

Q2 2023 Results

Brenntag SE
August 9, 2023

Q2 2023 Results Presentation

1. Highlights Q2 2023
2. Financial performance Q2 2023
3. Outlook
4. 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 1st 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

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



Conclusions on strategic options and the future path:

Capital Markets Day – 5th December 2023 - London

1) Including amongst others: Strategic direction of the group; Investor Relations; Capital and Top Leadership/Talent allocation; Governance, Compliance, and Policies
 2) Household, Industrial & Institutional Cleaning Ingredients

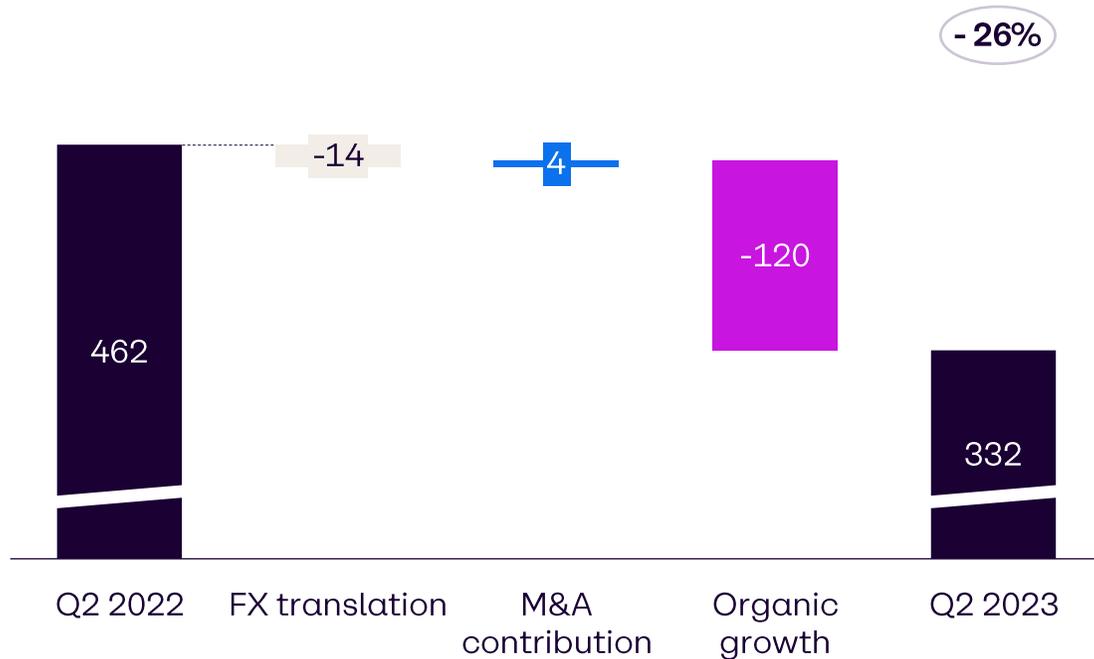
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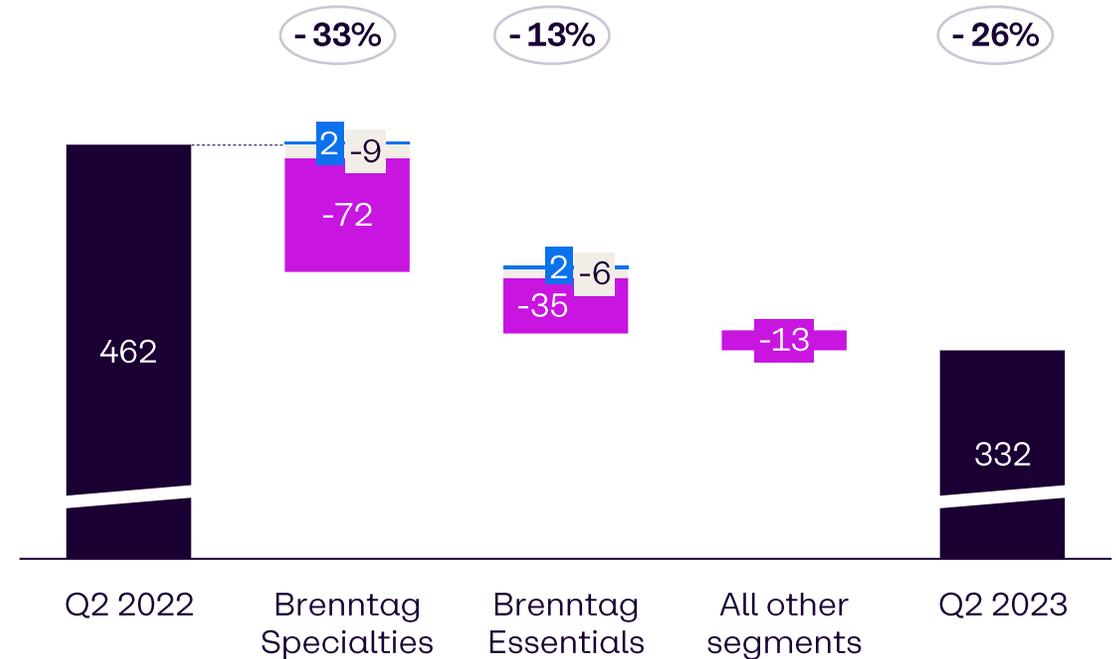


