



# Q2 2021 Earnings Supplemental Data

August 13, 2021

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# Today's Presenters

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**Phil Wieland**  
Chief Executive Officer



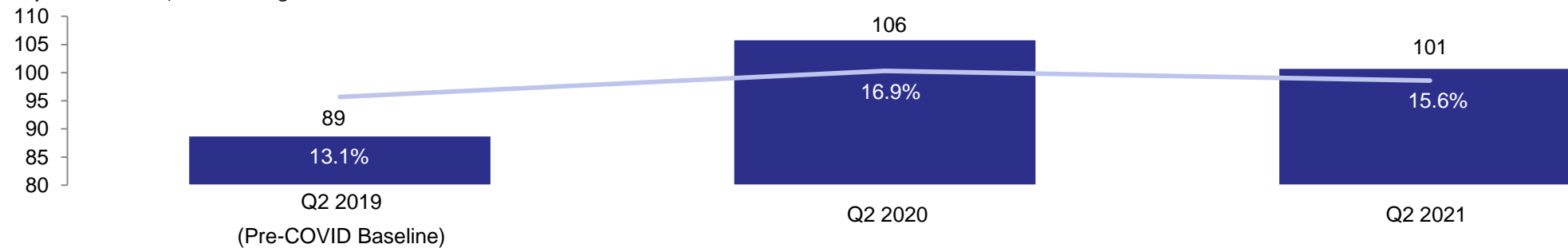
**Todd Herndon**  
Chief Financial Officer

# Second Quarter 2021 Highlights

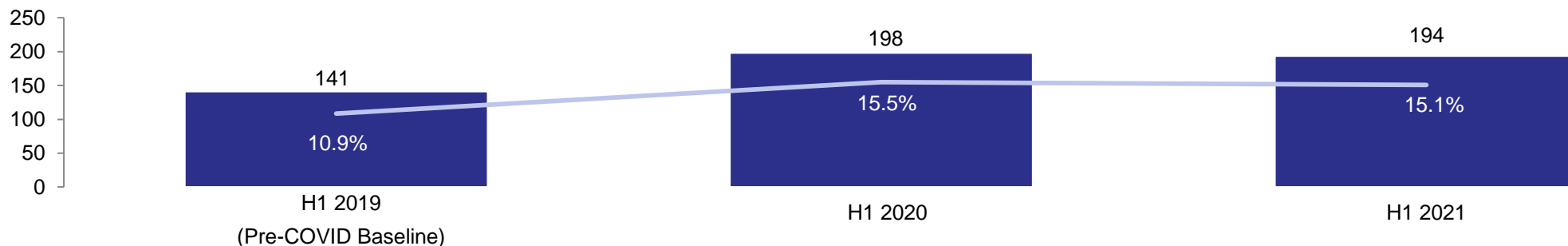
- Institutional business stronger than expected where we've seen reopening  
However, reopening in many markets slower than assumed
- Food & Beverage continues strong growth, including water treatment wins
- Strong pricing and procurement actions to manage raw material inflation
- M&A: two product deals, one supply chain deal signed
- Continued good progress with strategic plan
- New business conversion above expectation
- Retention rates remaining extremely high
- Customer NPS continuing well ahead of historical levels

