



# Q2 2022 RESULTS

**AUGUST 10, 2022**

Conference Call  
Corporate Investor Relations

Connecting**Chemistry**



# Agenda

**EXECUTIVE SUMMARY Q2 2022**

**FINANCIAL DETAILS Q2 2022**

**OUTLOOK**

**APPENDIX**



# Highlights Q2 2022

**SALES**  
(fx adj.)

**+37.4%**

EUR 5,061.2m

**OPERATING GROSS PROFIT**  
(fx adj.)

**+28.0%**

EUR 1,144.8m

**OPERATING EBITDA**  
(fx adj.)

**+41.0%**

EUR 533.8m

**EPS**

**EUR 1.86**

Significantly higher than in Q2 2021

**PROJECT BRENNTAG  
TARGETS ONE YEAR  
AHEAD OF PLAN**

~EUR 195m op. EBITDA

We expect to achieve our PB targets by the end of 2022

**FREE CASHFLOW**

**EUR 157.6m**

Working Capital turn stood at 7.7x

**OPERATING EBITDA  
GUIDANCE FOR FY 2022**

**EUR 1,750 – 1,850m**

Expect to achieve the upper range of the guidance

**DIVIDEND PAYMENT OF  
EUR 1.45 PER SHARE**

Dividend paid in Q2 2022

11<sup>th</sup> consecutive dividend increase

# Brenntag continued to manage exceptionally challenging macroeconomic and geopolitical conditions well in Q2 2022

- Besides the geopolitical uncertainties, we are still experiencing pressure on global supply chains
- Further COVID-19 lockdowns impact Asia Pacific and China in particular
- Global market conditions characterized by high price volatility
- Strong price increases for raw materials, energy and transportation

- Our Ukraine business is operational again
- Resilience by drawing on multiple supply chains on a global basis
- Brenntag benefitting from high diversification in product portfolio and supplier base
- Maintaining supply and continued deliveries to customers is key

**Against a challenging environment, Brenntag continued to demonstrate very strong EBITDA growth by supply capability, price pass-through and margin efficiencies**

# Project Brenntag achievements since inception of the program

## Project Brenntag Initial FY 2023<sup>1)</sup> targets

**Top line levers**  
**~EUR 40m**  
 Op. EBITDA impact from Op. Gross Profit growth

**Bottom line levers**  
**~EUR 180m**  
 Op. EBITDA impact from expense reduction

**Total**  
**~EUR 220m**  
 Op. EBITDA impact



*One year ahead of plan: We expect to achieve our PB targets by the end of 2022*

## Project Brenntag Achievement<sup>2)</sup>

**~EUR 67m**

**~EUR 128m**

**~EUR 195m**  
 LTM actual p.a.

## Facts & Figures<sup>2)</sup>

- Structural job reduction: ~1,060
- Site closures globally: 85
- Project Brenntag expenses: EUR 77m