Financials Q2 2023: Operating EBITA bridges¹⁾

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



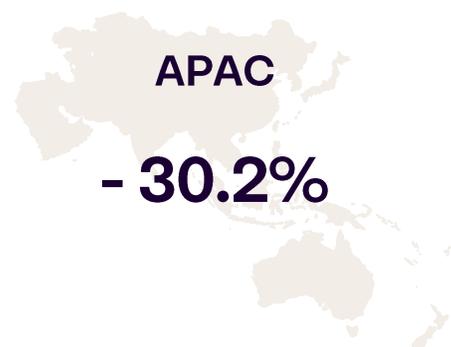
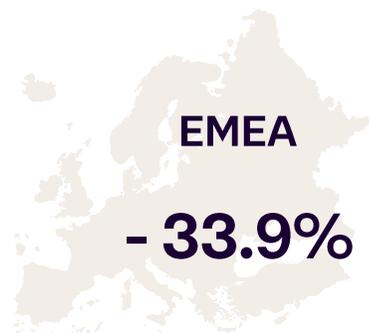
Segment – Operating EBITA growth (FX-adj.)
in EUR m



FX translation
 M&A contribution
 Organic Growth

Financials Q2 2023: Brenntag Specialties

Operating EBITA growth¹⁾



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

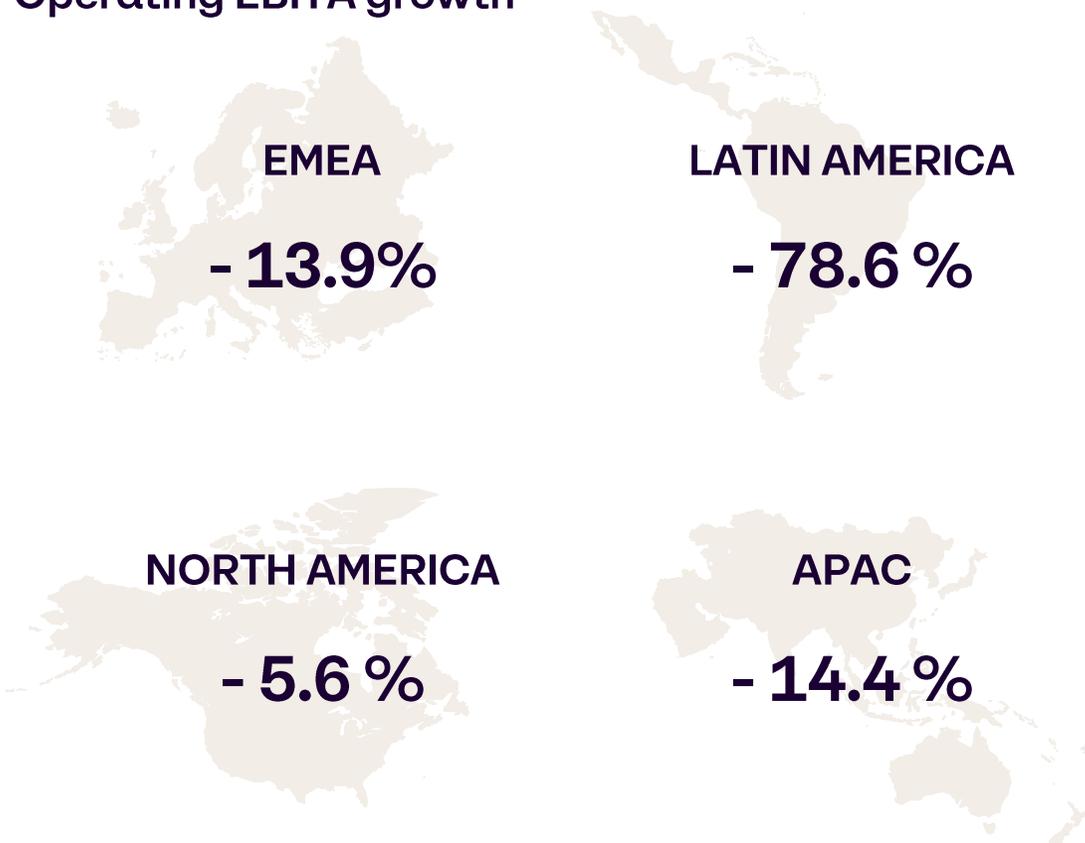
Muted construction activity continues to impact Material Science business