## Q2 2021 Results

Adjusted EBITDA \$MM; % Margin \*

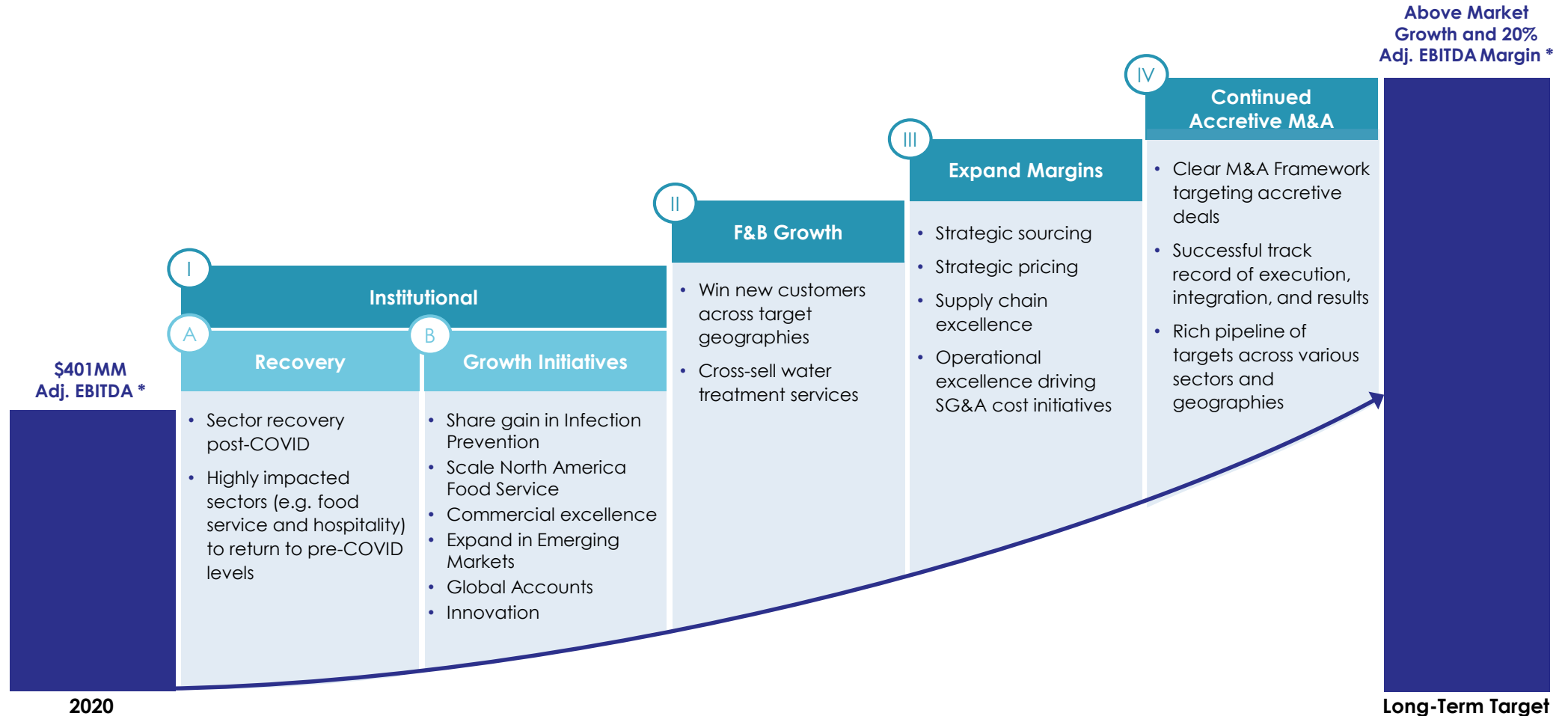


## H1 2021 Results



\* See non-GAAP definitions and reconciliations in appendix

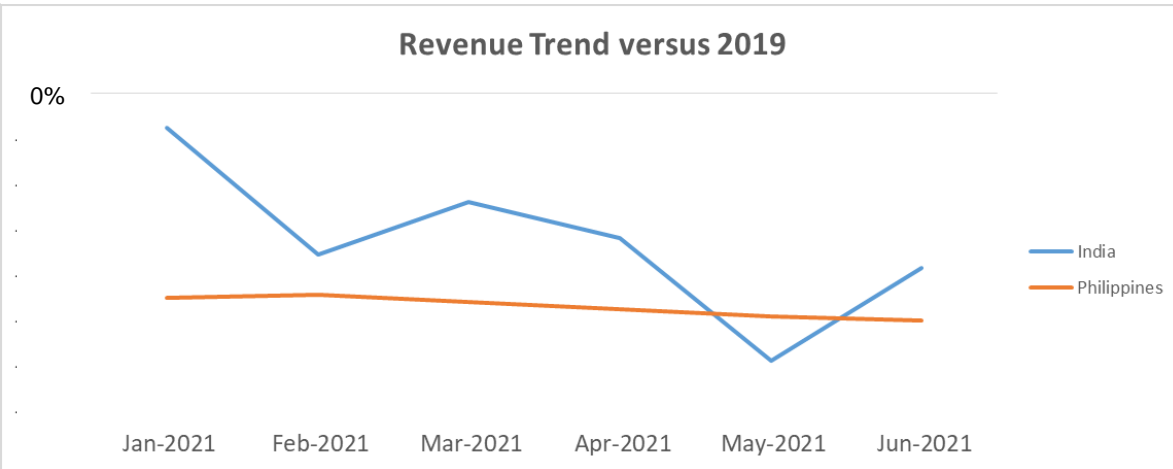
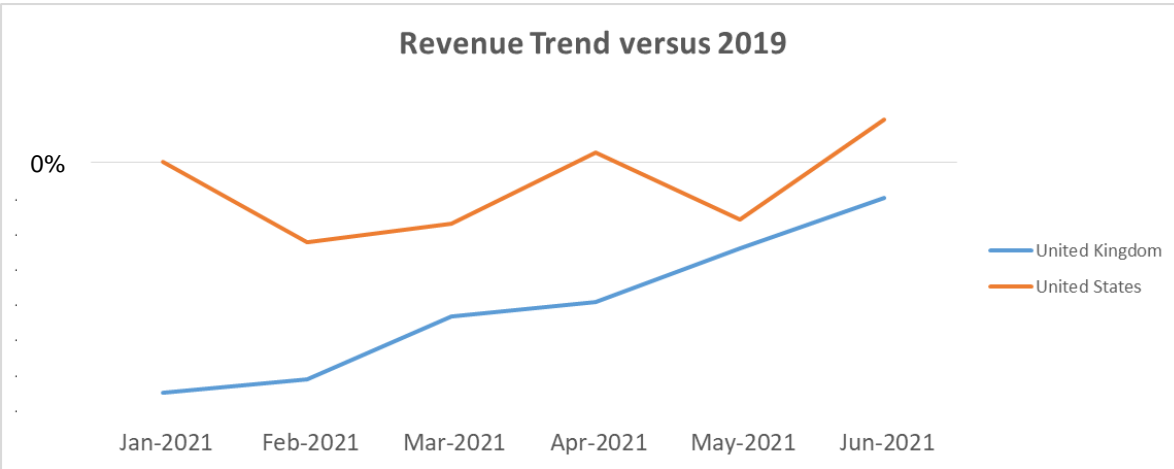
# Our Growth Plan is Clear, Compelling, and Multi-Faceted



\* See non-GAAP definitions and reconciliations in appendix

# Base institutional revenue recovery highly correlated with reopenings

*% Growth 2021 vs 2019, excluding infection prevention*



Representative Examples:

- High vaccination rates: The United States and United Kingdom show encouraging trends as COVID restrictions ease
- Low vaccination rates: India and the Philippines heavily impacted by COVID lockdowns

# Diversey Shield

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- Diversey Shield makes hygiene and safety efforts visible to customers' staff and guests
- Three shields available
  - Clean and Ready
  - COVID-19 Safety Program
  - Food Safety Program



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- Provides end to end reassurance in line with WHP, CDC, eCDC, WTTC, EASA protocols
- Supports the use of a wide range of Diversey products at the right frequency, with the right protocols and training.
- Rolled out globally and is growing steadily as markets open
- Already implemented globally in customers in the hospitality, retail and food service sectors, which is driving new product purchases and customer loyalty

