



# Q2 2020 RESULTS

**6 AUGUST 2020**

Conference call on the Q2 2020 results

Corporate Finance & Investor Relations

Connecting**Chemistry**



# Agenda: Q2 2020 Results

REVIEW Q2

FINANCIALS Q2 2020

“PROJECT BRENNTAG”

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# Review Q2 2020: Highlights Q2 2020

## OPERATING GROSS PROFIT

-0.6% (fx adj.)

EUR 715.9m

## OPERATING EBITDA

+4.0% (fx adj.)

EUR 276.2m

## FREE CASHFLOW GENERATION

+19.3%

EUR 213.7m

## EPS

EUR 0.80

Following EUR 0.81 one year ago

## FOCUS ON COST CONTROL

Cost measures are able to compensate weaker top-line development

## PROVEN RESILIENCE OF BRENNTAG BUSINESS MODEL

Business fully operational and resilient financial results

## PROCESS ON LONG-TERM POSITIONING UNALTERED IN SCOPE AND SPEED

“Project Brenntag” on track

## DIVIDEND PAYMENT OF 1.25 EUR PER SHARE

Dividend paid in Q2 2020

# Impact of COVID-19 on Q2 2020 results still limited

## Backward looking

- Global crisis management for operational and administrative functions successfully continued into Q2
- Health and safety of employees of highest priority
- Brenntag stayed fully operational throughout crisis
- Solid financial performance despite signs of weaker demand situation in Q2 2020
- Brenntag was able to demonstrate market strength in difficult environment

## Forward looking

- Uncertainty around COVID-19 development remains high
- Depending on further development of the pandemic negative impacts on business might increase in H2 2020
- High diversification and strong financial profile continue to support resilience
- Close monitoring of business activities globally

Strong Q2 results demonstrate resilience of Brenntag's business model

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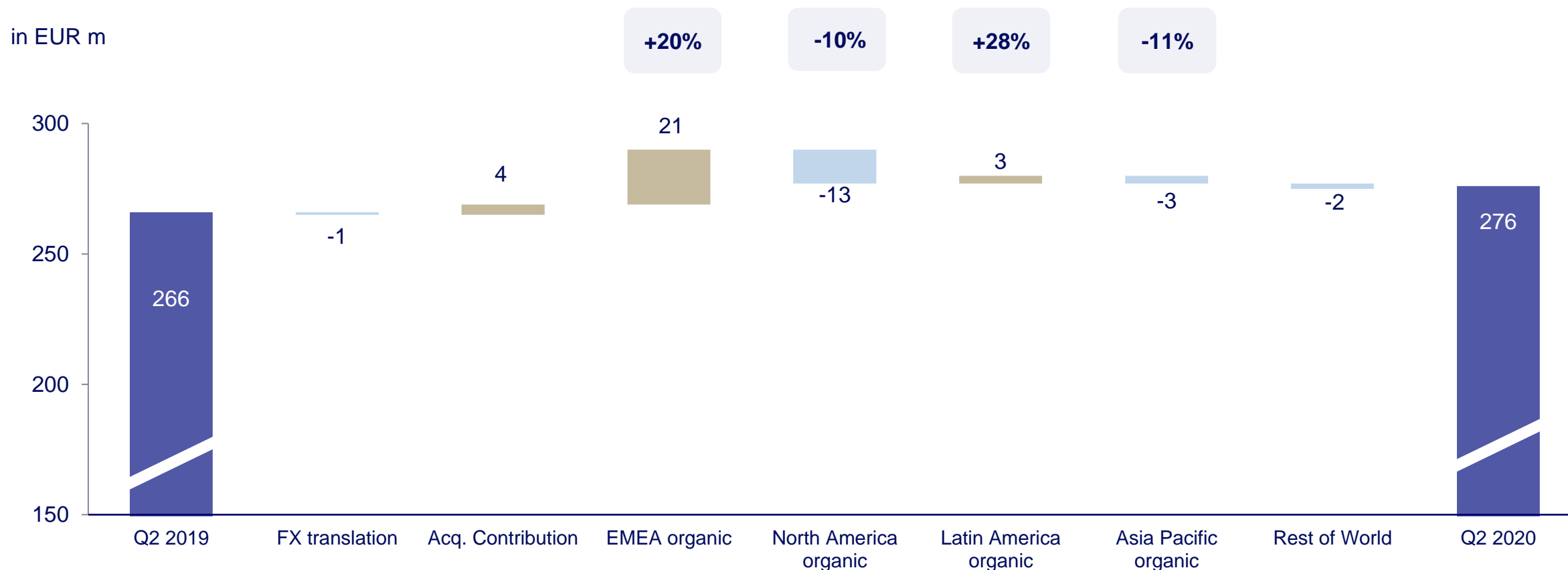
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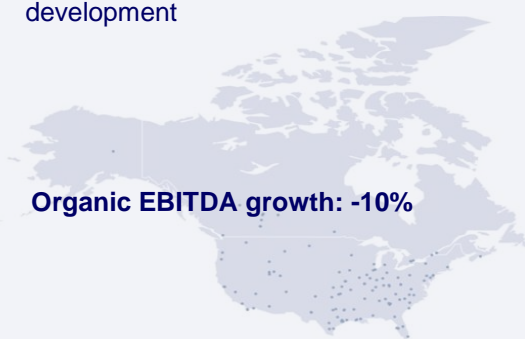

