



# Q3 2020 RESULTS

NOVEMBER 2020

Conference call on the Q3 2020 results

Corporate Finance & Investor Relations

Connecting**Chemistry**



## Agenda: Q3 2020 Results

**REVIEW Q3 2020**

**FINANCIALS Q3 2020**

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## Review Q3 2020: Highlights Q3 2020

### OPERATING GROSS PROFIT

-0.2% (fx adj.)

EUR 690.6m

### OPERATING EBITDA

+4.9% (fx adj.)

EUR 264.4m

### FREE CASHFLOW GENERATION

+71.1%

EUR 420.7m

### EPS

EUR 0.76

Following EUR 0.83 one year ago

### MAINTAIN FULL COST CONTROL

Cost measures positively impact bottom-line

### PROVEN RESILIENCE OF BRENNTAG BUSINESS MODEL

Business fully operational and resilient financial results

### FUTURE OPERATING MODEL ANNOUNCED

Two separate divisions "Brenntag Essentials" and "Brenntag Specialties"

### FY 2020 GUIDANCE REINSTATED

FY 2020 EBITDA expected to be between 1,000 million EUR and 1,040 million EUR

## Impact of COVID-19 pandemic on Q3 2020 results still limited

### COVID-19 pandemic

- COVID-19 is still affecting business environment and personal lives
- Global crisis management at Brenntag continued into Q3 2020
- Health and safety of employees of highest priority
- Brenntag stayed fully operational
- Limited impact on financial performance
- Rising numbers of cases around the globe since autumn
- Global business environment continues to stay volatile

## Agenda: Q3 2020 Results

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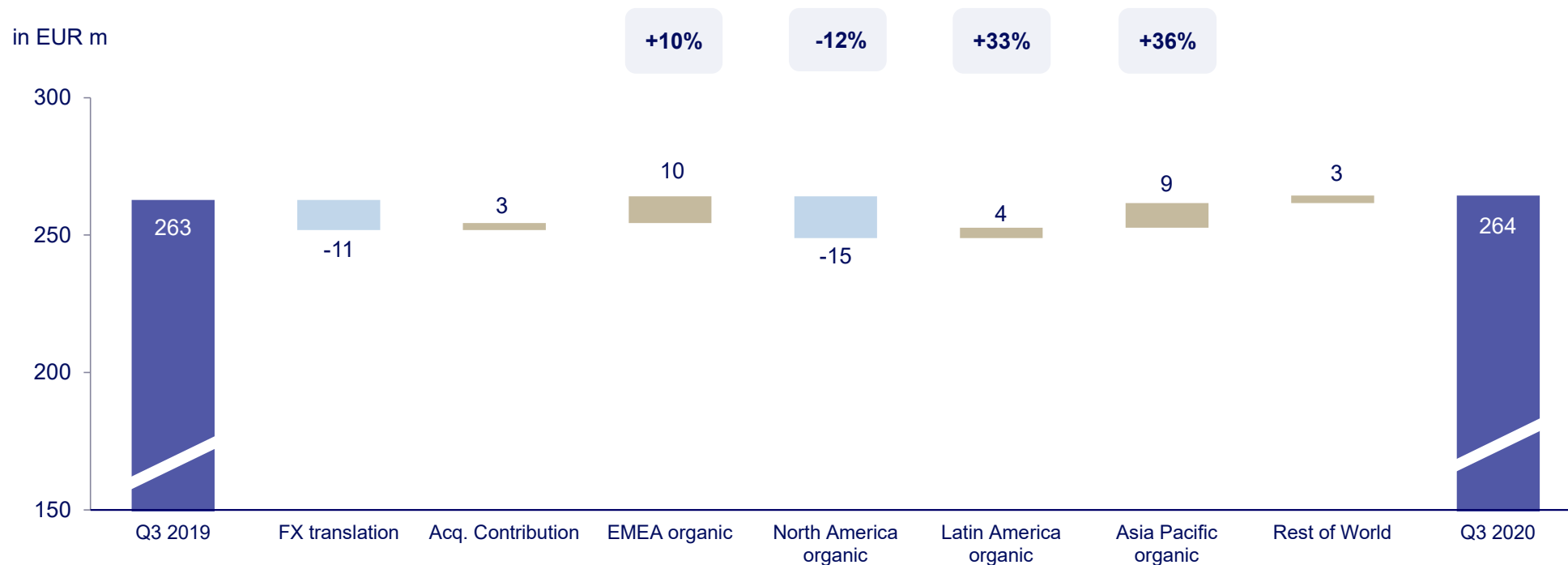
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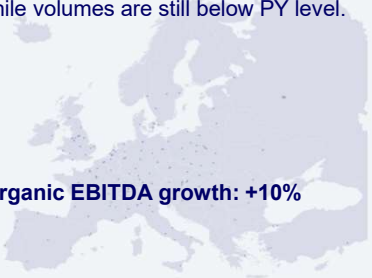
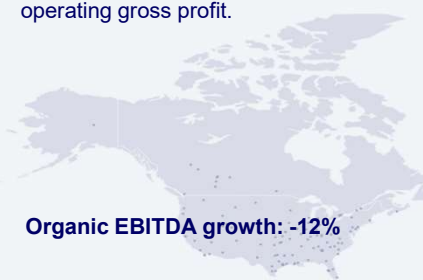