# Update On Our Strategic Roadmap

		Q2 2021 Update	Outlook for Remainder of Year
Institutional Growth	Sector Recovery	<ul style="list-style-type: none"> <li>Encouraging market recovery in countries with higher vaccination rates</li> <li>Slow market recovery in other countries, impacting base business and infection prevention outside of healthcare</li> </ul>	<ul style="list-style-type: none"> <li>COVID variants are causing more uncertainty</li> <li>Expect continued easing in Q3 in US, UK, parts of Europe</li> <li>Areas with lower vaccination rates will likely be Q4 or later</li> </ul>
	Growth Initiatives	<ul style="list-style-type: none"> <li>Selling infection prevention globally</li> <li>Encouraging wins in Global Accounts and North America Food Service</li> </ul>	<ul style="list-style-type: none"> <li>Continue expanding infection prevention into new markets linked with reopenings</li> <li>Continued execution of pipeline and further improvements to customer proposition</li> </ul>
Food & Beverage Growth		<ul style="list-style-type: none"> <li>Implementing new business wins</li> <li>Continued water treatment wins</li> </ul>	<ul style="list-style-type: none"> <li>Continued pipeline delivery</li> <li>Engagement in water treatment tenders</li> </ul>
Margin Expansion		<ul style="list-style-type: none"> <li>Increased efforts by procurement to mitigate inflation</li> <li>Additional pricing taken in Q2 to cover higher inflation</li> <li>Continued benefits of supplier consolidation</li> <li>G&amp;A savings on plan</li> </ul>	<ul style="list-style-type: none"> <li>Further procurement and pricing actions being implemented</li> <li>Continue development of new US factory</li> </ul>
M&A		<ul style="list-style-type: none"> <li>Tasman Chemicals which increases manufacturing footprint and scale in Australia</li> <li>Global license with Halofilm residual disinfection</li> <li>Global license with SURE® plant-based, 100% biodegradable cleaning products</li> </ul>	<ul style="list-style-type: none"> <li>Complete current live diligence exercises</li> <li>Continued execution of pipeline</li> </ul>



# M&A and Licensing

Company			
Type	Acquisition	Global License	Global License
Geography			
Market Sector	Institutional & F&B	Institutional & F&B: Infection Prevention	Institutional & F&B
Products, Services, Technology			
Geography			
Supply Chain			

## Tasman Chemicals:

- ✓ Manufacturing footprint on East and West Coast of Australia
- ✓ Allows for operational flexibility and responsiveness to customer requirements
- ✓ Increased scale in both Food & Beverage and Institutional

## HaloFilm IP:

- ✓ Patented HaloFilm technology offers residual disinfection efficacy for up to 30 days when used in combination with a weekly application of a chlorine-based disinfectant, without the requirements for a major change in cleaning routines.
- ✓ Enables residual disinfection claims against bacteria and viruses on a wide range of surfaces

## SURE:

- ✓ SURE® is a comprehensive line of plant-based, 100% biodegradable cleaning products that deliver professional cleaning results and are environmentally friendly and safe



# Financial Overview



## Second Quarter and First Half 2021 Financial Results

(\$ in millions)**	Q2 2021	Pre-COVID Baseline		Prior Year	
		Q2 2019	Δ vs. Q2 2019	Q2 2020	Δ vs. Q2 2020
<b>Net Sales</b>	<b>\$650</b>	<b>\$680</b>	<b>(4.4)%</b>	<b>\$626</b>	<b>3.9%</b>
Institutional	\$476	\$515	(7.5)%	\$475	0.3%
Food & Beverage	\$174	\$165	5.5%	\$151	15.0%
<b>Adj. EBITDA*</b>	<b>\$101</b>	<b>\$89</b>	<b>14.1%</b>	<b>\$106</b>	<b>(4.3)%</b>
% Margin	15.6%	13.1%	250 bps	16.9%	(130) bps

(\$ in millions)**	1H 2021	Pre-COVID Baseline		Prior Year	
		1H 2019	Δ vs. 1H 2019	1H 2020	Δ vs. 1H 2020
<b>Net Sales</b>	<b>\$1,282</b>	<b>\$1,298</b>	<b>(1.2)%</b>	<b>\$1,281</b>	<b>0.1%</b>
Institutional	\$944	\$975	(3.2)%	\$968	(2.5)%
Food & Beverage	\$337	\$322	4.6%	\$313	7.9%
<b>Adj. EBITDA*</b>	<b>\$194</b>	<b>\$141</b>	<b>37.7%</b>	<b>\$198</b>	<b>(2.1)%</b>
% Margin	15.1%	10.9%	420 bps	15.5%	(40) bps

- New business in Institutional offset by tough Q2 comp against peak infection prevention demand in 2020
- Strong Food & Beverage growth over prior year and pre-COVID 2019 from continued wins across regions
- Adj. EBITDA\* margin improved from 14.7% in Q1 to 15.6% in Q2 despite continued lockdowns and raw material pressure. Improvement driven by focus on pricing, procurement and SG&A cost management.



