

Revive Brenntag

May - June 2023

PrimeStone

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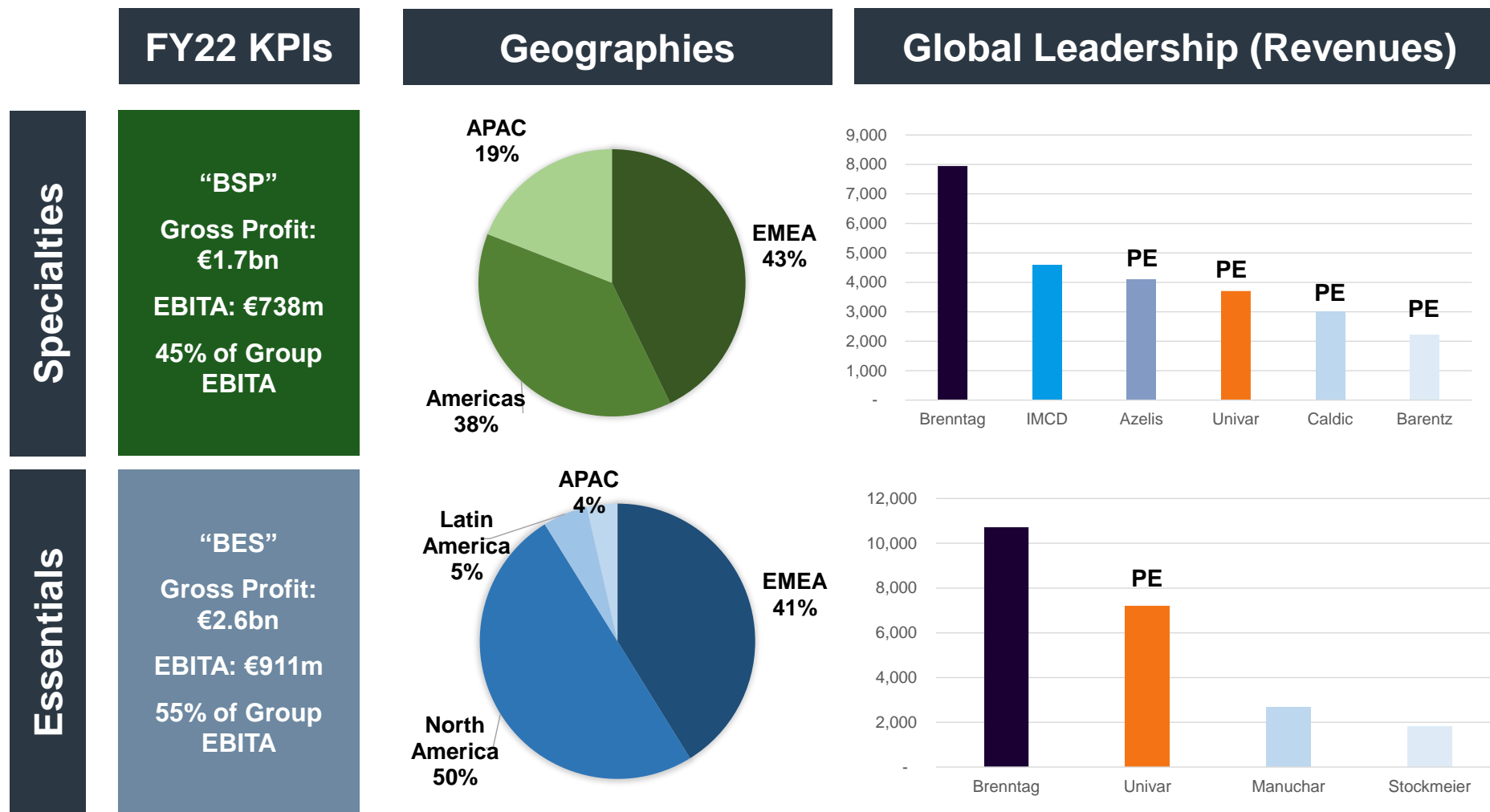
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Executive Summary

Brenntag Overview

Brenntag is the global leader in both Specialties and Essentials chemical distribution
In Specialties, it faces aggressive competitors backed by ample Private Equity funding



Source: Company filings. Stockmeier revenues based on Brenntag CMD presentation (2022 revenues not published). Azelis is listed but still led by EQT. Univar being bought by Apollo. Also note that IMCD is still led by the same team that was PE-backed

Background to PrimeStone's investment and engagement

PrimeStone

- PrimeStone invests in few European midcaps with high quality core businesses that can be improved and expanded. We started investing in Brenntag in 2022 and **currently own 2.1% of the company**
- Founded by ex-Carlyle Partners who ran Carlyle Europe Partners and invested c.\$10bn of equity over 15 years together, PrimeStone engages constructively with management teams and boards as required to create long-term value
 - Primarily behind closed doors - See what CEOs and Chairpersons we have worked with say about us in appendix

Interest in Brenntag

- We have followed the chemical distribution industry for 20 years and were **investors in IMCD**, one of Brenntag's competitors, for 5 years up until 2021
- Before and since investing in Brenntag in 2022, we have conducted more than **100 interviews** with industry participants, **4 surveys** and in-depth proprietary analyses to come to our conclusions
- Our belief is that Brenntag is composed of 2 great businesses, Brenntag Essentials ("**BES**") and Brenntag Specialties ("**BSP**"), which would benefit from being separated to allow the latter to thrive and compete on equal terms with its pure-play peers, many of which are Private Equity-led

Engagement

- Our engagement with Brenntag became public due to the unsolicited bid for Univar initiated by Management and endorsed by the Supervisory Board in Q4 2022. This decision caused a **share price drop of c.20%**. Since then, we have tried to engage constructively with Management and the Supervisory Board, based on facts and analyses, with the aim of creating long-term shareholder value
- We have also had the opportunity to exchange with **investors holding about a third of Brenntag**
- **Despite multiple attempts, the Supervisory Board has refused to engage in any meaningful dialogue or to reply to our questions, analyses and recommendations. Five months after our first letter, we are still unaware of their stance or whether they are actively considering our proposals**

Executive Summary (I)

- **Brenntag has been underperforming consistently over more than a decade**
 - Its shares have lagged that of its self-picked peers and longest-listed direct competitor
 - It is continuously and rapidly losing market share to its closest peers in Specialties
 - This persistent underperformance reflects low growth, poor cost control, questionable M&A, lack of direction, and we estimate it has cost €2.5bn of shareholder value in the past two years alone
 - Brenntag acknowledges the current underperformance and offers a 13-year journey as a solution
- **Time is of the essence**
 - Brenntag finds itself trapped in a vicious circle of underperformance in Specialties
 - Its competitors, mostly Private Equity-backed, have consistently outperformed Brenntag for more than a decade, and this trend shows no signs of slowing down
 - Costs are rapidly escalating and appear to be spiraling out of control
 - The Supervisory Board seems disconnected from the reality of Brenntag's challenges and progress
- **Ultimately, the Supervisory Board bears responsibility for the current situation and has failed in its mission**
 - Oversight of strategy
 - Oversight of business performance
 - Management choices
 - Communication to and engagement with shareholders
 - Composition
- **Over the last 12 months, shareholders have had to intervene to correct the Supervisory Board's visible mistakes in M&A, strategy, cost expansion, and board composition**
- **The Supervisory Board appears out-of-touch with reality, stale, locked in its ivory tower and lacking a sense of urgency, it needs to be strengthened urgently**

**Investors have to act at the upcoming AGM to strengthen the Board.
Since no director is up for re-election next year, there is no other window in the next 2 years**

Executive Summary (II)

- **We are proposing 2 strong independent candidates**
 - outstanding track records in their fields
 - fact-based and rigorous approach to strategic decisions and business monitoring
 - “board-level” decision-making skills, which we believe are currently lacking in Brenntag's Supervisory Board

Joanna Dziubak

- French/British investor with 20-year experience, notably as member of Investment Committees and Boards
- Experienced Board Member with more than 20 previous positions
- Specific experience in specialty chemicals/ingredients, B2B distribution and German industrials

Geoff Wild

- British/American serial successful CEO with 40+ years of experience
- Private Equity and Public company track record of fast-pace value creation in specialty chemicals
- Former CEO of global specialty chemical business with headquarters in Germany

- **We are also proposing to shorten the term of candidates elected this year to 2 years in order to instill a greater sense of accountability, considering that Brenntag is currently at a critical crossroad**
 - This could be a first step towards significantly reducing the term length of all Supervisory Board members and bringing it more in line with international good practices

Executive Summary (III)

Our candidates will be constructive and sponsor the following

1. Transparent and fact-based communication with shareholders
2. Further strengthening of the Supervisory Board, particularly with CEO/CFO/Investor backgrounds
3. Unbiased review of strategic alternatives to unlock the potential of Brenntag's Specialties, including the possibility of separating it from Brenntag to allow it to thrive independently
4. Improved performance monitoring (especially cost control)
5. M&A focus on bolt-ons and professionalisation
6. Disciplined capital allocation
7. Uncompromising management assessment, oversight and support

Brenntag exhibits a significant value creation opportunity that has the potential to drive the shares to a value of €170 within 3 years, compared to the current valuation of approximately €75

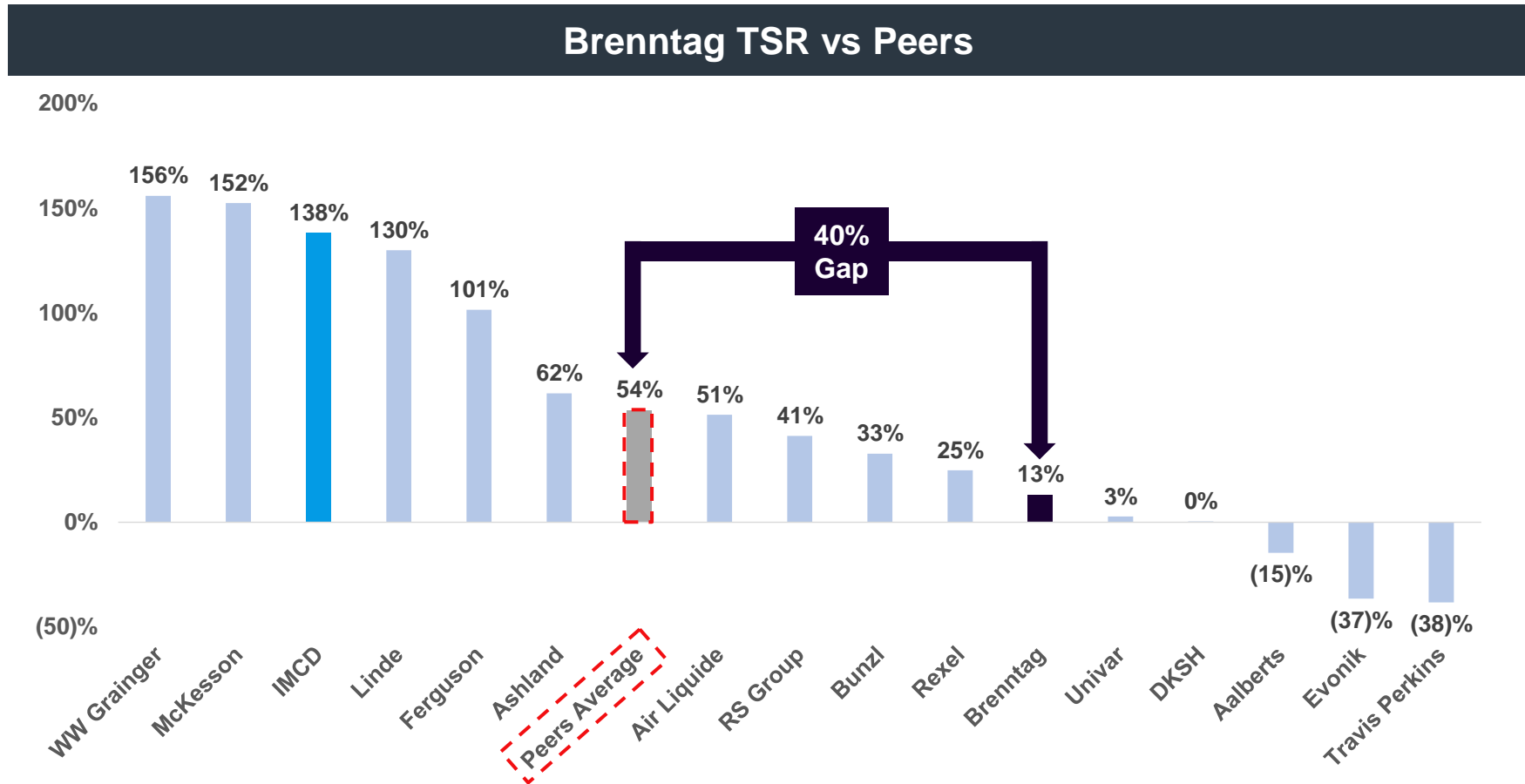
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€15bn of shareholder value creation

Brenntag's Long-Term Underperformance

Brenntag's shares have underperformed (I)

Brenntag has underperformed 10 of its 15 self-selected peers over the last 5 years

- Its TSR has been approximately a quarter of the average of its peers



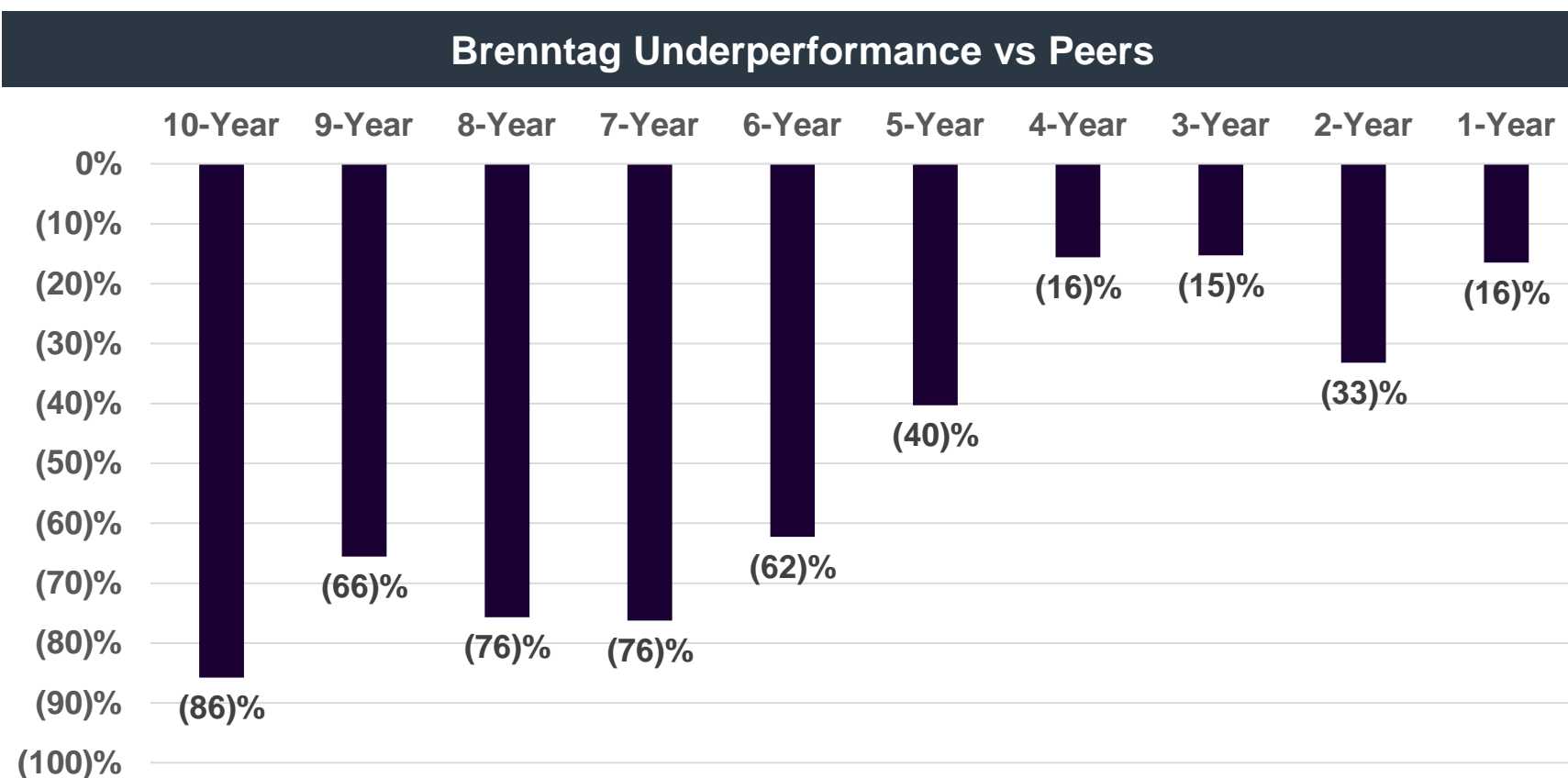
Source: Bloomberg, company filings. 5 year TSR – 31 Dec 2017 - 31 Dec 2022. TSR computed in USD for all companies for consistency purposes, and given Brenntag's dominant currency exposure is USD

Peer group as defined by company for long-term variable remuneration include Aalberts, Air Liquide SA, Ashland, Azelis Group, Bunzl Plc, DKSH Holding AG, RS group plc, Evonik industries AG, Ferguson Plc, IMCD NV, Linde Plc, Mckesson Plc, Rexel SA, Travis Perkins Plc, Univar Solutions Inc, WW Grainger Inc. For the purpose of calculating peers' TSR, companies are included only if their shares have been traded for the entire 5 year period. Note: TSR represents total shareholder return in USD