<sup>1)</sup> Based on management estimates; <sup>2)</sup> Against baseline 2019

# Agenda

**EXECUTIVE SUMMARY Q2 2022**

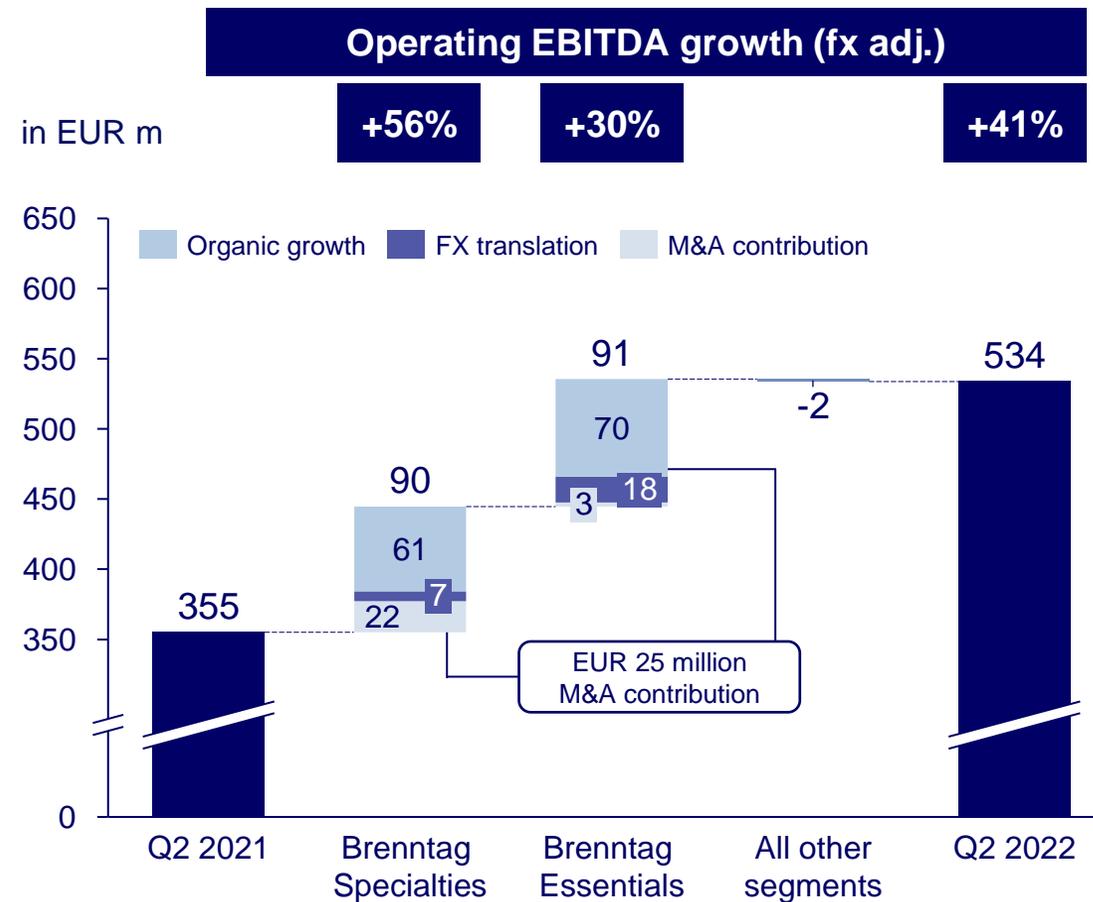
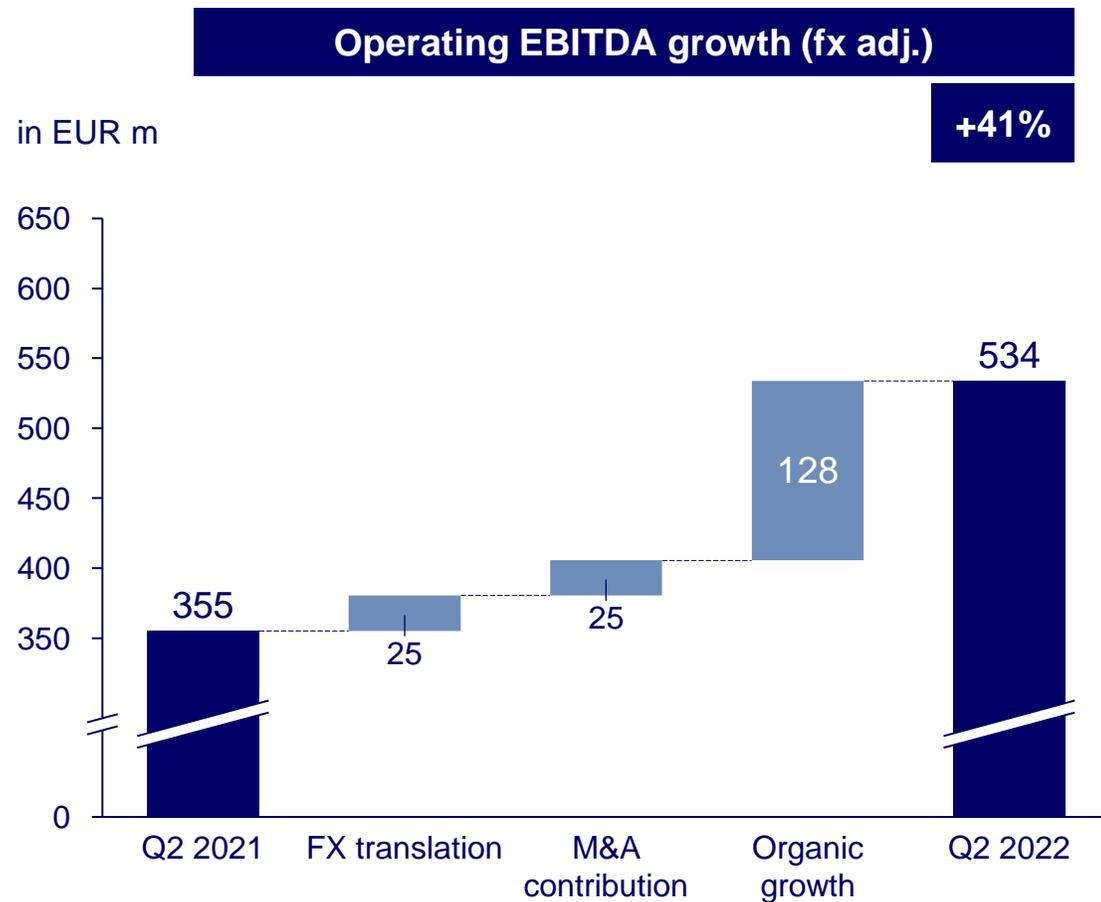
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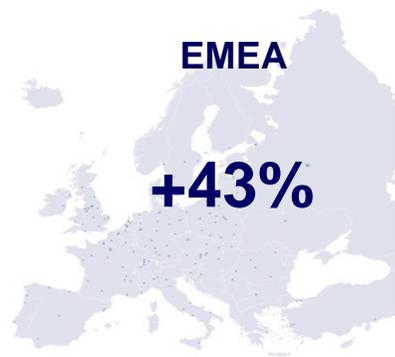
# Financials Q2 2022: Operating EBITDA bridges\*



