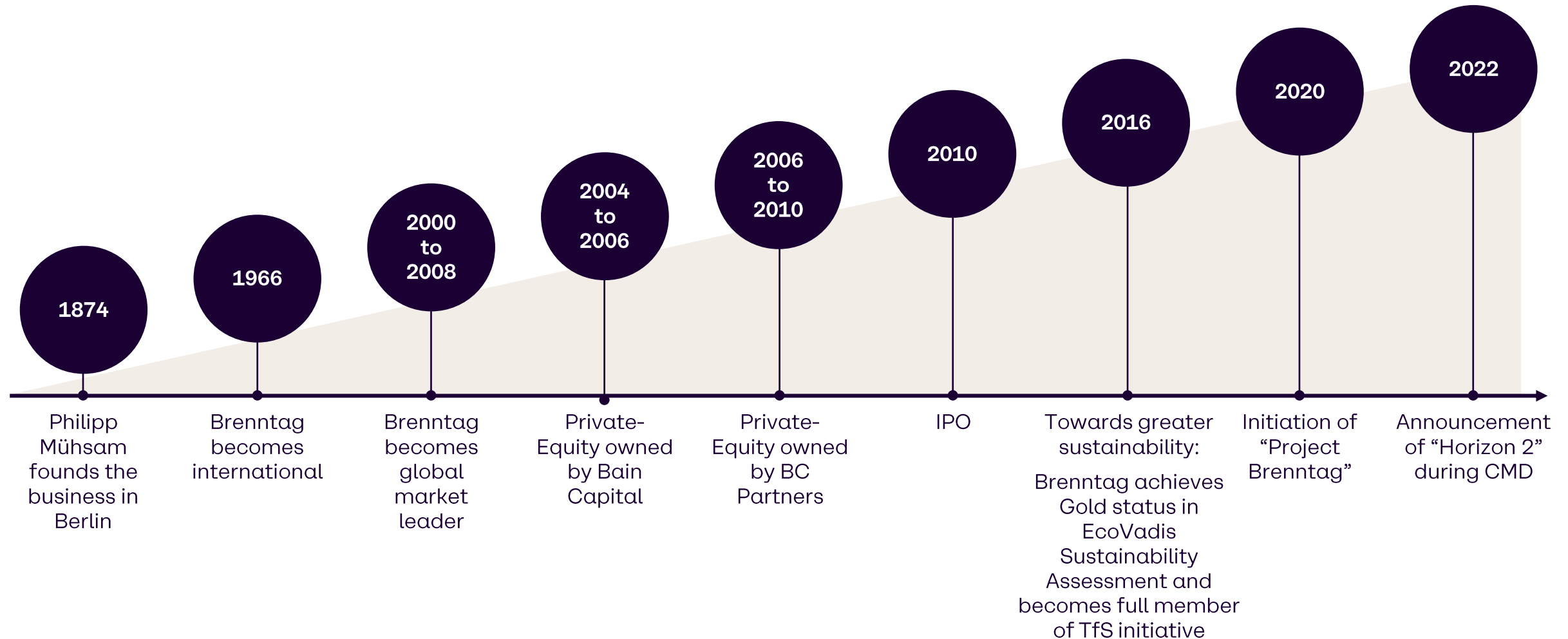
<sup>1)</sup>Excluding benefits from DiDEX

# Investor Presentation

1. Introduction to Brenntag
2. Horizon 2: “Strategy to win”
3. Key investment highlights
4. Financials Q2 2023
5. Outlook
6. **Appendix**



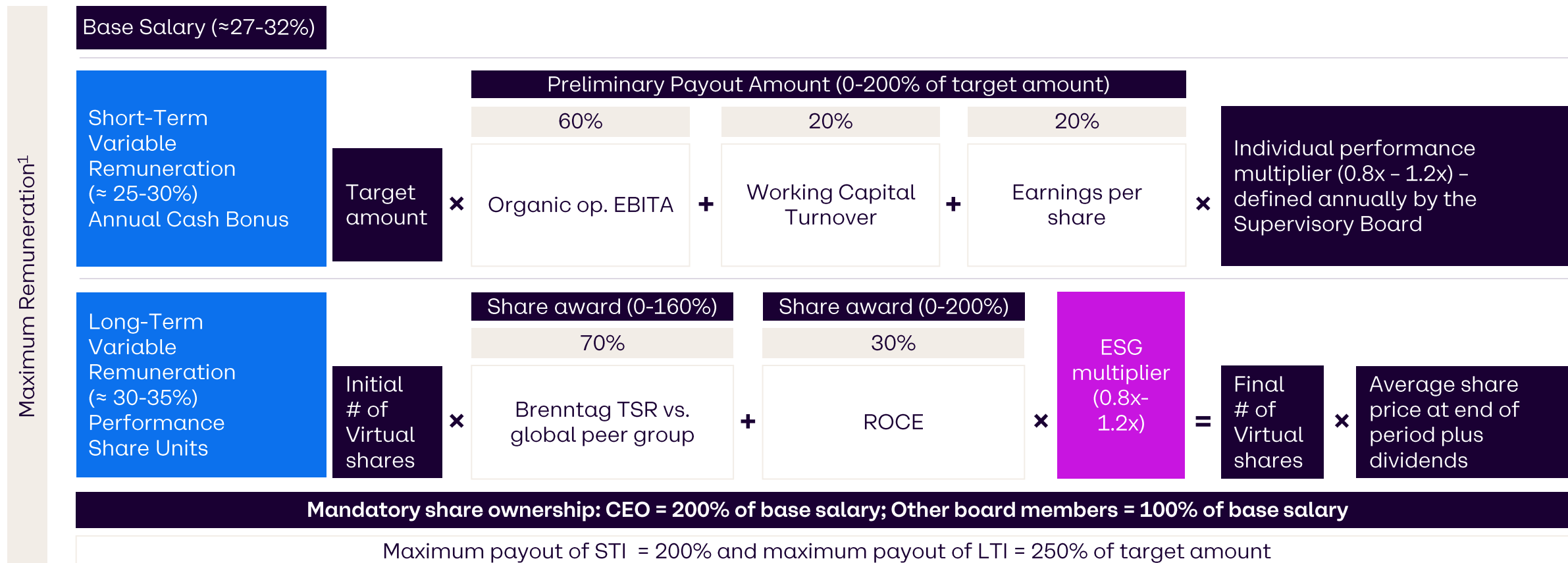
# Brenntag history: Longstanding history of more than 140 years



# Remuneration System:

## Current remuneration of the Board of Management

ILLUSTRATIVE



<sup>1</sup> Maximum remuneration CEO = EUR 7.5m; Maximum remuneration other board members = EUR 5m

Note: Simplified illustration; Please see Corporate Website for more details. The new remuneration system was approved by the Annual General Meeting 2023

