



# Q2 2021 RESULTS

AUGUST 10, 2021

Conference Call  
Corporate Investor Relations

Connecting**Chemistry**

**BRENNTAG** 

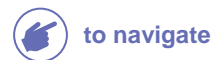
# Agenda

HIGHLIGHTS Q2 2021

FINANCIALS Q2 2021

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# Highlights Q2 2021: Excellent quarterly results

|  |   |  |  |
|--|---|--|--|
| <p><b>OPERATING GROSS PROFIT</b><br/>(fx adj.)</p> <p><b>+21.1%</b></p> <p>EUR 838.7m</p>      | <p><b>OPERATING EBITDA</b><br/>(fx adj.)</p> <p><b>+34.3%</b></p> <p>EUR 355.1m</p>                                       | <p><b>FREE CASHFLOW</b></p> <p><b>EUR 121.5m</b></p> <p>EUR 213.7m in Q2 2020</p>    | <p><b>EPS</b></p> <p><b>EUR 0.87</b></p> <p>EUR 0.80 in Q2 2020</p>                                |
| <p><b>EXCELLENT QUARTERLY RESULTS</b></p> <p>in a continued exceptional market environment</p> | <p><b>INCREASED FY 2021 GUIDANCE CONFIRMED</b></p> <p>FY 2021 OP. EBITDA expected to be between EUR 1,160m and 1,260m</p> | <p><b>DIVIDEND PAYMENT OF EUR 1.35 PER SHARE</b></p> <p>Dividend paid in Q2 2021</p> | <p><b>PROJECT BRENNTAG FULLY ON TRACK</b></p> <p>Implementation of various measures continuing</p> |

## Pushing ahead with important acquisitions



- Renowned player of food ingredients in North America with highly diversified product portfolio
- Strengthening Brenntag's specialties division
- Brenntag doubles its size in the North American nutrition market becoming the leading F&N distributor
- USD ~500m sales in 2020; EV USD 304m
- Closing in August 2021

### Zhongbai Xingye

- Leading specialty food ingredients distributor with focus on dairy products and proteins in China
- Expansion of Brenntag's specialties offering
- Underlining focus on emerging markets
- EUR 146m sales LTM June 2020
- EV EUR 90m for the 1. tranche
- Closing of 1<sup>st</sup> tranche of 67% in July 2021
- Closing of 2<sup>nd</sup> tranche planned for 2024

### M&A Approach

- Allocation of EUR 200-250m on average per year
- Focus on emerging markets and towards specialties
- In case attractive targets arise, we take decisive action
- M&A activities YTD 2021: EUR ~450m



## Continued exceptional market environment in Q2 2021

**Continued uncertainty around the development of the COVID-19 pandemic**

**Global supply chains still under pressure**

**Disruptions in global supply chains still impacting production and transportation**

**Product availability and ability to supply is key as demand has been increasing**

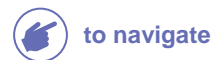
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HIGHLIGHTS Q2 2021