Macroeconomic environment characterized by inflationary cost development

Op. EBITA Conversion ratio of 38.6%

Financials Q2 2023: Brenntag Essentials

Operating EBITA growth¹⁾



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%

Financials Q2 2023: Income statement

in EUR m	Q2 2023	Q2 2022	Δ	Δ FX adjusted
Sales	4,256.6	5,061.2	- 15.9%	- 13.7%
Cost of materials	- 3,235.8	- 3,916.4	- 17.4%	-
Operating Gross Profit	1,020.8	1,144.8	- 10.8%	- 8.5%
Operating expenses	- 611.1	- 611.0	0%	2.3%
Operating EBITDA	409.7	533.8	- 23.2%	- 20.9 %
Depreciation	- 77.5	- 71.4	8.5%	10.8%
Operating EBITA	332.2	462.4	- 28.2%	- 25.8%
Net income / expense from sp. items	- 17.3	- 3.2	-	-
EBITA	314.9	459.2	-	-
Amortization	- 16.9	- 18.0	-	-
EBIT	298.0	441.2	-	-
Financial result	- 39.2	- 37.8	-	-
EBT	258.8	403.4	-	-
Profit after tax	189.1	294.1	-	-
EPS	1.23	1.86	-	-

Financials Q2 2023:

Free cash flow

in EUR m	Q2 2023	Q2 2022	Δ	Δ
Operating EBITDA	409.7	533.8	- 124.1	23.2%
Payments to acquire intangible assets and property, plant and equipment	- 51.1	- 45.8	- 5.3	11.6%
Δ Working capital ¹⁾	110.8	- 295.3	406.1	- 137.5%
Principal and interest payments on lease liabilities	- 37.7	- 35.1	- 2.6	7.4%
Free cash flow	431.7	157.6	274.1	173.9%

Financials Q2 2023:

Working capital

in EUR m	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Inventories	1,547.6	1,661.8	1,773.8	2,019.8	2,015.8
+ Trade receivables	2,519.4	2,693.1	2,676.8	3,029.5	3,081.1
./. Trade payables	1,744.7	1,902.0	1,862.0	2,103.0	2,240.8
Working capital (end of period)¹⁾	2,322,3	2,452.9	2,588.6	2,946.3	2,856.1
Working capital turnover (annualized) ²⁾	7.2x	7.2x	7.5x	7.5x	7.7x