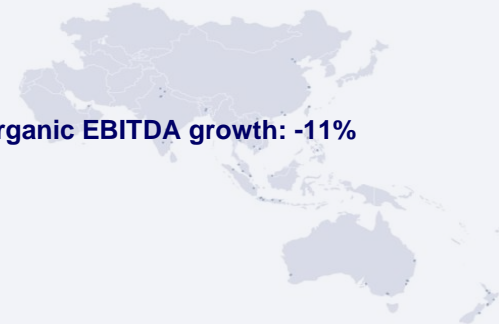


# Financials Q2 2020: Operating EBITDA bridge\*: Q2 2019 to Q2 2020



\* Calculations are partly based on assumptions made by management; Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided

# Financials Q2 2020: Another strong quarter despite continued high uncertainty

EMEA	NORTH AMERICA	LATIN AMERICA	ASIA PACIFIC
<p>Strong performance in almost all countries and many customer industries</p> <p>Solid Gross Profit growth despite COVID-19 related volume decline</p> <p>Specific industries continue to show particularly good performance, e. g. Cleaning, Pharma, Coatings &amp; Construction</p> <p><b>Organic EBITDA growth: +20%</b></p> 	<p>Ongoing weakness in O&amp;G customer industry</p> <p>Increasing impact of COVID-19 on North-American economy</p> <p>Cost control measures were not able to fully compensate the general economic development</p> <p><b>Organic EBITDA growth: -10%</b></p> 	<p>Intensifying impact of COVID-19 pandemic on Latin American economy</p> <p>Volatility remains high in the region</p> <p>Good operational performance in Q2 proves resilience</p> <p><b>Organic EBITDA growth: +28%</b></p> 	<p>Gross Profit development negatively impacted by strict lockdowns in some areas</p> <p>India specifically impacted in Q2</p> <p>Developments around COVID-19 are still very dynamic and future developments are hard to predict</p> <p><b>Organic EBITDA growth: -11%</b></p> 

## Financials Q2 2020: Segments Q2

in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Group
<b>Operating gross profit</b>	<b>Q2 2020</b>	<b>314.6</b>	<b>289.3</b>	<b>44.6</b>	<b>62.1</b>	<b>5.3</b>	<b>715.9</b>
	Q2 2019	292.8	313.0	44.8	67.6	4.7	722.9
	Δ	7.4%	-7.6%	-0.4%	-8.1%	13.0%	-1.0%
	Δ FX adjusted	8.6%	-9.0%	8.3%	-7.1%	13.0%	-0.6%
<b>Operating EBITDA</b>	<b>Q2 2020</b>	<b>130.1</b>	<b>117.1</b>	<b>15.3</b>	<b>24.3</b>	<b>-10.6</b>	<b>276.2</b>
	Q2 2019	108.7	127.8	13.4	25.5	-9.1	266.3
	Δ	19.7%	-8.4%	14.2%	-4.7%	16.7%	3.7%
	Δ FX adjusted	21,5%	-10.1%	26.0%	-4.3%	16.8%	4.0%