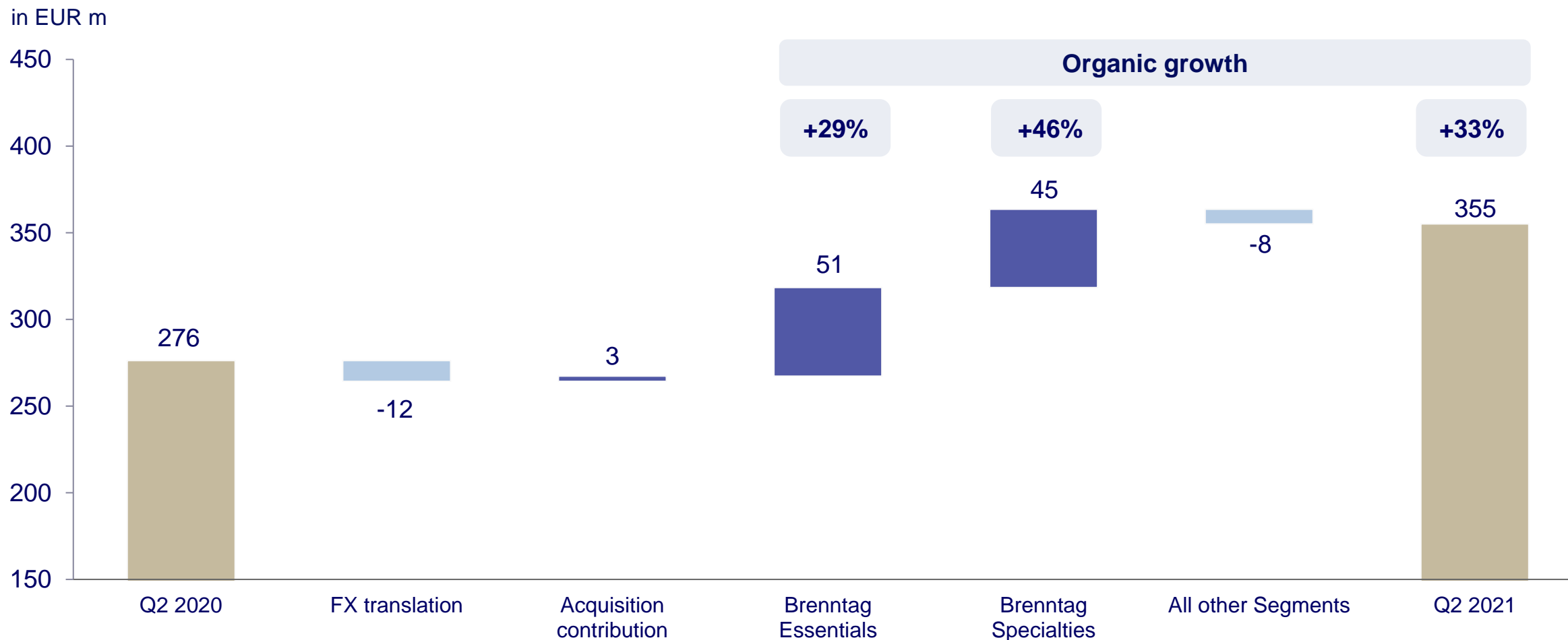
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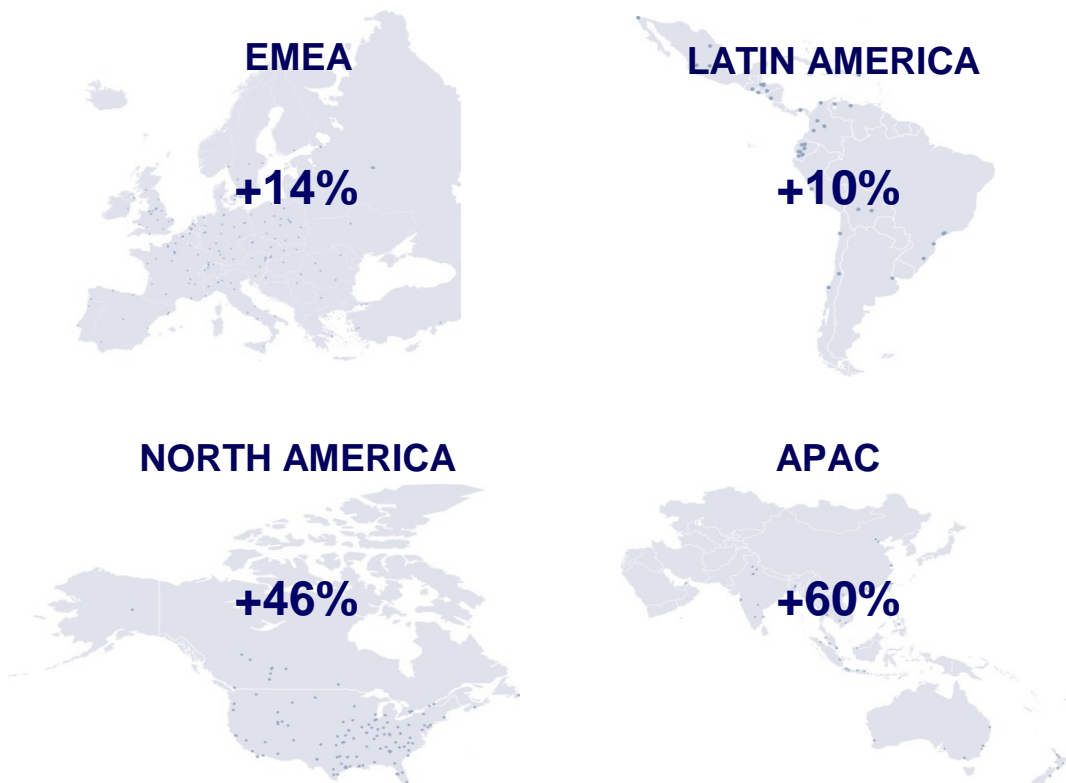
# Financials Q2 2021: Operating EBITDA bridge\*



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

# Financials Q2 2021: Brenntag Essentials

## Organic op. EBITDA growth

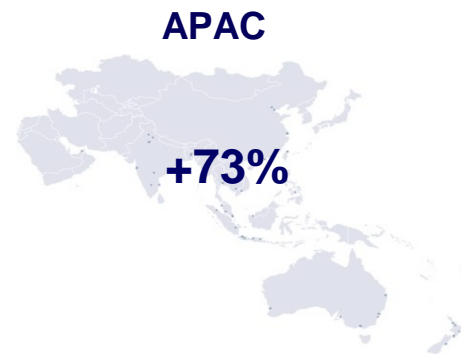
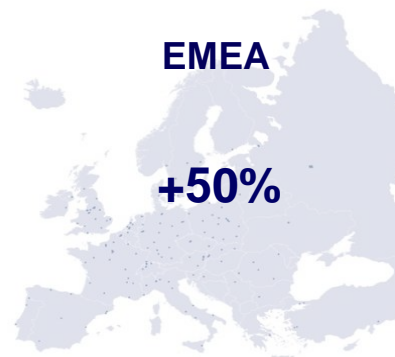