\* See non-GAAP definitions and reconciliations in appendix

\*\* Results in table are as reported

## Q2 2021 Highlights – Institutional Segment

(\$ in millions)**	Q2 2021	Q2 2019 (Pre-COVID Baseline)	YoY Change (vs. Q2 2019)	Q2 2020	YoY Change (vs. Q2 2020)
Revenue	\$476	\$515	(7.5)%	\$475	0.3%
Adj. EBITDA*	\$78	\$79	(1.5)%	\$83	(5.9)%
Adj. EBITDA Margin	16.4%	15.4%	100 bps	17.5%	(110) bps

### Highlights

- Strong customer retention and new business offsetting longer lockdowns than anticipated and tough Q2 comp against peak infection prevention demand in 2020
- Base business recovery better than expected in markets that reopened
- 100 bps margin accretion vs 2019; (110) bps decline vs 2020 as expected, driven by COVID margin mix and furlough lap
- Continued innovation in TASKI machines with the AERO 3500 driving further hygiene and efficiency improvements to customers

### Innovation in Action TASKI AERO 3500



The new TASKI AERO 3500 perfectly combines vacuuming and sweeping with the highest productivity rates. This machine sets new standards for efficiency and quality of clean.

# Q2 2021 Highlights – Food & Beverage Segment

(\$ in millions)**	Q2 2021	Q2 2019 (Pre-COVID Baseline)	YoY Change (vs. Q2 2019)	Q2 2020	YoY Change (vs. Q2 2020)
Revenue	\$174	\$165	5.5%	\$151	15.0%
Adj. EBITDA*	\$35	\$24	44.4%	\$32	11.1%
Adj. EBITDA Margin	20.2%	14.8%	540 bps	20.9%	(70) bps

## Highlights

- Continued new business success and integration of Sanechem acquisition
- Continued global rollout of water treatment with global account wins
- Strong growth in revenue and Adj EBITDA vs PY
- Divos ACP is another example of the innovation that we deliver to customers to reduce their labor, water and energy usage