## Financials Q2 2020: Income statement below operating EBITDA

in EUR m	Q2 2020	Q2 2019	Δ	2019
<b>Operating EBITDA</b>	<b>276.2</b>	<b>266.3</b>	<b>3.7%</b>	<b>1,001.5</b>
Special items	-11.9	-0.2		8.6
Depreciation	-63.7	-59.8	6.5%	-243.6
<b>EBITA</b>	<b>200.6</b>	<b>206.3</b>	<b>-2.8%</b>	<b>766.5</b>
Amortization <sup>1)</sup>	-11.3	-13.6	-16.9%	-49.6
<b>EBIT</b>	<b>189.3</b>	<b>192.7</b>	<b>-1.8%</b>	<b>716.9</b>
Financial result	-22.3	-24.4	-8.6%	-83.5
EBT	167.0	168.3	-0.8%	633.4
<b>Profit after tax</b>	<b>123.0</b>	<b>125.4</b>	<b>-1.9%</b>	<b>469.2</b>
EPS	0.80	0.81	-1.2%	3.02

1) Includes scheduled amortization of customer relationships amounting to EUR 15.3m in H1 2020 (EUR 19.1m in H1 2019).

## Financials Q2 2020: Free cash flow

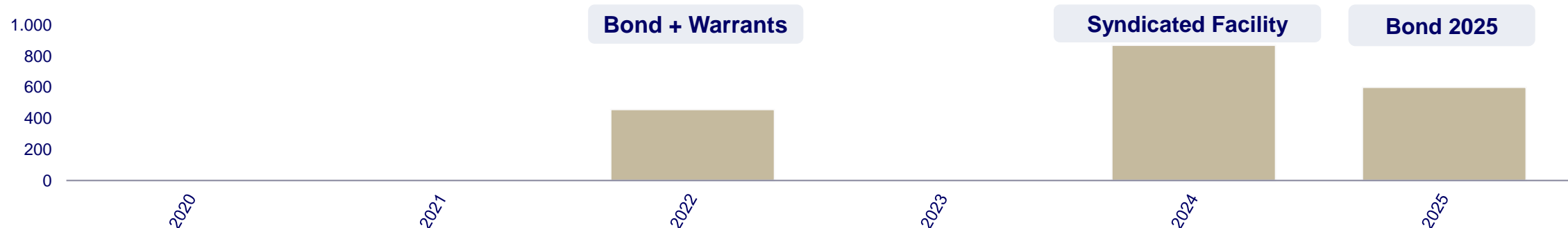
in EUR m	Q2 2020	Q2 2019	Δ	Δ	2019
Operating EBITDA	276.2	266.3	9.9	3.7%	1,001.5
Capex	-44.1	-39.6	-4.5	11.4%	-205.2
Δ Working capital	12.1	-18.3	30.4	-166.1%	161.7
Principal and interest payments on lease liabilities	-30.5	-29.3	-1.2	4.1%	-120.7
<b>Free cash flow</b>	<b>213.7</b>	<b>179.1</b>	<b>34.6</b>	<b>19.3%</b>	<b>837.3</b>

# Financials Q2 2020: Balance Sheet maturity profile

in EUR m	30 Jun 2020	31 Dec 2019
Financial liabilities	2,133.1	2,160.6
Lease liabilities	428.2	420.2
./. Cash and cash equivalents	559.3	520.3
Net Debt	2,002.0	2,060.5
<b>Net Debt/Operating EBITDA <sup>1)</sup></b>	<b>1.9x</b>	<b>2.1x</b>
Equity	3,533.9	3,579.0

### FY 2019 leverage

- 1.9x (excl. IFRS 16)
- 2.1x (incl. IFRS 16)
- Stable and long-term funding structure
- No major debt maturity before end of 2022
- Financial covenant only for Syndicated Facility: leverage of 3.46x
- Committed credit lines of ca. 600m EUR – almost undrawn
- Investment-grade ratings from Standard & Poor’s (“BBB”) and Moody’s (“Baa3”)



1) Operating EBITDA for the quarters on LTM basis calculated including IFRS 16 effect.

## Financials Q2 2020: Working capital

in EUR m	30 June 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 June 2019
Inventories	1,190.5	1,169.9	1,176.5	1,280.6	1,250.5
+ Trade receivables	1,658.9	1,979.0	1,820.3	1,935.9	1,975.0
./. Trade payables	1,120.4	1,396.1	1,229.1	1,334.9	1,328.2
<b>Working capital (end of period)</b>	<b>1,729.0</b>	<b>1,752.8</b>	<b>1,767.7</b>	<b>1,881.6</b>	<b>1,897.3</b>
Working capital turnover (annualized) <sup>1)</sup>	6.9x	7.3x	7.0x	6.9x	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.  
 2) Using sales on LTM basis and average LTM working capital.