- Benefitting from good margin management and increased demand
- Market disruptions still noticeable
- Broad based economic recovery incl. O&G
- All segments contributed to this performance with BES EMEA and North America being particularly strong
- Growth almost entirely organic
- Op. EBITDA result in APAC predominantly driven by China and Vietnam
- Conversion ratio of ~44%



# Financials Q2 2021: Brenntag Specialties

## Organic op. EBITDA growth



## Focus industries (Org. GP dev.)

Nutrition

Pharma

Personal Care /HI&I

Water treatment

Material Science

Lubricants

- Benefitting from good margin management and product shortages particularly EMEA and Americas
- Growth across all segments and industries, except Pharma and Personal Care/Hi&I
- Nutrition and Material Science with particularly strong performance
- Op. EBITDA result supported by COVID-19 re-openings and our ability to maintain supply to customers
- Conversion ratio of ~47%

# Financials Q2 2021: Segments (1/2)

| in EUR m              | Operating gross profit <sup>1)</sup> |              |              |               | Operating EBITDA <sup>2)</sup> |              |              |               |
|-----------------------|--------------------------------------|--------------|--------------|---------------|--------------------------------|--------------|--------------|---------------|
|                       | Q2 2021                              | Q2 2020      | Δ            | Δ FX adjusted | Q2 2021                        | Q2 2020      | Δ            | Δ FX adjusted |
| Brenntag Essentials   | 523.1                                | 468.2        | 11.7%        | 16.3%         | 230.1                          | 185.6        | 24.0%        | 29.1%         |
| Brenntag Specialties  | 308.9                                | 247.1        | 25.0%        | 30.1%         | 144.5                          | 101.6        | 42.2%        | 48.7%         |
| All other Segments    | 6.7                                  | 5.3          | 26.4%        | 26.4%         | -19.5                          | -11.0        | 77.3%        | 77.3%         |
| <b>Brenntag Group</b> | <b>838.7</b>                         | <b>720.6</b> | <b>16.4%</b> | <b>21.1%</b>  | <b>355.1</b>                   | <b>276.2</b> | <b>28.6%</b> | <b>34.3%</b>  |

| in EUR m              | Operating EBITA |              |              |               |
|-----------------------|-----------------|--------------|--------------|---------------|
|                       | Q2 2021         | Q2 2020      | Δ            | Δ FX adjusted |
| Brenntag Essentials   | 173.9           | 130.8        | 33.0%        | 38.8%         |
| Brenntag Specialties  | 136.8           | 94.1         | 45.4%        | 51.9%         |
| All other Segments    | -21.1           | -12.4        | 70.2%        | 71.5%         |
| <b>Brenntag Group</b> | <b>289.6</b>    | <b>212.5</b> | <b>36.6%</b> | <b>42.7%</b>  |

1) External sales less cost of materials.

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

# Financials Q2 2021: Segments (2/2)

| in EUR m                    | Operating gross profit <sup>1)</sup> |              |              |               | Operating EBITDA <sup>2)</sup> |              |              |               |
|-----------------------------|--------------------------------------|--------------|--------------|---------------|--------------------------------|--------------|--------------|---------------|
|                             | Q2 2021                              | Q2 2020      | Δ            | Δ FX adjusted | Q2 2021                        | Q2 2020      | Δ            | Δ FX adjusted |
| Essentials EMEA             | 206.5                                | 197.3        | 4.7%         | 4.1%          | 92.5                           | 80.8         | 14.5%        | 14.1%         |
| Essentials North America    | 252.2                                | 214.2        | 17.7%        | 27.4%         | 114.2                          | 84.7         | 34.8%        | 46.3%         |
| Essentials Latin America    | 35.4                                 | 32.9         | 7.6%         | 16.1%         | 12.0                           | 11.8         | 1.7%         | 10.1%         |
| Essentials APAC             | 29.0                                 | 23.8         | 21.8%        | 25.0%         | 13.3                           | 8.5          | 56.5%        | 60.2%         |
| <b>Brenntag Essentials</b>  | <b>523.1</b>                         | <b>468.2</b> | <b>11.7%</b> | <b>16.3%</b>  | <b>230.1</b>                   | <b>185.6</b> | <b>24.0%</b> | <b>29.1%</b>  |
| Specialties EMEA            | 153.2                                | 117.3        | 30.6%        | 31.7%         | 75.4                           | 50.0         | 50.8%        | 53.7%         |
| Specialties Americas        | 103.3                                | 91.5         | 12.9%        | 22.0%         | 42.9                           | 35.9         | 19.5%        | 29.6%         |
| Specialties APAC            | 52.4                                 | 38.3         | 36.8%        | 44.1%         | 26.9                           | 15.8         | 70.3%        | 78.1%         |
| <b>Brenntag Specialties</b> | <b>308.9</b>                         | <b>247.1</b> | <b>25.0%</b> | <b>30.1%</b>  | <b>144.5</b>                   | <b>101.6</b> | <b>42.2%</b> | <b>48.7%</b>  |

1) External sales less cost of materials.