\* Calculations are partly based on assumptions made by management; effects based on rounded figures

# Financials Q2 2022: Brenntag Specialties

## Operating EBITDA growth\*



### Focus industries (GP dev.)

Nutrition 

Pharma 

Personal Care/Hi&I 

Water treatment 

Material Science 

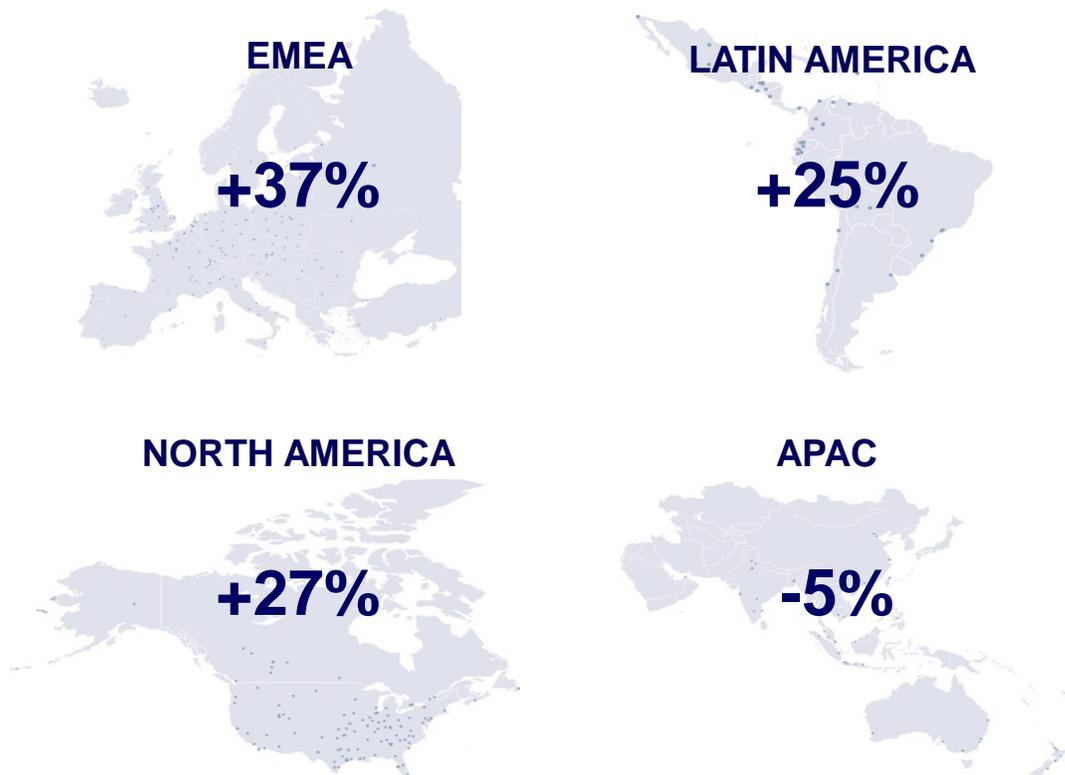
Lubricants 

- Brenntag Specialties achieved stronger growth than Brenntag Essentials in line with expectations
- Strong op. gross profit increase\* of 42.2%
- Op. EBITA growth\* of 57.2%
- Broad-based growth across all segments
- Growth mainly organically
- All focus industries with double digit growth rates and Life Science industries particularly strong
- Macroeconomic environment characterized by inflationary cost development & supply shortages
- Conversion ratio of ~51%

\* Growth rates are adjusted for translational FX-effects.