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

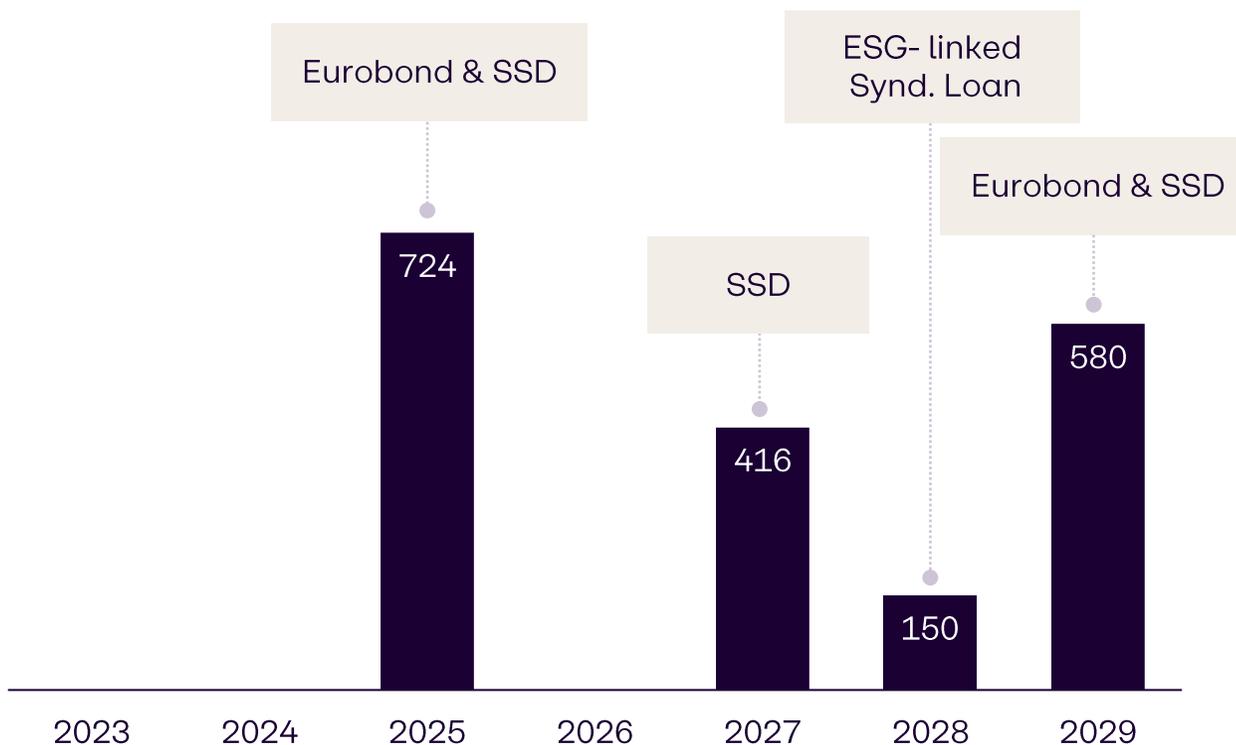
²⁾ Sales YTD extrapolated to the full year; average working capital is defined as the average of working capital at the beginning of the year and at the end of each quarter

Financials 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
Net Debt/Operating EBITDA¹⁾	1.4x	1.1x
Equity	4,322.4	4,802.7

in EUR m



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

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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

Thank you for your attention!



Christian Kohlpaintner
CEO

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



Kristin Neumann
CFO

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Financials Q2 2023: Segments (1/2)

in EUR m	Operating Gross Profit ¹⁾				Operating EBITDA ²⁾				Conversion ratio	
	Q2 2023	Q2 2022	Δ	Δ FX adjusted	Q2 2023	Q2 2022	Δ	Δ FX adjusted	Q2 2023	Q2 2022
Brenntag Specialties	374.8	461.4	- 18.8%	- 15.9%	155.8	234.1	- 33.4%	- 30.7%	41.6%	50.7%
Brenntag Essentials	638.3	672.6	- 5.1%	- 3.1%	288.4	320.9	- 10.1%	- 8.2%	45.2%	47.7%
All other segments	7.7	10.8	- 28.7%	- 28.7%	- 34.5	- 21.2	62.7%	62.7%	-	-
Brenntag Group	1,020.8	1,144.8	- 10.8%	- 8.5%	409.7	533.8	- 23.2%	- 20.9%	40.1%	46.6%

in EUR m	Operating EBITA				Conversion ratio	
	Q2 2023	Q2 2022	Δ	Δ FX adjusted	Q2 2023	Q2 2022
Brenntag Specialties	144.7	223.7	- 35.3%	- 32.6%	38.6%	48.5%
Brenntag Essentials	225.5	264.0	- 14.6%	- 12.7%	35.3%	39.3%
All other segments	- 38.0	- 25.3	50.2%	50.2%	-	-
Brenntag Group	332.2	462.4	- 28.2%	- 25.8%	32.5%	40.4%