# Based on our strengths and high ambitions, we developed a “Future Sustainable Brenntag” picture

## Responsible distribution ...

### Brenntag’s operations & suppliers



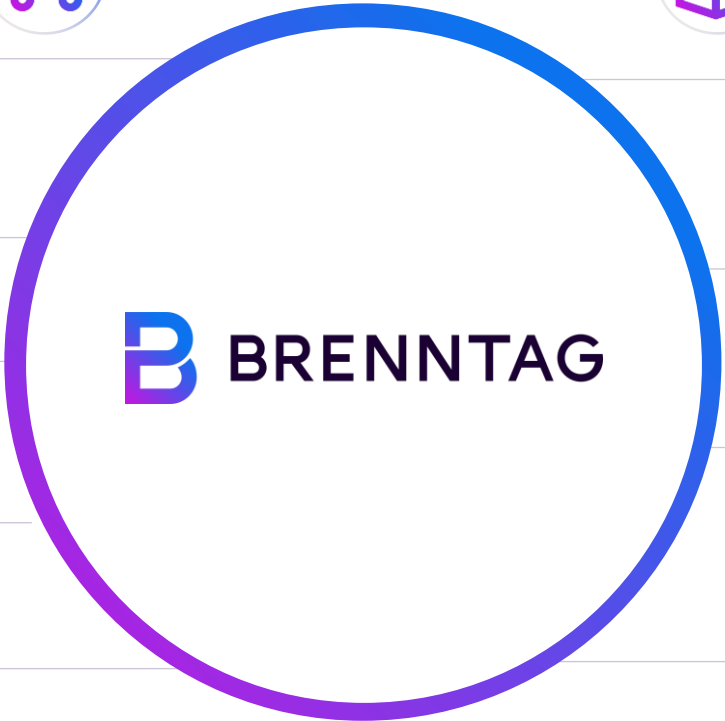
- **Climate protection**  
Strive for zero CO<sub>2</sub> emissions  
Certified sites according to sustainability standards
- **Safety performance**  
Ambition for zero accidents and releases
- **Human rights**  
Our supply chain is fulfilling human rights and paying living wages
- **Governance**  
Reliable governance structures
- **Employees**  
Diverse and engaged employees

## ... of sustainable chemicals and ingredients



### Brenntag’s products & services

- **Circular economy**  
Significant value-added services with circularity  
All packaging recycled/reused
- **Sustainable and safe products**  
Majority of products are sustainable  
Less products with concern<sup>1)</sup>
- **Emerging technology shifts**  
Reduced business for internal combustion engine  
New business with battery chemicals and alternative fuels
- **Increased information need**  
Product carbon footprints for all customers  
Product carbon footprints from all suppliers






<sup>1)</sup> Carcinogenic, Mutagenic and Reprotoxic (CMR) with consumer contact and Persistent, Bio-accumulative, and Toxic (PBT), very Persistent and very Bio-accumulative (vPvB) intended to be released in the environment

# For each strategic focus area, we defined key mid-/long-term targets directing towards the future sustainable Brenntag picture

## Strategic focus areas

## Mid- to long-term targets

		2023 - 2025			2030 - 2045	
 <b>Environment</b>	<b>Climate protection &amp; emissions reduction</b>	100% energy consumption from green energy by 2025	Total spills < 0.7 events/ MMH <sup>1</sup> by 2025	100% compensation of remaining Scope 1 & 2 emissions by 2025	40% absolute carbon reduction vs. 2020 by 2030	Net zero by 2045
	<b>Resource efficiency &amp; circular economy</b>	Assess portfolio for sust. (30% covered) & set 2025 quantitative target by 2023	Ten circular businesses each generating > EUR 1 m by 2025			
 <b>Social</b>	<b>Fair &amp; safe employer</b>	100% of employees earn at least a living wage by 2023	Set-up of global organizational diversity, equity & inclusion structure by 2023		Female representation of at least 30% across our entire mgmt. below BoM <sup>2</sup> by 2030	TRIR <sup>3</sup> < 2.0 by 2030
	<b>Responsible partner</b>		All suppliers are covered by risk management by 2025			
 <b>Governance</b>	<b>Management structures</b>	Further adjustment of Board remuneration based on ESG by 2024				
	<b>Portfolio &amp; investment steering</b>	All new sites green building certified by 2023	100% portfolio steering towards sustainability by 2025	Develop strategies for techn. advancement by 2025		

<sup>1</sup>) MMH = Million Man-Hours

<sup>2</sup>) BoM = Board of Management

<sup>3</sup>) TRIR = Total Recordable Incident Rate

# 2023 ESG Scorecard

	Objective	KPI	Target
Governance	Significantly decrease risks on human rights in the whole supply chain	Responsibility assigned for 80% of high-risk suppliers	80%
	Transition towards circular economy by constituting a pipeline for circular business models	Each Regional President develop three business cases for circular business models including implementation plan – in total 24	24
	Increase share of sustainable solutions to support customer needs	Map ≥ 30% of global product GP against sustainability criteria with structured workshops and business responsibilities assigned  Develop group-wide 2025 quantitative target	≥ 30%
Social	Ensure a dynamic and diverse organization by increasing diversity and inclusion in the leadership team	Women in leadership positions according to management level in percent: L-1 ≥ 22.2%; L-2 ≥ 26.6%; L-3 ≥ 30.0%; L-4 ≥ 30.0%; L-5+ ≥ 26.9%	L-1 ≥ 22.2% L-2 ≥ 26.6% L-3 ≥ 30.0% L-4 ≥ 30.0% L-5+ ≥ 26.9%
	Ensure engaged employees	Develop and set up an engagement survey	done
	Set a high bar across working conditions and strive safe operations and zero accidents	Total Recordable Incident Rate (TRIR) < 2.65	< 2.65
Environmental	Become carbon net zero	12.6% reduction of CO2e emissions (Scope 1+2) <sup>1</sup> in comparison to base year 2020 <sup>2</sup>	-12.6%
	Ensure zero spills and releases with emissions to the environment	Total spills < 0.80 events/MMH <sup>3</sup>	< 0.80
	Keep product in the process and avoid serious process related incidents (e.g., spills, fires/explosions and toxic releases)	PSE1 <sup>4</sup> < 12	< 12