## Innovation in Action



**ACP™**

**Divos ACP**  
Revolutionary new patented Accelerated Cleaning Procedure for membranes in the Dairy sector

Protect Food Quality

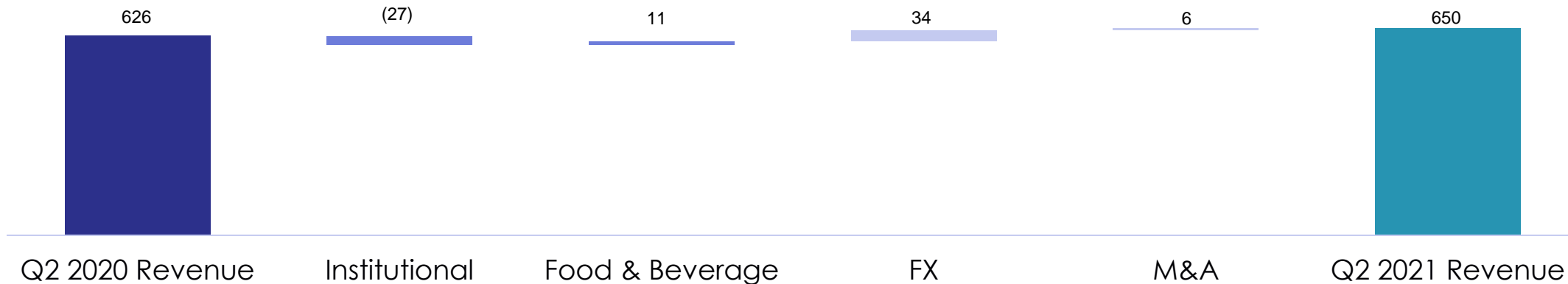
25-40% Reduction in Cleaning Time

30-50% Water & Energy Saving

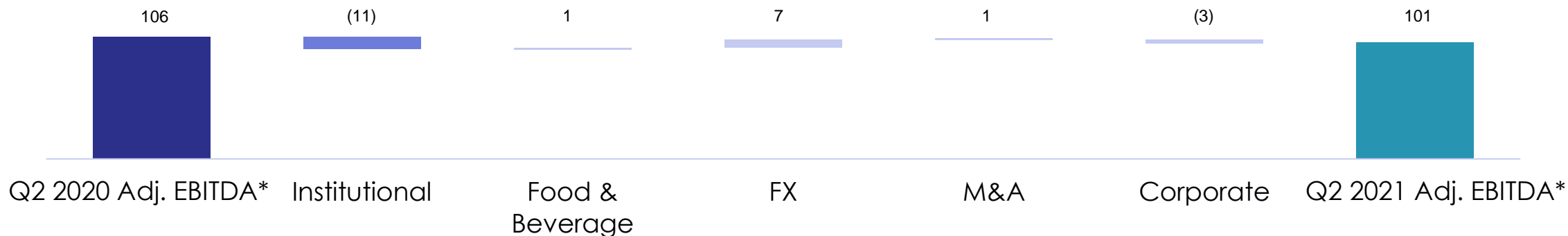
# Q2 2021 vs. Q2 2020 Bridges

\$MM

## Revenue



## Adj. EBITDA \*



\* See non-GAAP definitions and reconciliations in appendix

# Balance Sheet and Cash Flow Considerations

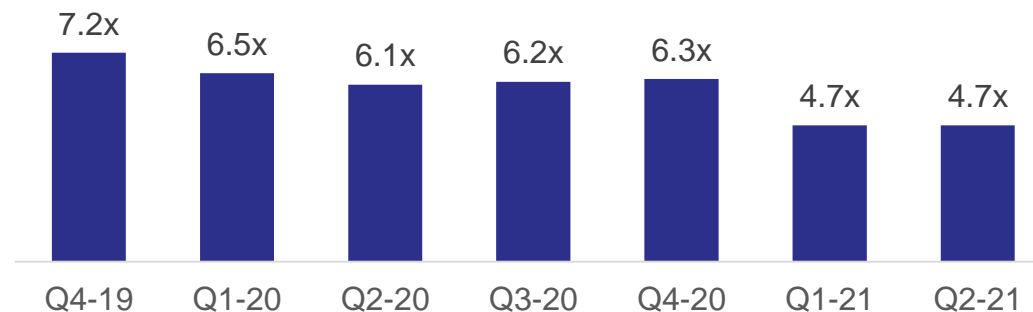
## Key Cash Flow & Balance Sheet Items

- Q2 2021 free cash flow\* of (\$36M); compared to Q2 2020 free cash flow of \$70M
  - Q2 '20 FCF includes favorable NAM AR Securitization of \$50M
  - Additional working capital investment of (\$11M) driven by quarter over quarter sales growth compared to decline in Q2 sales in 2020
- Q2 2021 cash interest of \$9M compared to \$22M in Q2 2020, variance mainly driven by timing of payments
- Funded Net debt\*\* to adj. EBITDA ratio\* of 4.7x at quarter-end
- Q2 2021 liquidity profile of \$511M at quarter-end
  - Revolver availability \$440M, Cash on Hand \$71M

## Q2 2021 Capital Structure

Instrument	\$ millions
US Term Loan	\$868
Euro Term Loan	\$544
Senior Notes	\$537
Revolver	\$0
<b>Total Debt</b>	<b>\$1,949</b>
Cash Balance	\$71
<b>Funded Net Debt **</b>	<b>\$1,878</b>

## Funded Net Debt Evolution \*\*



# What Makes Diversey an Exciting Opportunity

## Compelling Value Creation Algorithm

Market Growth + Above-Market Share Gains

+

Accretive M&A

+

Long-Term Targeted Adjusted EBITDA Margin Expansion to 20%

+

Significant Deleveraging Opportunities

+

Target Strong Free Cash Flow Conversion

=

**Powerful Model for Shareholder Value Creation**



The logo for Diversey, featuring the word "Diversey" in a white serif font next to a stylized white leaf icon, all enclosed in a white oval shape with a trademark symbol (TM) at the top right.