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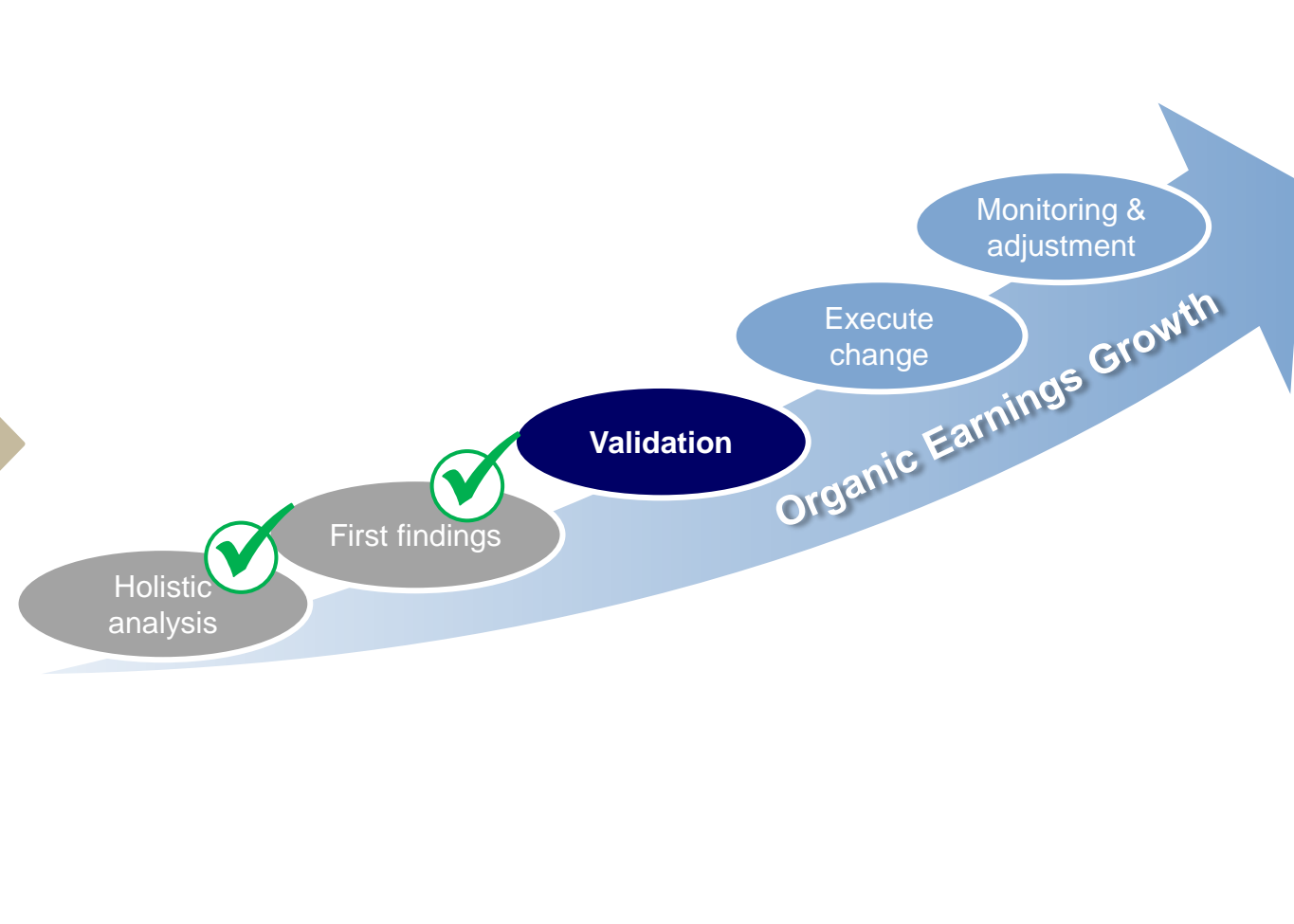
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# “Project Brenntag” has continued unaltered in scope and speed and is now entering a phase of validation