# Financials Q2 2022: Brenntag Essentials

## Operating EBITDA growth\*



- Op. EBITDA development almost entirely organic
- Strong op. gross profit increase\* of 19.5%
- Op. EBITA growth\* of 40.5%
- EMEA, NA and LATAM particularly strong
- APAC impacted by severe lockdowns in China
- Various influencing factors such as high energy prices, supply chain pressure + inflationary transport development
- Maintaining deliveries to customers was again key
- Conversion ratio of ~48%

\* Growth rates are adjusted for translational FX-effects.

# Financials Q2 2022: Income statement

in EUR m	Q2 2022	Q2 2021	Δ	Δ FX adjusted
Sales	5,061.2	3,470.1	45.9%	37.4%
Cost of materials	-3,916.4	-2,631.4	48.8%	-
<b>Operating gross profit</b>	<b>1,144.8</b>	838.7	36.5%	28.0%
Operating expenses	-611.0	-483.6	26.3%	18.5%
<b>Operating EBITDA</b>	<b>533.8</b>	355.1	50.3%	41.0%
Special items	-3.2	-17.9	-	-
Depreciation	-71.4	-65.5	9.0%	2.5%
<b>EBITA</b>	<b>459.2</b>	271.7	69.0%	-
Amortization <sup>1) 2)</sup>	-18.0	-64.6	-	-
<b>EBIT</b>	<b>441.2</b>	207.1	113.0%	-
Financial result	-37.8	-14.3	-	-
EBT	403.4	192.8	109.2%	-
<b>Profit after tax</b>	<b>294.1</b>	137.2	114.4%	-
EPS	1.86	0.87	113.8%	-

<sup>1)</sup> Includes scheduled amortization of customer relationships in the amount of EUR 12.6 (Q2 2021: EUR 7.9m).

<sup>2)</sup> Includes prior-year impairment loss of EUR 51.9 million mainly due to changes to our IT portfolio.

# Financials Q2 2022:

## Free cash flow

	Q2 2022	Q2 2021	Δ	Δ
Operating EBITDA	533.8	355.1	178.7	50.3%
Payments to acquire intangible assets and property, plant and equipment	-45.8	-36.2	-9.6	26.5%
Δ Working capital	-295.3	-168.3	-127.0	75.5%
Principal and interest payments on lease liabilities	-35.1	-30.4	-4.7	15.5%
<b>Free cash flow</b>	<b>157.6</b>	<b>120.2</b>	<b>37.4</b>	<b>31.1%</b>

# Financials Q2 2022: Working capital

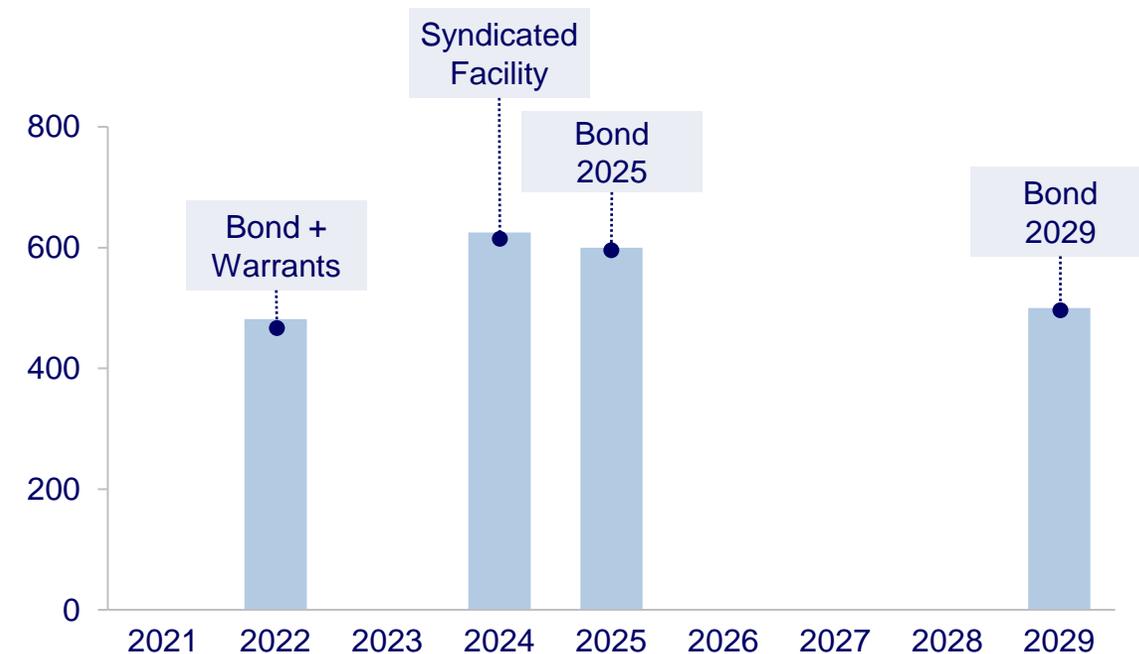
in EUR m	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021
Inventories	2,015.8	1,807.8	1,621.9	1,431.1	1,207.8
+ Trade receivables	3,081.1	2,796.9	2,290.2	2,189.4	2,056.8
./. Trade payables	2,240.8	2,109.4	1,802.3	1,660.1	1,555.2
<b>Working capital (end of period)</b>	<b>2,856.1</b>	<b>2,495.3</b>	2,109.8	1,960.4	1,709.4
Working capital turnover (annualized)*	7.7x	7.9x	8.3x	8.4x	8.6x