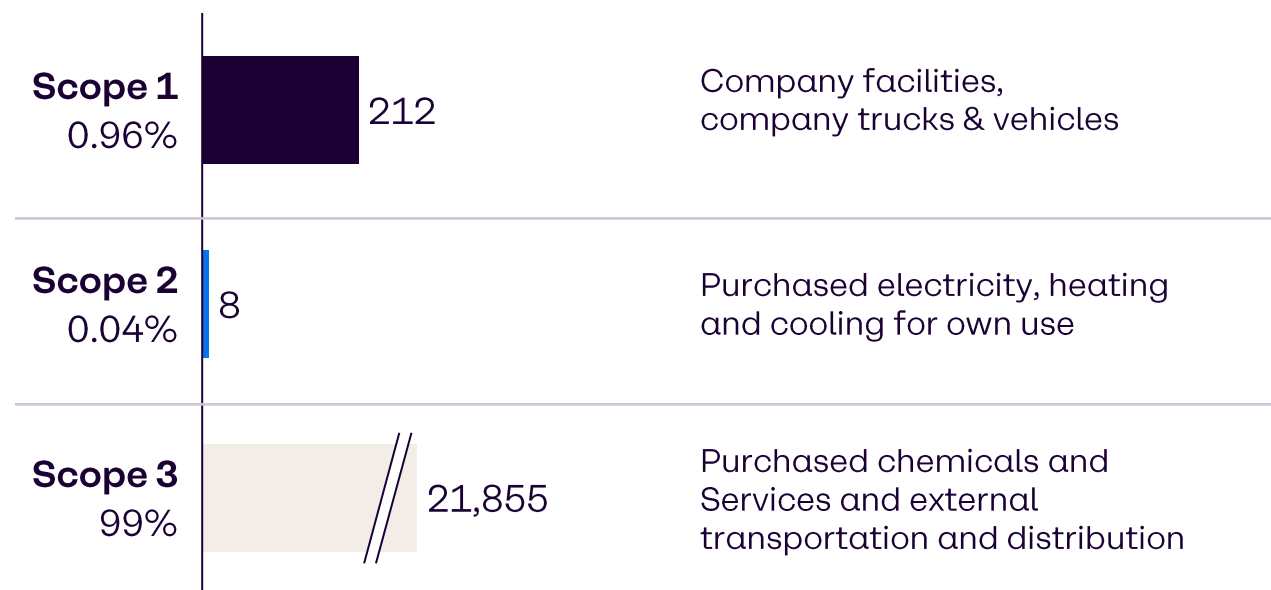
<sup>1)</sup> Emissions from direct operations calculated with marked-based method; <sup>2)</sup> Only sites, which have been included in the base year 2020 are covered by the target; <sup>3)</sup> MMH = Million Man-Hours;

<sup>4)</sup> Severe Process Safety Event as per CCPSM norm

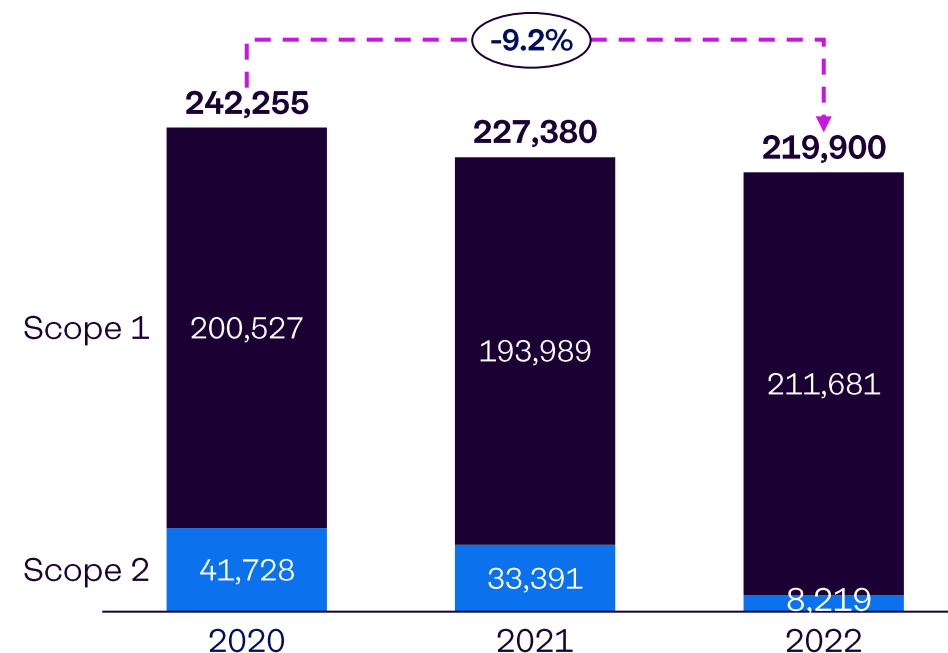


# ESG: Operating sustainably to minimize energy consumption and CO<sub>2</sub> Emissions

**CO<sub>2</sub> Emissions in 2022<sup>1)</sup>**  
in thousand tonnes



**CO<sub>2</sub> Emissions<sup>1)</sup>**  
in tonnes

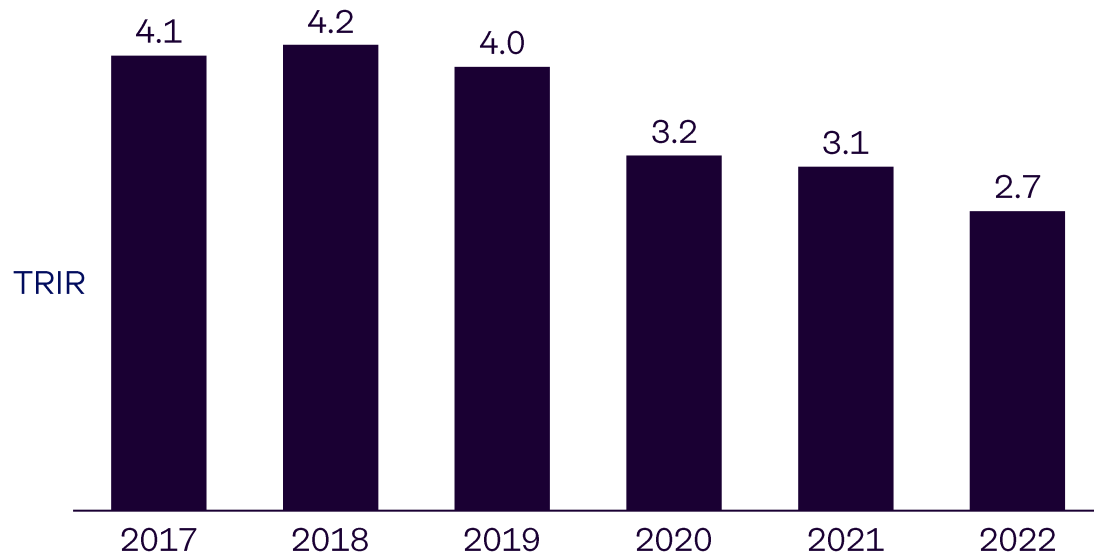


<sup>1)</sup> Calculated according to the marked-based method. The data for the reporting year do not include the following operating units: Y.S. Ashkenazi Agencies Ltd. & Biochem Trading 2011 Ltd. (since Q3); Brenntag Sourcing Uruguay S. A., Brenntag Packed Chemicals Ltd., Prime Surfactants Limited, Prime Example Limited, Alpha Chemical Limited (since Q3).

# ESG: Safety and Diversity

## Group Accident Rate

TRIR<sup>1),2)</sup>



## Diversity – Key figures

	2022	2021
Proportion of women in the Supervisory Board	33.3%	33.3%
Proportion of women in the Board of Management	↑ 20.0%	0.0%
Proportion of women in management positions <sup>3)</sup>	31.0%	31.0%
Proportion of women in the total workforce	34.5%	34.5%
Different nationalities	>100	>100

<sup>1)</sup> TRIR (Total Recordable Injury Rate): Number of workplace accidents involving injuries that require medical treatment (beyond first aid), per one million work hours

<sup>2)</sup> The values given for TRIR have not been audited by PwC

<sup>3)</sup> Due to the increased target female quota of 30% across all management levels by 2030, employees in management positions are shown according to management level.