Diversey™

APPENDIX A

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## Financial Reconciliations



# Non-GAAP Financial Measures

(in millions)	Three Months Ended June 30, 2021	Three Months Ended March 31, 2021	Three Months Ended December 31, 2020	Three Months Ended September 30, 2020	Three Months Ended June 30, 2020	Three Months Ended March 31, 2020	Three Months Ended December 31, 2019	Three Months Ended September 30, 2019	Three Months Ended June 30, 2019	Three Months Ended March 31, 2019
Net income (loss)	(1.3) \$	(95.7) \$	(71.8) \$	13.0 \$	16.4 \$	3.9 \$	(44.6) \$	(7.1) \$	(12.8) \$	(44.5)
Income tax provision (benefit)	(9.8)	(2.4)	(14.7)	7.1	5.6	11.2	30.1	(1.2)	4.8	(1.0)
Income (loss) before income tax provision (benefit)	(11.1)	(98.1)	(86.5)	20.1	22.0	15.1	(14.5)	(8.3)	(8.0)	(45.5)
Interest expense	27.9	43.7	32.9	32.4	30.8	31.6	36.0	34.0	36.9	34.1
Interest income	(1.2)	(0.9)	(1.3)	(1.2)	(1.2)	(2.2)	(2.4)	(1.8)	(1.7)	(1.6)
Amortization expense of intangible assets	24.1	24.3	24.2	24.8	24.6	24.6	25.1	22.8	22.9	22.9
Depreciation expense included in cost of sales	20.8	20.8	25.1	21.4	21.2	21.8	22.9	20.8	21.0	19.7
Depreciation expense included in selling, general and administrative expenses	2.0	2.0	1.7	2.3	1.9	2.0	3.1	1.4	1.6	1.3
<b>EBITDA</b>	62.5	(8.2)	(3.9)	99.8	99.3	92.9	70.2	68.9	72.7	30.9
Transition and transformation costs and non-recurring costs	10.2	15.4	22.5	11.2	3.8	5.0	15.3	12.6	10.2	14.7
Restructuring costs	2.1	0.5	20.3	2.0	1.9	1.4	10.1	4.8	4.9	-
Foreign currency loss related to Argentina subsidiaries	2.2	(2.0)	1.3	(0.3)	(0.3)	0.9	4.7	1.5	4.2	1.0
Adjustment to tax indemnification asset	1.3	-	1.4	0.1	1.3	-	6.2	0.7	0.2	-
Merger and acquisition-related cost	-	-	0.1	0.9	-	-	0.3	-	-	-
Acquisition accounting adjustments	-	-	-	-	-	-	-	0.5	0.7	0.7
Bain Capital management fee	-	19.4	1.9	1.8	1.9	1.9	1.9	1.8	1.9	1.9
Non-cash pension and other post-employment benefit plan	(3.9)	(3.8)	(5.6)	(3.5)	(3.1)	(3.1)	(1.8)	(2.3)	(2.3)	(2.4)
Unrealized foreign currency exchange loss (gain)	1.7	5.9	(7.5)	(8.8)	(0.5)	(8.3)	(1.1)	10.3	(2.7)	4.3
Factoring and securitization fees	1.2	1.0	1.1	1.3	1.2	0.7	0.6	1.0	0.9	0.9
Share-based incentive compensation	19.8	63.5	66.4	0.5	0.3	0.3	3.0	-	-	-
Gain on sale of business and investments	-	-	-	-	-	-	(13.0)	-	-	-
Tax receivable agreement adjustments	4.1	-	-	-	-	-	-	-	-	-
Other items	0.1	1.0	(1.7)	1.8	0.1	0.5	(2.1)	4.8	(1.9)	0.1
<b>Non-GAAP Consolidated Adjusted EBITDA</b>	\$ 101.3	\$ 92.7	\$ 96.3	\$ 106.8	\$ 105.9	\$ 92.2	\$ 94.3	\$ 104.6	\$ 88.8	\$ 52.1