Brenntag's shares have underperformed (II)

Brenntag has actually underperformed its self-selected peers throughout

- Even though most of them did not benefit from the Covid and Ukraine-induced boom



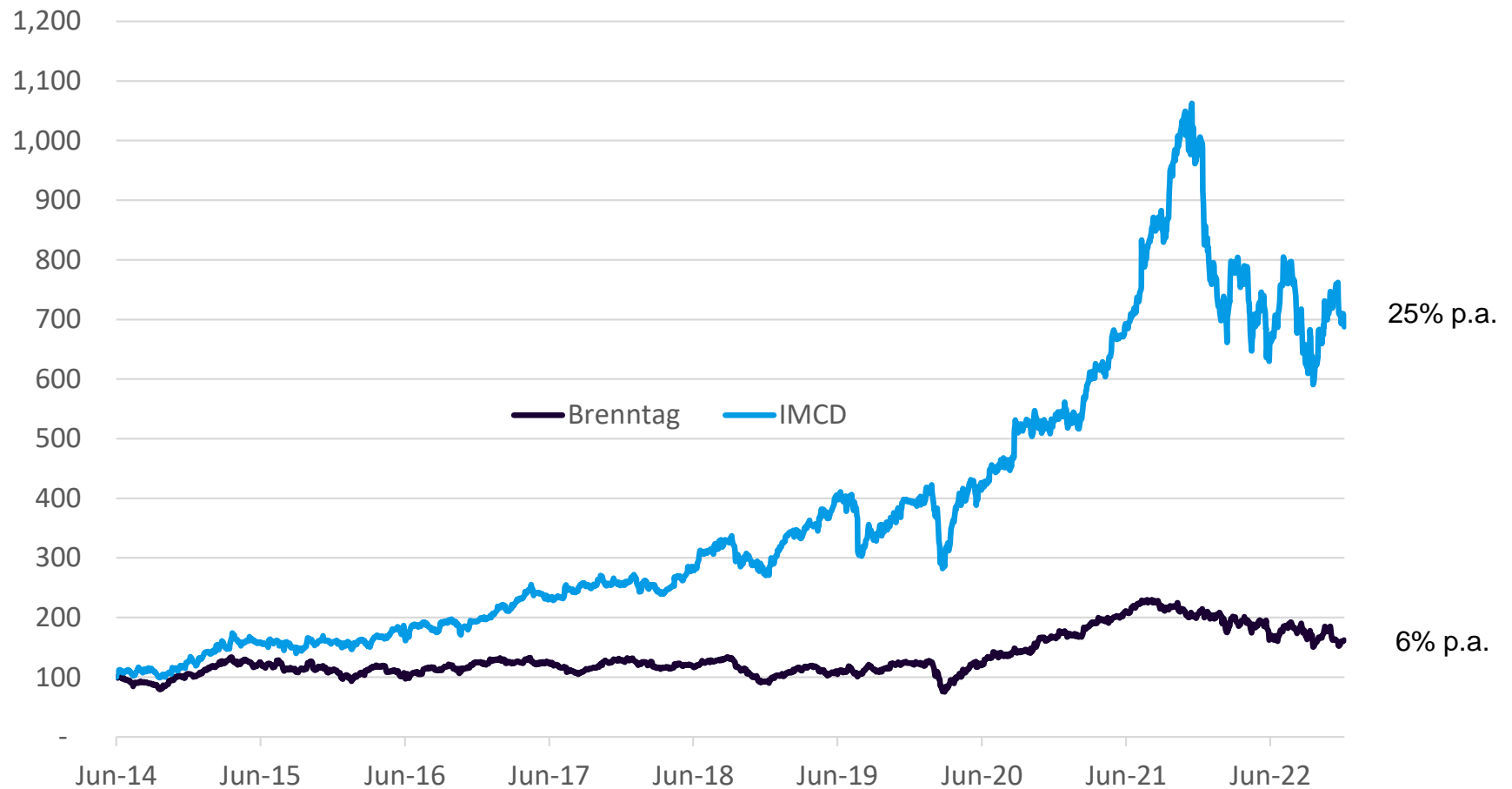
Source: Bloomberg, company filings. Up to 31 Dec 2022. TSR computed in USD for all companies for consistency purposes, and given Brenntag's dominant currency exposure is USD

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Brenntag's shares have underperformed (II)

Brenntag's underperformance is most notable when compared to its longest-listed peer and direct Specialties competitor

Brenntag vs IMCD TSR



Source: Bloomberg, from IMCD listing to 31 Dec 2022. Both datasets in EUR

Brenntag's underperformance is reflected in its valuation

The chronic underperformance translates into a sluggish valuation, far from that of a world leader in a growing industry

- Which makes it difficult to acquire Specialties bolt-ons that typically sell for higher multiples

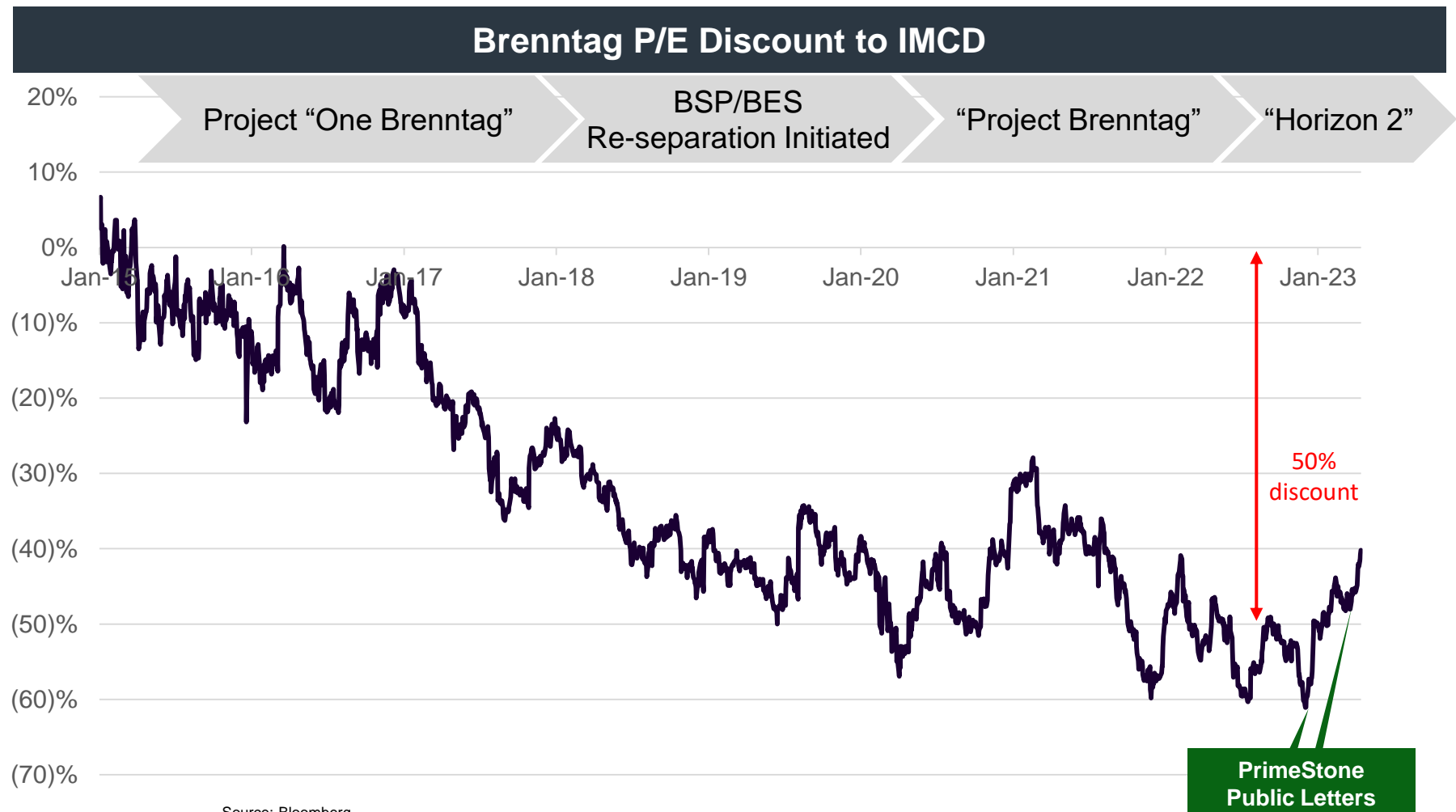
Brenntag Rolling Forward P/E Valuation



The valuation gap to peers has been increasing

Brenntag now trades at a 40-60% discount to its longest-listed peer IMCD

- The discount, which used to be minimal, has expanded over time regardless of the company's strategy
- The market had a muted reaction to the presentation of Horizon 2, underperforming peers by more than 3% on the day⁽¹⁾
- Conversely, PrimeStone's public letters have led to significant over performance⁽²⁾

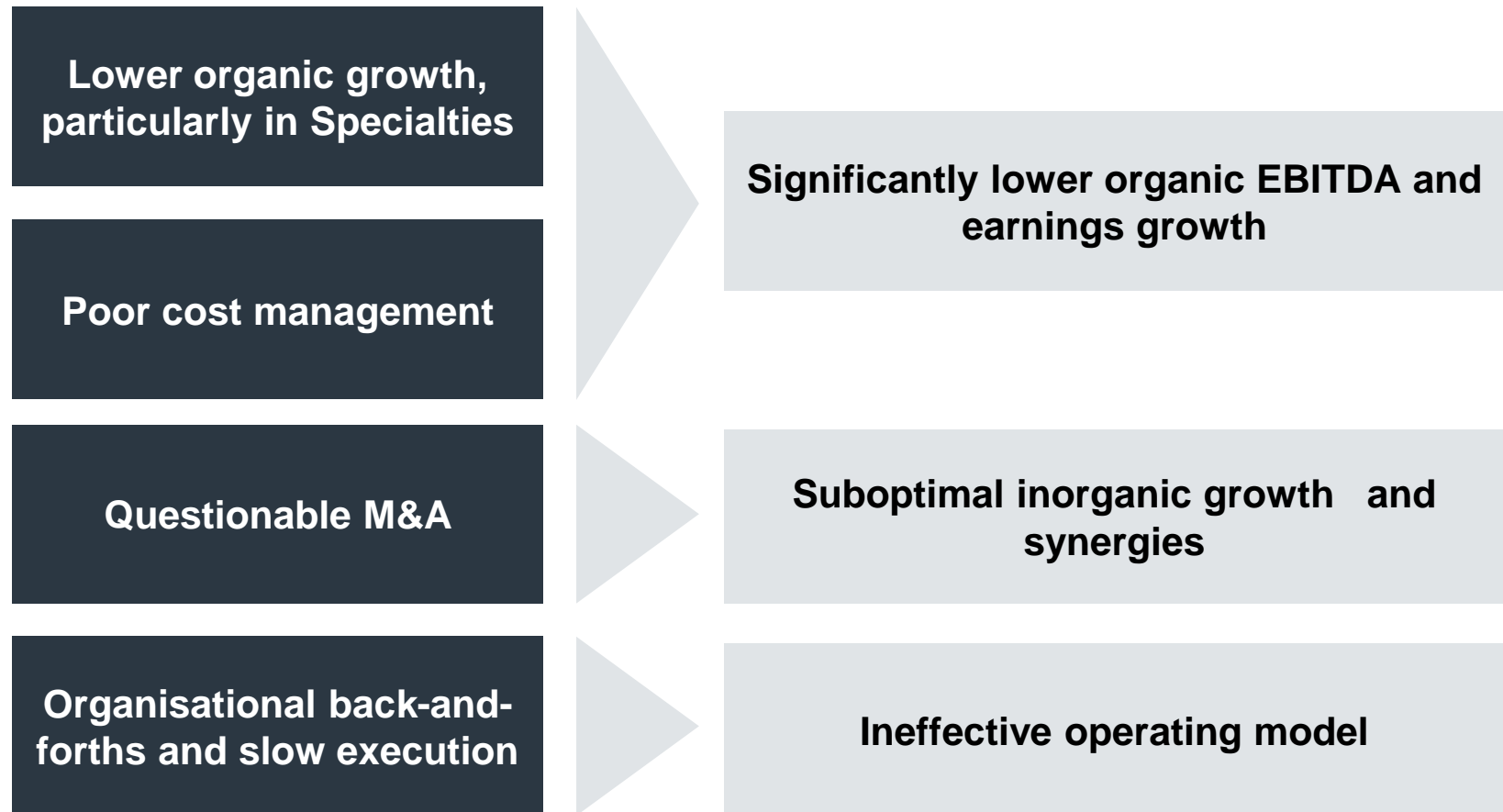


Source: Bloomberg.

- (1) Brenntag share price performance of +2.3% on 10-Nov-2022 compared to an average of 5.5% for Azelis, IMCD and Univar
- (2) Brenntag outperformance of 6.2% and 8.2% compared to the average of Azelis and IMCD in the two weeks following PrimeStone's public letters (20-Dec-22 and 18-Apr-23). Note that the first period excludes Brenntag's announcement to walk away from Univar

Drivers of Underperformance

Brenntag's TSR underperformance stems from several factors

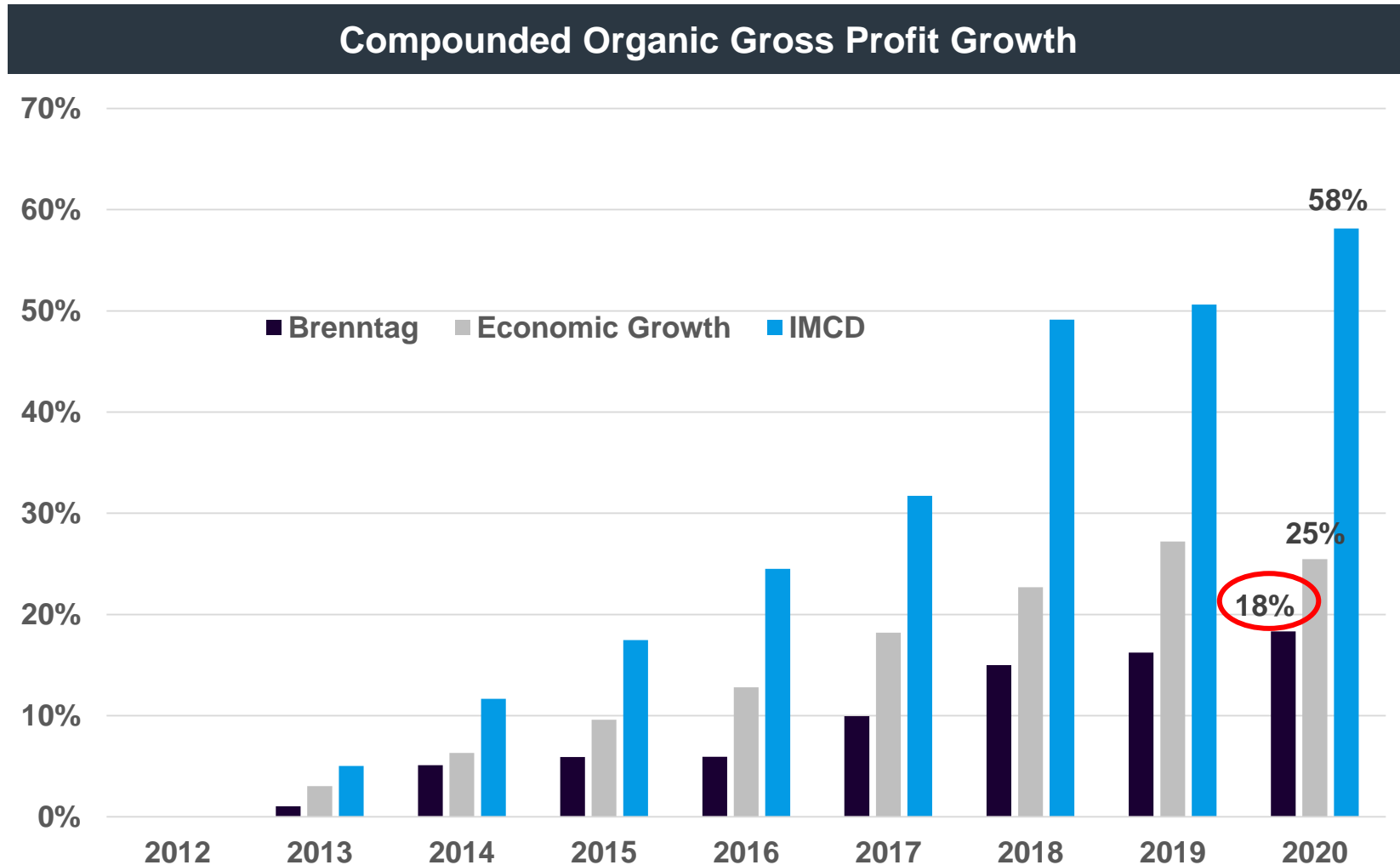


Brenntag had produced little organic growth before Covid

Brenntag has produced very low organic growth compared to economic growth

Lower organic growth, particularly in Specialties

- In contrast to IMCD, its direct competitor in Specialties (45% of Brenntag's EBITA)