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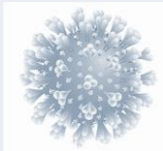
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## Outlook: Outlook for 2020



- Changes in the Management Board of Brenntag AG announced mid of July 2020
- Steven Terwindt to lead the regions North America and Latin America as of 1 August, 2020
- Henri Nejade to lead the EMEA region in addition to his current responsibilities as of 1 September 2020 for an interim period



- Clear signs of weakening demand already visible in Q2
- Further challenging economic conditions expected in H2 of 2020
- Business development for FY 2020 still highly influenced by the uncertainty around the impacts of the Covid-19 pandemic



- Health and safety of our employees remains top priority



- Forecast to be updated once the effects on Brenntag's further business performance in 2020 can be reliably determined



## Thank you for your attention



Christian Kohlpaintner, CEO



Georg Müller, CFO

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

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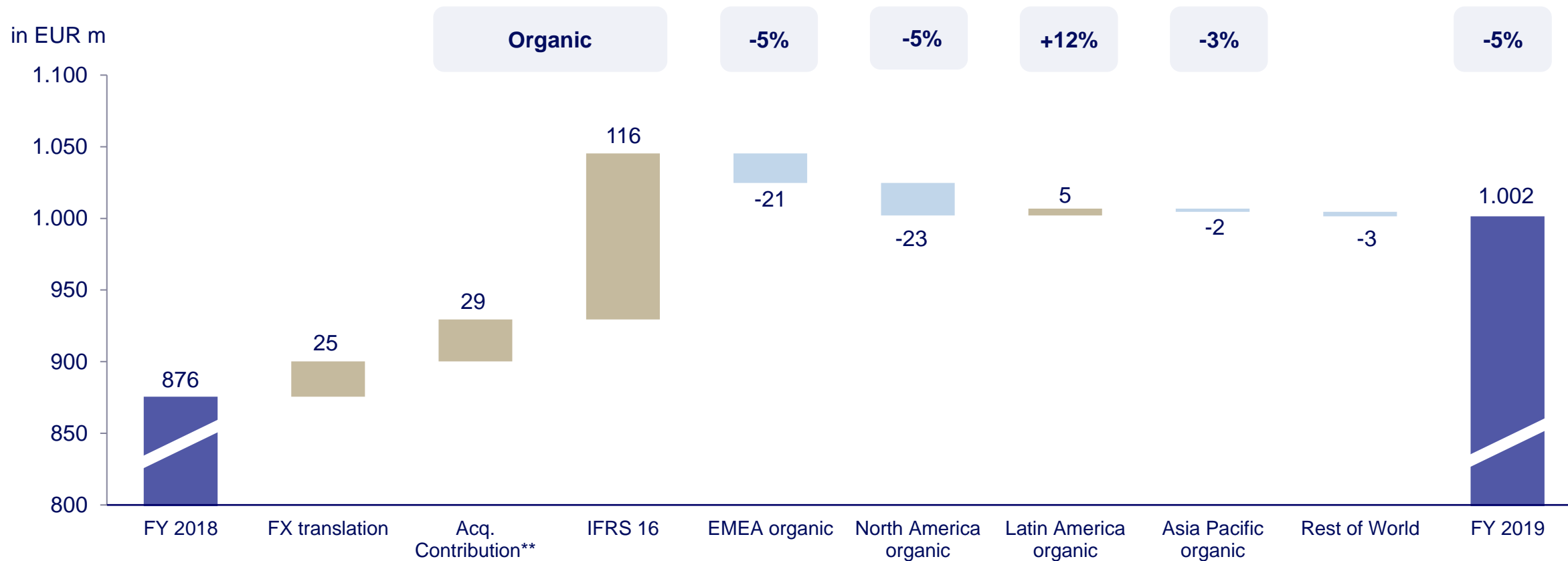
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# Review & Financials 2019: Operating EBITDA bridge\*: FY 2018 to FY 2019



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

\*\* 2018 adjusted for Biosector (sale 12/2018)