\* 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 2022: Balance sheet and maturity profile

in EUR m	30 Jun 2022	31 Dec 2021
Financial liabilities	2,631.8	2,329.7
Lease liabilities	445.2	445.6
./. Cash and cash equivalents	515.0	705.0
Net Debt	2,562.0	2,070.3
<b>Net Debt/Operating EBITDA*</b>	<b>1.5x</b>	<b>1.5x</b>
Equity	4,598.7	3,995.3

in EUR m



\* Operating EBITDA for the quarters on LTM basis calculated.

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# Outlook 2022: Well positioned in an exceptionally challenging environment



## Operating EBITDA Guidance

- Guidance raised in June 2022: Previously EUR 1,450 – 1,550m
- FY 2022 operating EBITDA guidance of EUR 1,750 – 1,850m confirmed
- **Expect to achieve the upper range of the guidance**



## Comments

- Guidance includes efficiency improvements of Project Brenntag initiatives and the contribution to earnings from acquisitions already closed
- Based on the assumption that exchange rates will remain stable at the date of the forecast's publication



## Macro environment

- Forecast assumes that the impact of the COVID-19 pandemic as well as the geopolitical and macroeconomic environment will not deviate significantly from the currently known extent for the remainder of the year
- Strong results in Q2 2022 and continuing positive trends in Q3 to date, but we are closely monitoring current developments



## Additional information

- EUR/USD: ~1.09 (2021: ~1.18)
- Sensitivity (FY basis): Delta of EUR/USD +/- 1 cent = EUR ~ +/- 5m op. EBITDA
- Tax rate: ~26% - 27%
- Capex 2022: EUR ~290m

## Brenntag strategically well on track

 <b>Operating Model</b>	<ul style="list-style-type: none"><li>▪ Strategically it was the right decision to setup two global divisions</li><li>▪ Dedicated commercial teams and differentiated steering approach</li></ul>
 <b>Project Brenntag</b>	<ul style="list-style-type: none"><li>▪ Our transformation program Project Brenntag is very well on track</li><li>▪ We expect to achieve our PB targets by the end of 2022 – One year ahead of plan</li></ul>
 <b>Strong Q2/2022 Results</b>	<ul style="list-style-type: none"><li>▪ Brenntag proofed its strengths reporting a very strong Q2/2022</li><li>▪ Brenntag Specialties grew stronger than Brenntag Essentials</li></ul>
 <b>FY2022 Guidance</b>	<ul style="list-style-type: none"><li>▪ Guidance raised in June 2022: Previously EUR 1,450 – 1,550m</li><li>▪ FY 2022 operating EBITDA guidance of EUR 1,750 – 1,850m confirmed</li><li>▪ <b>Expect to achieve the upper range of the guidance</b></li></ul>

**Thank you for your attention!**



**Christian Kohlpaintner**  
CEO

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



**Kristin Neumann**  
CFO

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# Financials Q2 2022: Segments (1/2)

in EUR m

## Operating gross profit<sup>1)</sup>

	Q2 2022	Q2 2021	Δ	Δ FX adjusted
Brenntag Specialties	461.4	308.9	49.4%	42.2%
Brenntag Essentials	672.6	523.1	28.6%	19.5%
All other segments	10.8	6.7	61.2%	58.8%
<b>Brenntag Group</b>	<b>1,144.8</b>	<b>838.7</b>	<b>36.5%</b>	<b>28.0%</b>

