

Q3 2024 Results

Brenntag SE
November 12, 2024

Q3 2024 Results Presentation

1. Highlights Q3 2024
2. Strategy update
3. Financial performance Q3 2024
4. Appendix



Highlights Q3 2024

SALES

EUR 4.1 bn

+ 0.7% vs. PY (fx adj.)

OPERATING GROSS PROFIT

EUR 1,019 m

+ 3.2% vs. PY (fx adj.)

OPERATING EBITA

EUR 281 m

- 4.9% vs. PY (fx adj.)

FREE CASH FLOW

EUR 247 m

- 44.1% vs. Q3 2023

EPS

EUR 0.82

Q3 2023: EUR 1.18

BUSINESS ENVIRONMENT

Challenging
Markets

Continued intense competition
and lack of consumer confidence

STRATEGY UPDATE

Targeted
disentanglement

Focus on portfolio optimization
and cost-takeout

FY 2024 GUIDANCE

Confirmed

Op. EBITA of EUR 1,100-1,200 m

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Horizon 2 Strategy Update



Main Achievements

- ✓ Further **successful execution of Horizon 2 Strategy**
- ✓ **Disentanglement** in areas with the **highest value creation** and **differentiation potential**
- ✓ Prudently **managing cost base** and **executing cost containment measures**
- ✓ **DiDEX well on track**



Division update

- **BSP achievements:**
 - **Portfolio refinement** and **9 small country exits**
 - Strategic **supplier management** leading to **new supplier wins**
 - **Margin improvement measures** positively contributing
- **BES achievements:**
 - **~100 LMSOs with standard KPIs defined**
 - **Optimizing global site network** with 18 sites closures YTD 2024
 - **Divestment of non-core assets** such as Raj Petro Specialties in India



M&A



Signed or closed 3 acquisitions in Q3:



YTD 2024 total of 6 acquisitions with equivalent EV of EUR ~360 million¹⁾



Sustainability



ICIS Innovation Awards 2024 for Carbon footprint calculator "CO2Xplorer"



First distributor to offer 100% renewable energy based **Green Caustic Soda** in the Netherlands and Belgium


Disentanglement Update: One Brenntag, two differentiated divisions and one joint backbone

CMD 2023	Observations	Conclusion
<p>Full business autonomy for Brenntag Essentials and Brenntag Specialties</p> <p>Legal and operational disentanglement to create future optionality beyond 2026</p>	<ol style="list-style-type: none"> 1) BSP portfolio quality still inferior to pureplay peers and not likely to close performance gap before 2027 2) Legal and operational disentanglement leading to very high one-off costs 3) High running dis-synergies quantified (EUR 90-120 m) 4) Current focus in both divisions needs to be on performance improvement and cost out <p>>> Consequently, premature split does not provide desired value creation to shareholders</p>	<ul style="list-style-type: none"> ✓ One Brenntag with two differentiated operating divisions and one joint lean backbone to harvest maximum of synergies ✓ Continuation of targeted disentanglement ✓ Legal simplification and harmonization in the US, in China and potentially in Germany ✓ EUR ~300 m one-off cost for cost-out and targeted disentanglement

Targeted disentanglement

Disentangled customer- and supplier-facing front-end


Joint back-end




Product Portfolio




Go-to-market



Supplier mgmt.