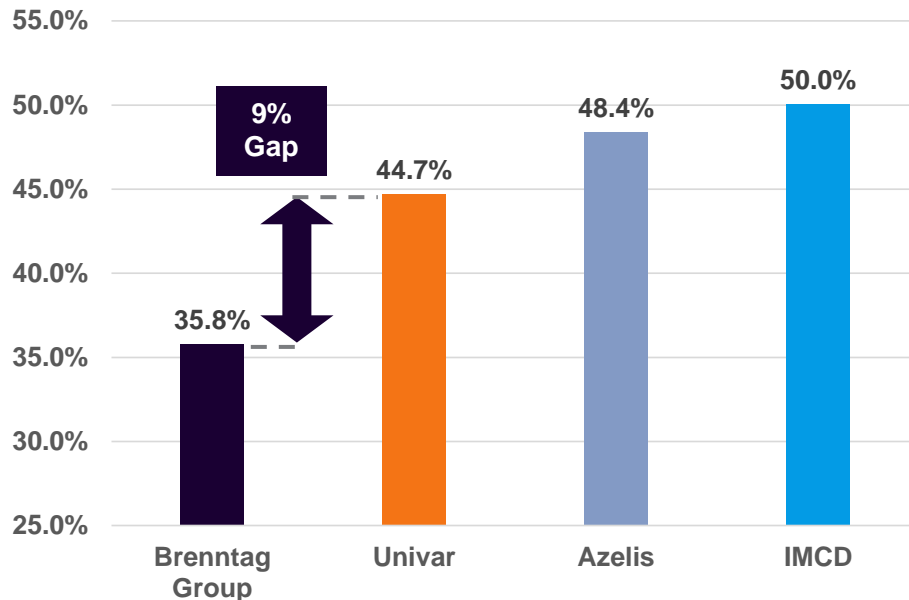
Source: Company filings. Economic growth represents the annual blended average of nominal GDP growth in Brenntag's regions (weighted based on Brenntag's regional mix). Data unavailable for other peers on the period 2012-2020 period. 2012 used as starting base

It also kept underperforming competitors during Covid

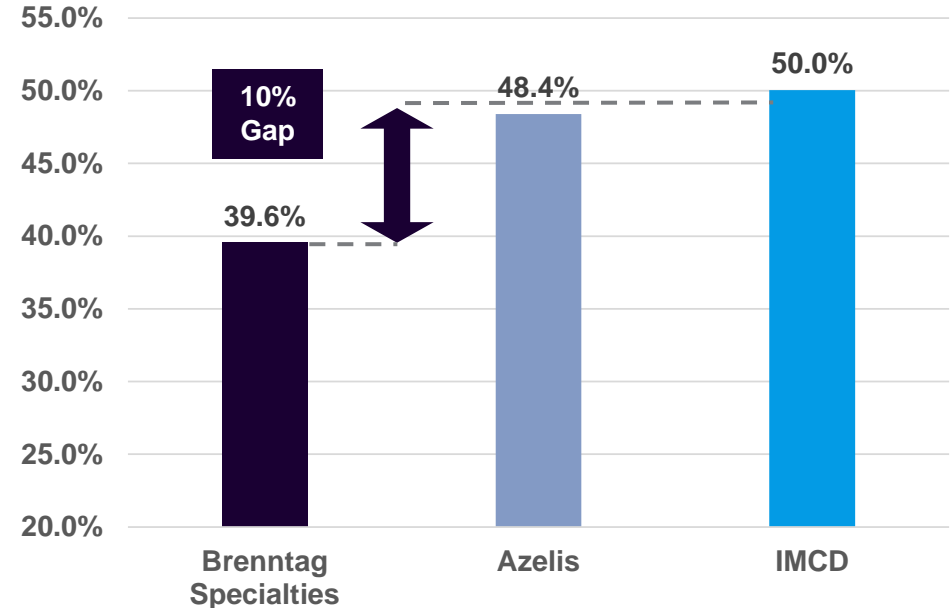
The new management team and Project Brenntag launched in 2020 did not reverse the trend of underperformance versus peers during the Covid boom

Lower organic growth, particularly in Specialties

Group Organic GP Growth (2020-2022)



Specialties Organic GP Growth (2020-2022)



Source: Company reports

Cost management has been particularly poor

Opex and conversion margin gaps with IMCD have trebled in 10 years, despite

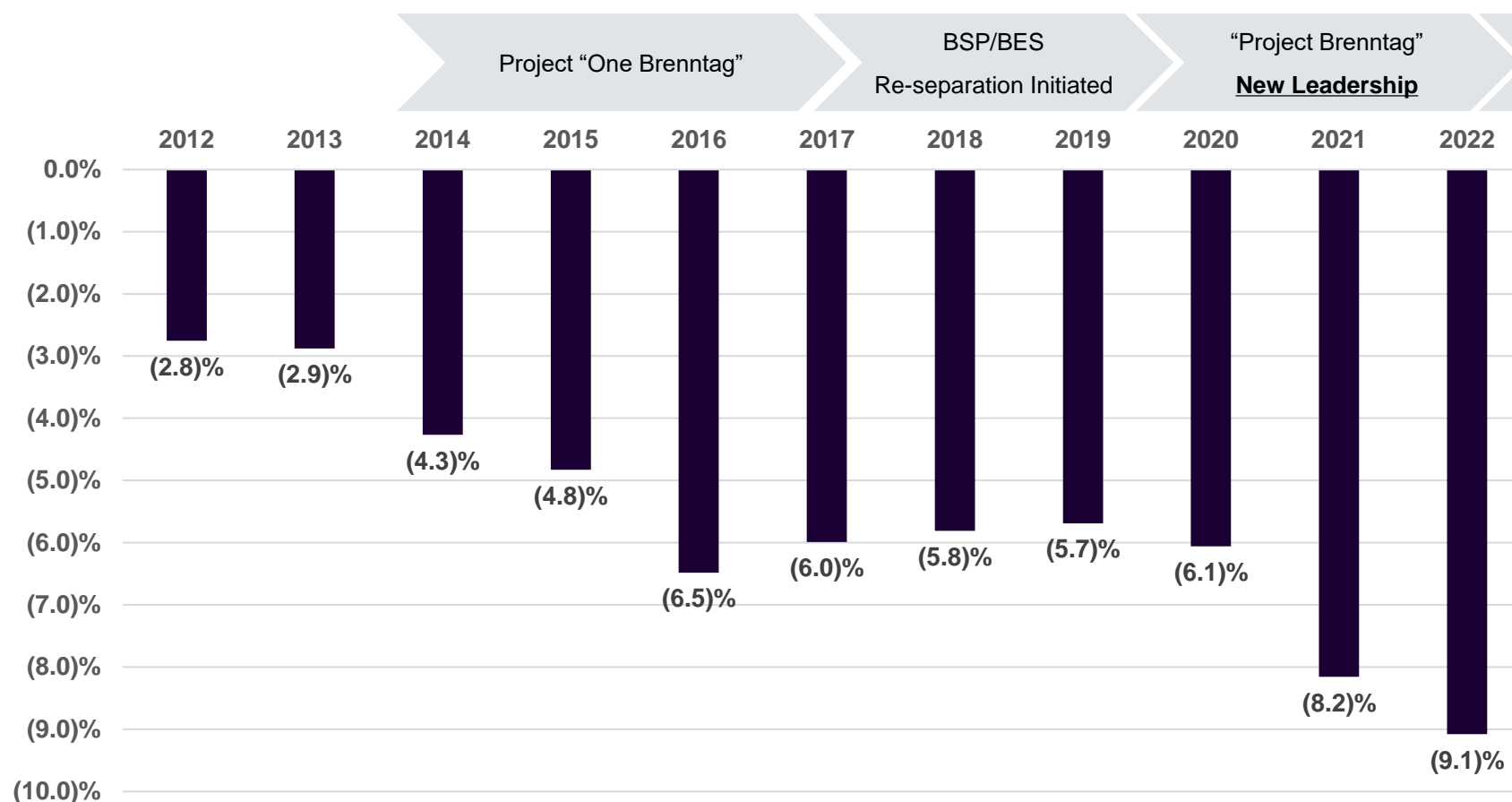
Poor cost management

- An improving mix at Brenntag due to the faster growth of Brenntag Specialties
- Project Brenntag and its “reported” €249m in additional annual operating EBITDA*

Opex as % of Gross Profit: Difference between IMCD and Brenntag

Lower Opex for Brenntag

Higher Opex for Brenntag



Source: Company reports, Conversion margin calculated as EBITDA / gross profit. *Annual Report 2022, Letter from CEO

Organic EBITDA growth is therefore far below peers

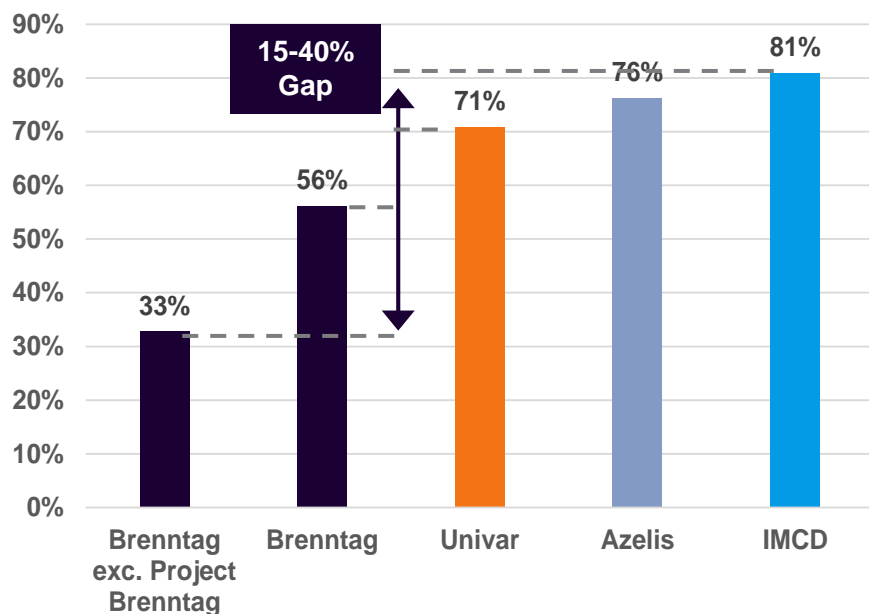
Despite its scale advantage, Brenntag's EBITDA growth underperforms peers'

Lower EBITDA growth

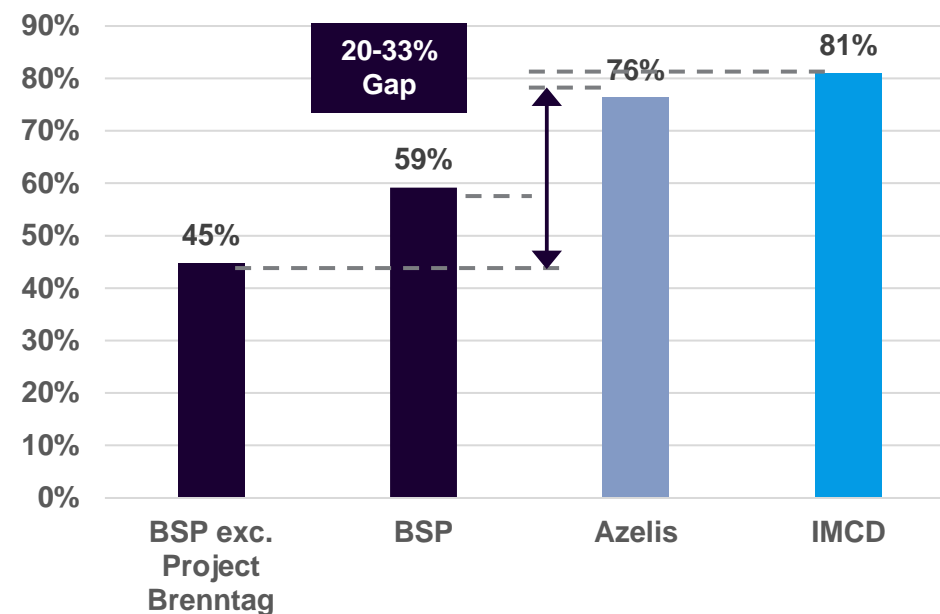
- The lower gross profit growth and poor cost focus result in **15-30% gap in organic EBITDA growth compared to peers**
- The underperformance is consistent at the group level and for Specialties

In only two years, this represents an EBITDA shortfall of €200-250m or c.€2.5bn of lost shareholder value

Group Organic EBITDA growth (2020-2022)



Specialties Organic EBITDA growth (2020-2022)



Source: Company reports, management communication on Project Brenntag contribution (25% in Specialties)

M&A strategy and execution have been questionable (I)

Brenntag's leadership wastes precious resources on dis-synergistic large targets

Questionable M&A

- Departing from the proven recipe of bolt-on acquisitions in Specialties

Brenntag spends time on large deals

Management and Supervisory Board waste resources on large deals with significant potential dis-synergies from conflicting suppliers

- 2021: Caldic, **\$1.1bn** revenues, acquired by Advent
- 2022: Univar, **\$12bn** revenues, acquired by Apollo

Even after the disastrous share price performance following the Univar leak...

- -18% or close to €2bn market cap loss, recouped following PrimeStone's public engagement

...Management remains unapologetic

- "...we also say clearly that we'll also look at **bolder moves** if the opportunity arises again" Christian Kohlpaintner, CEO, Q4-2022 Earnings call

Successful competitors focus on bolt-ons

In sharp contrast with the proven blueprint of value creation in Specialties chemical distribution through bolt-ons

- IMCD largest acquisitions: ET Horn, MF Cachat, Signet, Velox, all between **\$100 and \$300m** of revenues with little overlap
- Azelis largest acquisition: ROCSA, **\$130m** of revenues in region with very little overlap

≠

As confirmed by successful CEO

- "And then on [...] large-scale M&A [...] I feel we will continue just what we have been doing...with a **smaller asset** we acquire, with principals we work with elsewhere, or maybe like, for example, when you look into ROCSA [\$130m revenues], we do a **little bit of a bigger one**, where we feel we don't have the market presence and we need a springboard to further grow then in this market...[An] **industry combination of some of the behemoths, I don't see that being beneficial for anybody.**" – Azelis CEO - FY 2022 earnings call

M&A strategy and execution have been questionable (II)

Questionable M&A

Brenntag fails to seize the most desirable Specialties targets and ends up buying lower quality assets

- Brenntag is frequently excluded by sellers due to its image as an Essentials distributor (for further details [here](#))
- It seems to pay high prices for lower quality Specialties assets
- Its valuation also limits Brenntag's ability to compete on acquisition price (multiples often above Brenntag's)

Challenges in Attracting Top Targets

Selected Specialty Target Quotes

"We were approached by Brenntag and Univar but I was not interested to speak with them as the fit was much better with IMCD or Azelis who have the same culture as us"

Specialty Chemicals Distributor CEO

"I tried to buy MF Cachat and ET Horn, but the owners saw a better fit with IMCD than Brenntag, which they viewed as an Essentials player"

Former Brenntag Executive, 2022

"Me alive, the business will never be sold to Brenntag"

Specialty Chemicals Owner, 2022

Largest Specialties deal done by...

EURm	Brenntag JM Swank	IMCD Signet
Revenues	442	152
EBITDA	22	39
Margin	5%	26%
Products Mix	Food ingredients 30-40%+ commodities	Pharma excipients 100% specialties
Growth	~2%	>10%
Purchase Price	~12x	~12x
Employees	~500	100
Asset base	Own logistics No labs	Own labs No logistics



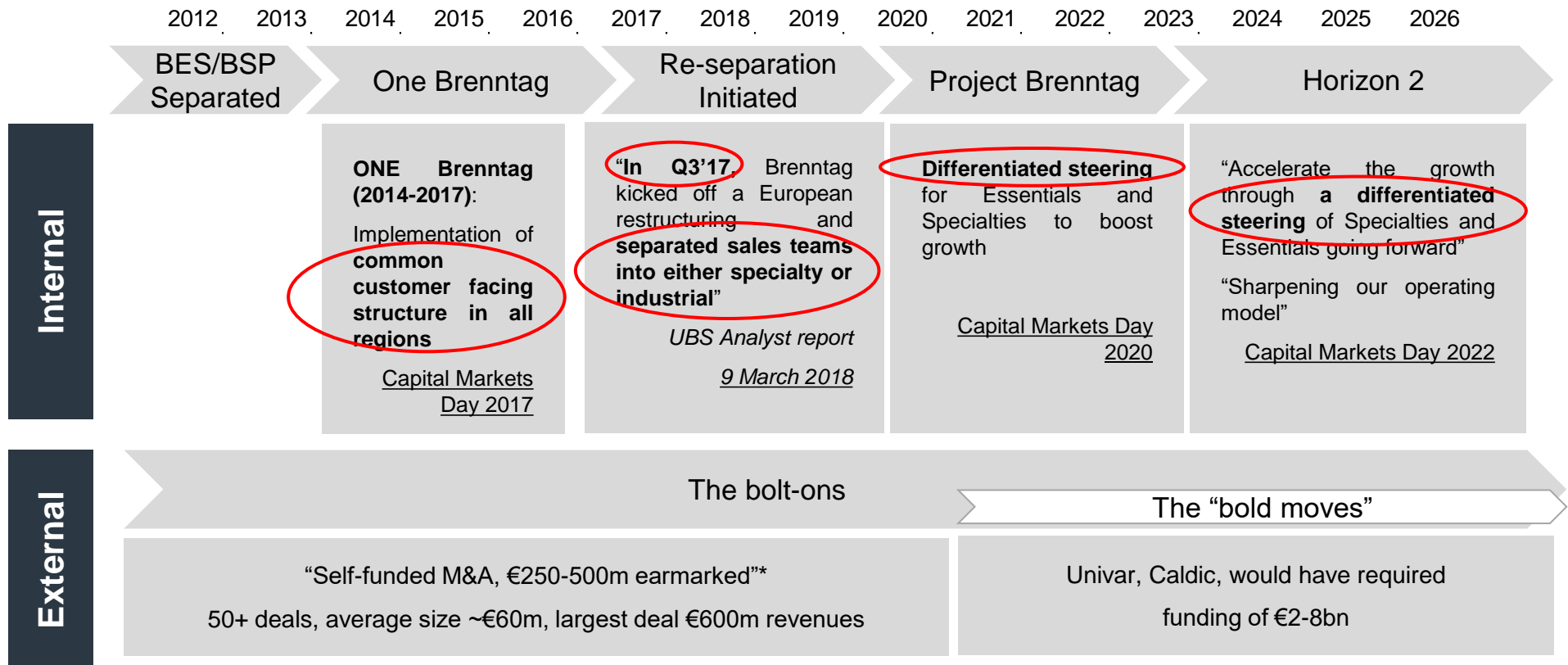
Brenntag buying lower quality asset at same multiple

Source: Company reports, PrimeStone analysis and interviews of former executives. Note: purchase price multiple of EBITDA

Brenntag is on an endless journey to separate BES and BSP

The Supervisory Board and two management teams have gone back and forth between operating models, running Specialties and Essentials separated or merged

Organisational back-and-forths and slow execution



The “new” Horizon 2 program is in fact the continuation of the re-separation initiated at the end of 2017 and reaffirmed and “accelerated” in 2020

* 2020 CMD slide 43

While Brenntag recognises the underperformance...