Management level L-1 refers to the first level below the Brenntag SE Board of Management, L-2 refers to the second level, etc. L-5+ refers to the fifth and all other levels.

# ROCE:

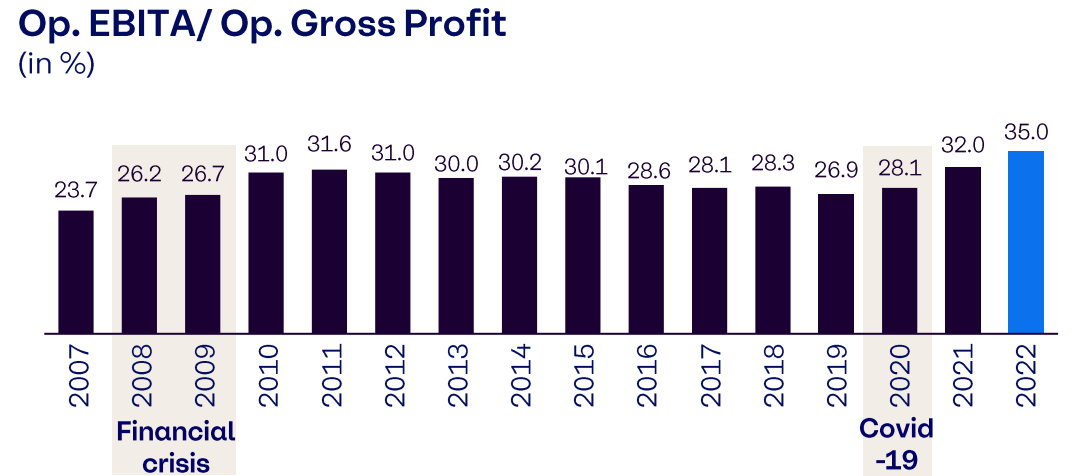
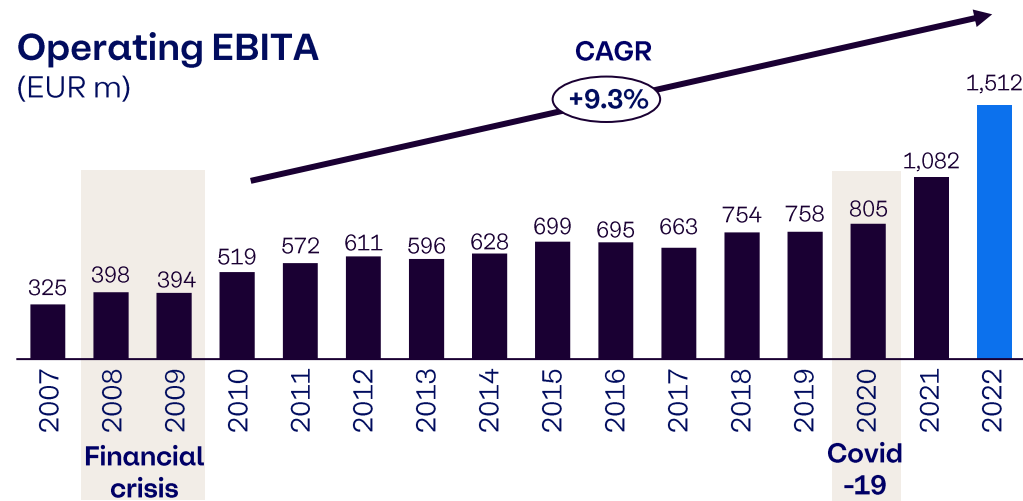
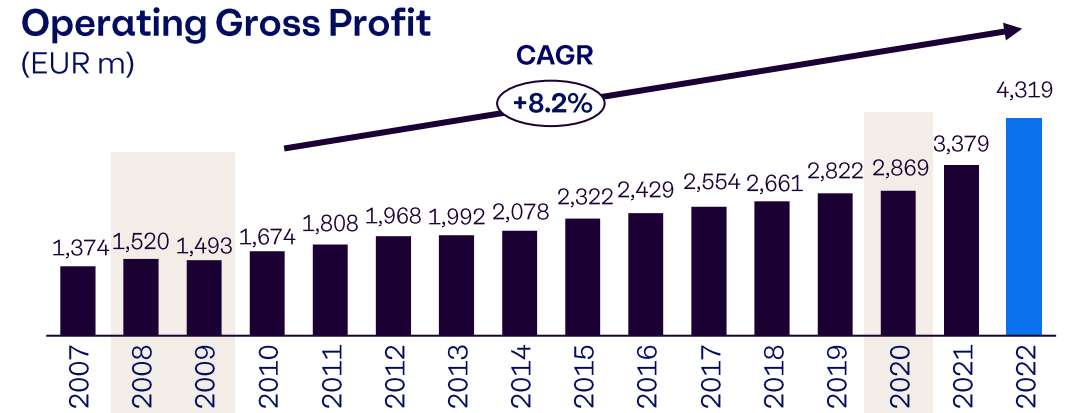
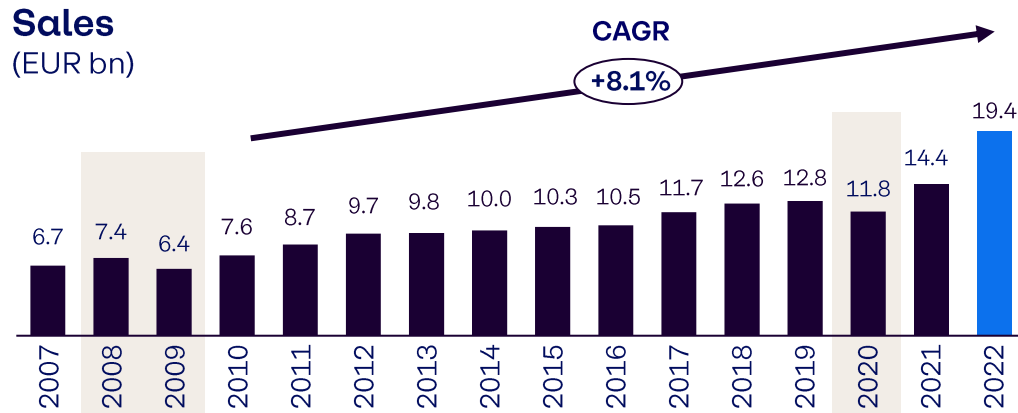
## Increasing value added and returns

in EUR m	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
EBITA	1.491.9	853.2	758.1	766.5	770.9	663.3	694.5	698.7	627.5	595.6	610.8	569.9	513.6
Average carrying amount of equity	4,543.1	3,802.8	3,582.9	3,427.3	3,111.6	2,969.2	2,753.8	2,534.6	2,190.1	2,008.4	1,860.3	1,660.0	1,265.5
Average carrying amount of financial liabilities	3,120.2	2,363.4	2,453.0	2,581.3	2,173.1	2,255.0	2,238.3	1,961.8	1,823.1	1,817.5	1,868.7	1,809.6	2,114.7
Average carrying amount of cash and cash equivalents	-882.2	-645.7	-654.1	-430.8	-416.2	-612.0	-566.3	-460.9	-413.1	-343.4	-356.2	-382.5	-468.3
<b>ROCE <sup>1,2)</sup></b>	<b>22.0%</b>	<b>15.5%</b>	14.1%	13.7%	15.8%	14.4%	15.7%	17.3%	17.4%	17.1%	18.1%	18.5%	17.6%