# Financials Q3 2020: Operating EBITDA bridge\*: Q3 2019 to Q3 2020



\* 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 Q3 2020: Another strong quarter

EMEA	NORTH AMERICA	LATIN AMERICA	ASIA PACIFIC
<p>Strong performance in many countries and a lot of customer industries.</p> <p>Nutrition, Personal Care/Hi&amp;I, Pharma, Coatings &amp; Construction with particularly good performance</p> <p>Operating gross profit increase mainly driven by strong gross profit per unit while volumes are still below PY level.</p>  <p><b>Organic EBITDA growth: +10%</b></p>	<p>Ongoing weakness in O&amp;G customer industry.</p> <p>Continued impact of COVID-19 on North-American economy.</p> <p>Cost control measures were not able to fully compensate the decrease in operating gross profit.</p>  <p><b>Organic EBITDA growth: -12%</b></p>	<p>Strong operational performance also in Q3 2020.</p> <p>Brenntag was able to demonstrate relative market strength despite COVID-19 impact on economies in the region.</p> <p>Operating gross profit displays positive volume trend in Q3 as well as good margin management.</p> <p>Volatility in the region remains high.</p>  <p><b>Organic EBITDA growth: +33%</b></p>	<p>Strong recovery compared to Q2 2020.</p> <p>China with continuous good results and better performance in India.</p> <p>Developments around COVID-19 remain dynamic and future developments are hard to predict.</p> <p>EBITDA performance entirely driven by organic business operations.</p>  <p><b>Organic EBITDA growth: +36%</b></p>

## Financials Q3 2020: Segments Q3 2020

in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Group
<b>Operating gross profit</b>	<b>Q3 2020</b>	<b>294.8</b>	<b>273.9</b>	<b>44.5</b>	<b>72.5</b>	<b>4.9</b>	<b>690.6</b>
	Q3 2019	285.5	318.7	44.5	68.1	5.4	722.2
	Δ	3.3%	-14.1%	0.0%	6.5%	-9.5%	-4.4%
	Δ FX adjusted	4.8%	-9.3%	15.7%	12.0%	-9.5%	-0.2%
<b>Operating EBITDA</b>	<b>Q3 2020</b>	<b>112.9</b>	<b>110.0</b>	<b>15.1</b>	<b>33.0</b>	<b>-6.6</b>	<b>264.4</b>
	Q3 2019	103.2	131.1	12.6	25.3	-9.4	262.8
	Δ	9.4%	-16.1%	19.8%	30.4%	-30.0%	0.6%
	Δ FX adjusted	11.3%	-11.7%	39.8%	35.9%	-30.0%	4.9%