Operations & supply chain



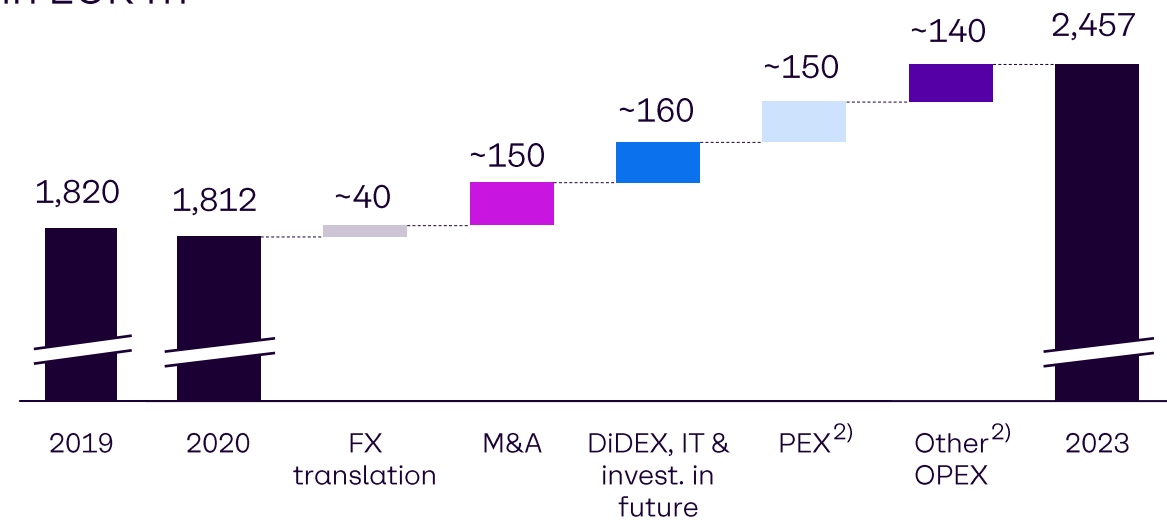
Legal entities



G&A
Joint backbone

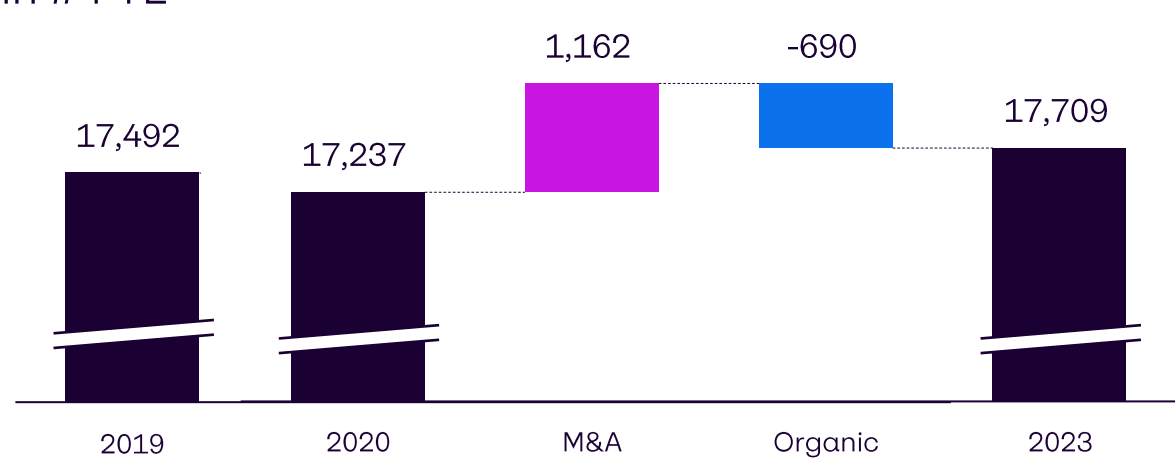
OPEX and HC bridges 2019-2023

Operating expense development¹⁾
in EUR m



- **Main contributors** are strategic investments in **DiDEX** and **IT**, **M&A** and **personnel expenses**
- **Personnel expenses** are substantially driven by **wage inflation**, variable compensation and **strategic investments**
- **Other operating expenses** include **inflationary increase** of items like **transportation**, **logistics** and **energy**

Headcount 19-23
in # FTE



- **Headcount reduction since 2019** in context of **Project Brenntag**
- **Total headcount** increase since 2020 is purely **M&A driven**
- We **reduced headcount organically** from 2020 to 2023, despite the strategic increase in core group functions and DiDEX
- **Further intend to decrease headcount** in a socially responsible manner as part of our cost-out efforts to streamline the organization

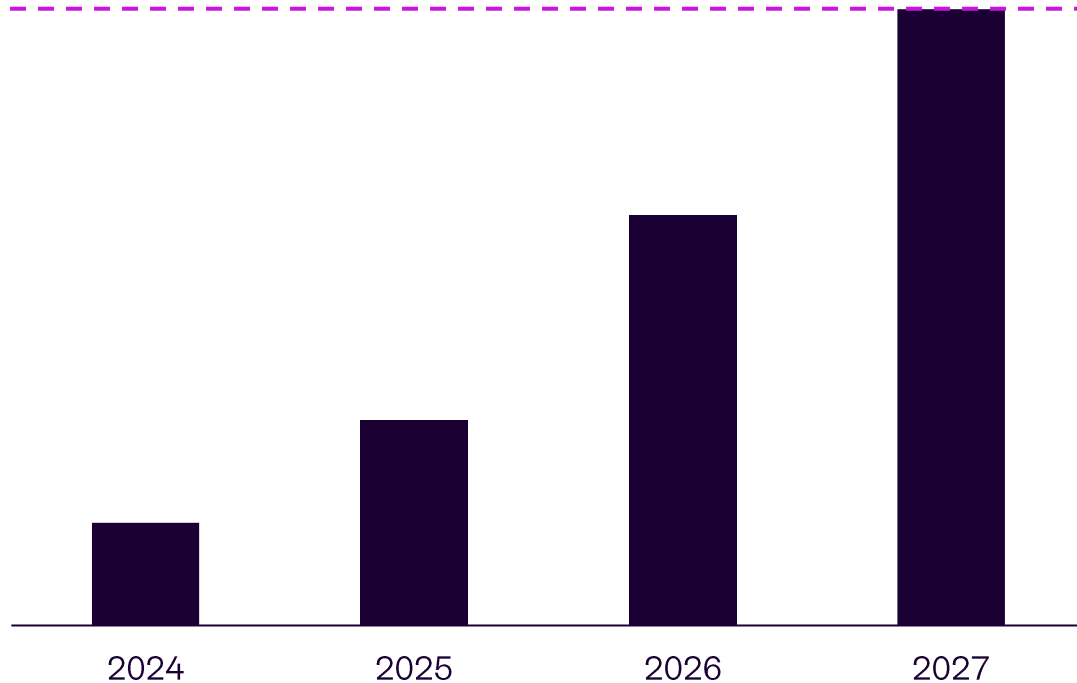
¹⁾ Calculations are partly based on assumptions made by management; effects based on rounded figures
²⁾ PEX (Personnel expenses) and Other OPEX do not include DiDEX related costs



Cost-out & DiDEX Update

Cost-out program requires full dedication

Cost take-out of EUR 300m p.a. by 2027



- **Cost-out program in full execution** with target savings for 2024 of around EUR 50-60 m
- For 2025, **targeted cost out impact is roughly double** the amount of 2024
- **Clear plan to achieve EUR 300 m p.a. by 2027** vs. base-year 2023
- Cost-out program **includes expected DiDEX benefits**

DiDEX well on track

- DiDEX one-time costs are **front-end loaded** and decreasing over time
- **2024 planned spend** of around EUR ~100 m
- **Benefits gradually increasing** over time with stronger impact towards the end of the project phase
- **Achievements:** Brenntag Connect, Customer Growth Engine, Digital Demand Forecasting, Salesforce partnership expansion