2) 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 2021: Income statement below operating EBITDA

| in EUR m                | Q2 2021      | Q2 2020      | Δ            | FY 2020        |
|-------------------------|--------------|--------------|--------------|----------------|
| <b>Operating EBITDA</b> | <b>355.1</b> | <b>276.2</b> | <b>28.6%</b> | <b>1,057.7</b> |
| Special items           | -17.9        | -11.9        | -            | -47.2          |
| Depreciation            | -65.5        | -63.7        | 2.8%         | -252.4         |
| <b>EBITA</b>            | <b>271.7</b> | <b>200.6</b> | <b>35.4%</b> | <b>758.1</b>   |
| Amortization            | -64.6        | -11.3        | 471.7%       | -45.1          |
| <b>EBIT</b>             | <b>207.1</b> | <b>189.3</b> | <b>9.4%</b>  | <b>713.0</b>   |
| Financial result        | -14.3        | -22.3        | -35.9%       | -79.7          |
| EBT                     | 192.8        | 167.0        | 15.4%        | 633.3          |
| <b>Profit after tax</b> | <b>137.2</b> | <b>123.0</b> | <b>11.5%</b> | <b>473.8</b>   |
| EPS                     | 0.87         | 0.80         | 8.8%         | 3.02           |

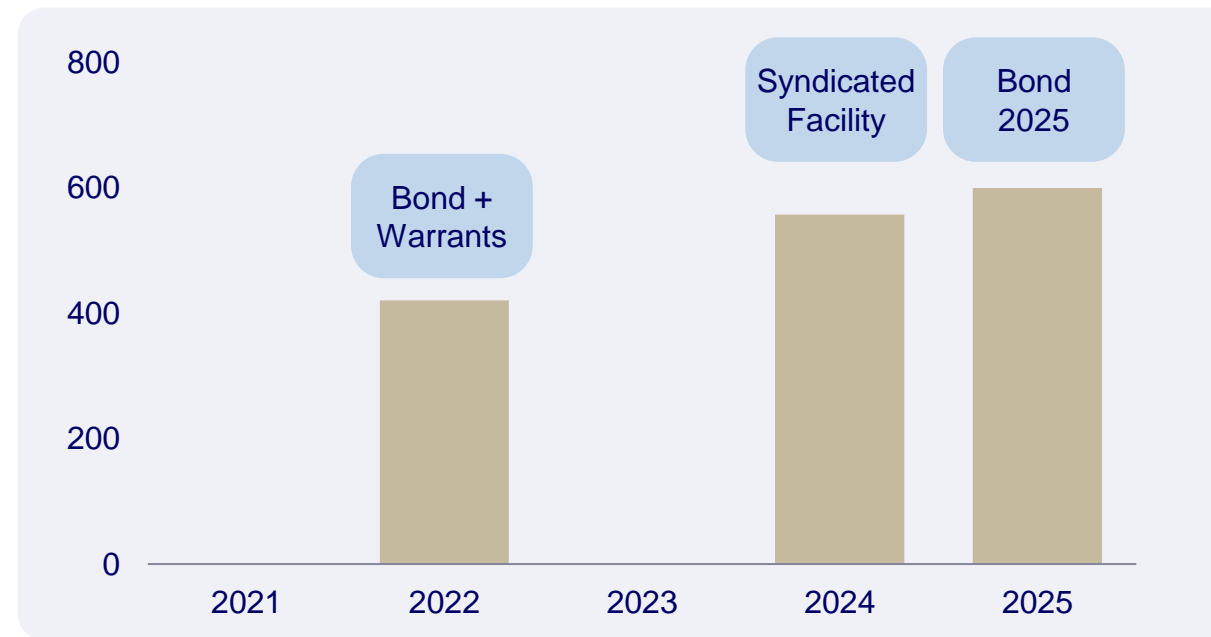
# Financials Q2 2021: Free cash flow

| in EUR m   | Q2 2021      | Q2 2020      | Δ            | Δ             | FY 2020        |
|--|--------------|--------------|--------------|---------------|----------------|
| Operating EBITDA                                     | 355.1        | 276.2        | 78.9         | 28.6%         | 1,057.7        |
| Capex  | -34.9        | -44.1        | 9.2          | -20.9%        | -201.9         |
| Δ Working capital                                    | -168.3       | 12.1         | -180.4       | -             | 325.0          |
| Principal and interest payments on lease liabilities | -30.4        | -30.5        | 0.1          | -0.3%         | -126.2         |
| <b>Free cash flow</b>                                | <b>121.5</b> | <b>213.7</b> | <b>-92.2</b> | <b>-43.1%</b> | <b>1,054.6</b> |



# Financials Q2 2021: Balance Sheet and maturity profile

| in EUR m                                       | 30 Jun 2021 | 31 Dec 2020 |
|--|-------------|-------------|
| Financial liabilities                          | 1,820.7     | 1,639.4     |
| Lease liabilities                              | 437.4       | 426.8       |
| ./. Cash and cash equivalents                  | 562.8       | 726.3       |
| Net Debt                                       | 1,695.3     | 1,339.9     |
| <b>Net Debt/Operating EBITDA <sup>1)</sup></b> | <b>1.4x</b> | <b>1.3x</b> |
| Equity   | 3,726.9     | 3,611.6     |



1) Operating EBITDA for the quarters on LTM basis calculated.