<sup>1)</sup> ROCE is defined as EBITA divided by (the average carrying amount of equity + the average carrying amount of financial liabilities – the average carrying amount of cash and cash equivalents)

<sup>2)</sup> EBITA not adjusted by special items (e.g., 2022 special items EUR 19.8 million. Adjusted for this effect, ROCE was 22.3%)

# Sound financial profile: Compounding growth track record and resilience



Notes: 2005: Brenntag predecessor; 2006: Brenntag and Brenntag predecessor combined and does not constitute pro forma financial information

EBITA / Gross Profit adjusted for non-recurring effects, i.e. 2012: EUR 11m, 2013: EUR 17m

# Cash flow:

## Strong cash generation over the past years

in EUR m	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Op. EBITDA	1,808.6	1,344.6	1,057.7	1,001.5	875.5	836.0	810.0	807.4	726.7	696.8	707.0	658.8	597.6
CAPEX	-267.2	-199.3	-201.9	-205.2	-172.2	-148.1	-141.1	-130.1	-104.8	-97.2	-94.7	-86.0	-85.1
Δ Working capital	-385.7	-575.3	325.0	161.7	-178.1	-247.6	-27.5	87.0	-100.5	-56.2	-33.0	-61.0	-136.4
Principal and interest payments on lease liabilities	-150.6	-130.5	-126.2	-120.7									
<b>Free cash flow<sup>1)</sup></b>	<b>1,005.1</b>	439.5	1,054.6	837.3	525.2	440.3	641.4	764.3	521.4	543.4	579.3	511.8	376.1
Average working capital <sup>2)</sup>	2,599.9	1,734.4	1,611.2	1,842.3	1,719.6	1,487.3	1,308.8	1,295.1	1,161.8	1,090.0	1,048.8	928.3	752.4
<b>Working capital turnover<sup>3)</sup></b>	<b>7.5x</b>	8.3x	7.3x	7.0x	7.3x	7.9x	8.0x	8.0x	8.6x	9.0x	9.2x	9.3x	10.2x

<sup>1)</sup>Free Cash Flow is calculated as Operating EBITDA – Capex +/- Δ Working Capital

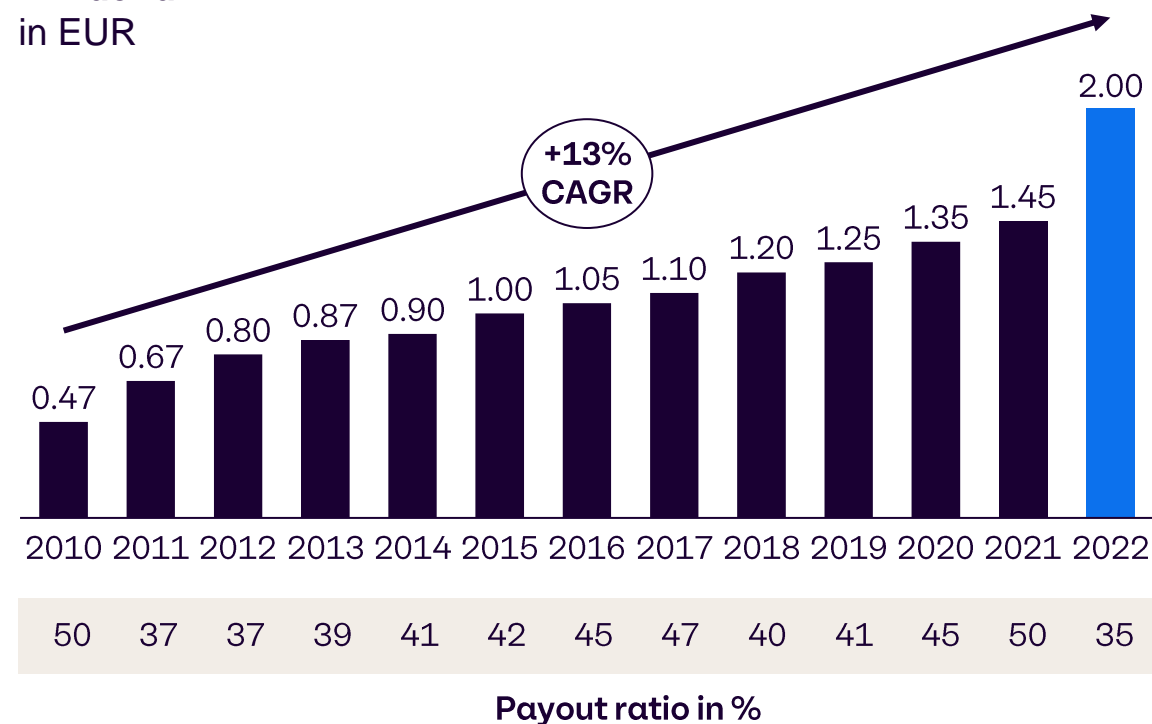
<sup>2)</sup>Average Working Capital is defined for a particular year as the mean average of the values for working capital at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year

<sup>3)</sup>Working Capital Turnover is defined as Sales divided by Average Working Capital

# Strong dividend track record

in EUR m	2022	2021	Δ
Profit after tax	902.5	461.4	95.6%
Less minority interests	15.7	13.1	19.8%
Profit after tax (consolidated) attributable to shareholders of Brenntag SE	886.8	448.3	97.8%
Proposed dividend payment	309.0 <sup>1)</sup>	224.0	37.9%
<b>Dividend per share in EUR</b>	<b>2.00<sup>2)</sup></b>	<b>1.45</b>	37.9%
<b>Payout ratio</b>	<b>35%</b>	<b>50%</b>	-