Brenntag's leadership continues to promise to close the gap with peers, 5 years after the separation of BSP and BES began and with no decisive strategy

Organisational
back-and-forths and
slow execution

We also recognize the current performance gap relative to our pure play specialty peers, which we consequently will close with our announced Horizon 2 strategy and in line with our medium-term financial targets we gave to you last November.

And I mean, it's clear that we fully recognise that.

CEO - Brenntag Results Call Q4-22

However, I see no reason why our Specialties business should not develop at the same level as that of our competitors. We just have to strengthen it consistently.

CEO Interview, Frankfurter Allgemeine Zeitung March 2023

We fully recognize the current performance gap of Brenntag Specialties relative to our pure-play competitors

CEO - Brenntag Results Call Q1-23

...it proposes a very long journey to reach its full potential

Despite poor performance, the Supervisory Board has not instilled any sense of urgency

Organisational back-and-forths and slow execution

- Re-separation started in late 2017
- Confirmed with Project Brenntag in 2020
- Horizon 2 strategy presented late 2022, to be completed by 2026
- Horizon 3 to come...

Full speed ?



Note: Red highlight / dates added by PrimeStone

Time is of the essence

Brenntag is trapped in a vicious circle in Specialties

Brenntag Specialties cannot perform on equal terms with peers while part of Brenntag

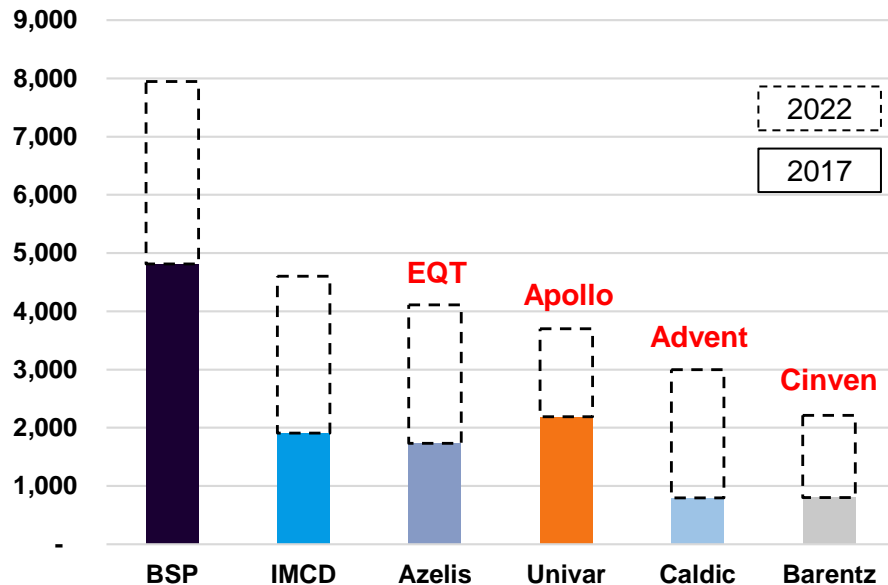


The Specialties industry is being reshaped by pure-plays

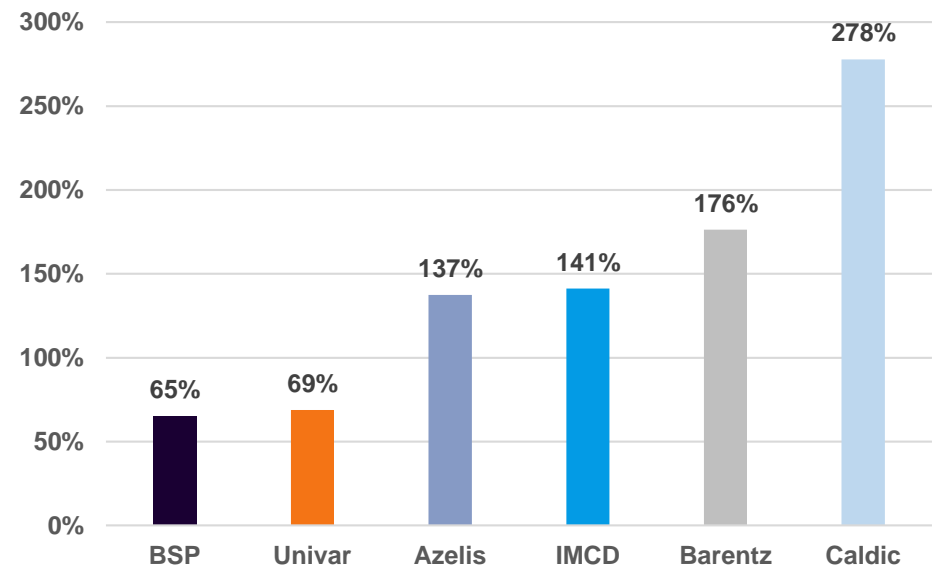
Brenntag's dominance in Specialties is fading as Private Equity-backed pure-plays are consolidating the industry aggressively and building strong moats

- Over the last 5 years, Brenntag has seen several Private Equity-owned distributors take material share
- They benefit from **ample capital resources** to consolidate the market fast while Brenntag is losing market share

Specialties Distributors Revenues (2017-2022)



5-Year Growth



At the current pace of market share loss, in 5 years, IMCD and Azelis will be close to Brenntag's size and will have seized the best targets and built stronger relationships with winning suppliers

Source: Company reports

Brenntag costs are rising as gross profit pressure looms

With Project Brenntag coming to an end and costs escalating across the board, conversion margins will continue to underperform peers

*“What stood out: The poor performance of the specialty division, [...] also **driven by higher-than-expected opex**”*

Matthias Maenhaut, Kepler, 16 March 2023

*“Brenntag Specialties achieved Q1 EBITDA / GP conversion margin of 42.2%, **weaker than IMCD (52%), despite scale advantages**”*

Marc Van'T Sant, Citigroup, 10 May 2023

*“The year-on-year decline on the bottom line therefore is due to a **higher cost base**”*

Annelies Vermeulen, Morgan Stanley, 10 May 2023

*“Our challenge with the Brenntag investment case surrounds **the lack of improvement/closing the gap to peers on key earnings metrics**”*

Chris Counihan, Jefferies, 7 February 2023

Brenntag Operating Expenses

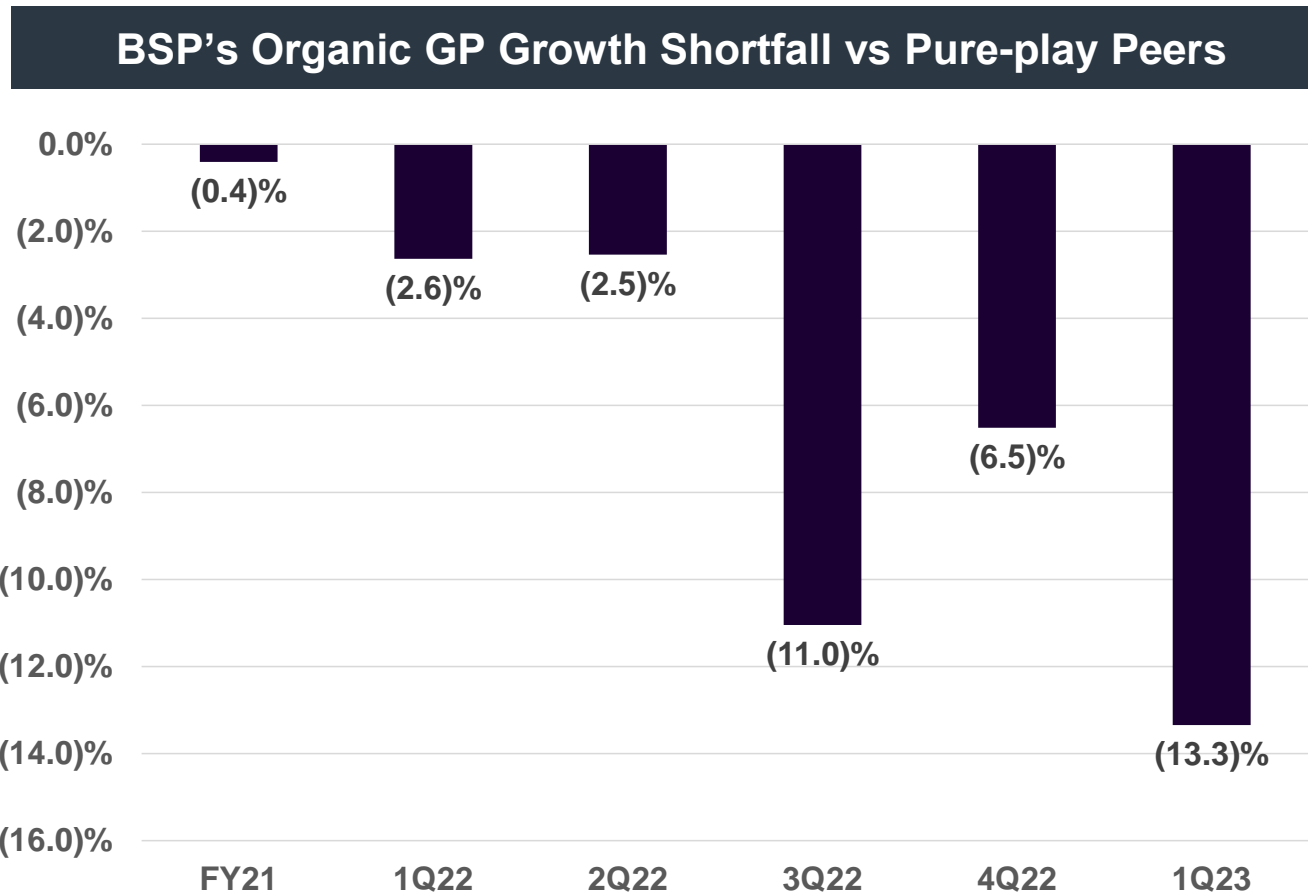
	2020	2021	2022	CAGR
Personnel Expenses	1,107	1,205	1,380	11.7%
D&A and Impairments	298	374	406	16.9%
Outwards Transportation	232	272	324	18.1%
Property Related and other	38	36	42	5.8%
Maintenance and energy costs	164	183	257	25.2%
Audit and advisory fees	56	60	132	53.3%
Lease expenses	49	52	76	24.4%
Other service	37	44	59	25.8%
Insurance expenses	34	51	52	22.7%
Miscellaneous	182	226	286	25.2%
Operating Expenses	2,197	2,503	3,014	17.1%

Note: 4% growth is accounted for by M&A
Source: Company reports, PrimeStone analysis

Specialties performance is deteriorating, not improving

In Specialties, the gap vs pure-play peers is widening

- Brenntag's latest results reveal a **widening gap** in organic growth compared to pure-play peers: a testament to the challenges of revitalising Brenntag Specialties growth under one roof



Source: Company reports. Specialties pure-play reflects the average of IMCD and Azelis organic gross profit growth

Analysts also highlight the deterioration in Specialties

After 3 years of Project Brenntag, Q1 results highlight the widening performance gap with peers and the deficiency of the current “all under one roof” operating model

“Q1 marked another quarter of underperformance in Specialties, both versus expectations and other peers. Operating EBITA declined c27% in organic terms while IMCD saw growth during the same period”

Rikin Patel, BNP Paribas Exane, 11 May 2023

“Miss in Specialties: the decline in Specialties EBITDA (-6% vs our estimate and -24% y/y in constant currencies) comes as a surprise especially considering that IMCD reported organic growth in 1Q23”

Anil Shenoy, Barclays, 10 May 2023

“Divergent trends between Essentials and Specialties, with the latter experiencing a further widening of the growth gap vs. pure-play specialty distribution peers (IMCD, AZE) ”

Suhasini Varanasi, Goldman Sachs, 17 May 2023

“Top-line momentum [in Specialties] was also less strong at Brenntag Specialties with est. Q1 organic GP growth of -10% vs +9% at IMCD. The case for a full separation of Essentials and Specialties remains compelling, we think, as it appears that pure-play operators tend to perform better, grow faster and deliver higher returns”

Marc Van'T Sant, Citigroup, 10 May 2023

“The magnitude of the downturn in the Specialties business (EBITDA down 24%) is the most surprising element of Q1 results (underperforming all peers)”

Chris Counihan, Jefferies, 18 May 2023

“Organic Adj. EBITA was -27% YoY in the Specialties division (compared to IMCD 1Q EBITA growth of 4%, per JPMe)”

Chetan Udeshi, JPMorgan, 10 May 2023

Supervisory Board's Failed Oversight

The Supervisory Board has presided over underperformance

Supervisory Board Members have all presided over significant underperformance over self-selected peers and more dramatically so behind longest-listed competitor IMCD

Board Member	Tenure (yrs)	TSR vs Peers During Tenure			TSR vs IMCD	
		Brenntag	Peers	Difference	IMCD	Difference
Richard Ridinger	2.6	28%	55%	(26)%	68%	(40)%
Ulrich Harnacke	5.6	32%	77%	(45)%	188%	(157)%
Wijnand Donkers	5.6	32%	77%	(45)%	188%	(157)%
Stefanie Berlinger	7.6	38%	109%	(71)%	330%	(292)%
Dr. Andreas Rittstieg	12.8	329%	381%	(52)%	588%	(526)%*
Doreen Nowotne	12.8	329%	381%	(52)%	588%	(526)%*

Source: Bloomberg, company filings. TSR up to 31 Dec 2022 in local currencies

Peer group as defined by company for long-term variable remuneration include Aalberts, Air Liquide SA, Ashland, Azelis Group, Bunzl Plc, DKSH Holding AG, RS group plc, Evonik industries AG, Ferguson Plc, IMCD NV, Linde Plc, Mckesson Plc, Rexel SA, Travis Perkins Plc, Univar Solutions Inc, WW Grainger Inc. For the purpose of calculating peers' TSR, companies are included only if their shares have been traded for the entire board member tenure.

* IMCD TSR and difference with Brenntag TSR for Dr. Andreas Rittstieg and Doreen Nowotne is calculated from the date of IMCD's IPO.

The Supervisory Board has failed in its oversight of Brenntag

Strategic direction

- Decade-long strategy indecision: back-and-forths and hesitations
- Oblivious to the vicious circle in which BSP is trapped after years of underperformance
- Lingering implementation of the separation of BSP and BES initiated 6 years ago
- Endorsement of “M&A bold moves” despite dis-synergies and troublesome precedents

Management choices

- Previous team retained for a decade, despite poor performance and investor feedback
- Current CEO from Clariant, hardly a shareholder value creation success story
- Current CFO with no prior experience as self-standing group CFO nor relevant capital markets or industry background

Business performance

- No monitoring and reporting of critical KPIs like organic revenue / gross profit growth to this date, although the latter is one of the company’s targets since 2020* and a key performance indicator that investors and analysts focus on, and is reported by peers
- Cost cutting initiatives presented as a success despite difficult-to-discern impact
- No monitoring and communication of reinvestments that offset the highlighted savings

Shareholder dialogue

- Refusal to meaningfully engage with shareholders on strategy / business performance
- Inadequate understanding of the underlying performance issues
- Flawed communication, including inconsistent or erroneous statements

Composition

- Automatic re-election of non-retiring members, until shareholder push-back
- Lack of self-questioning of composition and skillset despite underperformance
- Proposition to add “functional” rather than “business critical” board skills to create shareholder value

* CMD 2020 slide 44 and CMD 2022 slide 76

The SB has failed in its oversight of strategic direction (I)

The Supervisory Board's oversight of strategy has been flawed and inconsistent

Strategic direction

Strategic indecision

- **The Supervisory Board has gone back and forth** with two management teams to find the right set-up to re-ignite growth: “One-Stop-Shop”, Project One-Brenntag, Re-separation, Project Brenntag, Horizon 2...