¹⁾ External sales less cost of materials

²⁾ Segment Operating EBITDA is calculated as EBITDA adjusted for holding charges and special items

Financials Q2 2023: Segments (2/2)

in EUR m	Operating Gross Profit ¹⁾				Operating EBITA ²⁾				Conversion Ratio	
	Q2 2023	Q2 2022	Δ	Δ FX adjusted	Q2 2023	Q2 2022	Δ	Δ FX adjusted	Q2 2023	Q2 2022
Specialties EMEA	169.1	202.6	- 16.5%	- 13.5%	64.4	102.1	- 36.9%	- 33.9%	38.1%	50.4%
Specialties Americas	141.5	178.8	- 20.9%	- 18.9%	53.8	81.3	- 33.8%	- 32.1%	38.0%	45.5%
Specialties APAC	64.2	80.0	- 19.8%	- 15.4%	26.4	40.1	- 34.2%	- 30.2%	41.1%	50.1%
Brenntag Specialties	374.8	461.4	- 18.8%	- 15.9%	144.7	223.7	- 35.3%	- 32.6%	38.6%	48.5%
Essentials EMEA	235.4	250.8	- 6.1%	- 5.4%	87.2	102.3	- 14.8%	- 13.9%	37.0%	40.8%
Essentials North America	344.6	342.0	0.8%	3.2%	126.2	136.4	- 7.5%	- 5.6%	36.6%	39.9%
Essentials Latin America	34.3	46.4	- 26.1%	- 22.6%	2.6	12.7	- 79.5%	- 78.6%	7.6%	27.4%
Essentials APAC	24.0	33.4	- 28.1%	- 23.5%	10.0	12.4	- 19.4%	- 14.4%	41.7%	37.1%
Brenntag Essentials	638.3	672.6	- 5.1%	- 3.1%	225.5	264.0	- 14.6%	- 12.7%	35.3%	39.3%
All other segments	7.7	10.8	- 28.7%	- 28.7%	- 38.0	- 25.3	50.2%	50.2%	-	-
Brenntag Group	1,020.8	1,144.8	- 10.8%	- 8.5%	332.2	462.4	- 28.2%	- 25.8%	32.5%	40.4%

Note: The difference between the sum 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 one segment

¹⁾ External sales less cost of materials

²⁾ Segment Operating EBITDA is calculated as EBITDA adjusted for holding charges and special items

Financials Q2 2023:

Cash flow statement

in EUR m	Q2 2023	Q2 2022
Profit after tax	189.1	294.1
Effect from IAS 29 on profit/loss after tax	5.0	7.2
Depreciation & amortization	94.4	88.9
Income tax expense	69.7	107.6
Income taxes paid	- 111.8	- 121.4
Net interest expense	24.9	21.0
Interest paid (netted against interest received)	- 16.1	- 15.8
<i>(thereof interest paid for leases)</i>	<i>(- 4.2)</i>	<i>(- 2.4)</i>
Dividends received	-	-
Changes in working capital	110.8	- 295.3
Changes in other operating assets and liabilities	- 40.0	3.4
Changes in provisions	2.1	- 3.6
Non-cash change in liabilities relating to acquisition of non-controlling interests	1.6	2.3
Other	- 2.4	9.7
Net cash provided by operating activities	327.4	98.1

Legend:  Components to calculate FCF derived from op. EBITDA



Financials Q2 2023:

Cash flow statement (continued)

in EUR m	Q2 2023	Q2 2022
Proceeds from the disposal of other financial assets	0.1	-
Proceeds from the disposal of intangible assets and property, plant and equipment	4.4	6.2
Payments to acquire consolidated subsidiaries and other business units	- 23.4	-
Payments to acquire intangible assets and property, plant and equipment	- 51.1	- 45.8
Net cash used in investing activities	- 70.0	- 39.6
Payments to acquire treasury shares	- 143.7	-
Repayments of liabilities relating to acquisition of non-controlling interests	-	- 92.0
Proceeds from non-controlling interests	1.7	-
Dividends paid to Brenntag shareholders	- 304.7	- 224.0
Dividends paid to non-controlling interests	- 0.2	- 0.7
Proceeds from borrowings	153.5	100.6
Repayments of lease liabilities	- 33.5	- 32.7
Repayments of borrowings	- 146.4	- 15.6
Net cash provided by / used in financing activities	- 473.3	- 264.4
Change in cash & cash equivalents	- 216.0	- 205.9