Dividend in EUR



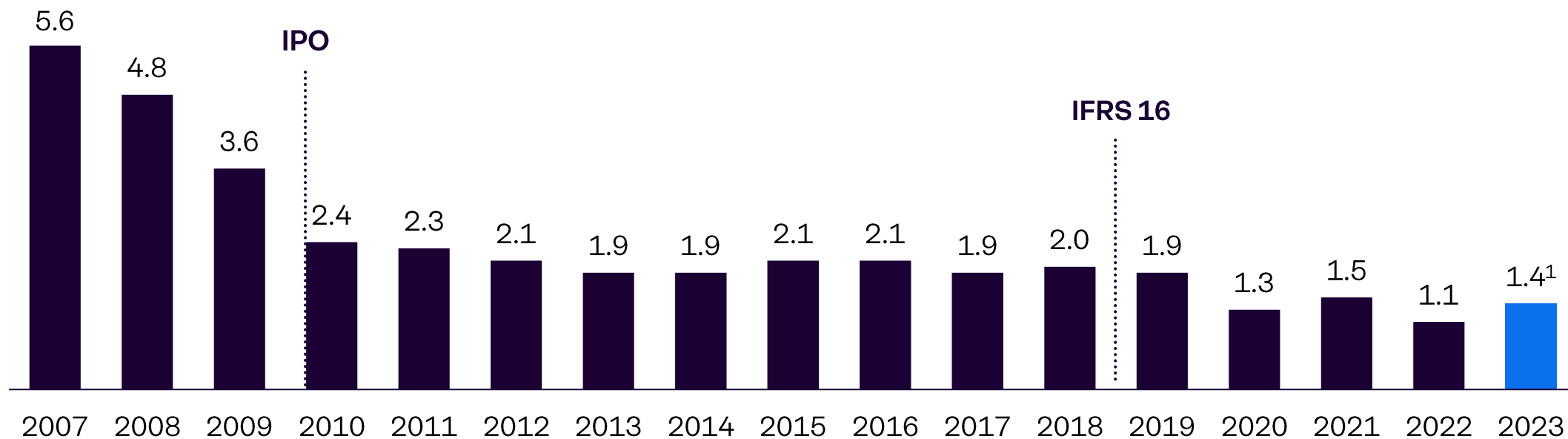
**Dividend policy:** pay an annual dividend of **35% to 50%** of consolidated profit after tax attributable to shareholders of Brenntag SE

<sup>1)</sup>Based on current outstanding number of shares (as of 31 December 2022)

<sup>2)</sup>As per the proposal for the appropriation of profit presented by the Board of Management and the Supervisory Board, subject to approval at the General Shareholders' Meeting on June 15, 2023.)

# Brenntag's Historic Leverage & Credit Rating

Leverage: Net Debt / Operating EBITDA



<b>S&amp;P</b>	B	B+	BB+	BBB-	BBB	BBB+	
<b>Moody's</b>	B2			Ba1		Baa3	Baa2

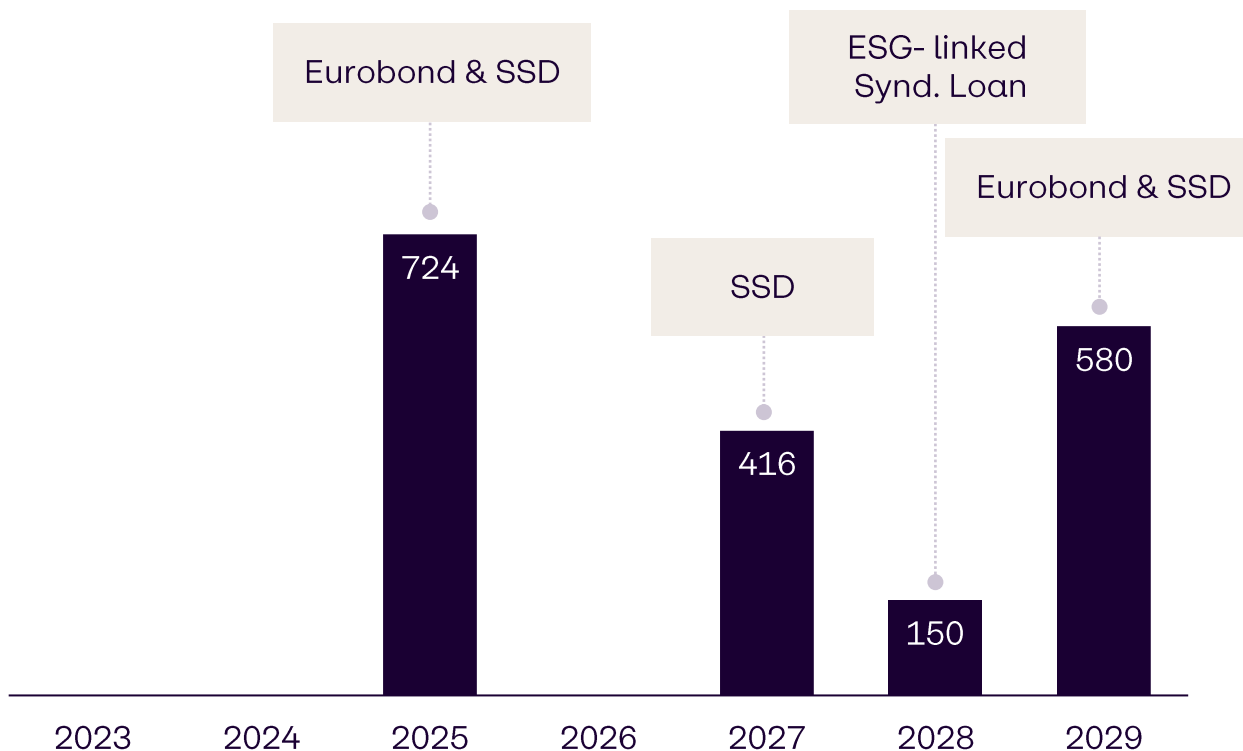


# Financials Q2 2023:

## Balance sheet and maturity profile

in EUR m	30 Jun 2023	31 Dec 2022
Financial liabilities	2,492.4	2,661.5
Lease liabilities	456.7	434.3
./. Cash and cash equivalents	622.6	1,046.1
Net Debt	2,326.5	2,049.7
<b>Net Debt/Operating EBITDA<sup>1)</sup></b>	<b>1.4x</b>	<b>1.1x</b>
Equity	4,322.4	4,802.7