## Financials Q3 2020: Income statement below operating EBITDA

in EUR m	Q3 2020	Q3 2019	Δ	2019
<b>Operating EBITDA</b>	<b>264.4</b>	<b>262.8</b>	<b>0.6%</b>	<b>1,001.5</b>
Special items	-14.6	9.2	-258.7%	8.6
Depreciation	-61.5	-62.3	-1.3%	-243.6
<b>EBITA</b>	<b>188.3</b>	<b>209.7</b>	<b>-10.2%</b>	<b>766.5</b>
Amortization <sup>1)</sup>	-10.7	-12.5	-14.4%	-49.6
<b>EBIT</b>	<b>177.6</b>	<b>197.2</b>	<b>-9.9%</b>	<b>716.9</b>
Financial result	-15.6	-23.2	-32.8%	-83.5
EBT	162.0	174.0	-6.9%	633.4
<b>Profit after tax</b>	<b>120.6</b>	<b>128.4</b>	<b>-6.1%</b>	<b>469.2</b>
EPS	0.76	0.83	-8.4%	3.02

1) Includes scheduled amortization of customer relationships amounting to EUR 22.2m in 9M 2020 (EUR 28.6m in 9M 2019).

## Financials Q3 2020: Free cash flow

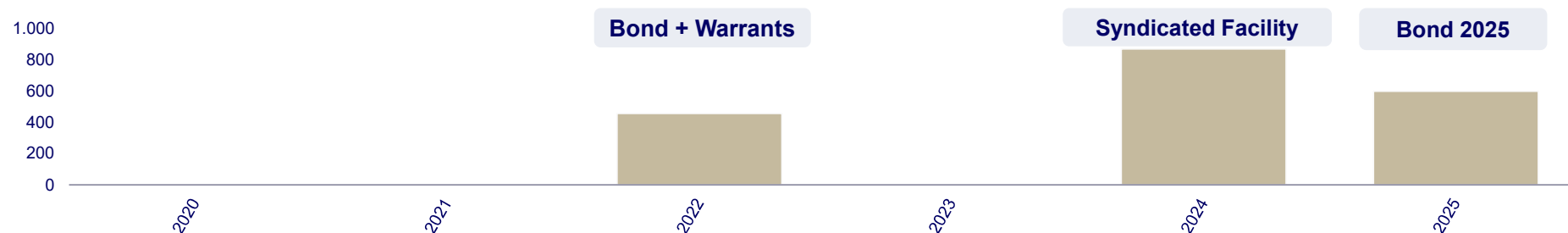
in EUR m	Q3 2020	Q3 2019	Δ	Δ	2019
Operating EBITDA	264.4	262.8	1.6	0.6%	1,001.5
Capex	-38.5	-50.4	11.9	-23.6%	-205.2
Δ Working capital	226.5	64.9	161.6	249.0%	161.7
Principal and interest payments on lease liabilities	-31.7	-31.4	-0.3	1.0%	-120.7
<b>Free cash flow</b>	<b>420.7</b>	<b>245.9</b>	<b>174.8</b>	<b>71.1%</b>	<b>837.3</b>

## Financials Q3 2020: Balance Sheet and maturity profile

in EUR m	30 Sep 2020	31 Dec 2019
Financial liabilities	2,026.2	2,160.6
Lease liabilities	433.0	420.2
./. Cash and cash equivalents	870.9	520.3
Net Debt	1,588.3	2,060.5
<b>Net Debt/Operating EBITDA <sup>1)</sup></b>	<b>1.5x</b>	<b>2.1x</b>
Equity	3,548.8	3,579.0

FY 2019 leverage

- 1.9x (excl. IFRS 16)
- 2.1x (incl. IFRS 16)



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

## Financials Q3 2020: Working capital

in EUR m	30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019
Inventories	1,005.9	1,190.5	1,169.9	1,176.5	1,280.6
+ Trade receivables	1,648.0	1,658.9	1,979.0	1,820.3	1,935.9
./. Trade payables	1,194.2	1,120.4	1,396.1	1,229.1	1,334.9
<b>Working capital (end of period)</b>	<b>1,459.7</b>	<b>1,729.0</b>	<b>1,752.8</b>	<b>1,767.7</b>	<b>1,881.6</b>
Working capital turnover (annualized) <sup>1)</sup>	7.1x	6.9x	7.3x	7.0x	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.