Inadequate analysis

- It has failed to recognize that Brenntag's structure hampers BSP's competitiveness against aggressive and more attractive pure-play Specialties distributors
 - Refer to PrimeStone's letter for a full, market research-based analysis [here](#)

Open-ended timeline

- It is still presenting the operational separation of BSP and BES under the same roof as a recent and on-going initiative with no end in sight, despite its initiation in 2017 and reaffirmation in 2020

Lack of solution

- It presents **Horizon 2, the mere continuation of the same strategy**, as the solution to the company's problems lacking convincing substance and failing to gain investors confidence
 - “Horizon 2 addresses your concerns – Please meet management and they will explain” – Doreen Nowotne, Chairwoman, Meeting with PrimeStone February 2nd 2022

Questionable M&A strategy

- **It supports”bold moves”** such as the multi-billion pursuit of Caldic and the reckless \$9bn unsolicited approach of Univar despite
 - The industry blueprint of value creation through small bolt-ons
 - The disastrous precedent set by the comparable Nexeo acquisition
 - The significant dis-synergies and disruption risks for the company

Lax management oversight

- On Univar specifically, **the Supervisory Board failed to properly challenge management** on the strategic logic and risks of such a bid, approved it, only to walk away with no new data (per Univar proxy) as PrimeStone and other investors forced them to and shares plummeted almost 20% in 2 weeks

Source: [Univar Proxy Statement](#), Brenntag 2022 Report of Supervisory Board

The SB has failed in its oversight of strategic direction (II)

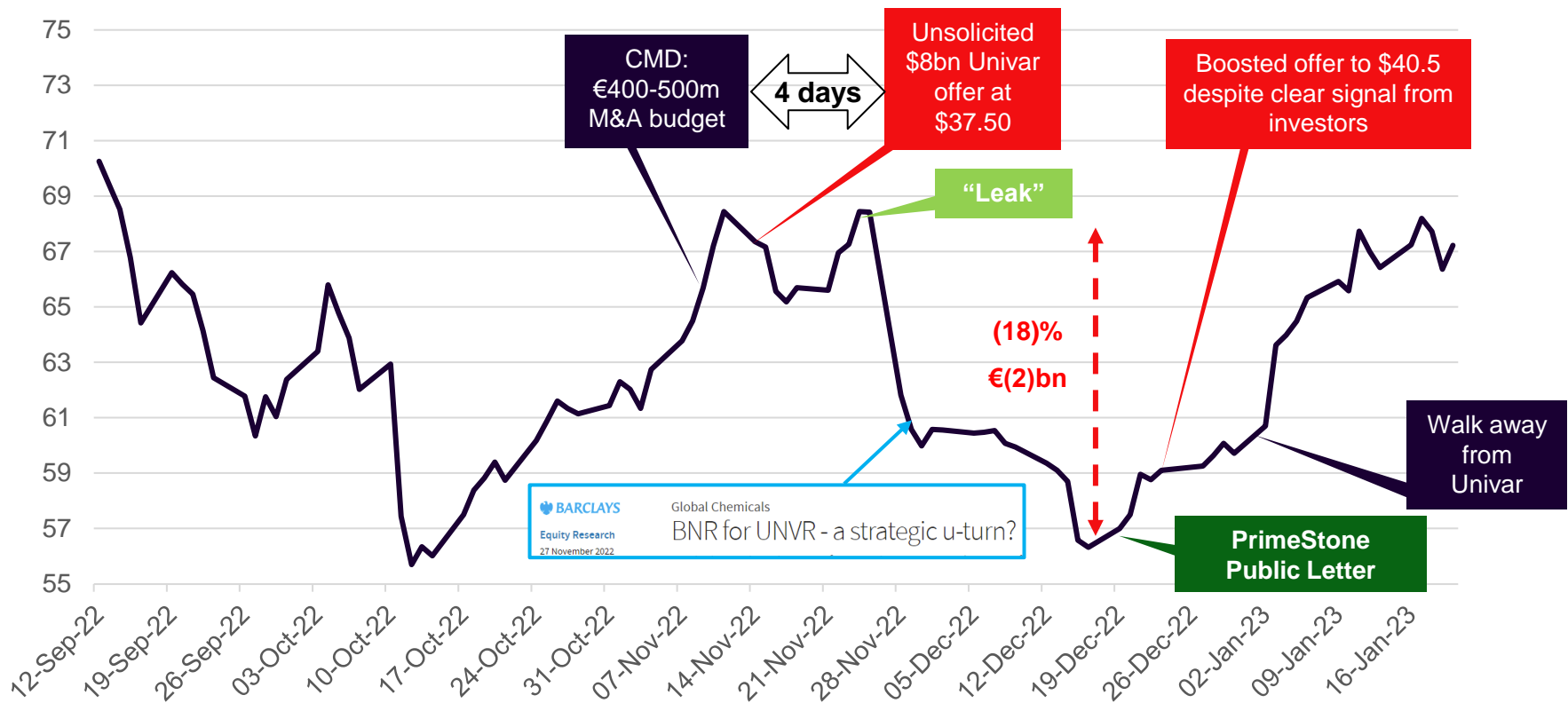
It approved an unsolicited approach worth 20 years of M&A budget in one deal that shareholders would not have been able to block had the bid not been leaked

Strategic direction

“We will double our M&A spend to an annual amount of EUR 400 million to EUR 500m. You can always count on us that we are not doing and making crazy things here”

Brenntag Capital Markets Day – 10th November 2022, 4 days before the offer to acquire Univar

Brenntag’s Share Price Evolution



Source: Bloomberg, [Univar Proxy Filing](#)

The SB has made intriguing management choices

Management choices

- The Supervisory Board is responsible for appointing Management Board members
- It has allowed the previous CEO and CFO to stay for 8.5 and 10 years despite disappointing business, financial and share price performance and despite investor frustration
- The current CEO appointed in 2020 was hired after 10 years in the Executive Committee of Clariant, hardly a shareholder value creation success story
 - 20-year TSR: 5.2% vs 9.8% for MSCI World Chemical or (4.6)% p.a.
 - 10-year TSR: 5.0% vs 7.4% for MSCI World Chemical or (2.4)% p.a.
 - 5-year TSR: (1.8)% vs 6.0% for MSCI World Chemical or (7.8)% p.a.
 - Clariant is known to have pursued “bold moves” like the deal with Huntsman, later aborted after the intervention of shareholders
 - o Univar and other potential “bold moves” are reminiscent of Clariant-Huntsman [Link](#)
- The current CFO was hired...
 - As an outsider with no prior self-standing group CFO experience
 - With no capital market experience
 - After spending 22 years in the Travel industry (Thomas Cook and Lufthansa), very far from chemical distribution
 - As LSG, the subsidiary of Lufthansa she was divisional CFO of for 8 years, was being dismantled and sold piecemeal, partly to turnaround private equity firm Aurelius [Link](#)

Source: PrimeStone interviews - Bloomberg. All TSR computed as of 30 April 2023 and in USD for comparability

The SB has failed in its oversight of business performance (I)

The Supervisory Board fails to monitor key performance metrics:
organic revenues/gross profit/EBITA growth by region and business units

Business performance

Brenntag KPI reporting: "organic" Revenue/GP that matter most are absent

Financials Q1 2023: Segments (1/2)

in EUR m	Operating Gross Profit ⁽¹⁾				Operating EBITDA ⁽²⁾				Conversion ratio	
	Q1 2023	Q1 2022	A	Δ FX adjusted	Q1 2023	Q1 2022	A	Δ FX adjusted	Q1 2023	Q1 2022
Brenntag Specialties	388.2	426.2	-8.9%	-9.2%	163.9	215.4	-23.9%	-23.9%	42.2%	50.0%
Brenntag Essentials	648.1	602.9	7.8%	5.9%	285.3	271.9	4.9%	3.6%	44.0%	45.1%
All other segments	9.3	8.8	5.7%	5.7%	-20.8	-24.3	15.5%	15.5%	-	-
Brenntag Group	1,045.6	1,037.9	0.7%	-0.3%	428.4	463.0	-9.2%	-9.9%	40.2%	44.6%

in EUR m	Operating EBITA				Conversion ratio	
	Q1 2023	Q1 2022	A	Δ FX adjusted	Q1 2023	Q1 2022
Brenntag Specialties	153.0	207.3	-26.2%	-26.2%	39.4%	48.6%
Brenntag Essentials	224.3	214.3	4.7%	3.2%	34.8%	35.9%
All other segments	-22.2	-27.3	17.9%	17.9%	-	-
Brenntag Group	345.1	394.3	-12.8%	-13.1%	33.0%	38.0%

Financials Q1 2023: Segments (2/2)

in EUR m	Operating Gross Profit ⁽¹⁾				Operating EBITA ⁽²⁾				Conversion Ratio	
	Q1 2023	Q1 2022	A	Δ FX adjusted	Q1 2023	Q1 2022	A	Δ FX adjusted	Q1 2023	Q1 2022
Specialties EMEA	178.4	196.0	-8.6%	-6.7%	74.9	101.0	-26.8%	-24.3%	42.0%	51.8%
Specialties Americas	144.9	157.6	-8.0%	-11.2%	65.0	66.1	-16.8%	-19.0%	38.0%	42.0%
Specialties APAC	64.9	73.7	-11.9%	-11.0%	22.9	39.9	-42.8%	-42.3%	35.2%	64.1%
Brenntag Specialties	388.2	426.2	-8.9%	-9.2%	163.9	215.4	-23.9%	-23.2%	42.0%	51.8%
Essentials EMEA	245.2	229.9	6.7%	7.6%	91.8	82.8	9.6%	10.9%	37.4%	36.6%
Essentials North America	341.2	296.1	15.2%	10.9%	131.0	104.2	16.1%	11.8%	35.8%	35.2%
Essentials Latin America	38.1	44.9	-16.1%	-16.3%	9.1	14.8	-38.6%	-38.6%	23.9%	33.0%
Essentials APAC	23.6	32.0	-26.3%	-25.3%	3.0	11.8	-74.6%	-74.6%	12.7%	36.9%
Brenntag Essentials	648.1	602.9	7.8%	5.9%	285.3	271.9	4.7%	3.2%	34.8%	35.6%
All other segments	9.3	8.8	5.7%	5.7%	-22.2	-27.3	17.9%	17.9%	-	-
Brenntag Group	1,045.6	1,037.9	0.7%	-0.3%	345.1	394.3	-12.8%	-13.2%	33.0%	38.0%

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In contrast, Azelis provides investors with a transparent view of performance along the critical metrics

Headline growth Q1 2023

Azelis Performance (EUR m)	Q1 2023	Q1 2022	F/X Translation	M&A Growth Contribution	Organic Growth	Total Growth
EMEA	501.0	450.5	-2.1%	8.9%	4.4%	11.2%
Americas	358.4	366.5	3.7%	7.5%	-13.4%	-2.2%
Asia Pacific	233.5	158.3	-2.0%	38.5%	11.0%	47.5%
Group Revenue	1,092.8	975.3	0.1%	13.2%	-1.2%	12.0%
EMEA	129.7	111.6	-1.8%	8.7%	9.4%	16.3%
Americas	90.9	92.9	3.7%	4.0%	-9.9%	-2.1%
Asia Pacific	45.1	31.4	-1.9%	33.6%	11.8%	43.5%
Group Gross Profit	265.8	235.9	0.3%	10.2%	2.1%	12.7%
EMEA	72.5	60.1	-1.9%	9.7%	12.8%	20.7%
Americas	48.8	49.7	3.4%	2.7%	-7.9%	-1.8%
Asia Pacific	21.5	13.6	-2.7%	47.2%	13.5%	58.1%
Adjusted EBITA⁽¹⁾	134.0	116.0	0.1%	11.7%	3.6%	15.5%

(1) Total adjusted EBITA includes Holding companies

9

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Supervisory Board lacks the required skills and/or transparency

Source: Brenntag 2022 Annual Report, company reports

The SB has failed in its oversight of business performance (II)

Management and the Supervisory Board proudly highlight the success of Project Brenntag...

Business performance

Project Brenntag's Targets

- *100 sites to be closed globally*
- *Global reduction of approximately 1,300 jobs out of the total workforce of around 17,500 employees*
- *Sustainable annual contribution of additional operating EBITDA of about EUR 220 million*

Transformation program, 26 October 2020

Extracts Annual Report 2022 – Report from Supervisory Board

At the end of 2022 – that is, a year earlier than planned – **Brenntag was able to announce that the goals of “Project Brenntag”, the first chapter in our transformation, had already been achieved and even exceeded.** The two global divisions Brenntag Specialties and Brenntag Essentials were thus fully established, providing the basis for the next phase of the company's transformation, which it initiated in November by adopting the “Strategy to Win”. The focus is now primarily on strengthening the two divisions' market position and developing the business model into a data- and technology-driven one.

The Transformation and Sustainability Committee, composed of Ms. Doreen Nowotne (Chair), **Mr. Wijnand P. Donkers and Mr. Richard Ridinger** in the reporting period, held a total of nine meetings. Six meetings were held in person and three meetings virtually. In addition to the meetings, four informal video conferences took place with the Board of Management in connection with potential acquisition projects. **At the meetings in the reporting period, the Committee dealt in detail with the implementation of “Project Brenntag”, for which the company was able to announce at the end of the reporting period that the goals had been successfully achieved ahead of schedule.**

Extract Annual Report 2022 – Letter from the CEO

Our comprehensive transformation program “Project Brenntag” also made a significant contribution to our success in financial year 2022. We worked consistently to implement our numerous initiatives and **can say with some degree of pride that we achieved and even exceeded our ambitious goals a year earlier than planned. By the end of 2022, the program had generated EUR 249 million in additional annual operating EBITDA, exceeding the original target of EUR 220 million for financial year 2023.**

The SB has failed in its oversight of business performance (II)

...while sell-side analysts can't find the project's benefits in the actual financials

Business performance

“Investors find it hard to evaluate the success of management's 'Project Brenntag' restructuring programme that launched in late 2020 that targeted €220m of cost savings

“Secondly, focusing on operating costs, which were a lot higher than expected in Q4...”

Rory McKenzie, UBS,
8 March and 11 April 2023

“No visible P&L benefit from ongoing cost efficiency program: As we have consistently highlighted, the benefit from these cost takeouts over past two years has been difficult to parse in the P&L as opex has grown ~12% CAGR organically from 2019 to 2022 even with no volume growth”

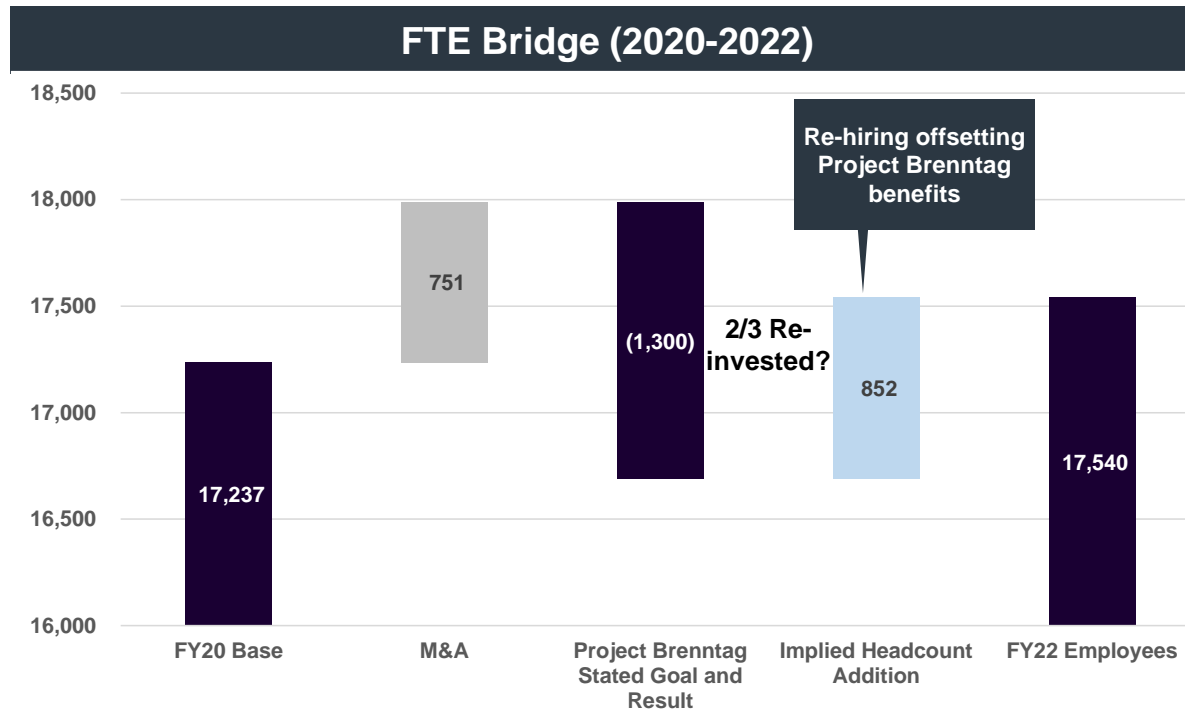
Chetan Udeshi, JPMorgan,
14 March 2023

Management and the Supervisory Board seem out-of-touch with the reality of Brenntag's performance and progress

The SB has failed in its oversight of business performance (IV)

In fact, Project Brenntag savings were either never achieved or largely offset by major reinvestments and rehiring never highlighted to investors

Business performance



Source: Brenntag 2020 and 2022 Annual Report

- Does the Supervisory Board properly monitor progress ?
- Why isn't this massive gap communicated and explained to investors to this day ?