in EUR m



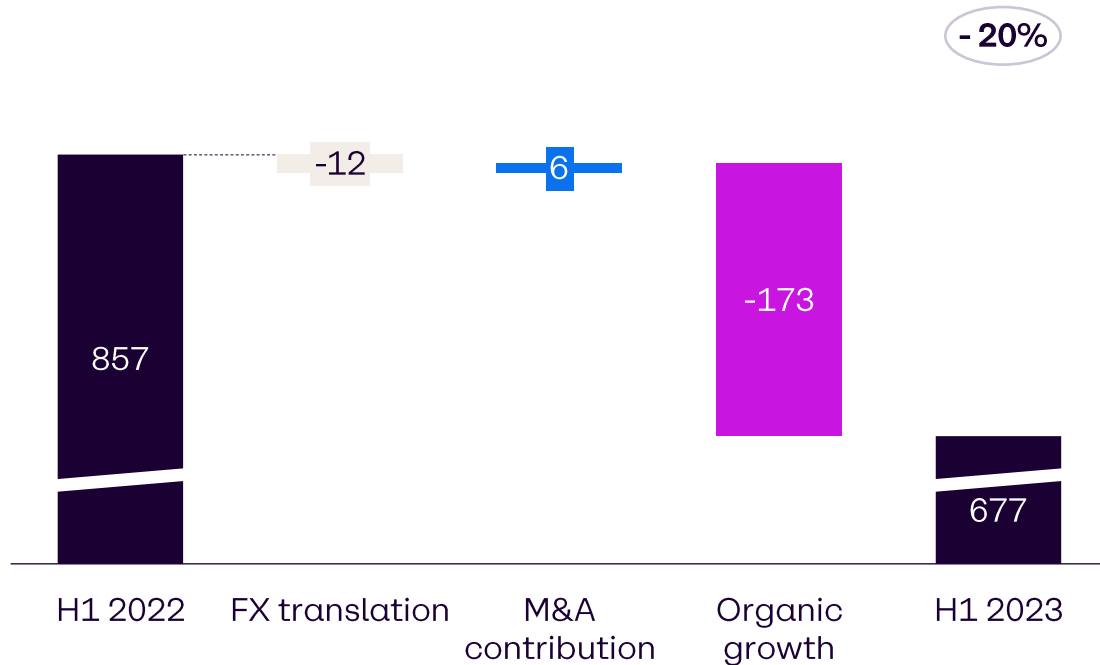


# Bond data

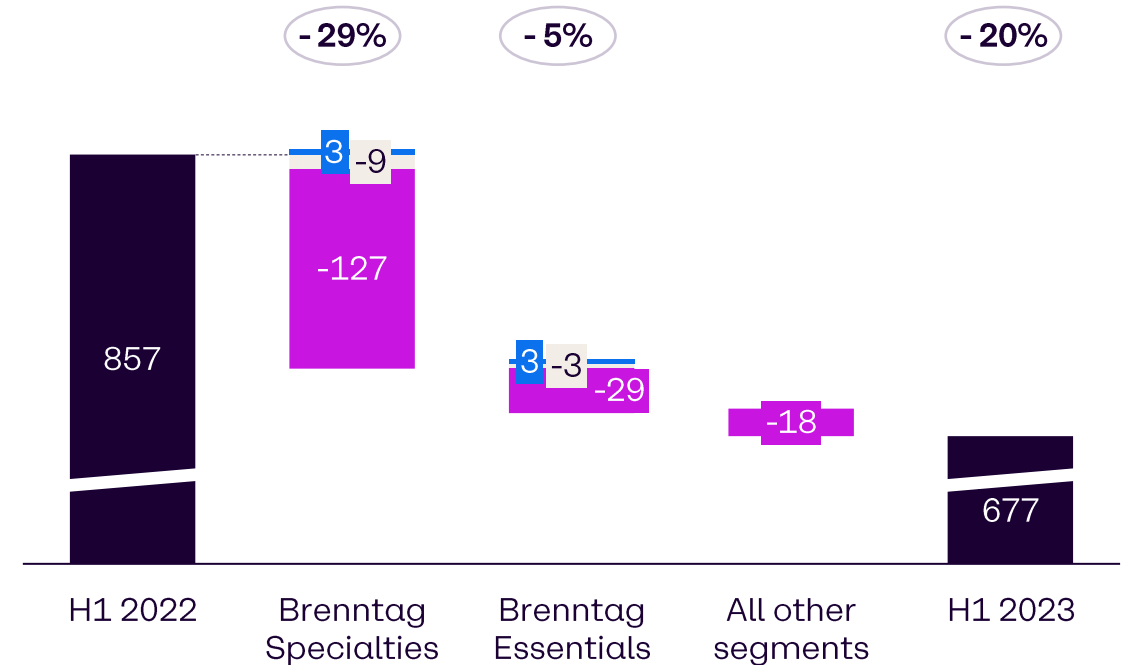
	Bond 2025	Bond 2029
<b>Issuer</b>	Brenntag Finance B.V.	Brenntag Finance B.V.
<b>Listing</b>	Luxembourg Stock Exchange	Luxembourg Stock Exchange
<b>ISIN</b>	XS1689523840	XS2394063437
<b>Aggregate principal amount</b>	EUR 600,000,000	EUR 500,000,000
<b>Denomination</b>	EUR 1,000	EUR 100,000
<b>Minimum transferable amount</b>	EUR 100,000	EUR 100,000
<b>Coupon</b>	1.125%	0.500%
<b>Interest payment</b>	Annual: Sep. 27	Annual: Oct. 06
<b>Maturity</b>	Sep. 27, 2025	Oct. 06, 2029

# Financials H1 2023: Operating EBITA bridges<sup>1)</sup>

Reconciliation – Operating EBITA growth (FX-adj.)  
in EUR m



Segment – Operating EBITA growth (FX-adj.)  
in EUR m



FX translation
  M&A contribution
  Organic Growth

# Financials H1 2023: Income statement

in EUR m	H1 2023	H1 2022	Δ	Δ FX adjusted
Sales	8,783.7	9,594.3	- 8.4%	- 7.6%
Cost of materials	- 6,717.3	- 7,411.6	- 9.4%	-
<b>Operating Gross Profit</b>	<b>2,066.4</b>	2,182.7	- 5.3%	- 4.5%
Operating expenses	- 1,236.3	- 1,185.9	4.2%	4.8%
<b>Operating EBITDA</b>	<b>830.1</b>	996.8	- 16.7%	- 15.6 %
Depreciation	- 152.8	- 140.1	9.1%	9.8%
<b>Operating EBITA</b>	<b>677.3</b>	856.7	- 20.9%	- 19.8%
Net income / expense from sp. items	- 12.6	- 6.2	-	-
<b>EBITA</b>	<b>664.7</b>	850.5	-	-
Amortization	- 34.6	- 36.2	-	-
<b>EBIT</b>	<b>630.1</b>	814.3	-	-
Financial result	- 74.4	- 62.2	-	-
EBT	555.7	752.1	-	-
<b>Profit after tax</b>	<b>406.2</b>	548.1	-	-
EPS	2.62	3.47	-	-