# Financials Q2 2021: Working capital

| in EUR m  | 30 Jun 2021    | 31 Mar 2021    | 31 Dec 2020    | 30 Sep 2020    | 30 Jun 2020    |
|---|----------------|----------------|----------------|----------------|----------------|
| Inventories   | 1,207.8        | 1,092.8        | 978.9          | 1,005.9        | 1,190.5        |
| + Trade receivables                                 | 2,056.8        | 1,938.7        | 1,597.5        | 1,648.0        | 1,658.9        |
| ./. Trade payables                                  | 1,555.2        | 1,485.7        | 1,229.8        | 1,194.2        | 1,120.4        |
| <b>Working capital (end of period)</b>              | <b>1,709.4</b> | <b>1,545.8</b> | <b>1,346.6</b> | <b>1,459.7</b> | <b>1,729.0</b> |
| Working capital turnover (annualized) <sup>1)</sup> | 8.6x           | 8.7x           | 7.3x           | 7.1x           | 6.9x           |

1) 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.

# Project Brenntag: Timeline



# Project Brenntag: Status update H1 2021



## Overall Implementation

- New operating model with focus on customer and supplier needs
- Focus on top line levers
- Harmonization of indirect procurement processes
- Consequent execution of efficiency improvements
- Further supply chain and network optimization



## Measures

- Almost 1,000 measures defined and in implementation
- Global monitoring up and running
- Steering of measure implementation according to plan



## Results

- Working Capital turn on continued high level
- Reduction of ~480 jobs so far
- 58 site closures globally
- Operating EBITDA contribution of more than EUR 40m (baseline 2019)

# Project Brenntag: Op. EBITDA contribution



<sup>1)</sup> Based on management estimates



# Digital Sales Channel Development @ Brenntag

## Brenntag Connect

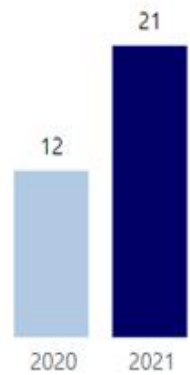
Digital Sales Solutions Channel to over 10,000 chemicals and ingredients globally

- Buy thousands of products online by industry, supplier and product type.
- Register and start adding chemicals and ingredients to your shopping cart.

## Key Features

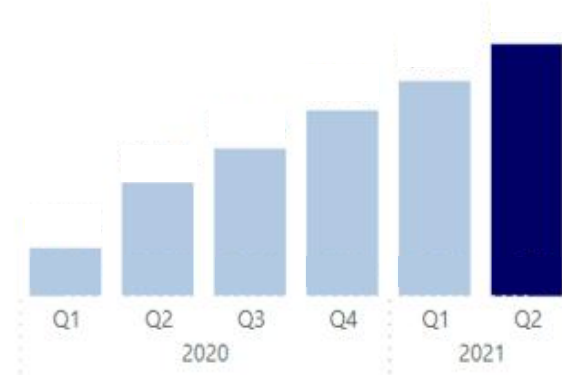


### Countries



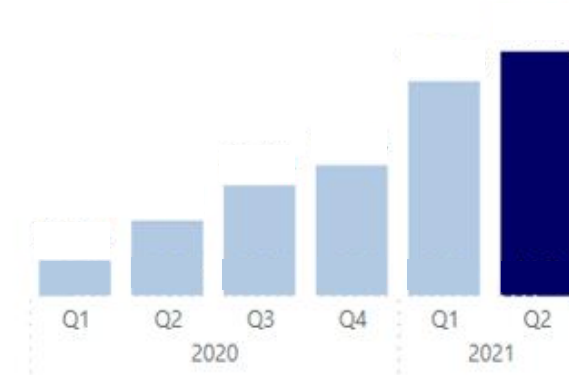
2020 vs 2021 **+75%**

### Active Customers



Q2 2020 vs Q2 2021 **+118%**

### Orders



Q2 2020 vs Q2 2021 **+225%**

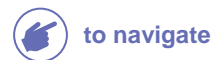
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# Outlook 2021: Well positioned in challenging environment

## Macro environment

- Exceptional market environment driven by COVID-19 related uncertainty and pressure on global supply chains
- Some normalization expected over the next months

## Comments

- Well positioned to continue on its successful path going forward
- Guidance includes uplift of Project Brenntag initiatives, closed M&A and assumes stable FX rates