Supervisory Board lacks the required skills and/or transparency

The SB has failed in its oversight of business performance (V)

The Supervisory Board fails to properly challenge management before earnings releases

Business performance

- Its lax oversight has led management to make inaccurate claims to explain the performance gap with peers

“Our exposure towards life sciences is less [than that of pure-play distributors]”

CEO - Brenntag Results Call Q4-22

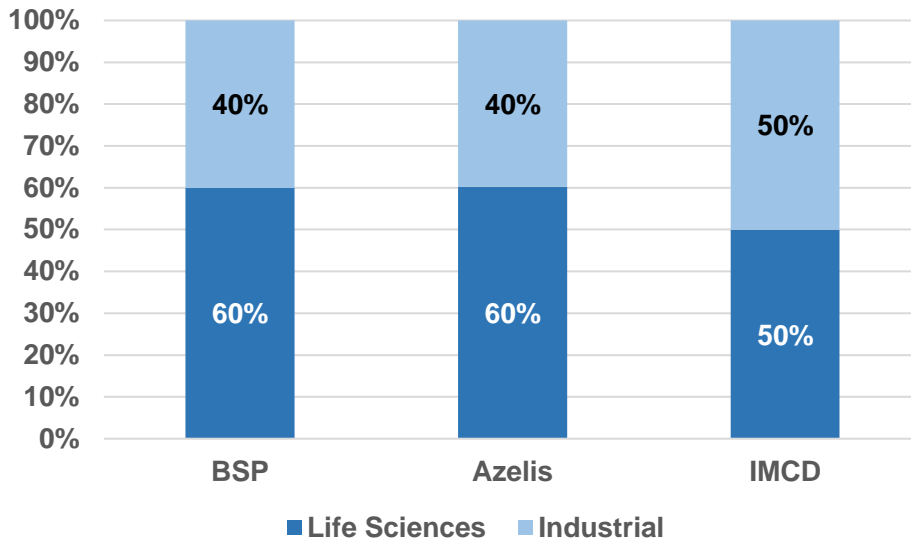
“The regional exposure we should not forget. We have quite an exposure in Asia and needs to be no excuse. But needs to be fair that the second half in Asia was really difficult business wise”

CEO - Brenntag Results Call Q4-22

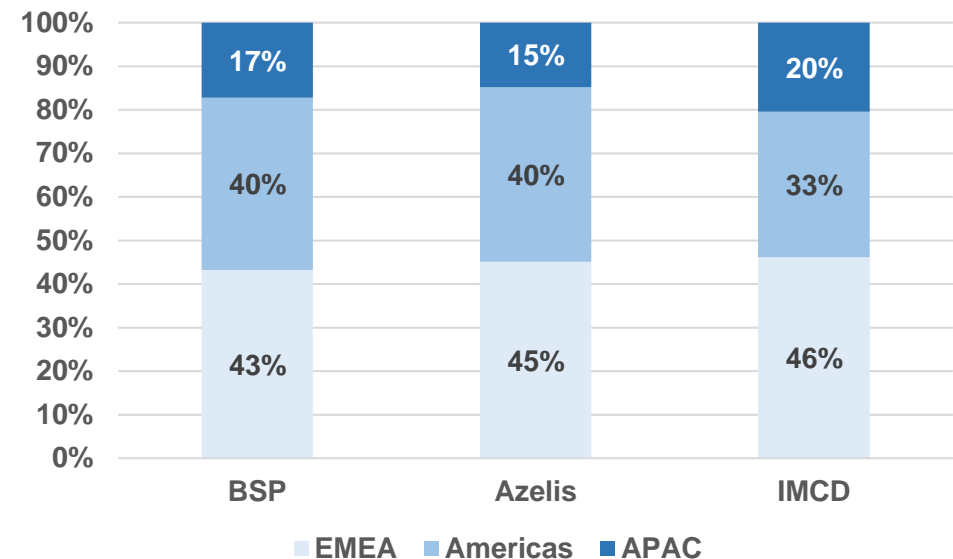
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Market Exposure



Geographical Exposure



Source: Brenntag 2022 Annual Report, company reports

The SB has failed in its dialogue with shareholders

The Supervisory Board is entrenched: it has repeatedly refused to engage with shareholders on strategy and business performance

Shareholder dialogue

No Substantive Engagement with Shareholders

The Supervisory Board is entrenched: it repeatedly refuses to engage with shareholders on strategy and business performance:

- **"[Chairwoman] does not typically talk about operational or business-related topics when meeting with investors so it would be very helpful to understand the agenda for a potential call or meeting"** Email from IR to PrimeStone Jan. 2023
- **"Horizon 2 addresses your concerns – Please meet management and they will explain"** – Doreen Nowotne, Chairwoman, Meeting with PrimeStone 2nd February 2022, more than a month after our first public letter
- No reply on nor reaction to content of public letter highlighting the root causes for Brenntag Specialties' underperformance
- No clear position disclosed regarding suggested separation of BSP and BES, 5 months after our analyses were published
- No indication that any work is being done to analyse our arguments nor reply
- No reply when offered access to PrimeStone's due diligence and research ([letter March 2, 2023](#))
- No reply to questions on the surge in costs ([letter March 24, 2023](#))
- **The Supervisory Board has refused to meet potential candidates to strengthen itself**

Flawed Communication

It has sanctioned, supported and reinforced the dissemination of clumsy, erroneous, unsubstantiated or inconsistent messages, among which:

- The claim for years of the superiority of the "One-stop shop" model...which everyone now acknowledges was a mirage
- The "success of Project Brenntag one year ahead of schedule"
- The focus on "bolt-ons", clearly communicated at the CMD in November 2022...while approving "bold moves" like Univar
- The announcement of the first share buy-back in the company's history as a listed entity...immediately torpedoed by the CFO announcing that the shares will not be cancelled and stay available for acquisitions/"bold moves"
- **The claim that fully separating BSP from BES would create too much disruption for the company to bear...even though it engaged in the pursuit of Univar, the integration of which would have been a daunting venture**
- The claim that Brenntag's underperformance stems from its unfavorable industry/geographic mix versus its competitors
- The "concealment" from investors of important changes: it supported Doreen Nowotne for re-election at the AGM, published its support online, and then retreated by amending surreptitiously the online document after PrimeStone pushed back

The SB has failed to improve its composition (I)

The Supervisory Board believes it has all the critical skills to perform despite the chronic underperformance and the strategic mistakes

Composition

Brenntag's Supervisory Board's Skills Assessment

Member	Expert Qualification									
	Corporate Governance / Compliance	Exeutive Leadership / CEO Exp.	Chemical Industry	Distribution / Supply Chain Mgt / B2B Services	Strategy / Portfolio Mgt / M&A	HR / Change Mgt	Financial Expert: Accounting / Audit	Capital Markets	Digital Transformation / IT	ESG / Sustainability / CSR/Safety
Doreen Nowotne (Chair)	✓			✓	✓	✓	✓	✓		✓
Stefanie Berlinger	✓				✓		✓	✓		✓
Wijnand Donkers	✓	✓	✓	✓	✓	✓		✓	✓	✓
Ulrich Harnacke	✓	✓		✓	✓	✓	✓	✓		✓
Dr. Andreas Rittstieg	✓	✓			✓			✓	✓	✓
Richard Ridinger	✓	✓	✓	✓	✓	✓		✓	✓	✓

Source: Extract from Corporate Governance Roadshow presentation February 2023

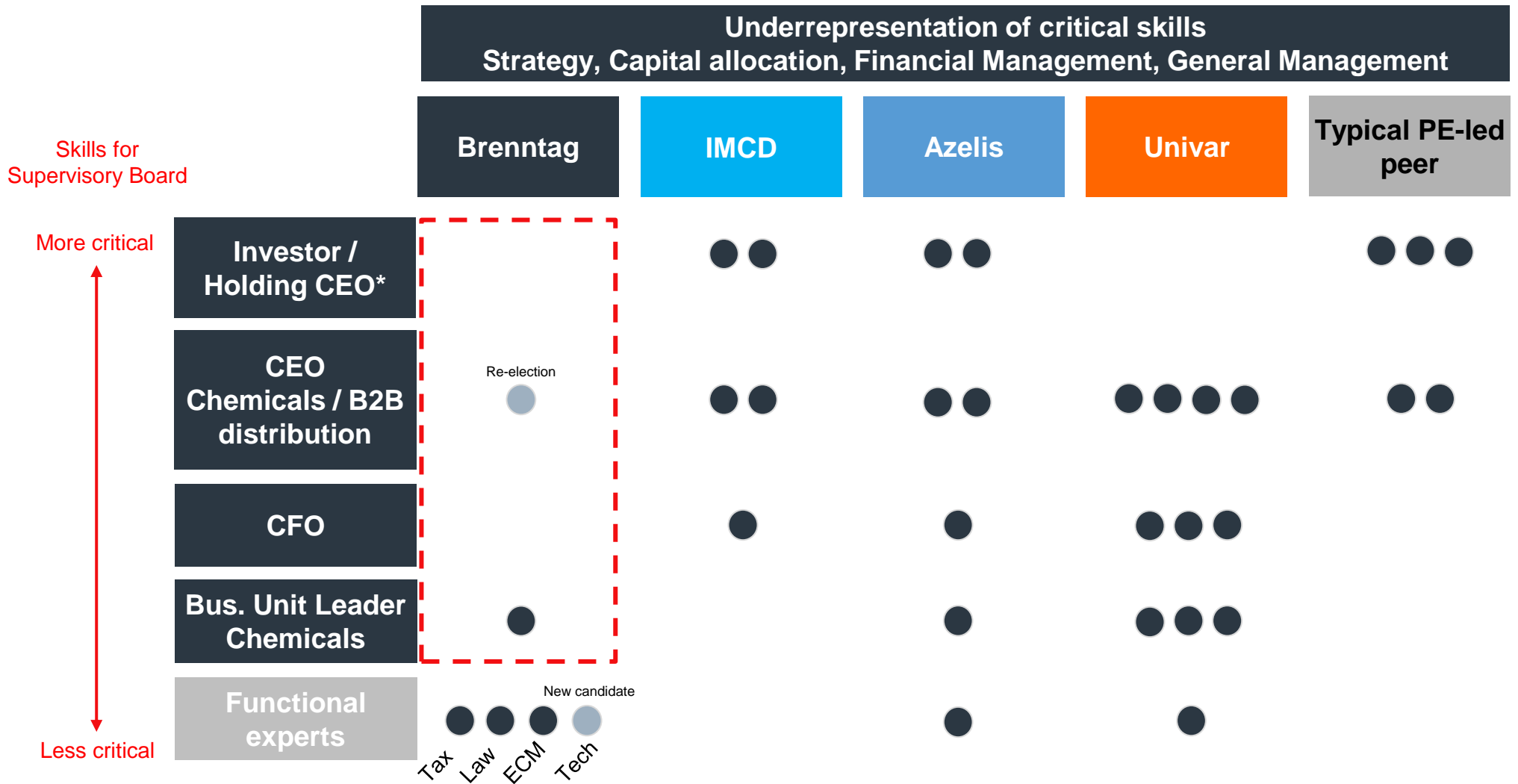
However, the detailed evidence presented indicates that the Supervisory Board lacks the necessary qualifications to effectively monitor and challenge management, make crucial strategic decisions, and ensure efficient allocation of capital

The SB has failed to improve its composition (II)

The Supervisory Board is atypical, lacking critical “board level” skills

Composition

- Overrepresentation of functional experts, usually not present at peers: tax, law, ECM advisory and technology



* Includes Private Equity investors, CEOs of diversified groups or investment holding companies acting as Shareholder representatives / Supervisory Board members to subsidiaries

Note: Brenntag composition as proposed by company at AGM 2023

The SB has failed to improve its composition (III)

The Supervisory Board has been ignoring major skill gaps and proposing minor tweaks at the expense of best governance practices

- In 2020, the reappointment of **Andreas Rittstieg**, lawyer, Vice Chairman of the Supervisory Board, after 10 years of tenure, for another 5-year term up until 2025
- In 2023, the reappointment of **Doreen Nowotne**, the outgoing Chairwoman after 13 years as a board member (17 counting her PE days), which would have made her tenure reach up to 18 years (22 years counting her PE days)
 - This was communicated to all investors and then surreptitiously reversed after PrimeStone talked about presenting competing candidates
 - The wording around the “transition post AGM” suggests that she will stay on board in some capacity
- The reappointment of **Richard Ridinger**, member of the Transformation Committee for the last 3 years, who oversaw
 - The implementation of **Project Brenntag**, claimed as a success but with indiscernible results
 - The acquisition projects, including the reckless bid on **Univar**
 - The development of **Horizon 2**, which is nothing more than the continuation at slow pace of the separation of BSP and BES initiated in late 2017 and reaffirmed in 2020
- The addition of a Member with skills in data/digitalisation and supply chain, which may help the Management Board but will do little to fix the fundamental weaknesses of the existing Supervisory Board

Composition

Amended slide 8 of Corporate Governance Roadshow before and after U-turn on decision to expand the Supervisory Board

The slide content is as follows:

The Supervisory Board is a highly qualified and experienced team with diverse backgrounds

<p>Doreen Nowotne – Chair of the Supervisory Board Int. Experience: 13 years in Int. PE Firms Member since 2010; Term until 2023 Expert in corporate development and governance, strategy, M&A and risk management. Extensive experience from serving on non-executive boards and audit committees</p>	<p>Richard Ridinger (envisaged new Chair) Int. experience: 7 years CEO at Lonza, Switzerland Member since 2010; Term until 2023 Expert in chemical industry with focus on transformation</p>	<p>Richard Ridinger stands for re-election at the 2023 GGM</p> <p>Handover of Chair role from Doreen Nowotne to Richard Ridinger envisaged post AGM</p> <p>Focus to extend Board competencies in the areas international management, supply chain and digital data to ensure effective oversight on the “Strategy to win” execution</p> <p>As part of the long-term succession planning ongoing candidate screening to establish candidate pool, overseen by the Presiding and Nomination Committee</p>
<p>Wijnand P. Donkers Int. experience: Business positions in Europe, USA, Asia Member since 2017; Term until 2026 Expert in ESG and chemical industry with lead positions at BP</p>	<p>Dr Andreas Rittstieg – Deputy Chair Int. experience: Positions in USA and Japan Member since 2010; Term until 2025 Expert in compliance, corporate governance and legislation</p>	
<p>Stefanie Berlinger Int. experience: 5 years IIR office London Member since 2015; Term until 2025 Expert in accounting, auditing, risk management, compliance and particularly ESG</p>	<p>Ulrich M. Hamacke Int. experience: Consulting of int. clients for many years Member since 2017; Term until 2026 Expert in risk management, compliance, accounting, corporate governance and M&A</p>	

Before April 4th meeting with PrimeStone

The Supervisory Board is a highly qualified and experienced team with diverse backgrounds

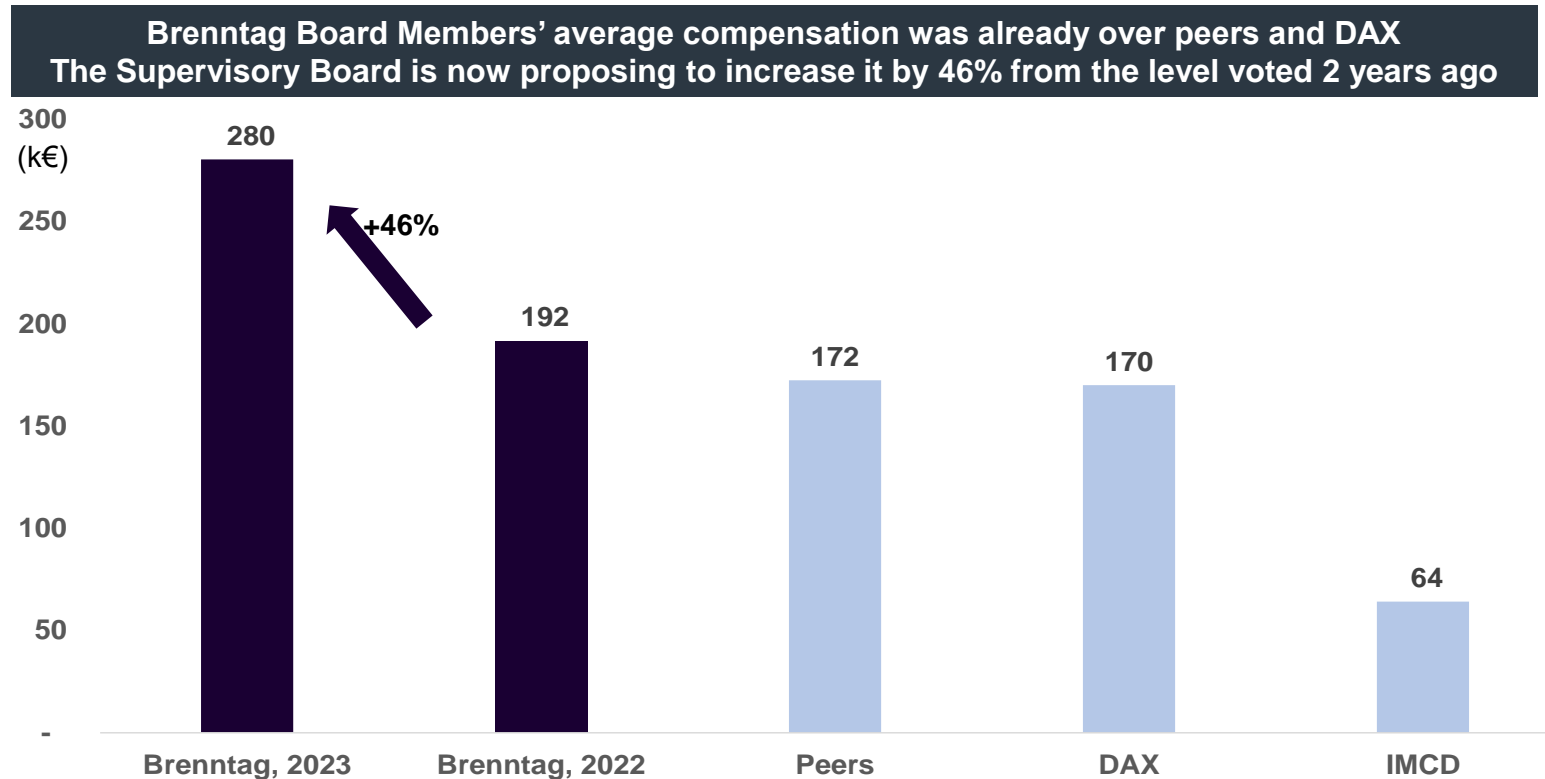
<p>Doreen Nowotne – Chair of the Supervisory Board Int. Experience: 13 years in Int. PE Firms Member since 2010; Term until 2023 Expert in corporate development and governance, strategy, M&A and risk management. Extensive experience from serving on non-executive boards and audit committees</p>	<p>Richard Ridinger (envisaged new Chair) Int. experience: 7 years CEO at Lonza, Switzerland Member since 2010; Term until 2023 Expert in chemical industry with focus on transformation</p>	<p>Doreen Nowotne and Richard Ridinger stand for re-election at the 2023 GGM</p> <p>Handover of Chair role from Doreen Nowotne to Richard Ridinger envisaged post GGM</p> <p>Focus to extend Board competencies in the areas international management, supply chain and digital data to ensure effective oversight on the “Strategy to win” execution</p> <p>As part of the long-term succession planning ongoing candidate screening to establish candidate pool, overseen by the Presiding and Nomination Committee</p> <p>Intention to extend the Board to 7 members and respectively amend the articles of association, subject to the decision at the GGM 2023</p>
<p>Wijnand P. Donkers Int. experience: Business positions in Europe, USA, Asia Member since 2017; Term until 2026 Expert in ESG and chemical industry with lead positions at BP</p>	<p>Dr Andreas Rittstieg – Deputy Chair Int. experience: Positions in USA and Japan Member since 2010; Term until 2025 Expert in compliance, corporate governance and legislation</p>	
<p>Stefanie Berlinger Int. experience: 5 years IIR office London Member since 2015; Term until 2025 Expert in accounting, auditing, risk management, compliance and particularly ESG</p>	<p>Ulrich M. Hamacke Int. experience: Consulting of int. clients for many years Member since 2017; Term until 2026 Expert in risk management, compliance, accounting, corporate governance and M&A</p>	