# Financials H1 2023:

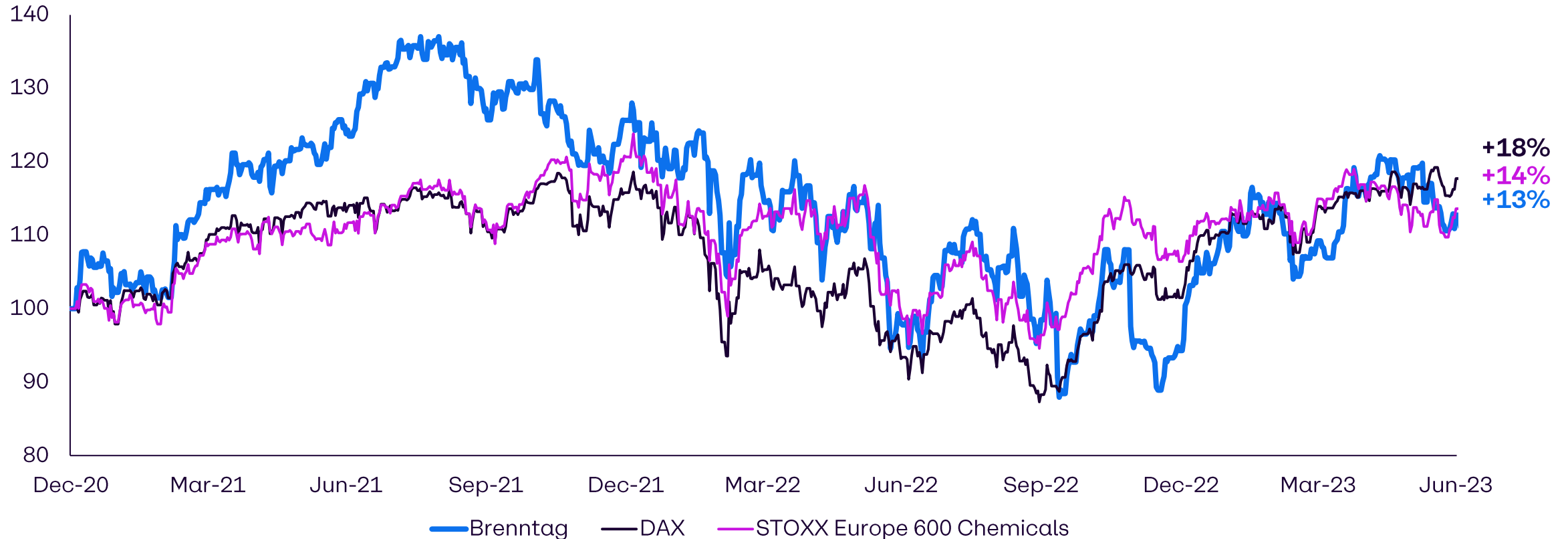
## Free cash flow

in EUR m	H1 2023	H1 2022	Δ	Δ
<b>Operating EBITDA</b>	<b>830.1</b>	<b>996.8</b>	<b>- 166.7</b>	<b>- 16.7%</b>
Payments to acquire intangible assets and property, plant and equipment	- 100.8	- 96.3	- 4.5	4.7%
Δ Working capital <sup>1)</sup>	227.5	- 624.9	852.4	- 136.4%
Principal and interest payments on lease liabilities	- 75.9	- 69.3	- 6.6	9.5%
<b>Free cash flow</b>	<b>880.9</b>	<b>206.3</b>	<b>674.6</b>	<b>327.0%</b>

# Share price performance versus DAX and STOXX Europe 600 Chemicals since 2021

## Performance

Indexed (Jan. 1<sup>st</sup> 2021 = 100)



# Brenntag Share & Shareholder Structure

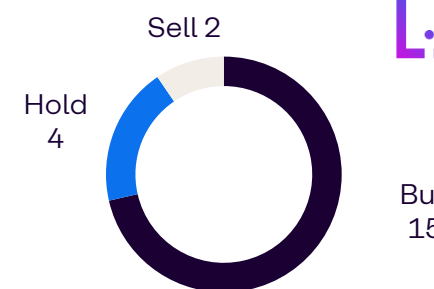
## Share data

ISIN; Stock Symbol; Listed since	DE000A1DAH0; BNR; 29 March 2010
Subscribed capital; Outstanding Shares	EUR 154,500,000; 154,500,000
Class of shares; Free float	Registered shares; 100%
Official market	Prime Standard XETRA and Frankfurt
Regulated unofficial markets	Berlin, Düsseldorf, Hamburg, Hannover, München, Stuttgart, Tradegate Exchange
Indices	DAX, MSCI, Stoxx Europe 600, DAX 50 ESG, DAX ESG Target, S&P Global 1200 ESG

## Shareholder<sup>1)</sup>

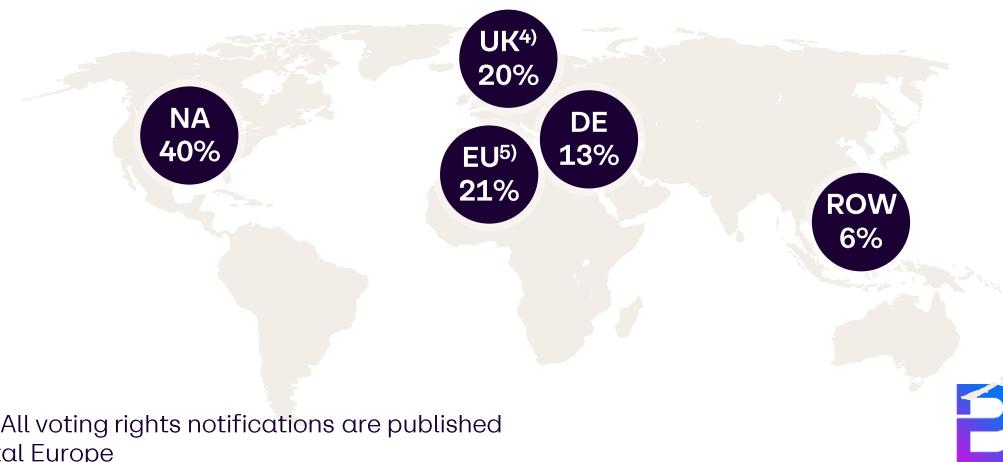
Shareholder <sup>1)</sup>	Proportion in %	Date of notification
Kühne Holding AG	>10%	September 1, 2023
BlackRock, Inc.	>5%	June 3, 2020
Flossbach von Storch AG	>5%	June 1, 2023
The Capital Group Companies, Inc.	>5%	June 15, 2022
Wellington Management Group	>3%	April 5, 2023

## Analysts' Opinions<sup>2)</sup>



Click to view current consensus

## Shareholdings of identified Institutional Investors by Region<sup>3)</sup>



<sup>1)</sup> According to voting rights notifications; Notification date as of the latest trigger of the respective thresholds; All voting rights notifications are published on the Company's [Website](#); <sup>2)</sup> As of September 04, 2023; <sup>3)</sup> As of June 30, 2023; <sup>4)</sup> UK and Ireland; <sup>5)</sup> EU: Continental Europe



# Relevant links & documents

---



**Financial Publications**



**Brenntag Share**



**Current Consensus**



**Financial News**

Click to visit website

# Financial calendar / contact

---



Date	Event	Contact
November 9, 2023	Quarterly Statement Q3 2023	Brenntag SE Corporate Investor Relations Phone: +49 (0) 201 6496 2100 Fax: +49 (0) 201 6496 2003 E-mail: <a href="mailto:ir@brenntag.de">ir@brenntag.de</a> Web: <a href="http://www.brenntag.com/investor_relations/">www.brenntag.com/investor_relations/</a>
December 5, 2023	Capital Markets Day 2023 in London	
March 7, 2024	Annual Report 2023	
May 23, 2024	Annual General Meeting 2024	

---

The financial calendar is updated regularly.  
You can find the latest dates on [www.brenntag.com/financial\\_calendar](http://www.brenntag.com/financial_calendar)  
Please note that these dates could be subject to change.



# Disclaimer

---

This presentation may contain forward-looking statements based on current assumptions and forecasts made by Brenntag SE and other information currently available to the company. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here.

Brenntag SE does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to conform them to future events or developments. Some information contained in this document is based on estimates or assumptions of Brenntag SE and there can be no assurance that these estimates or assumptions are or will prove to be accurate.