Legend:  Components to calculate FCF derived from op. EBITDA



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

New Management Board structure will increase efficiency and reflects future Group and Divisional setup



Christian Kohlpaintner
Chief Executive Officer



Kristin Neumann
Chief Financial Officer



Michael Friede
Chief Executive Officer
BSP¹



Ewout van Jarwaarde
Chief Executive Officer
BES²

1 Management board will be adjusted from five to four members

2 Structure reflects **specific needs of Brenntag's divisions**

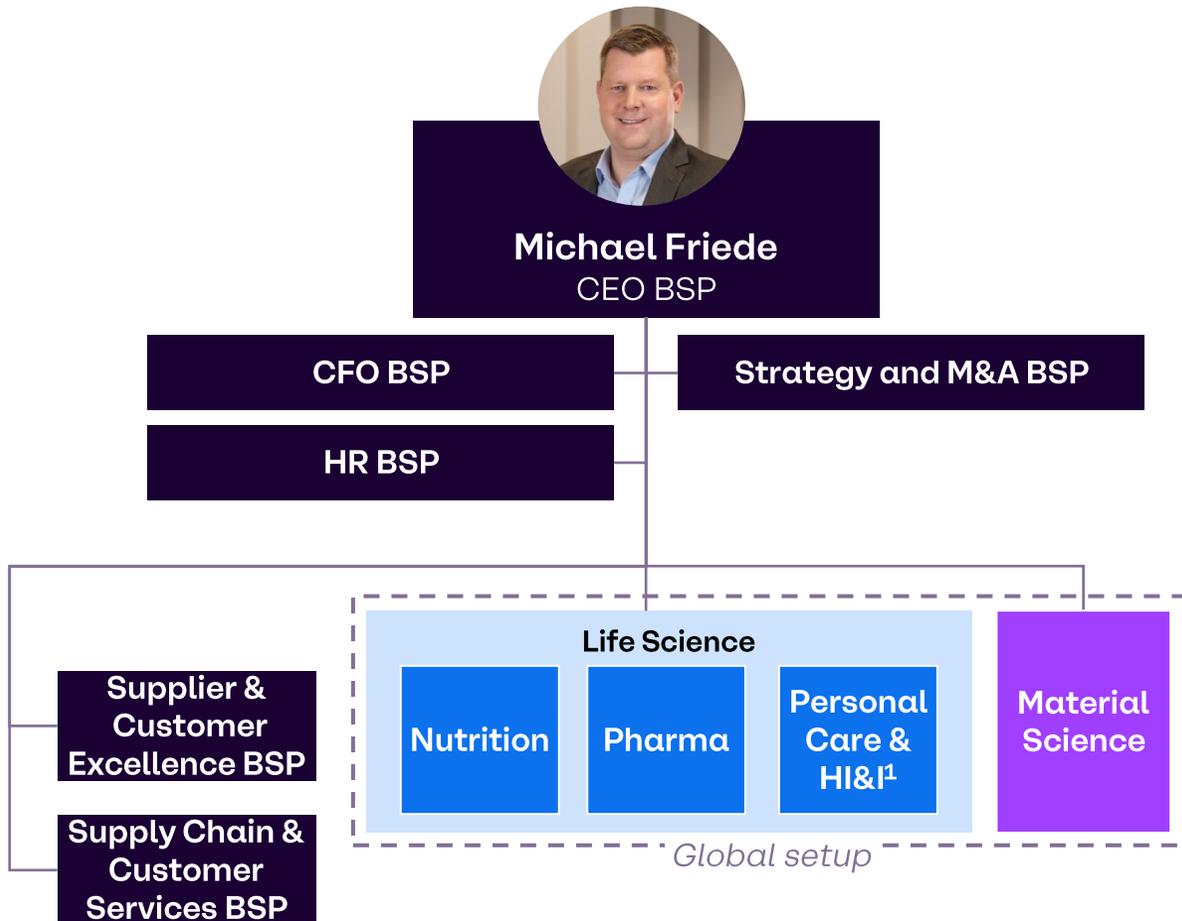
3 **Ewout van Jarwaarde** to become **CEO of BES** effective August 1st, 2023 and maintains Board responsibility for **Digital, Data and Technology** groupwide