Q3 2024 Results Presentation

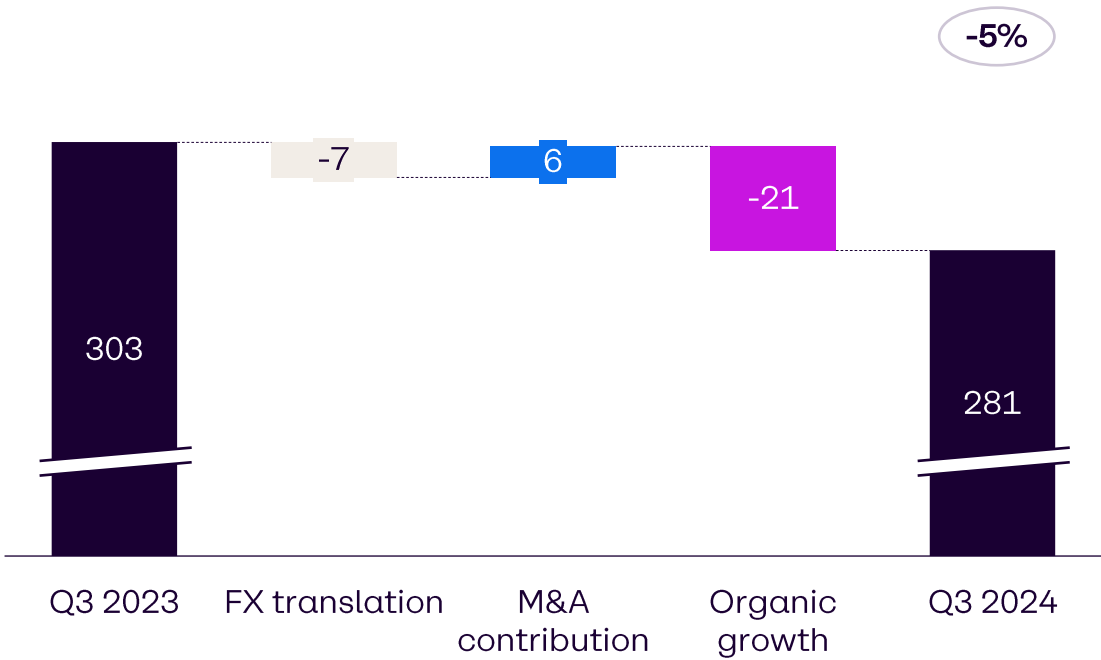
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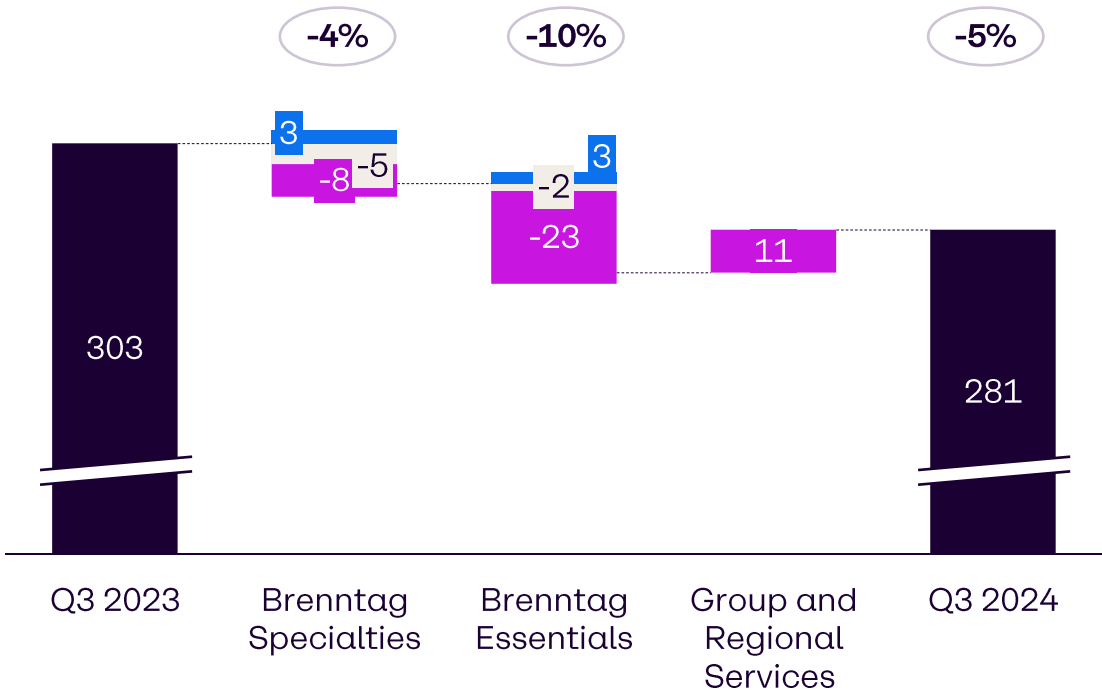
Financials Q3 2024:

Operating EBITA bridges¹⁾

Operating EBITA growth
in EUR m










Operating EBITA growth by division
in EUR m



FX translation M&A contribution Organic Growth FX-adj. growth rates

Financials Q3 2024: Brenntag Specialties

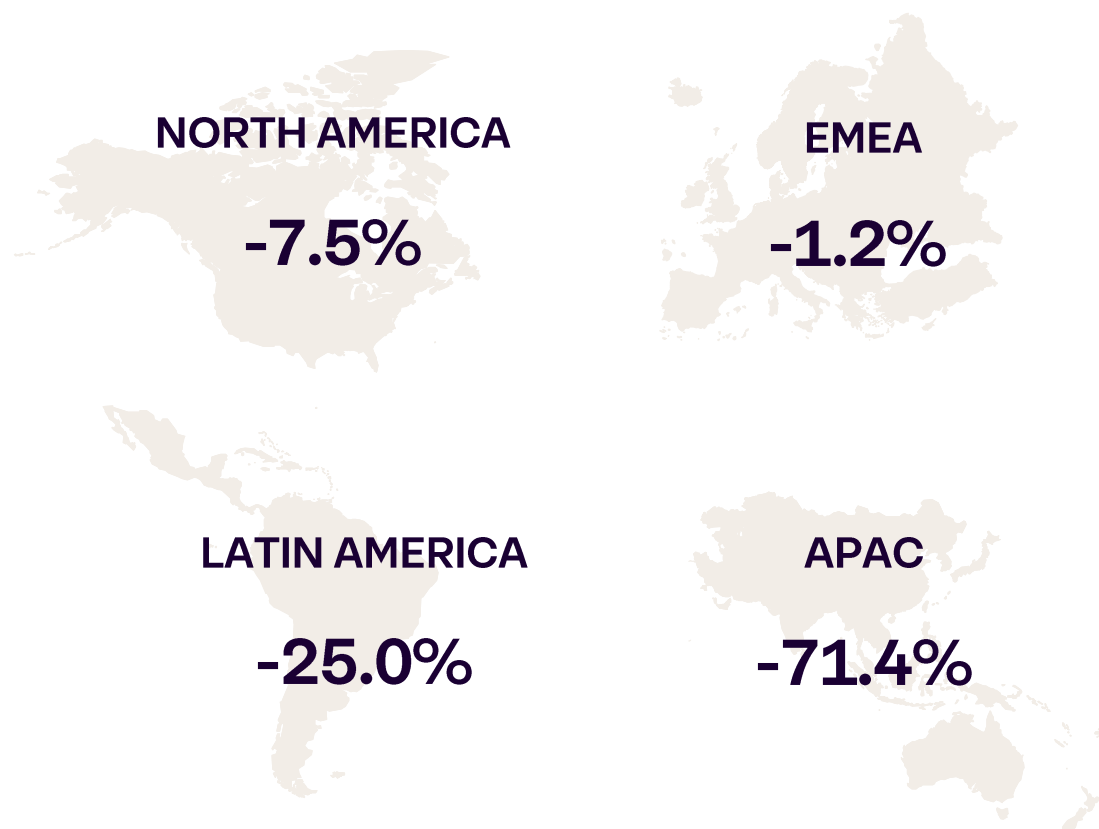
Operating EBITA growth vs. PY

Life Science	Material Science
-2.6%	+21.2%
Global end markets	Global end markets
 Nutrition	 Case ¹⁾ & Construction
 Pharma	 Rubber & Polymers
 Beauty & Care	 Lubes & Perf. Fluids
	 Electronics

- Results impacted by slightly higher volumes in combination with slightly higher Gross Profit per unit compared to prior-year period
- Operating Gross Profit of EUR 301 million, an increase of 2.9% vs. PY
- Operating EBITA of EUR 120 million, a decrease of 3.9% vs. PY
- All business units in Life Science except Pharma saw positive operating Gross Profit development year-over-year, driven by Gross Profit per unit
- Material Science operating Gross Profit increased to prior-year period with continued positive developments in Case & Construction
- Operating EBITA decline impacted by increases in transport costs, higher personnel expenses and additional DiDEX costs allocated to the division
- Operating EBITA conversion ratio of 40%

Financials Q3 2024: Brenntag Essentials

Operating EBITA growth vs. PY



Positive volume developments were able to offset lower Gross Profit per unit for the division

Operating Gross Profit of EUR 718 million, an increase of 3.3 % vs. PY

Operating EBITA of EUR 186 million, a decrease of 9.8% vs. PY

Operating Gross Profit increased in EMEA and North America

Operating EBITA declined in all segments mainly impacted by volume-driven increases in transport costs and higher personnel expenses

Additional costs in connection with DiDEX allocated to the division when various products went into operation

Operating EBITA conversion ratio of 26%

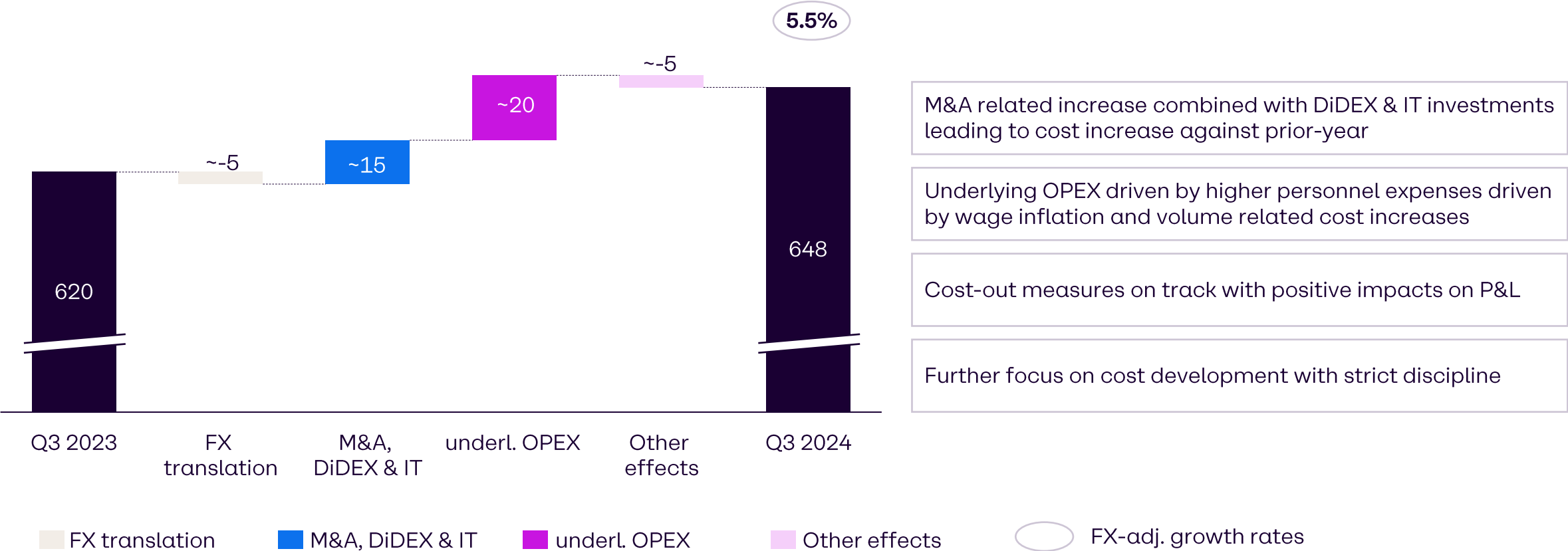
Financials Q3 2024:

Income statement

in EUR m	Q3 2024	Q3 2023	Δ	Δ FX adjusted
Sales	4,068.8	4,088.3	-0.5%	0.7%
Cost of materials	-3,049.6	-3,087.7	-1.2%	-0,1%
Operating Gross Profit	1,019.2	1,000.6	1.9%	3.2%
Operating expenses	-648.4	-619.7	4.6%	5.5%
Operating EBITDA	370.8	380.9	-2.7%	-0.7%
Depreciation	-89.7	-78.2	14.7%	15.4%
Operating EBITA	281.1	302.7	-7.1%	-4.9%
Net income / expense from sp. items	-57.5	-23.7	-	-
EBITA	223.6	279.0	-	-
Amortization	-26.3	-15.3	-	-
EBIT	197.3	263.7	-	-
Financial result	-47.7	-24.8	-	-
EBT	149.6	238.9	-	-
Profit after tax	120.0	177.6	-	-
EPS	0.82	1.18	-	-

Financials Q3 2024: OPEX bridge¹⁾

Operating expense development
in EUR m



Financials Q3 2024:

Free cash flow

in EUR m	Q3 2024	Q3 2023	Δ abs.	Δ %
Operating EBITDA	370.8	380.9	-10.1	-2.7
Payments to acquire intangible assets and property, plant and equipment	-75.4	-60.5	-14.9	24.6
Δ Working capital ¹⁾	-4.4	160.2	-164.6	-102.7
Principal and interest payments on lease liabilities	-44.2	-39.0	-5.2	13.3
Free cash flow	246.8	441.6	-194.8	-44.1
Working capital turnover (annualized) ²⁾	7.7x	7.2x	-	-

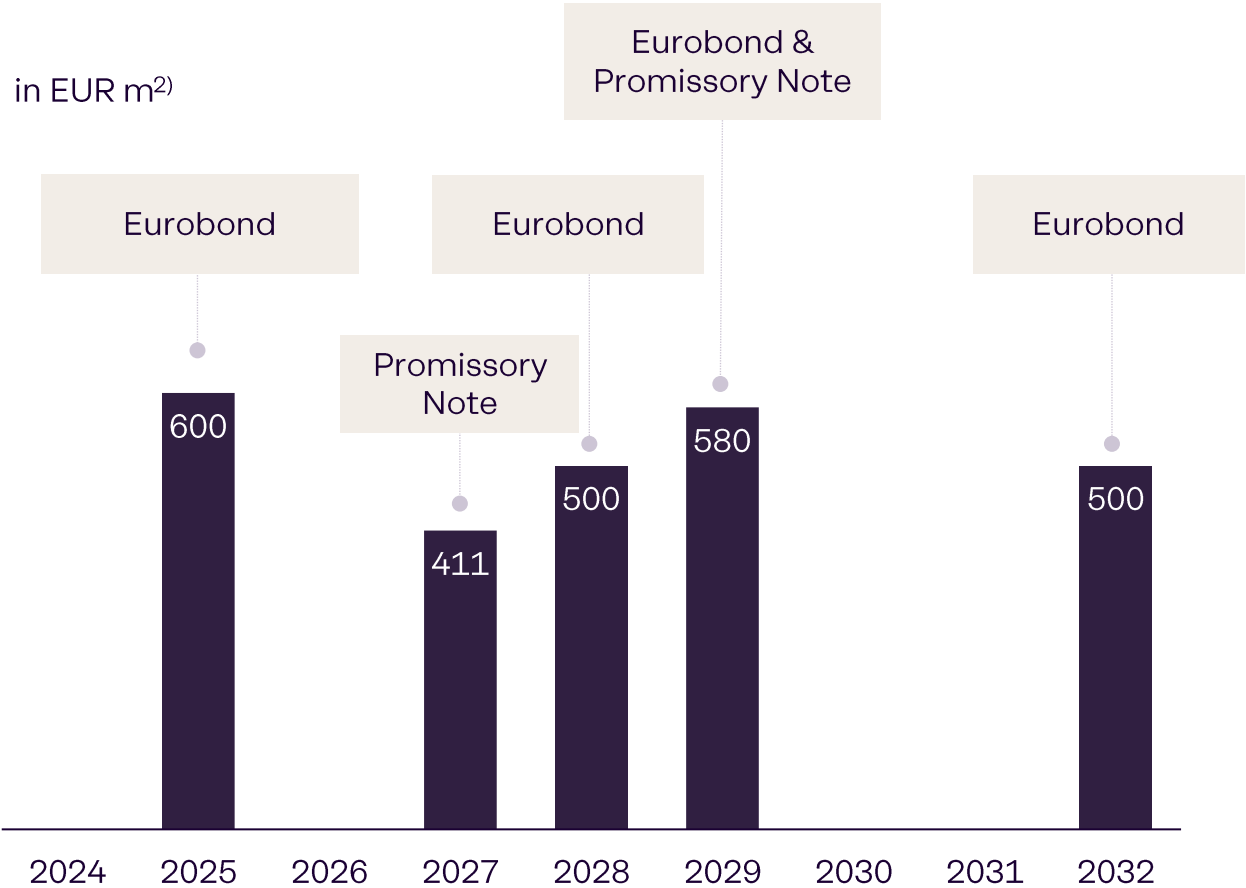
¹⁾ Based on average fx. rate excl. M&A

²⁾ Sales YTD extrapolated to the full year; average working capital is defined as the average of working capital at the beginning of the year and at the end of each quarter

Financials Q3 2024:

Balance sheet and maturity profile

in EUR m	30 Sep 2024	31 Dec 2023
Financial liabilities	2,844.2	2,313.9
Lease liabilities	561.1	449.8
./. Cash and cash equivalents	738.2	576.9
Net Debt	2,667.1	2,186.8
Net Debt/Operating EBITDA ¹⁾	1.8x	1.4x
Equity	4,426.2	4,356.7



Outlook 2024:

Markets will remain highly competitive

FY 2024 Outlook	
Brenntag Group	▪ EUR 1.10 billion to 1.20 billion ¹⁾ EBITA
FX impact	▪ EUR/USD: ~1.08 (2023: ~1.08) <i>Sensitivity (FY basis): Delta of EUR/USD +/- 1 cent = EUR ~ -/+ 10 m operating EBITA</i>
Tax rate:	▪ Tax rate: 26-28% (previously: 29-31%)
CAPEX	▪ EUR ~350 m



Comments

- Market trends and chemical industry expectations indicate that markets will remain highly competitive. They indicate sustained pressure on industrial chemical selling prices, driven by over-supply in certain end markets



Macro environment

- Brenntag expects a challenging business environment, characterized by ongoing geo-political uncertainty and macroeconomic challenges

Strategic path forward: Focus on portfolio optimization, differentiated steering and cost-takeout

Focus on **price & margin management** and **cost-takeout**

Uplift **portfolio quality** of BSP and close performance gap

Continue **Horizon 2 strategy execution**

ONE Brenntag with **two differentiated divisions** supported by **lean joint services backbone**

Targeted disentanglement while minimizing one-off costs and dis-synergies



Thank you for your attention!



**We are happy
to answer your
questions!**



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4. **Appendix**



Financials Q3 2024: Segments

in EUR m	Operating Gross Profit ¹⁾				Operating EBITA ²⁾				Operating EBITA conversion ratio	
	Q3 2024	Q3 2023	Δ	Δ FX adjusted	Q3 2024	Q3 2023	Δ	Δ FX adjusted	Q3 2024	Q3 2023
Specialties Life Science	215.8	217.9	-1.0%	1.5%	95.7	102.2	-6.4%	-2.6%	44.3%	46.9%
Specialties Material Science	80.5	76.4	5.4%	8.0%	31.6	27.3	15.8%	21.2%	39.3%	35.7%
Specialties Other	4.5	5.6	-19.6%	-13.2%	1.2	0.4	200.0%	1,000.0%	-	-
Brenntag Specialties	300.8	299.9	0.3%	2.9%	119.9	130.2	-7.9%	-3.9%	39.9%	43.4%
Essentials EMEA	250.9	232.1	8.1%	7.9%	63.9	65.7	-2.7%	-1.2%	25.5%	28.3%
Essentials North America	387.7	382.7	1.3%	2.4%	117.1	128.0	-8.5%	-7.5%	30.2%	33.4%
Essentials Latin America	43.9	45.5	-3.5%	-1.1%	6.7	8.4	-20.2%	-25.0%	15.3%	18.5%
Essentials APAC	32.8	33.7	-2.7%	-1.5%	0.6	2.0	-70.0%	-71.4%	1.8%	5.9%
Essentials Transregional	3.1	6.7	-53.7%	-52.2%	1.5	4.7	-68.1%	-68.1%	48.4%	70.1%
Brenntag Essentials	718.4	700.7	2.5%	3.3%	186.3	208.4	-10.6%	-9.8%	25.9%	29.7%
Group and Regional Services	-	-	-	-	-25.1	-35.9	-30.1%	-30.1%	-	-
Brenntag Group	1,019.2	1,000.6	1.9%	3.2%	281.1	302.7	-7.1%	-4.9%	27.6%	30.3%

Note: The difference between the total of the reportable segments (EMEA, Americas and APAC) and the Brenntag divisions is the result of central activities which are part of Brenntag divisions but not directly attributable to any specific segment

¹⁾ External sales less cost of materials

²⁾ Segment operating EBITA is calculated as EBITA adjusted for holding charges and special items

Financials Q3 2024:

Cash flow statement

in EUR m	Q3 2024	Q3 2023
Profit after tax	120.0	177.6
Effect from IAS 29 on profit/loss after tax	-0.6	6.8
Depreciation & amortization	129.3	97.2
Income tax expense	29.6	61.3
Income taxes paid	-58.2	-64.1
Net interest expense	36.2	25.3
Interest paid	-38.6	-33.3
<i>(thereof interest paid for leases)</i>	(-6.4)	(-4.7)
Interest received	3.8	4.2
Dividends received	-	-
Changes in working capital	-4.4	160.2
Changes in other operating assets and liabilities	52.9	8.9
Changes in provisions	-3.1	5.6
Non-cash change in liabilities relating to acquisition of non-controlling interests	0.5	-9.8
Other	33.7	-4.9
Net cash provided by operating activities	301.1	435.0

Legend: Components to calculate FCF derived from operating EBITDA



Financials Q3 2024:

Cash flow statement (continued)

in EUR m	Q3 2024	Q3 2023
Proceeds from the disposal of other financial assets	-	0.1
Proceeds from the disposal of intangible assets and property, plant and equipment	1.2	3.8
Payments to acquire consolidated subsidiaries and other business units	-53.3	-63.4
Payments to acquire other financial assets	-	-
Payments to acquire intangible assets and property, plant and equipment	-75.4	-60.5
Net cash used in investing activities	-127.5	-120.0
Payments to acquire treasury shares	-	-266.1
Repayments of liabilities relating to acquisition of non-controlling interests	-	-12.0
Proceeds from non-controlling interests	-	-
Dividends paid to Brenntag shareholders	-	-
Dividends paid to non-controlling interests	-3.4	-3.3
Proceeds from borrowings	19.9	9.4
Repayments of lease liabilities	-37.8	-34.3
Repayments of borrowings	-60.1	-96.6
Net cash provided by / used in financing activities	-81.4	-402.9
Change in cash & cash equivalents	92.2	-87.9

Legend: Components to calculate FCF derived from operating EBITDA



Financials Q3 2024:

Working capital

in EUR m	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023
Inventories	1,514.1	1,539.9	1,422.6	1,376.4	1,459.8
+ Trade receivables	2,338.0	2,549.8	2,480.2	2,263.1	2,481.0
./. Trade payables	1,704.5	1,844.0	1,819.8	1,633.7	1,716.7
Working capital (end of period)¹⁾	2,147.6	2,245.7	2,083.0	2,005.8	2,224.1
Working capital turnover (annualized) ²⁾	7.7x	7.8x	7.9x	7.3x	7.2x