## Operating EBITDA<sup>2)</sup>

	Q2 2022	Q2 2021	Δ	Δ FX adjusted
Brenntag Specialties	234.1	144.5	62.0%	55.5%
Brenntag Essentials	320.9	230.1	39.5%	29.6%
All other segments	-21.2	-19.5	8.7%	9.3%
<b>Brenntag Group</b>	<b>533.8</b>	<b>355.1</b>	<b>50.3%</b>	<b>41.0%</b>

in EUR m

## Operating EBITA

	Q2 2022	Q2 2021	Δ	Δ FX adjusted
Brenntag Specialties	223.7	136.8	63.5%	57.2%
Brenntag Essentials	264.0	173.9	51.8%	40.5%
All other segments	-25.3	-21.1	19.9%	20.1%
<b>Brenntag Group</b>	<b>462.4</b>	<b>289.6</b>	<b>59.7%</b>	<b>49.6%</b>

<sup>1)</sup> External sales less cost of materials.

<sup>2)</sup> Segment operating EBITDA is calculated as EBITDA adjusted for holding charges and special items.

# Financials Q2 2022: Segments (2/2)

in EUR m	Operating gross profit <sup>1)</sup>				Operating EBITDA <sup>2)</sup>				Conversion ratio	
	Q2 2022	Q2 2021	Δ	Δ FX adjusted	Q2 2022	Q2 2021	Δ	Δ FX adjusted	Q2 2022	Q2 2021
Specialties EMEA	202.6	153.2	32.2%	33.8%	105.2	75.4	39.5%	42.5%	51.9%	49.0%
Specialties Americas	178.8	103.3	73.1%	54.0%	85.0	42.9	98.1%	76.4%	47.5%	41.5%
Specialties APAC	80.0	52.4	52.7%	41.1%	43.7	26.9	62.5%	50.0%	54.6%	51.3%
<b>Brenntag Specialties</b>	<b>461.4</b>	308.9	49.4%	42.2%	<b>234.1</b>	144.5	62.0%	55.5%	<b>50.7%</b>	46.8%
Essentials EMEA	250.8	206.5	21.5%	20.4%	127.4	92.5	37.7%	36.5%	50.8%	44.8%
Essentials North America	342.0	252.2	35.6%	21.0%	162.4	114.2	42.2%	26.8%	47.5%	45.3%
Essentials Latin America	46.4	35.4	31.1%	14.6%	17.1	12.0	42.5%	25.0%	36.9%	33.9%
Essentials APAC	33.4	29.0	15.2%	6.0%	13.8	13.3	3.8%	-4.9%	41.3%	45.9%
<b>Brenntag Essentials</b>	<b>672.6</b>	523.1	28.6%	19.5%	<b>320.9</b>	230.1	39.5%	29.6%	<b>47.7%</b>	44.0%
<b>All other segments</b>	10.8	6.7	61.2%	58.8%	-21.2	-19.5	8.7%	9.3%	-	-
<b>Brenntag Group</b>	<b>1,144.8</b>	838.7	36.5%	28.0%	<b>533.8</b>	355.1	50.3%	41.0%	<b>46.6%</b>	<b>42.3%</b>

<sup>1)</sup> External sales less cost of materials. <sup>2)</sup> Segment operating EBITDA is calculated as EBITDA adjusted for holding charges and special items. 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.

# Financials Q2 2022: Cash flow statement

in EUR m	Q2 2022	Q2 2021
Profit after tax	294.1	137.2
Effect from IAS 29 on profit/loss after tax	7.2	-
Depreciation & amortization	88.9	130.1
Income tax expense	107.6	55.6
Income taxes paid	-121.4	-55.5
Net interest expense	21.0	13.1
Interest paid (netted against interest received)	-15.8	-12.0
<i>(thereof interest paid for leases)</i>	<i>(-2.4)</i>	<i>(-3.7)</i>
Changes in working capital	-295.3	-168.3
Changes in other operating assets and liabilities	3.4	-54.2
Changes in provisions	-3.6	-46.6
Non-cash change in liabilities relating to acquisition of non-controlling interests	2.3	2.0
Other	9.7	1.0
<b>Net cash provided by operating activities</b>	<b>98.1</b>	<b>2.4</b>