4 **Christian Kohlpaintner** assumes responsibility for **Brenntag Excellence**

5 Remaining **CTO responsibilities** assigned to other board members

BSP will be organized by global business units to better address its industry, customer and supplier environment - Strong ExCo structure

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

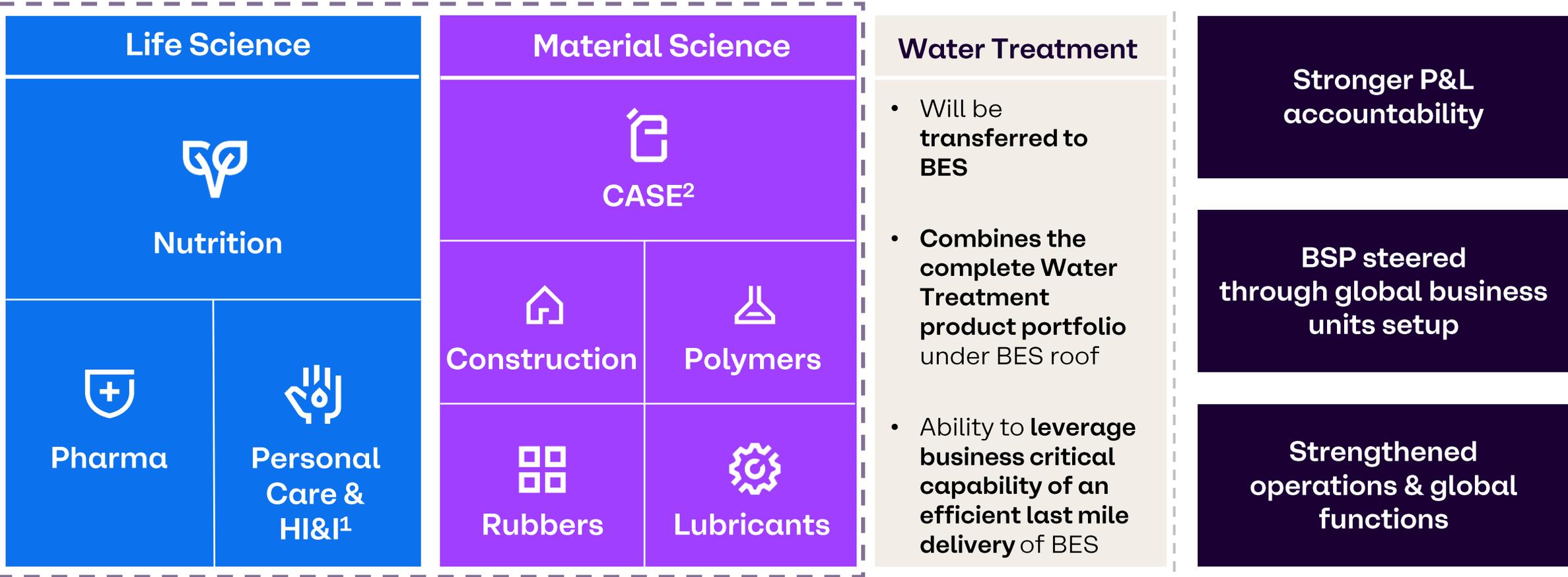
Product portfolio of BSP to be sharpened further until our CMD and followed by structural build-up

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 1st, 2024



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

¹ Household, Industrial & Institutional Cleaning Ingredients
² Coatings, Adhesives, Sealants and Elastomers

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

BES Executive Committee



Ewout van Jarwaarde
CEO BES

CFO BES

Business Development BES

HR BES

**Chief Digital Data and
Technology Officer Group**

Corporate function

**North
America**

**Latin
America**

EMEA

**APAC/
China**

Regional steering

**Customer &
Supplier
Excellence BES**

**Supply Chain
Services BES**

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**



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: ir@brenntag.de Web: www.brenntag.com/investor_relations/
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
Please note that these dates could be subject to change.

Disclaimer

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