## Operating EBITDA Guidance

- **FY 2021 operating EBITDA guidance range increased to EUR 1,160m – 1,260m in June 2021 (prev. EUR 1,080m – 1,180m)**
- **Guidance confirmed**

## Additional information

- EUR/USD: ~1.20 (2020: ~1.14)
- EUR/USD sensitivity (FY basis): Delta of EUR/USD +/- 1 cent = EUR ~ +/- 5m op. EBITDA
- Tax rate: ~28%
- Capex 2021: EUR ~260m

**Thank you for your attention!**



**Christian Kohlpaintner**  
*CEO*



**Georg Müller**  
*CFO*

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

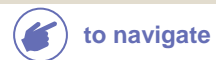
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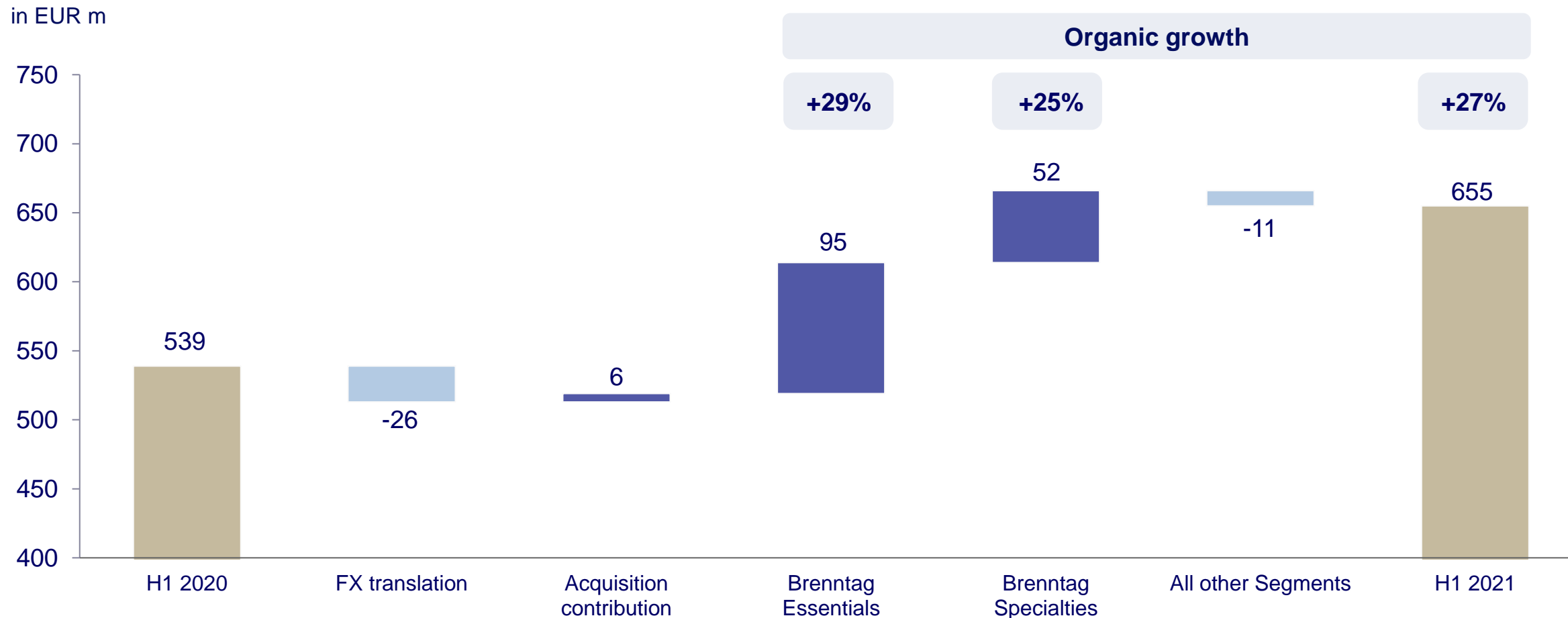
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# Financials H1 2021: Operating EBITDA bridge\*