# Financials Q2 2022:

## Cash flow statement (continued)

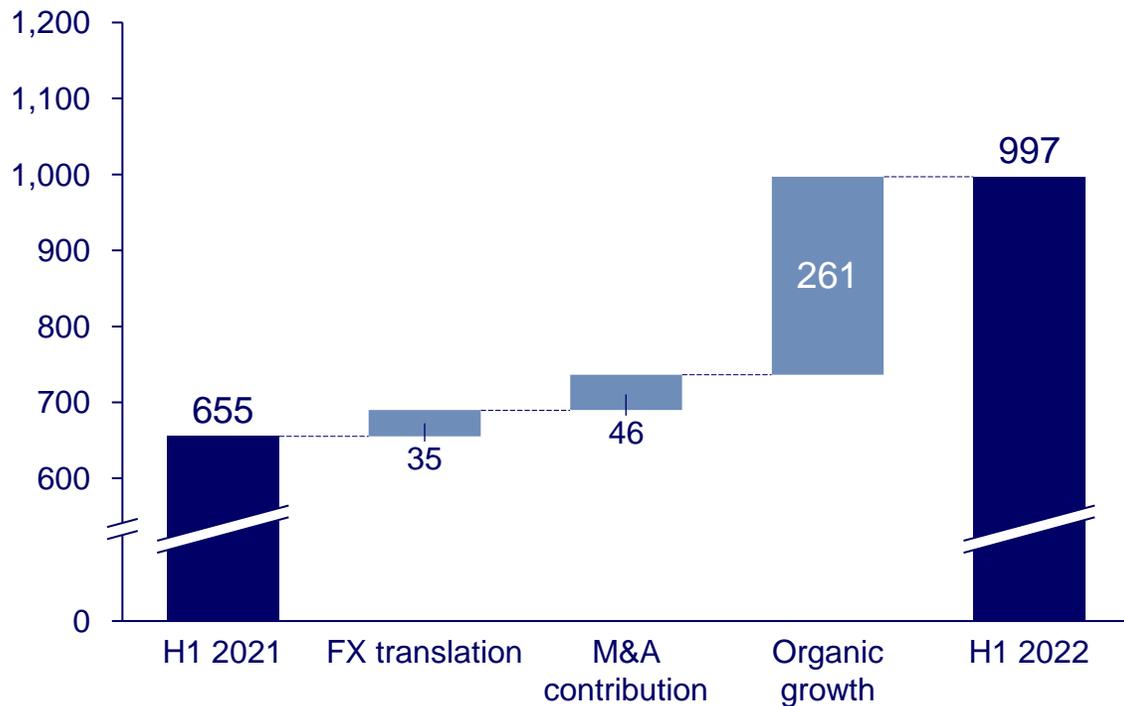
in EUR m	Q2 2022	Q2 2021
Proceeds from the disposal of other financial assets	-	0.1
Proceeds from the disposal of intangible assets and property, plant and equipment	6.2	3.7
Payments to acquire consolidated subsidiaries and other business units	-	0.2
Payments to acquire intangible assets and property, plant and equipment	-45.8	-36.2
<b>Net cash used in investing activities</b>	<b>-39.6</b>	<b>-32.2</b>
Purchases of companies already consolidated	-92.0	-
Dividends paid to Brenntag shareholders	-224.0	-208.6
Profits distributed to non-controlling interests	-0.7	-0.4
Proceeds from borrowings	100.6	147.7
Repayments of lease liabilities	-32.7	-26.7
Repayments of borrowings	-15.6	-4.6
<b>Net cash provided by / used in financing activities</b>	<b>-264.4</b>	<b>-92.6</b>
<b>Change in cash &amp; cash equivalents</b>	<b>-205.9</b>	<b>-122.4</b>