The Transformation and Sustainability Committee, composed of Ms. Doreen Nowotne (Chair), Mr. Wijnand P. Donkers and **Mr. Richard Ridinger** ...held ...video conferences took place with the Board of Management in connection with **potential acquisition projects**. At the meetings...the Committee dealt in detail with the **implementation of “Project Brenntag”**, for which the company was able to announce at the end of the reporting period that **the goals had been successfully achieved ahead of schedule**. ...the Committee’s focus shifted to the **development and preparation of the subsequent strategy project**. – Annual Report 2022

The Supervisory Board is asking for a 46% pay increase

Amidst poor performance, significant Q1 deterioration, and expected profit decline in FY23, the Supervisory Board is seeking staggering remuneration increases

- Putting them way above comparable companies in the same industry, peers or even DAX companies (o/w it is the 5th smallest)



The Supervisory Board is disconnected from the reality of the situation

- Brenntag's own employees' average remuneration increased by 6.5% in 2021 and 8.9% in 2022
- Brenntag's EBITDA is projected to decline in 2022

Source: Bloomberg, company filings. Figures in thousands, euros. GBP, USD and CHF converted to Euros as on 31/12/2022.

Peer group as defined by company for long-term variable remuneration include Aalberts, Air Liquide SA, Ashland Global Holdings Inc, Azelis Group, Bunzl Plc, DKSH Holding AG, RS group plc, Evonik industries AG, Ferguson Plc, IMCD NV, Linde Plc, Mckesson Plc, Rexel SA, Travis Perkins Plc, Univar Solutions Inc, WW Grainger Inc. For the purpose of average compensation, board member were included only if they were member of the board for the full year.

In short, the Supervisory Board is failing shareholders

Out-of-touch

- It is asking for a **staggering 46% increase in remuneration** just 2 years after the last vote
- **“The goals of *Project Brenntag* [have] already been achieved and even exceeded”** - AR 2022
- **“*Horizon 2 addresses your concerns*”** – Doreen Nowotne, Chairwoman, February 2023

Stale

- Board members have an average tenure of average over 8.2 years. **They have “grown native”**
- The board opposes efforts to strengthen and rejuvenate its composition quickly, disregarding the need for fresh perspectives and critical skills in light of the company’s enduring underperformance
- The 5-year terms and staggered structure make them feel untouchable

Locked in its ivory tower

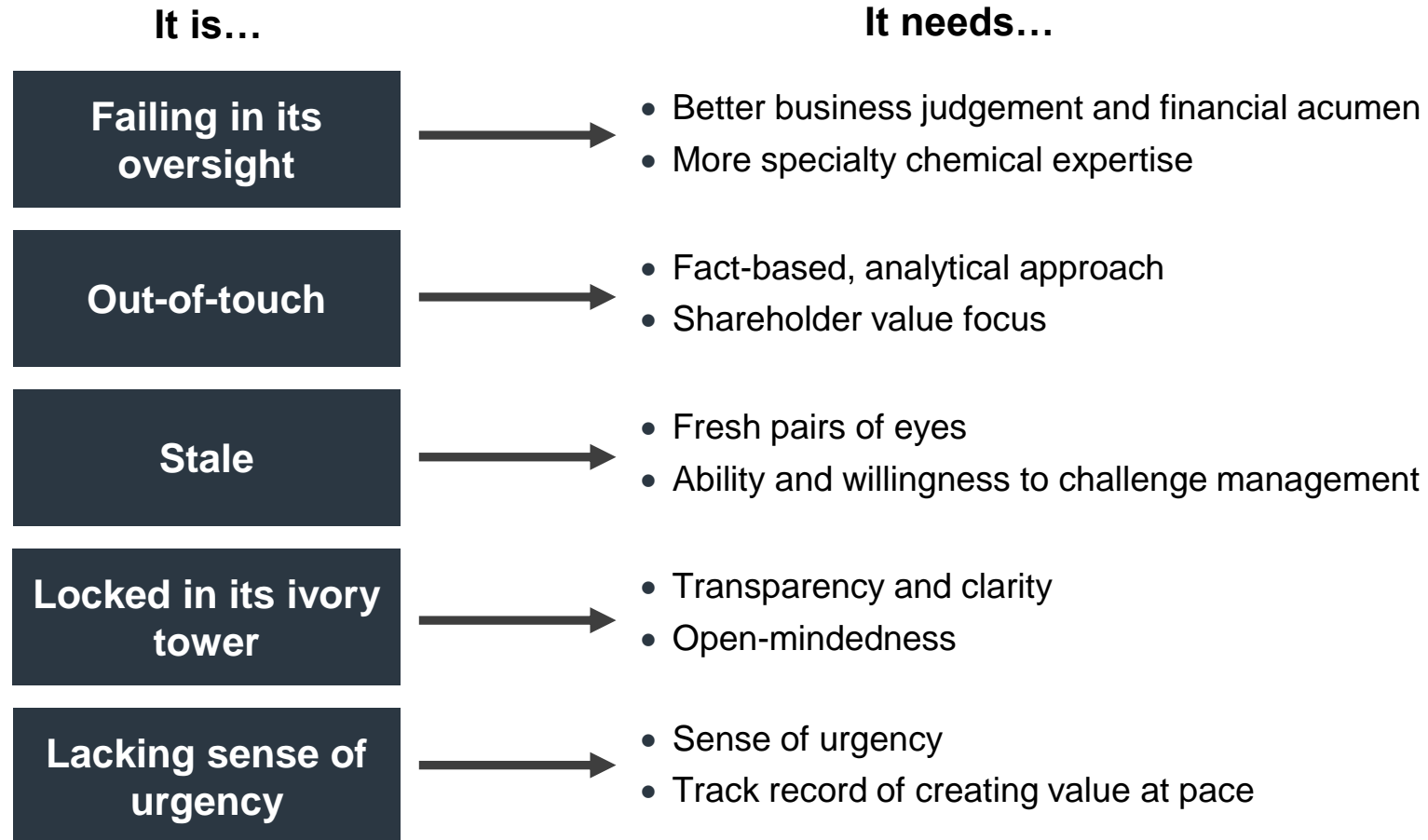
- **“[Chairwoman] does not typically talk about operational or business-related topics when meeting with investors”** Email from IR to PrimeStone January 2023
- No real engagement with shareholders, even behind closed doors – NIH syndrome
- No reply to multiple shareholder proposals and challenges
- **“At this important moment for Brenntag, the Supervisory Board is convinced that it doesn’t serve the company’s best interest to significantly reshuffle the Supervisory Board before the aforementioned strategic considerations have been fully elucidated.”** Email to PrimeStone, April 2023

Lacking sense of urgency

- It fails to provide clear direction and a clear timeline on the separation of BSP and BES regarding which management now claim: **“This is a journey which actually...is taking quite some time, because...you need to build in both divisions, the necessary capabilities in order to really, really drive them independently going forward”** Brenntag Results Call Q4-2022
- **It is buying time and delaying important decisions:**
 - **“[we] intends to hold a Capital Markets Day in autumn of this year... provide further details on the incrementally independent and differentiated organizational setup of the two global divisions. ”...a second Capital Markets Day in 12 months**
 - **“the Supervisory Board will consider potentially expanding the number of its members and their competence profile”...at the AGM in 2024.** – Email PrimeStone April 11, 2023

It needs to be strengthened at the June 15, 2023 AGM

The Supervisory Board requires new skills and a mindset reset



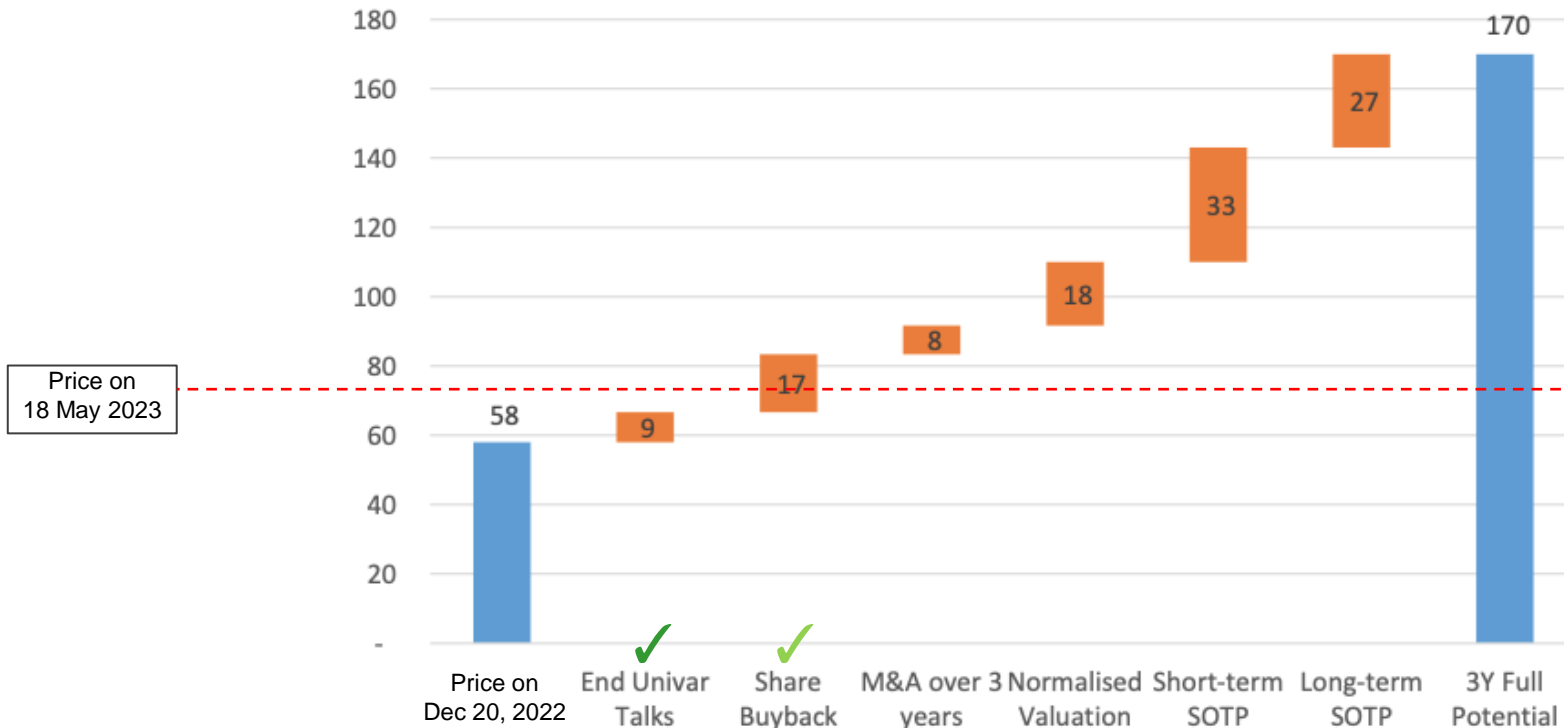
This is especially the case since Specialties competitors are under Private Equity supervision with more skin in the game, financial savviness, more focus on value creation, working at a faster pace

The value creation potential is immense

The easy part of our recommendations published on December 20, 2022 has been done but the hard work should now proceed at pace to create €15bn of value

€15bn Value creation opportunity

Potential Brenntag Share Price Evolution



Source: Bloomberg - PrimeStone estimates and analysis

Chart first published in PrimeStone letter dated Dec 20, 2022 available [here](#)

Governance Proposals

Background to our proposals

Given (i) the company's continuous underperformance, (ii) the failings of the current Supervisory Board, (iii) the critical juncture at which Brenntag finds itself and (iv) the urgency of the situation:

- 1. We have offered the incumbent Supervisory Board the opportunity to bring in new members with strong track records to fill the skill gap and bring fresh perspectives**
 - **The Supervisory Board could have increased the number of members, which it initially wanted to**
 - It has the lowest number of non-employee members (6) of all DAX 40 companies (the second largest has 9)
 - During the Governance Roadshow, it proposed an expansion of the Board to 7 members, but only with the intent to keep the Chairwoman on-board despite her 13-year tenure
 - **The Supervisory Board later retracted their proposal and decided not to expand the board**
 - It operated a U-turn regarding the expansion of the Supervisory Board: after proposing to go from 6 to 7, when we asked for 8, it retracted itself and went back to 6
 - It refused to even meet our candidates and shut the door: *"At this important moment for Brenntag, [we are] convinced that it doesn't serve the company's best interest to significantly reshuffle the Supervisory Board"*
- 2. We have proposed to de-stagger the Supervisory Board and shorten members' term to improve accountability and align with what is widely accepted as best practice by governance experts***
 - The Supervisory Board members could have voluntarily ended their term and made themselves subject to a vote from shareholders, whom they represent
 - We received no reply whatsoever, no discussion, no counter proposal

As a result, and given the staggered nature of the Supervisory Board which makes the AGM 2023 the only window in the next 2 years to significantly improve the governance of the company, we decided to present strong independent candidates without the support of the incumbent Supervisory Board

* [ISS Guidelines](#), [Glass Lewis Guidelines](#), State Street Global Advisors [letter](#)

Our proposals

1. Two independent candidates with fresh pair of eyes, relevant skills and track record

Joanna Dziubak

- French/British investor with 20-year experience, notably as member of Investment Committees and Boards
- Experienced Board Member with more than 20 previous positions
- Specific experience in specialty chemicals/ingredients, B2B distribution and German industrials

Geoff Wild

- British/American serial successful CEO with 40+ years of experience
- Private Equity and Public company track record of fast-pace value creation in specialty chemicals
- Former CEO of global specialty chemical business with headquarters in Germany

2. Shortening the term of any elected member on the Supervisory Board to 2 years

**Shareholders have the opportunity to vote for change NOW
There is no other window to do so in the next 2 years**

The shortening of directors' term will foster accountability

Glass Lewis – Europe Voting Guidelines 2023

Although we recognise that classified boards and staggered board elections are common practice in most of Europe, **Glass Lewis favours the annual election of directors**. Directors on staggered boards or with lengthy terms of office are less accountable to shareholders than directors elected annually. **Furthermore, we feel the annual election of directors encourages directors to be responsive to shareholder interests**. Moreover, empirical studies have shown: (i) companies with staggered boards reduce a firm's value; and (ii) in the context of hostile takeovers, staggered boards operate as a takeover defence, which entrenches management, discourages potential acquirers and delivers a lower return to target shareholders.

In light of the empirical evidence suggesting **staggered boards reduce a company's value** and the increasing shareholder opposition to such a structure, Glass Lewis supports the declassification of boards and the annual election of directors.

ISS – Continental Europe Guidelines 2023

Generally vote against the election or re-election of any director when his/her term is not disclosed or when it exceeds four years and adequate explanation for non-compliance has not been provided. **Under best practice recommendations, companies should shorten the terms for directors when the terms exceed the limits suggested by best practices**. The policy will be applied to all companies in these markets, for bundled as well as unbundled items.

Beyond that, as **directors should be accountable to shareholders on a more regular basis**, ISS may consider moving to maximum board terms of less than four years in the future.

Vote against article amendment proposals to extend board terms. In cases where a company's articles provide for a shorter limit and where the company wishes to extend director terms from three or fewer years to four years, for example, ISS will recommend a vote against, **based on the general principle that director accountability is maximized by elections with a short period of renewal**.