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

# Financials H1 2021:

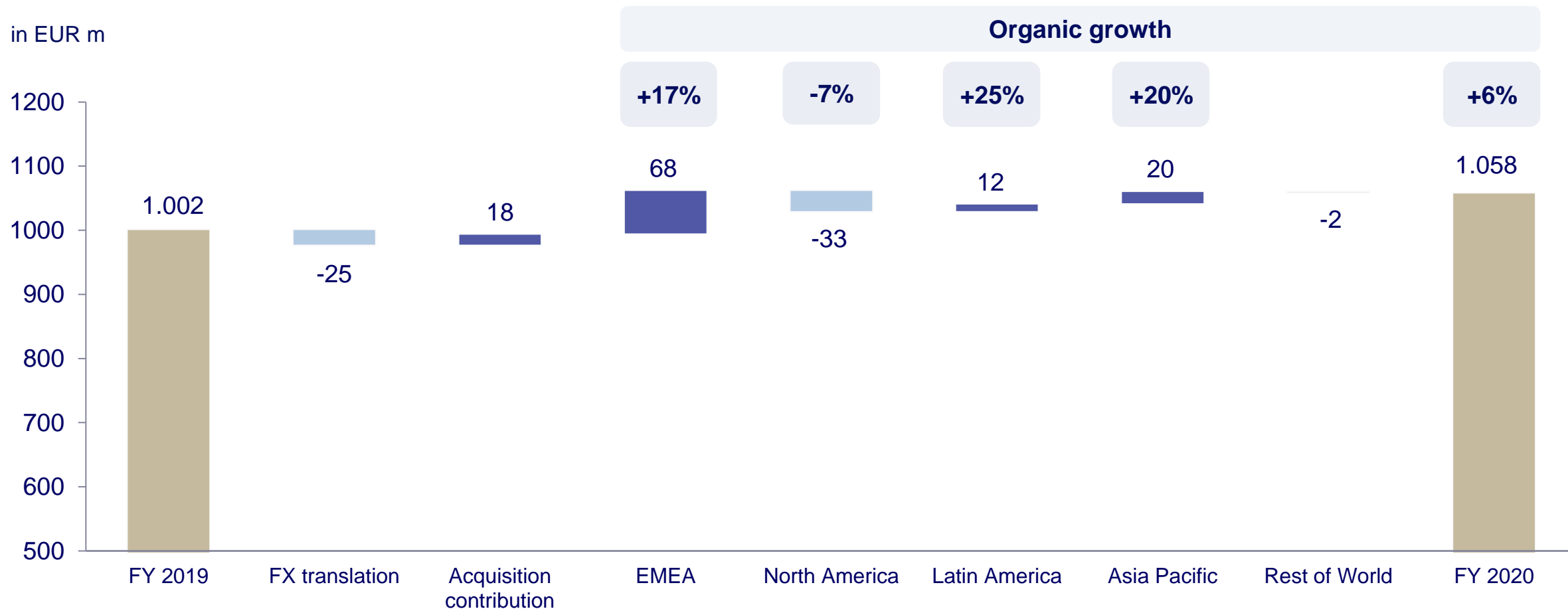
## Income statement below operating EBITDA

| in EUR m                | H1 2021      | H1 2020      | Δ            |
|-------------------------|--------------|--------------|--------------|
| <b>Operating EBITDA</b> | <b>655.4</b> | <b>539.2</b> | <b>21.6%</b> |
| Special items           | -88.7        | -18.8        | -            |
| Depreciation            | -126.8       | -128.1       | -1.0%        |
| <b>EBITA</b>            | <b>439.9</b> | <b>392.3</b> | <b>12.1%</b> |
| Amortization            | -75.9        | -22.8        | 232.9%       |
| <b>EBIT</b>             | <b>364.0</b> | <b>369.5</b> | <b>-1.5%</b> |
| Financial result        | -31.9        | -46.3        | -31.1%       |
| EBT                     | 332.1        | 323.2        | 2.8%         |
| <b>Profit after tax</b> | <b>237.4</b> | <b>238.0</b> | <b>-0.3%</b> |
| EPS                     | 1.50         | 1.54         | -2.6%        |

# Financials H1 2021: Cash flow items

| in EUR m   | H1 2021      | H1 2020      | Δ             | Δ             |
|--|--------------|--------------|---------------|---------------|
| Operating EBITDA                                     | 655.4        | 539.2        | 116.2         | 21.6%         |
| CAPEX  | -67.9        | -88.6        | 20.7          | -23.4%        |
| Δ Working capital                                    | -328.8       | -12.3        | -316.5        | -             |
| Principal and interest payments on lease liabilities | -61.6        | -63.1        | 1.5           | -2.4%         |
| <b>Free cash flow</b>                                | <b>197.1</b> | <b>375.2</b> | <b>-178.1</b> | <b>-47.5%</b> |

# Financials FY 2020: Operating EBITDA bridge\*



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

# Financials FY 2020:

## Income statement below operating EBITDA

| in EUR m                   | FY 2020        | FY 2019        | Δ            |
|----------------------------|----------------|----------------|--------------|
| <b>Operating EBITDA</b>    | <b>1,057.7</b> | <b>1,001.5</b> | <b>5.6%</b>  |
| Special items              | -47.2          | 8.6            | -648,8%      |
| Depreciation               | -252.4         | -243.6         | 3.6%         |
| <b>EBITA</b>               | <b>758.1</b>   | <b>766.5</b>   | <b>-1.1%</b> |
| Amortization <sup>1)</sup> | -45.1          | -49.6          | -9.1%        |
| <b>EBIT</b>                | <b>713.0</b>   | <b>716.9</b>   | <b>-0.5%</b> |
| Financial result           | -79.7          | -83.5          | -4.6%        |
| EBT                        | 633.3          | 633.4          | 0.0%         |
| <b>Profit after tax</b>    | <b>473.8</b>   | <b>469.2</b>   | <b>1.0%</b>  |
| EPS                        | 3.02           | 3.02           | 0.0%         |

1) Includes scheduled amortization of customer relationships amounting to EUR 28.7m in 2020 (EUR 34.9m in 2019).