# Financials H1 2022: Operating EBITDA bridges\*

**Operating EBITDA growth (FX-adj.)**

in EUR m

**+45%**



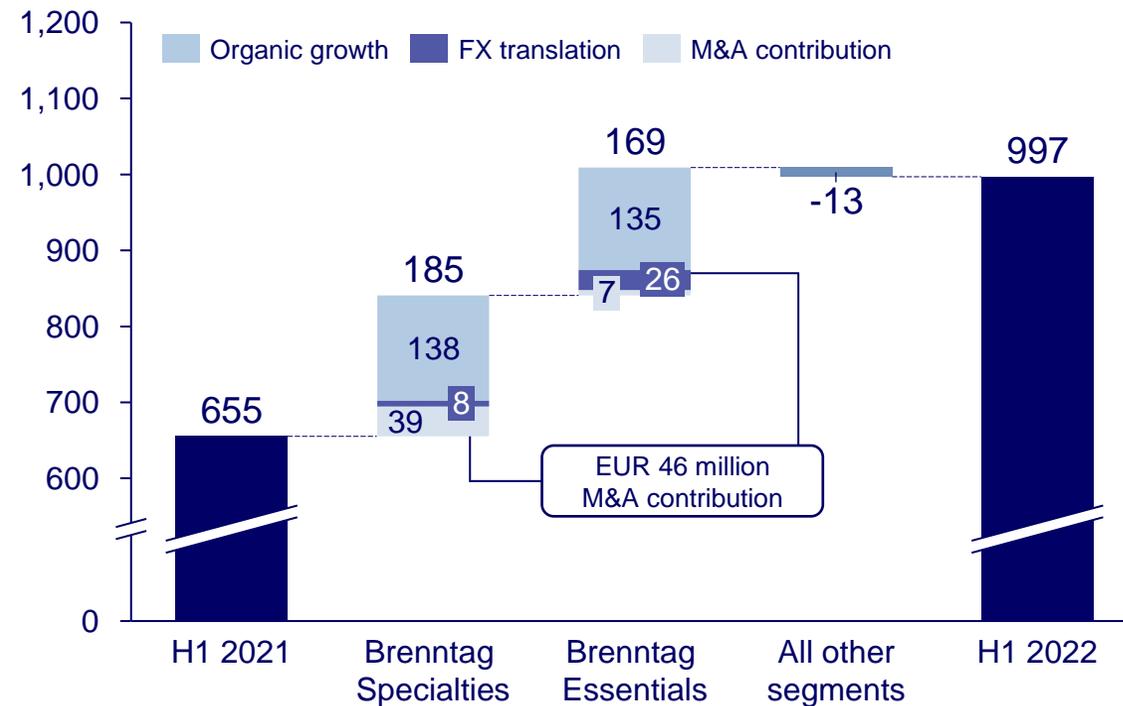
**Operating EBITDA growth (FX-adj.)**

in EUR m

**+65%**

**+32%**

**+45%**



\* Calculations are partly based on assumptions made by management; effects based on rounded figures

# Financials H1 2022: Income statement

in EUR m	H1 2022	H1 2021	Δ	Δ FX adjusted
Sales	9,594.3	6,602.6	45.3%	38.5%
Cost of materials	-7,411.6	-4,999.4	48.2%	-
<b>Operating gross profit</b>	<b>2,182.7</b>	1,603.2	36.1%	29.3%
Operating expenses	-1,185.9	-947.8	25.1%	18.9%
<b>Operating EBITDA</b>	<b>996.8</b>	655.4	52.1%	44.5%
Special items	-6.2	-88.7	-	-
Depreciation	-140.1	-126.8	10.5%	5.2%
<b>EBITA</b>	<b>850.5</b>	439.9	93.3%	-
Amortization <sup>1) 2)</sup>	-36.2	-75.9	-	-
<b>EBIT</b>	<b>814.3</b>	364.0	123.7%	-
Financial result	-62.2	-31.9	-	-
EBT	752.1	332.1	126.5%	-
<b>Profit after tax</b>	<b>548.1</b>	237.4	130.9%	-
EPS	3.47	1.50	131.3%	-

<sup>1)</sup> Includes scheduled amortization of customer relationships in the amount of EUR 24.7 (H1 2021: EUR 15.3m).

<sup>2)</sup> Includes prior-year impairment loss of EUR 51.9 million mainly due to changes to our IT portfolio.

# Financials H1 2022:

## Free cash flow

	H1 2022	H1 2021	Δ	Δ
Operating EBITDA	996.8	655.4	341.4	52.1%
Payments to acquire intangible assets and property, plant and equipment	-96.3	-74.2	-22.1	29.8%
Δ Working capital	-624.9	-328.8	-296.1	90.1%
Principal and interest payments on lease liabilities	-69.3	-61.6	-7.7	12.5%
<b>Free cash flow</b>	<b>206.3</b>	190.8	15.5	8.1%

# Financial calendar / Contact



Date	Event
August 10, 2022	Interim Report Q2 2022
November 9, 2022	Interim Report Q3 2022
November 10, 2022	Capital Markets Day 2022
March 8, 2023	Annual Report 2022

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.



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