Resolution at AGM 2023

Shorten the term of any elected member on the Supervisory Board this year to 2 years

PrimeStone's longer-term objective

De-stagger the Supervisory Board and introduce annual or biennial elections for all members

Joanna Dziubak

Experienced Board Member with substantial investment experience



Career Highlights

- **Groupe Caisse des Dépôts (2016-2020), €155bn AUM**, Member of the Supervisory Board and of the Investment, Audit and Risk Committees; Independent Non-Executive Director, Member of Investment Committee, and Chair of Audit Committee of CDC International Capital
- **Park Square Capital (2009-2015), \$12bn AUM leading European credit investment manager**, Partner and Member of the Investment Committee
- **Goldman Sachs International (1995-2009)**, Managing Director GS Capital Partners funds (\$20bn fund), GS Mezzanine Partners funds (\$13bn fund) and GS Loan Partners funds (\$10.5bn fund)

Value Creation Track Record

- Park Square Capital: led 9 investments representing c €700m with weighted average IRR of 19%
- Goldman Sachs International: led 17 investments in excess of \$1.8bn in junior debt and minority equity investments. All investments exited and generated weighted average IRR of c.14.5%

Board experience

- 20 Board positions including previously : Chr Hansen, Elis, Materis, Global Closure Systems, Terreal, Frans-Bonhomme, Panzani, European Directories, Saeco, Springer Science + Business Media, Ontex, Xerium, Messer Griesheim
- No listed company board currently

Industry experience

- Specialty chemicals experience through board position at Chr Hansen
- B2B distribution experience through board position at Frans Bonhomme
- German industrial board experience through positions at Xerium and Messer Griesheim

Education

- **Harvard Business School**, USA, Master in Business Administration,
- **Sciences Po Paris**, France, Master in Economics and Finance, Highest honors
- **University of Pennsylvania**, USA, BA in International Relations, Distinction, Summa cum laude,



Geoff Wild

Experienced former CEO with strong specialty chemicals and value creation track record



Career Highlights

- **Atotech, CEO (2017-2022)**, global specialty chemicals and equipment leader serving electronics and general metal finishing end-markets such as automobile, construction, furniture, etc.
- **AZ Electronic Materials, CEO (2010–2015)**, global leader in specialty chemicals for the flat panel display and IC industries - transitioned company from private to public company in late 2010 eventually selling to Merck KGA in May 2014
- **Cascade Microtech, CEO (2008-2010)**, leader in design, development and manufacture of advanced wafer probing solutions
- **Nikon Precision, CEO (2002-2008)**, manufacturer of lithographic equipment

Value Creation Track Record

- AZ Electronic Materials (acquired from Clariant): Carlyle realized a total of 5.4x MoM, 160% IRR
 - Post IPO returns: +70% (in USD) i.e. 18% annualised TSR from IPO to acquisition vs 10% for FTSE All share
- Atotech (acquired from Total): Carlyle generated c.3x MoM up until the acquisition by MKS
 - Post IPO returns: 34% i.e. 21% annualised TSR from IPO to acquisition vs 10% for S&P

Board experience

- One listed company board: MKS Instruments, Inc (stepping down in 05/23)
- Independent advisory board member at CeramTec leading supplier of advanced ceramics based in Stuttgart, Germany and owned by BC Partners
- Previously: Cabot Microelectronics (listed), Materion (listed), Capital Guidance Corporation and E-Ink Corp.

Industry experience

- CEO of specialty chemicals businesses

Education

- University of Bath, U.K., B.Sc. with honors in Chemistry,

Our candidates will bring critical lacking skills to the Board

Critical Skills for Supervisory Board	Joanna Dziubak "ex-Private Equity"	Geoff Wild "ex-CEO"	Sujatha Chandrasekaran "ex-CTO"	Richard Ridinger "ex-CEO"
Strategy	✓	✓	✗	✓?
Financial performance monitoring	✓	✓	✗	✓?
M&A	✓	✓	✗	✓
Capital Allocation	✓	✓	✗	?
Sense of urgency	✓	✓	?	✗
Chemicals / B2B Distribution	✓	✓	✗	✓

Why we prefer Joanna to Sujatha

Both are experienced in their field, but Joanna's skillset and experience are much better suited to Brenntag's current challenges

Joanna Dziubak

- **Joanna is an experienced and successful investment professional and has a long career as member of boards and investment committees of successful firms**
 - deployed \$2.5bn+ with blended IRR in excess of 15%
- **Joanna has held over 20 board positions**, most of which under private equity ownership with monthly board meetings, strong focus on operational KPIs, "skin in the game"
- **She has strong financial discipline to help monitor business performance and make key capital allocation decisions**
 - Which she acquired in principal investment roles at Goldman Sachs and Park Square
- **She has direct relevant Life Science experience through her board position at Chr Hansen**
- **She is familiar with B2B distribution** through her past board position at Frans Bonhomme (construction materials)
- **She has already held board positions in German industrials** businesses Xerium and Messer Griesheim

Sujatha Chandrasekaran

- **Sujatha's CTO skills will not help the Supervisory Board** adequately fulfil its mission: she has no background in Strategy, Financial control, M&A, capital allocation
- **Her industry experience is not relevant**, having had a career in Consumer Goods, Consumer retail and Healthcare Services...far from B2B distribution / chemicals
- Her skills are anyhow "covered" according to the 2022 competence matrix by 3 other Supervisory Board members
- Her only long-term board membership (American Eagle Outfitters) which she has held for 5.5 years is not particularly relevant (clothing company) nor a good training ground
 - AEO TSR during tenure: -25% vs +25% for S&P Small Cap
- **Based in Chicago, she has sat on only one European board (chocolate maker Barry Callebaut) but had to step down after only 2 years...**
- **She has no experience of German boards**

Why we prefer Geoff to Richard

Both are seasoned CEOs with intimate knowledge of Specialty chemicals, but Geoff brings a fresh pair of eyes, is openminded, able to work at pace and focused on shareholder value

Geoff Wild

- **Geoff was successful as CEO of a standalone business several times, notably under very demanding PE shareholders who rehired him**
- **Geoff knows intimately what leading a business separation means**
 - He was CEO of Atotech, a large German business fully carved-out from Total
- **Geoff has led two IPOs, one in Europe, the other one in the US**
 - Which would come handy if the Supervisory Board were to eventually propose to spin-off BSP from BES
- **Geoff is not tied to previous decisions** made by Brenntag's Supervisory Board
- Geoff is low-key, openminded but not afraid to engage and speak his mind
- Having worked with him in good and difficult times (now more than 10 years ago), we believe **he is one of the best CEOs we have ever worked with**

Richard Ridinger

- Richard, as a member of the Supervisory Board for the past 3 years, shares responsibility for Brenntag's underperformance, lack of cost focus, and the perception of entrenchment from shareholders
 - Member of the Audit and Transformation Committees
- As part of the Transformation Committee, he oversaw and endorsed acquisition projects, including the **pursuit of Univar**, seen as a strategic U-turn and huge mistake by investors (-18% share price decline)
- As part of the same committee, he oversaw
 - **The implementation of Project Brenntag**, the results of which are invisible in the group's financial performance
 - **The design of Horizon 2**, a continuation at slow pace of a strategy that has not worked so far
- When CEO of Lonza for 8 years, Richard did not sell the lower quality "asset" representing 40% of group EBIT, widely seen as non-core*
 - His successor started the carve-out and it was sold 2 years after Richard had retired
 - This raises questions on his open-mindedness to separate BSP and BES

* Kepler report dating 3 June 2019

What our independent candidates will bring and focus on

Skills and Mindset

- Fresh pair of eyes and open-mindedness
- Shareholder value focus
- Specialty chemical expertise
- Financial acumen / business judgement
- Fact-based, analytical approach
- Sense of urgency
- Track record of creating value at pace

Focus and Priorities

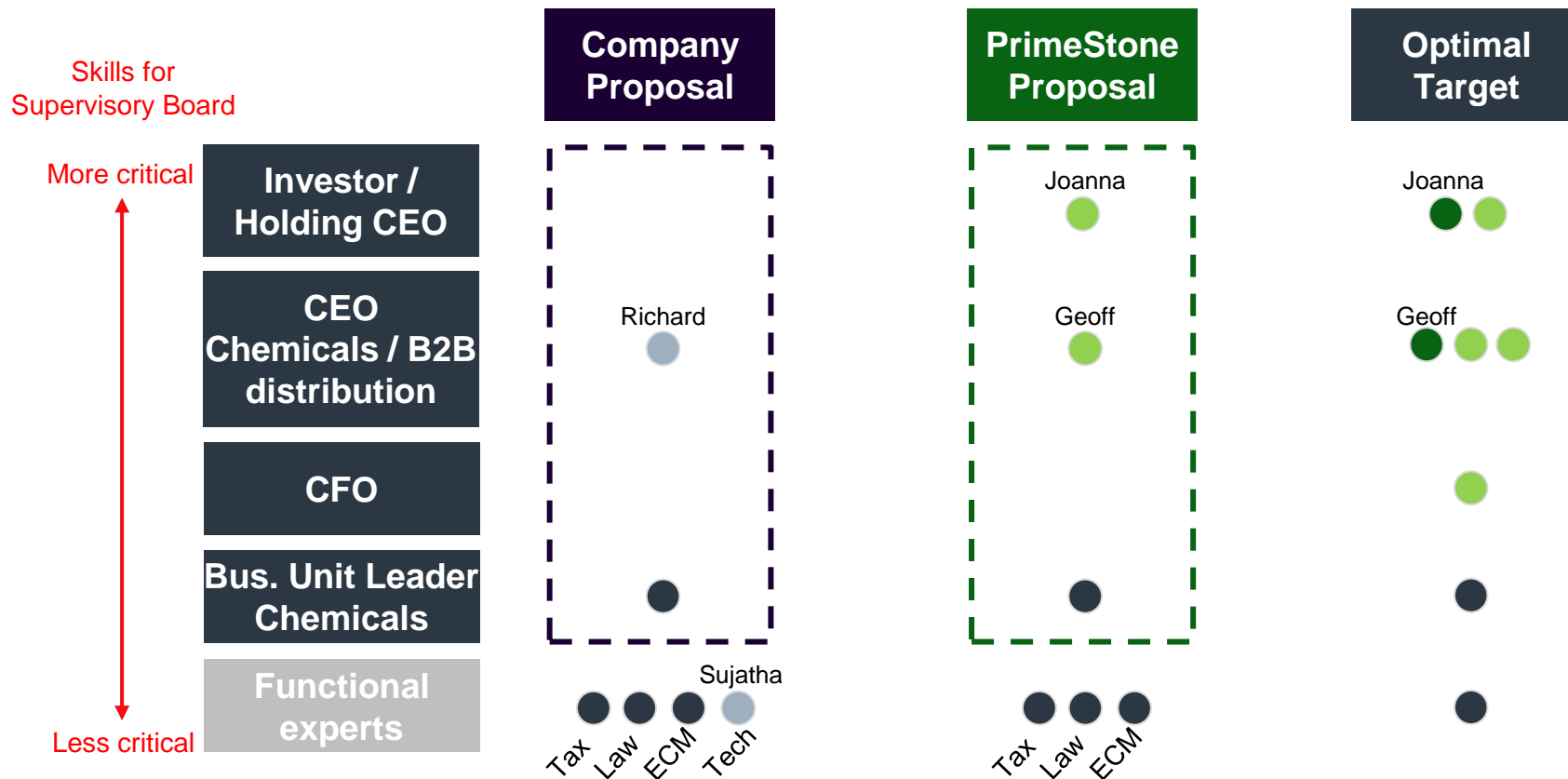
1. Transparent and fact-based communication with all shareholders
2. Further strengthening of the Supervisory Board, particularly with CEO/CFO/Investor backgrounds
3. Unbiased review of strategic alternatives to unlock the potential of Brenntag's Specialties, including the possibility of separating it from Brenntag to allow it to thrive independently
4. Improved performance monitoring (notably costs)
5. Improved M&A focus and professionalization
6. Disciplined capital allocation
7. Uncompromising management assessment, oversight and support

- **Joanna and Geoff, both experienced board members, will be independent from PrimeStone**
- **They will work constructively with other Board Members to enhance Governance, Strategy and Performance at Brenntag**
- **They are committed to helping Brenntag reach its full potential in a timely manner, well before 2026 or 2030**

Investors can set the Supervisory Board on the right track

Overtime, the Supervisory Board needs to be further strengthened with the relevant skills

- It lacks critical skills: Strategy, Capital allocation, Financial Management, General Management



In conclusion

A change at the Supervisory Board is warranted

- The company has underperformed
- The strategy has not been working
- The execution has been poor
- The Supervisory Board has failed to supervise and guide
- Management and the Supervisory Board are persisting and show no sense of urgency
- The Supervisory Board is entrenched and lacks critical skills

We are proposing changes that will create long-term value

- Add a minority of constructive, competent and independent voices to the Supervisory Board; we are not seeking to take control of the Supervisory Board
- Add the necessary skills for the Supervisory Board to fulfil its duty and drive Brenntag's performance towards its full potential at a faster pace
- Enhance Supervisory Board members' accountability to shareholders with shorter terms

**The 2023 AGM is the only opportunity in the next 2 years to improve the governance of the company
Your vote can make a difference in shaping a better future for Brenntag**

Resolution at AGM 2023

Elect Joanna Dziubak and Geoff Wild.

Vote against Sujatha Chandrasekaran and Richard Ridinger

Appendix

Additional materials

Our constructive approach: What CEOs say about us (I)

“PrimeStone has been one of Volution’s largest shareholders for almost 5 years now. We have been enjoying their **focus on the long-term performance** vs next quarter, on strategy vs tactics as well as **their constructive value-added engagement** with us. I like to use Benoît and his team as **sparring partners to test ideas** as we did recently on ESG where PrimeStone encouraged and helped us in the definition and implementation of our ESG strategy.”

— *Ronnie George, CEO of Volution Group*

“As an investor in Tennant Company and during my interactions as CEO, I have found Franck, and the team from PrimeStone, to be **very engaged, knowledgeable and well-informed** about our industry and the market dynamics. They come to our calls well-prepared with appropriately **insightful, thought-provoking, and strategic questions that enable constructive dialogue.**”

— *Dave Huml, President & CEO, Tennant Company*

“When I took over as CEO of Spirent, our agenda for turning around the company was quite ambitious. We had to invest heavily in R&D and client coverage while restoring the profitability of the company. We were happy to have **PrimeStone as long-term shareholder during that difficult journey**. Although Benoit and I we were not always in agreement on all matters, our discussions were always **value adding and constructive**. PrimeStone’s demanding support helped us eventually exceed our objectives.”

— *Eric Hutchinson, Former CEO of Spirent*

Following their very extensive evaluation of our business and industry PrimeStone very quickly became the largest shareholder in Johnson Service Group Plc.

As CEO I enjoyed a valued relationship with Franck and the team who were always **very constructive and supportive** of our growth strategy and vision for the business. Whilst focused on creating shareholder value **PrimeStone were pleasantly and positively demanding but always in friendly and collaborative manner**. I thoroughly enjoyed the relationship and the experience whilst of course delivering so very impressive results.

— *Chris Sander, Former CEO of Johnson Service Group*

“When we changed shareholders, I chose to work with Franck and his team. With him as Chairman of our board we managed to **accelerate our growth and international development**. His team were **true partners** and collaborating with them was a real pleasure. Our dialogue was made easy thanks to their **understanding of our business**, the proximity and trust we had established as well as their focus on our key **long-term value creation levers.**”

— *Georges Sampeur, Former CEO of B&B Hotels*

Our constructive approach: What CEOs say about us (II)

“Shortly after I joined UBM as CEO, PrimeStone became one of our major shareholders. I was struck by **the investment they made to properly understand both the industries in which we operated and the strengths of our positions in those industries**, both relatively and absolutely. Consequently they became strong **supporters of our strategy and shared our vision** of building a pure play events business through the disposal of non-core assets, the quality focused rationalisation of our portfolio of events and sustained investment in operational excellence. They recognised the opportunity to drive industry consolidation and were strong supporters of our M&A strategy.

Whenever we discussed the business their input, whether on strategy, management incentives, operations or the industry more generally was always **well reasoned and articulated, thought provoking and if appropriate, constructively challenging**. I always found them **helpful and supportive**. We shared a good relationship until the business was acquired by Informa.”

— *Tim Cobbold, Former CEO of UBM*

“After a first successful buyout focused on low hanging fruits, we needed a **value-added partner** able to accompany us in the next phase of value creation. Benoît and his team brought us their long **PE experience coupled with deep knowledge of the Telecom and Tech industries**. They **helped us as major shareholder** transforming Sagemcom radically, identifying and selling non-core businesses in order to accelerate investments in our most promising activities.”

— *Patrick Sevian, CEO of Sagemcom*

“The team were **first-class partners** for us at Zodiac. The strategic vision they had for the business and industry consolidation was spot on and we continue to deliver on it years later. On the board, they were **demanding, constructive, transparent and supportive**. They were also analytical **and very close to our business** while remaining focused on what really mattered. I truly enjoyed our cooperation.”

— *Bruce Brooks, Former CEO of Zodiac Pool Systems, CEO of Fluidra*

“Franck led the acquisition of Waterpik and during our 8-year partnership I have found him and his team to be **highly supportive, strategic, analytical and value-added**. Steady-minded and patient during the initial turnaround, they proved to be equally **engaged and focused on long-term value creation during our innovation-driven growth phase**.”

— *Richard Bisson, Former CEO of Waterpik*