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## Outlook: Outlook for 2020 and beyond



- Brenntag reinstated new financial outlook for FY 2020
- Operating EBITDA for FY 2020 now expected between 1,000 and 1,040 million EUR



- COVID-19 will continue to impact general economic environment
- Rising number of COVID-19 cases globally
- Business environment expected to remain challenging



- Health and safety of our employees remain top priority



- Future operating model announced together with new board structure as from Jan. 2021
- Two dedicated divisions “Brenntag Essentials” and “Brenntag Specialties”
- Total EBITDA uplift potential of 220 million EUR identified

# Thank you for your attention



Christian Kohlpaintner, CEO



Georg Müller, CFO

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

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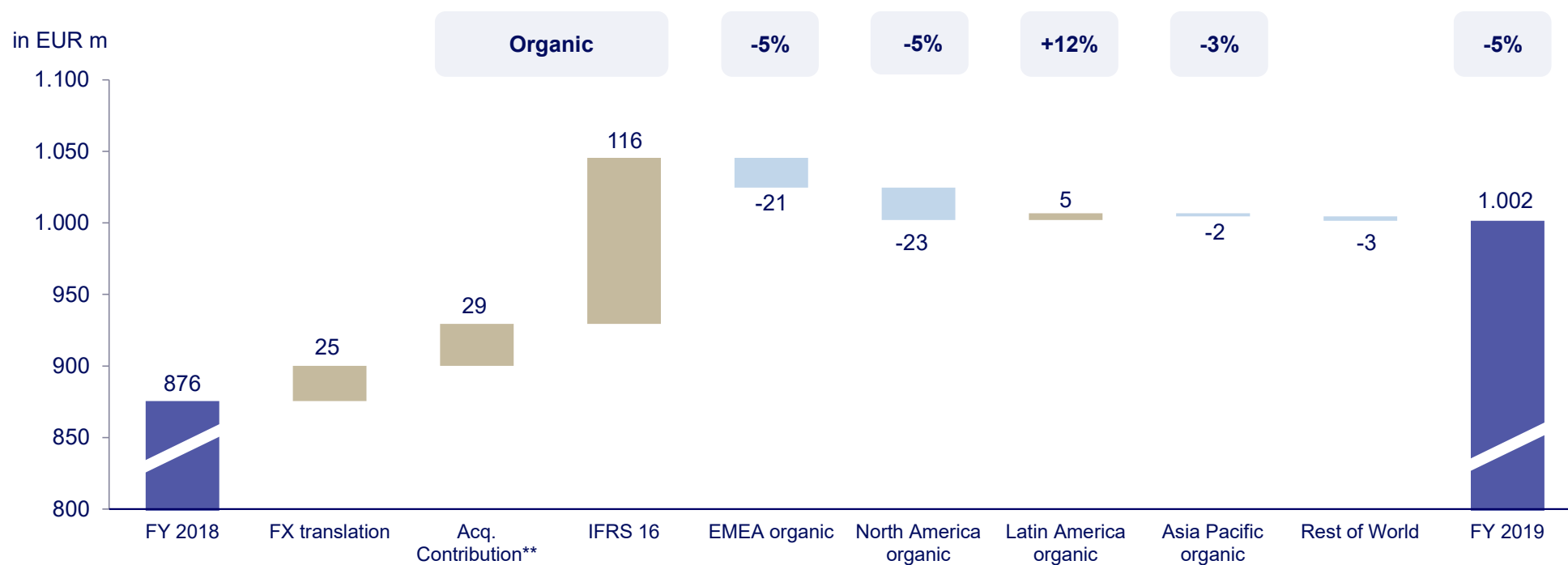
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# Review & Financials 2019: Operating EBITDA bridge\*: FY 2018 to FY 2019



\* 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 34.9m 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>



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