# Non-GAAP Financial Measures

(in millions)	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
<u>Senior Secured Credit Facilities</u>							
US Dollar Term Loan	868.5	870.8	873.0	875.2	877.5	879.8	882.0
US Dollar Incremental Loan	-	-	149.6	150.0	150.0	-	-
Euro Term Loan	543.6	607.9	1,146.9	1,096.5	1,061.0	1,055.9	1,062.5
Revolving Credit Facility	-	-	-	-	-	128.0	120.0
Senior Notes	537.1	530.7	548.5	523.1	504.8	501.1	503.0
Funded debt	1,949.2	2,009.4	2,718.0	2,644.8	2,593.3	2,564.8	2,567.5
Less: Cash and cash equivalents	(70.7)	(113.0)	(192.9)	(172.5)	(171.8)	(91.1)	(126.1)
<b>Funded Net debt</b>	<b>\$ 1,878.5</b>	<b>\$ 1,896.4</b>	<b>\$ 2,525.1</b>	<b>\$ 2,472.3</b>	<b>\$ 2,421.5</b>	<b>\$ 2,473.7</b>	<b>\$ 2,441.4</b>

## Non-GAAP Financial Measures

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	<b>Three Months Ended June 30, 2021</b>	<b>Three Months Ended June 30, 2020</b>
<b>Cash used in operating activities</b>	<b>\$ (20.6)</b>	<b>\$ 61.6</b>
Collection of deferred factored receivables	8.0	20.3
Dosing and dispensing equipment	(18.2)	(6.5)
Capital expenditures for property and equipment	(5.2)	(5.4)
<b>Free Cash Flow</b>	<b>\$ (36.0)</b>	<b>\$ 70.0</b>

# Non-GAAP Financial Measures

## Net Sales by Segment

	Three Months Ended June 30, 2021	Three Months Ended March 31, 2021	Three Months Ended June 30, 2020	Three Months Ended March 31, 2020	Three Months Ended June 30, 2019	Three Months Ended March 31, 2019
Institutional	\$ 476.4	\$ 467.9	\$ 474.8	\$ 493.4	\$ 515.3	\$ 460.1
Food & Beverage	173.7	163.6	151.0	161.5	164.6	157.8
<b>Total</b>	<b>\$ 650.1</b>	<b>\$ 631.5</b>	<b>\$ 625.8</b>	<b>\$ 654.9</b>	<b>\$ 679.9</b>	<b>\$ 617.9</b>

## Adjusted EBITDA by Segment

	Three Months Ended June 30, 2021	Three Months Ended March 31, 2021	Three Months Ended June 30, 2020	Three Months Ended March 31, 2020	Three Months Ended June 30, 2019	Three Months Ended March 31, 2019
Institutional	\$ 78.1	\$ 71.1	\$ 83.0	\$ 81.0	\$ 79.3	\$ 45.1
Food & Beverage	35.1	31.9	31.6	25.9	24.3	21.9
<b>Total Segment Adjusted EBITDA</b>	<b>113.2</b>	<b>103.0</b>	<b>114.6</b>	<b>106.9</b>	<b>103.6</b>	<b>67.0</b>
Corporate Costs	(11.9)	(10.3)	(8.7)	(14.7)	(14.8)	(14.9)
<b>Consolidated Adjusted EBITDA</b>	<b>\$ 101.3</b>	<b>\$ 92.7</b>	<b>\$ 105.9</b>	<b>\$ 92.2</b>	<b>\$ 88.8</b>	<b>\$ 52.1</b>