# Financials FY 2020: Cash flow items

| in EUR m   | 2020           | 2019         | Δ            | Δ            |
|--|----------------|--------------|--------------|--------------|
| Operating EBITDA                                     | 1,057.7        | 1,001.5      | 56.2         | 5.6%         |
| CAPEX  | -201.9         | -205.2       | 3.3          | -1.6%        |
| Δ Working capital                                    | 325.0          | 161.7        | 163.3        | -101.0%      |
| Principal and interest payments on lease liabilities | -126.2         | -120.7       | -5.5         | 4.6%         |
| <b>Free cash flow</b>                                | <b>1,054.6</b> | <b>837.3</b> | <b>217.3</b> | <b>26.0%</b> |

**FREE CASH  
FLOW**

EUR 1,055m

**INTEREST AND TAX  
PAYMENTS**

EUR -213m

**CASH OUT  
FOR M&A**

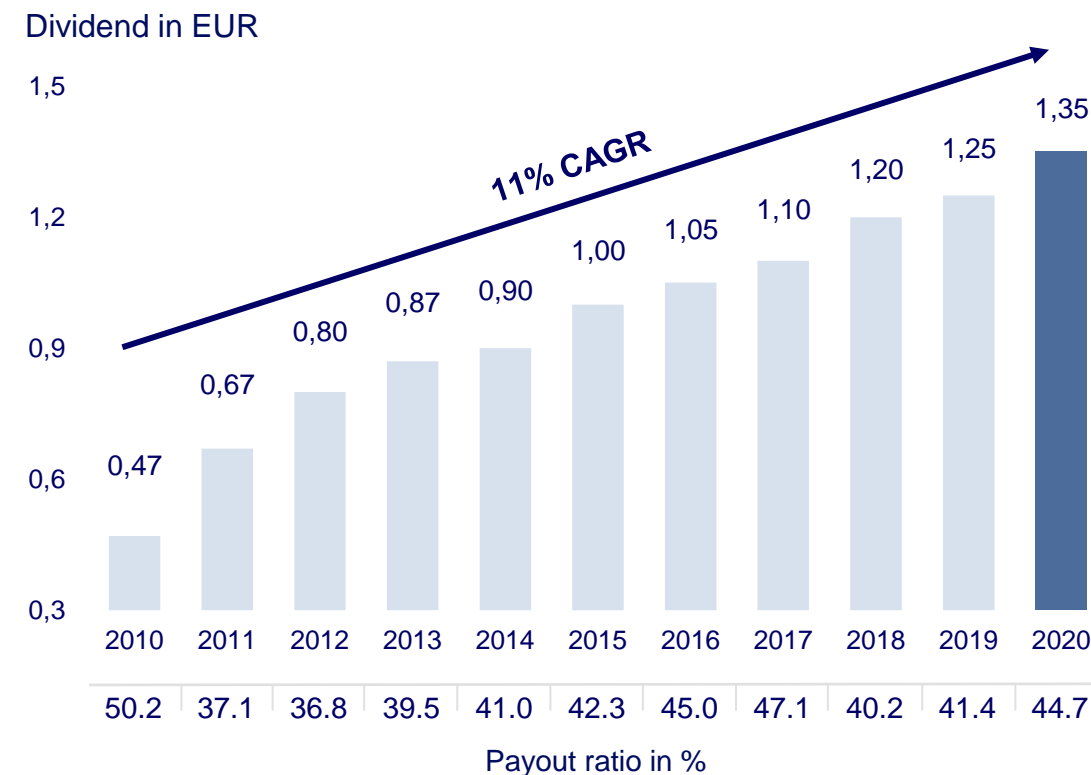
EUR -46m

**DIVIDEND  
PAID**

EUR -193m

# Financials FY 2020: Continuous dividend increase

| in EUR m  | 2020         | 2019         | Δ           |
|---|--------------|--------------|-------------|
| Profit after tax  | 473.8        | 469.2        | 1.0%        |
| Less minority interests   | 7.3          | 2.5          |             |
| Profit after tax (consolidated) attributable to shareholders of Brenntag SE | 466.5        | 466.7        | 0.0%        |
| Proposed dividend payment   | 208.6        | 193.1        |             |
| <b>Proposed dividend per share in EUR</b>                                   | <b>1.35</b>  | <b>1.25</b>  | <b>8.0%</b> |
| <b>Payout ratio</b>   | <b>44.7%</b> | <b>41.4%</b> |             |



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



# Financial calendar / Contact



| Date             | Event                              |
|------------------|------------------------------------|
| November 4, 2021 | Interim Report Q3 2021             |
| tba              | Annual Report 2021                 |
| tba              | General Shareholders' Meeting 2021 |

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The financial calendar is updated regularly. You can find the latest dates on <https://www.brenntag.com/corporate/en/investor-relations/publications-events/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.

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