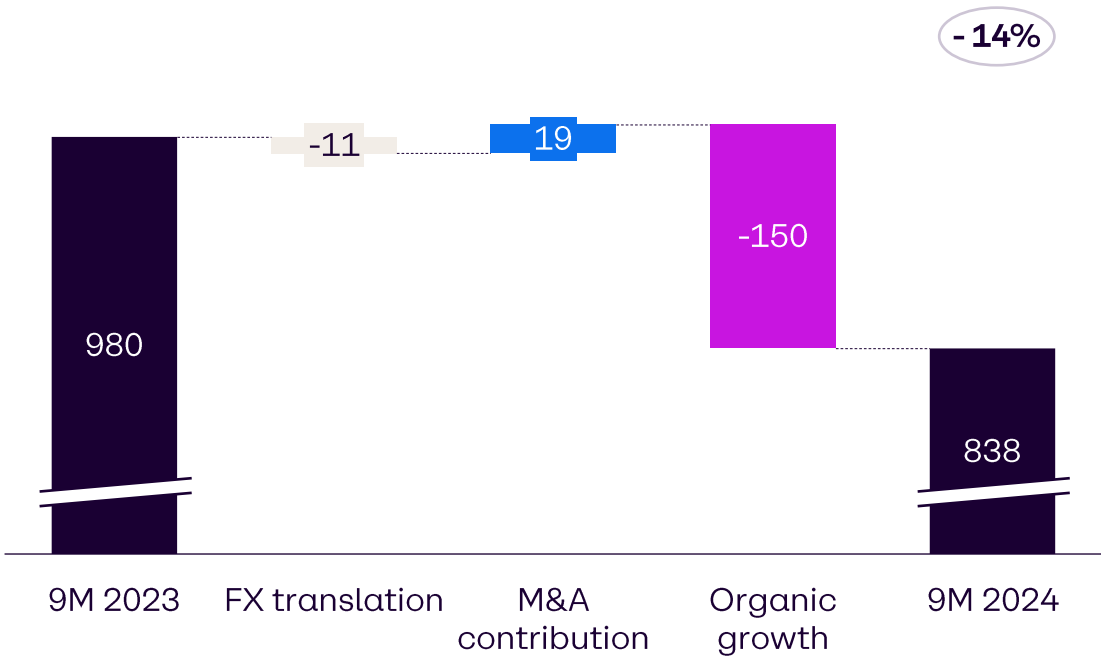
¹⁾ Based on fx. effects as of end of respective reporting period and incl. M&A

²⁾ Sales YTD extrapolated to the full year; average working capital is defined as the average of working capital at the beginning of the year and at the end of each quarter

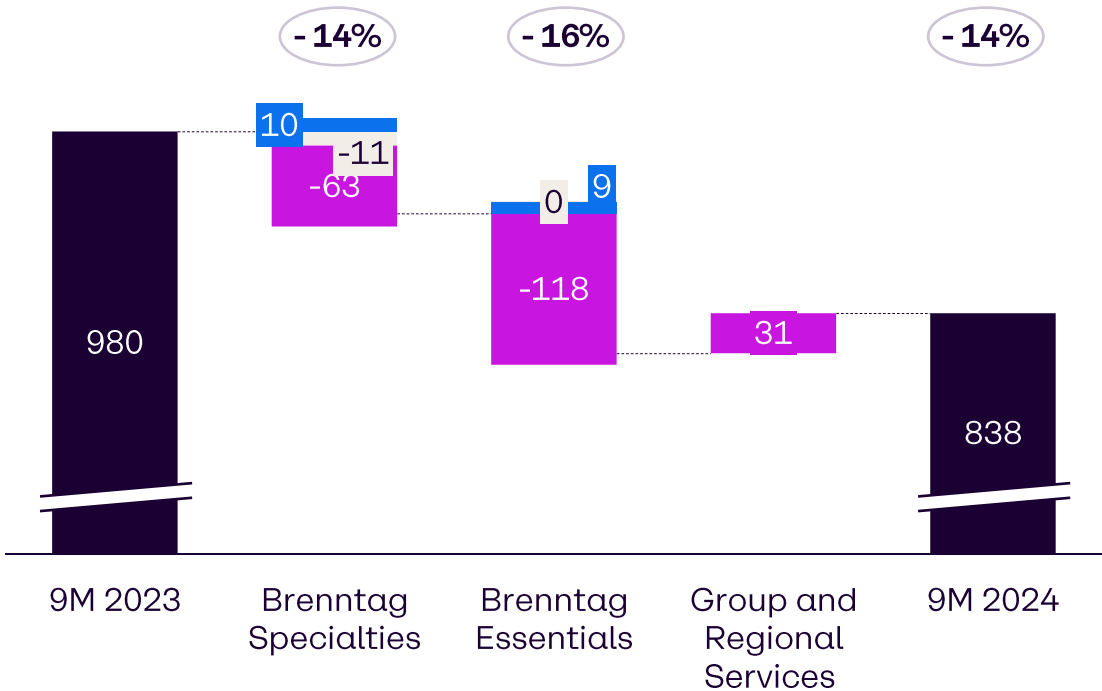
Financials 9M 2024:

Operating EBITA bridges¹⁾

Operating EBITA growth
in EUR m



Operating EBITA growth by division
in EUR m



FX translation
 M&A contribution
 Organic Growth
 FX-adj. growth rates

Financials 9M 2024: Segments

in EUR m	Operating Gross Profit ¹⁾				Operating EBITA ²⁾				Operating EBITA conversion ratio	
	9M 2024	9M 2023	Δ	Δ FX adjusted	9M 2024	9M 2023	Δ	Δ FX adjusted	9M 2024	9M 2023
Specialties Life Science	621.5	644.1	-3.5%	-1.6%	254.7	299.4	-14.9%	-12.5%	41.0%	46.5%
Specialties Material Science	247.8	254.7	-2.7%	-1.4%	91.9	98.2	-6.4%	-4.7%	37.1%	38.6%
Specialties Other	15.3	19.9	-23.1%	-19.9%	-1.7	5.8	-129.3%	-134.0%	-	-
Brenntag Specialties	884.6	918.7	-3.7%	-1.9%	339.7	404.0	-15.9%	-13.6%	38.4%	44.0%
Essentials EMEA	749.2	754.4	-0.7%	-1.2%	210.4	252.2	-16.6%	-17.2%	28.1%	33.4%
Essentials North America	1,160.8	1,152.4	0.7%	1.2%	357.5	390.8	-8.5%	-8.1%	30.8%	33.9%
Essentials Latin America	121.3	120.3	0.8%	0.1%	10.0	20.2	-50.5%	-51.9%	8.2%	16.8%
Essentials APAC	105.4	97.6	8.0%	10.6%	10.5	15.6	-32.7%	-31.4%	10.0%	16.0%
Essentials Transregional	10.2	23.6	-56.8%	-56.8%	5.4	18.2	-70.3%	-70.3%	-	-
Brenntag Essentials	2,146.9	2,148.3	-0.1%	0.1%	586.3	695.5	-15.7%	-15.7%	27.3%	32.4%
Group and Regional Services	-	-	-	-	-88.1	-119.5	-26.3%	-26.3%	-	-
Brenntag Group	3,031.5	3,067.0	-1.2%	-0.5%	837.9	980.0	-14.5%	-13.5%	27.6%	32.0%

Note: The difference between the total of the reportable segments (EMEA, Americas and APAC) and the Brenntag divisions is the result of central activities which are part of Brenntag divisions but not directly attributable to any specific segment

¹⁾ External sales less cost of materials

²⁾ Segment operating EBITA is calculated as EBITA adjusted for holding charges and special items



Financials 9M 2024:

Income statement

in EUR m	9M 2024	9M 2023	Δ	Δ FX adjusted
Sales	12,247.7	12,872.0	-4.9%	-4.3%
Cost of materials	-9,216.2	-9,805.0	-6.0%	-5.5%
Operating Gross Profit	3,031.5	3,067.0	-1.2%	-0.5%
Operating expenses	-1,933.1	-1,856.0	4.2%	4.6%
Operating EBITDA	1,098.4	1,211.0	-9.3%	-8.4%
Depreciation	-260.5	-231.0	12.8%	13.3%
Operating EBITA	837.9	980.0	-14.5%	-13.5%
Net income / expense from sp. items	-86.8	-36.3	-	-
EBITA	751.1	943.7	-	-
Amortization	-55.4	-49.9	-	-
EBIT	695.7	893.8	-	-
Financial result	-125.1	-99.2	-	-
EBT	570.6	794.6	-	-
Profit after tax	415.0	583.8	-	-
EPS	2.82	3.80	-	-

Financials 9M 2024:

Cash flow statement

in EUR m	9M 2024	9M 2023
Profit after tax	415.0	583.8
Effect from IAS 29 on profit/loss after tax	-0.2	14.5
Depreciation & amortization	329.7	284.6
Income tax expense	155.6	210.8
Income taxes paid	-185.9	-212.8
Net interest expense	93.6	77.4
Interest paid	-87.0	-87.1
<i>(thereof interest paid for leases)</i>	(-16.8)	(-12.5)
Interest received	12.5	13.7
Dividends received	0.7	-
Changes in working capital	-165.2	387.7
Changes in other operating assets and liabilities	-37.6	-61.2
Changes in provisions	-21.7	-33.5
Non-cash change in liabilities relating to acquisition of non-controlling interests	4.1	-7.0
Other	39.2	-8.3
Net cash provided by operating activities	552.8	1,162.6

Legend: Components to calculate FCF derived from operating EBITDA



Financials 9M 2024:

Cash flow statement (continued)

in EUR m	9M 2024	9M 2023
Proceeds from the disposal of other financial assets	-	0.2
Proceeds from the disposal of intangible assets and property, plant and equipment	11.1	10.8
Payments to acquire consolidated subsidiaries and other business units	-321.3	-98.1
Payments to acquire other financial assets	-0.3	-
Payments to acquire intangible assets and property, plant and equipment	-222.2	-161.3
Net cash used in investing activities	-532.7	-248.4
Payments to acquire treasury shares	-250.1	-439.2
Repayments of liabilities relating to acquisition of non-controlling interests	-	-12.0
Proceeds from non-controlling interests	-	1,7
Dividends paid to Brenntag shareholders	-303,2	-304,7
Dividends paid to non-controlling interests	-3,4	-3,5
Proceeds from borrowings	1,262.5	309.8
Repayments of lease liabilities	-114.6	-102.4
Repayments of borrowings	-440.6	-860.1
Net cash provided by / used in financing activities	150.6	-1,410.4
Change in cash & cash equivalents	170.7	-496.2

Legend: Components to calculate FCF derived from operating EBITDA



Financials 9M 2024:

Free cash flow

in EUR m	9M 2024	9M 2023	Δ abs	Δ %
Operating EBITDA	1,098.4	1,211.0	-112.6	-9.3
Payments to acquire intangible assets and property, plant and equipment	-222.2	-161.3	-60.9	37.8
Δ Working capital ¹⁾	-165.2	387.7	-552.9	-142.6
Principal and interest payments on lease liabilities	-131.4	-114.9	-16.5	14.4
Free cash flow	579.6	1,322.5	-742.9	-56.2

Financial calendar / contact



Financial calendar

March 12, 2025

Annual Report
FY 2024

May 14, 2025

Quarterly Statement
Q1 2025

May 22, 2025

Annual General Meeting

August 13, 2025

Half-Year Financial Report
H1 2025



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The financial calendar is updated regularly.

You can find the latest dates on www.brenntag.com/financial_calendar

Please note that these dates could be subject to change.

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