## Review & Financials 2019: Segments FY 2019

in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Group
<b>Operating gross profit</b>	<b>FY 2019</b>	<b>1,141.6</b>	<b>1,216.8</b>	<b>177.0</b>	<b>266.8</b>	<b>19.5</b>	<b>2,821.7</b>
	FY 2018	1,141.2	1,118.3	163.1	224.2	14.1	2,660.9
	Δ	0.0%	8.8%	8.5%	19.0%	38.3%	6.0%
	Δ FX adjusted	0.1%	3.4%	6.5%	14.7%	38.3%	3.4%
<b>Operating EBITDA</b>	<b>FY 2019</b>	<b>406.3</b>	<b>474.8</b>	<b>55.9</b>	<b>101.1</b>	<b>-36.6</b>	<b>1,001.5</b>
	FY 2018	385.5	409.6	39.9	77.9	-37.4	875.5
	Δ	5.4%	15.9%	40.1%	29.8%	-2.1%	14.4%
	Δ FX adjusted	5.6%	10.1%	38.0%	24.7%	-2.1%	11.3%
	IFRS 16 effect	41.6	53.0	8.8	8.7	3.9	116.0
	Δ ex. IFRS 16*	-5.2%	-2.2%	16.3%	13.9%	8.3%	-1.6%

\* Growth rates are unaudited

## Review & Financials FY 2019: Income statement below operating EBITDA

in EUR m	FY 2019	FY 2018	Δ
Operating EBITDA	1,001.5	875.5	14.4%
Special items	8.6	17.4	
Depreciation	-243.6	-122.0	99.7%
<b>EBITA</b>	<b>766.5</b>	<b>770.9</b>	<b>-0.6%</b>
Amortization <sup>1)</sup>	-49.6	-49.9	-0.6%
<b>EBIT</b>	<b>716.9</b>	<b>721.0</b>	<b>-0.6%</b>
Financial result	-83.5	-97.5	-14.4%
EBT	633.4	623.5	1.6%
<b>Profit after tax</b>	<b>469.2</b>	<b>462.3</b>	<b>1.5%</b>
EPS	3.02	2.98	1.3%

1) Includes scheduled amortization of customer relationships amounting to EUR 34.9 in 2019 (EUR 40.7m in 2018).

## Review & Financials 2019: Cash flow items

in EUR m	2019	2018	Δ	Δ
Operating EBITDA	1,001.5	875.5	126.0	14.4%
CAPEX	-205.2	-172.2	-33.0	19.2%
Δ Working capital	161.7	-178.1	339.8	-190.8%
Principal and interest payments on lease liabilities <sup>1)</sup>	-120.7			
<b>Free cash flow</b>	<b>837.3</b>	<b>525.2</b>	<b>312.1</b>	<b>59.4%</b>

**FREE CASH FLOW**

EUR 837m

**INTEREST AND TAX PAYMENTS**

+EUR -251m

**CASH OUT FOR M&A**

EUR -195m

**DIVIDEND PAID**

EUR -185m

1) On initial application of IFRS 16 at January 1, 2019, cash outflows for principal payments on lease liabilities and interest payments incurred in this context are deducted. In the prior-year figures, lease payments were still included in operating EBITDA through rental and lease expenses.

# IFRS 16: Implementation of IFRS 16: Implications on P&L and balance sheet

P&L			
in EUR m	IFRS 16 impact on FY 2019		
Sales	→		Unchanged
Op. Gross Profit	→		Unchanged
Opex (Rent & Leases)	↓	~ -116	Decrease
<b>Op. EBITDA</b>	↑	<b>~ +116</b>	<b>Increase</b>
EPS	→	~ +/-0	Remain about stable

Balance Sheet			
in EUR m	IFRS 16 impact on FY 2019		
Lease liabilities	↑	+420 <sup>1)</sup>	Increase
Right-of-use assets	↑	+412 <sup>1)</sup>	Increase

1) Includes finance leases unrelated to the application of IFRS 16: lease liabilities: EUR 7m; right-of-use-assets: EUR 8m

# Financials FY 2019: Further dividend increase proposed

in EUR m	2019	2018	Δ
Profit after tax	469.2	462.3	1.5%
Less minority interest	2.5	1.4	
Profit after tax (consolidated) attributable to shareholders of Brenntag AG	466.7	460.9	1.3%
Proposed dividend payment	193.1	185.4	
<b>Proposed dividend per share in EUR</b>	<b>1.25</b>	<b>1.20</b>	<b>4.2%</b>
<b>Payout ratio</b>	<b>41.4%</b>	<b>40.2%</b>	

## HISTORICAL DIVIDEND

in EUR per share

