

## Press Release

Essen, November 6, 2019

### **Brenntag achieves stable results in a still-difficult market environment**

- **Operating gross profit\* grows to 722.2 million EUR (+3.9% on a constant currency basis)**
- **Operating EBITDA\*\* on a par with the previous year (262.8 million EUR) on a like-for-like basis**
- **Difficult macroeconomic environment impacts adversely on operating activities again, particularly in the large regions EMEA and North America**
- **Profit after tax comes to 128.4 million EUR and earnings per share to 0.83 EUR**

**Brenntag (WKN A1DAHH), the global market leader in chemical and ingredients distribution, achieved stable results in the third quarter of 2019 that were once again impacted by the difficult macroeconomic conditions. Particularly in the two large Brenntag regions EMEA and North America, the economic environment continued to turn down. Asia Pacific delivered good quarterly results again. Overall, the Group generated operating EBITDA on a par with the previous year despite the difficult environment. The reported increase in operating EBITDA is mainly attributable to the initial application of IFRS 16, the new financial reporting standard on leases.**

Brenntag generated **sales** of 3,254.3 million EUR in the third quarter of 2019, a year-on-year decrease of 1.4% on a constant currency basis (+1.0% as reported). Brenntag's key performance indicator **operating gross profit** rose to 722.2 million EUR, an increase of 3.9% on a constant currency basis (+6.5% as reported). **Operating EBITDA** was up by 13.9% on the prior-year quarter at constant currency rates (+17.0% as reported) to 262.8 million EUR. The growth in operating EBITDA is mainly attributable to the initial application of the new financial reporting standard IFRS 16. The effect of this IFRS on Group operating EBITDA amounts to 30.4 million EUR in the third quarter.

**Profit after tax** was up on the prior-year figure of 110.5 million EUR to 128.4 million EUR in the third quarter of 2019. This translates into earnings per share attributable to Brenntag shareholders of 0.83 EUR.

At 245.9 million EUR, free cash flow was well above the figure for the prior-year period (150.4 million EUR). This is due primarily to the lower increase in working capital compared with the third quarter of 2018.

Steven Holland, Chief Executive Officer of Brenntag AG, said, "Since the beginning of the year, the market environment has continued to turn down. This negative trend affected us again in the third quarter, impacting adversely on our operating activities, particularly in the two large regions EMEA and North America. Despite this environment, we were able to achieve stable results at Group level thanks to our highly diversified product range and industries served by our global network."

#### **Overall weak demand in EMEA**

Business in the EMEA (Europe, Middle East & Africa) region continued to be marked by weak demand and a lack of economic impetus in the third quarter of 2019. Brenntag EMEA generated operating gross profit on a par with the prior-year figure at 285.5 million EUR (+0.1% on a constant currency basis; +0.2% as reported). Operating EBITDA reached 103.2 million EUR, an increase of 7.3% on a constant currency basis (+7.6% as reported).

#### **Market environment in North America continues to turn down**

The North American companies saw a continuation of the trend from the previous quarter during the third quarter of 2019, with the market environment becoming increasingly difficult. Brenntag North America posted a 5.0% increase in operating gross profit on a constant currency basis (+9.8% as reported) to 318.7 million EUR. Operating EBITDA climbed to 131.1 million EUR, a rise of 12.3% on a constant currency basis (+17.2% as reported).

#### **Quarterly results in Latin America impacted by volatile environment**

Brenntag Latin America was unable to sustain its positive performance and the growth trend from the first half of 2019. The third-quarter results reflected the still-volatile and difficult market environment throughout the region. Operating

gross profit rose by 3.5% on a constant currency basis (+5.7% as reported) to 44.5 million EUR. Operating EBITDA was up by 12.2% on a constant currency basis (+12.3% as reported) to 12.6 million EUR.

#### **Asia Pacific delivers good quarterly results**

In the Asia Pacific region, Brenntag posted high growth in the third quarter of 2019, which therefore saw a continuation of the sound performance from its operating activities over the course of the year. The acquisitions also made a positive contribution to the growth. Operating gross profit rose by 13.6% on a constant currency basis (+18.4% as reported) to 68.1 million EUR. Operating EBITDA was up by 34.9% on the prior-year figure on a constant currency basis (+42.1% as reported) to 25.3 million EUR.

In all Brenntag regions, the initial application of the new financial reporting standard IFRS 16 led to an increase in operating EBITDA and higher growth rates.

#### **Forecast for full-year 2019**

In July 2019, Brenntag provided guidance for the growth of the Group's operating EBITDA in 2019 to be between 0% and 4%. The company has specified this and expects growth of operating EBITDA around the lower end of that range. This is to be understood on a constant currency basis, based on unchanged financial reporting standards and including acquisitions.

Steven Holland said, "The current situation and earnings trend in our regions and the annual forecasts for global economic performance confirm that we are right to take a cautious view of the economic situation over the coming months. Macroeconomic conditions are not expected to show any improvement. In this challenging environment, however, we continue to demonstrate resilience. This has already been in evidence in the first nine months of the year, where we have achieved stable results."

<b>Consolidated income statement</b>		<b>Q3 2019</b>	<b>Q3 2018</b>	$\Delta$ as reported	$\Delta$ fx adjusted
Sales	EUR m	3,254.3	3,221.8	1.0%	-1.4%
Operating gross profit*	EUR m	722.2	678.0	6.5%	3.9%
Operating EBITDA**	EUR m	262.8	224.5	17.0%	13.9%
Operating EBITDA** / Operating gross profit*	%	36.4	33.1		
Profit before tax	EUR m	174.0	153.3	13.5%	
Profit after tax	EUR m	128.4	110.5	16.2%	
<i>Attributable to Brenntag shareholders</i>		127.7	111.1		
Earnings per share	EUR	0.83	0.72		

<b>Consolidated balance sheet</b>		<b>Sep. 30, 2019</b>	<b>Dec 31, 2018</b>
Total assets	EUR m	8,656.6	7,694.5
Equity	EUR m	3,507.9	3,301.2
Working capital	EUR m	1,881.6	1,807.0
Net financial liabilities	EUR m	2,169.6	1,761.9

<b>Consolidated cash flow</b>		<b>Q3 2019</b>	<b>Q3 2018</b>
Cash provided by operating activities	EUR m	289.5	123.5
Investments in non-current assets (Capex)	EUR m	-50.4	-39.6
Free cash flow	EUR m	245.9	150.4

<b>EMEA</b>		<b>Q3 2019</b>	<b>Q3 2018</b>	$\Delta$ as reported	$\Delta$ fx adjusted
Sales	EUR m	1,289.6	1,326.9	-2.8%	-3.1%
Operating gross profit*	EUR m	285.5	285.0	0.2%	0.1%
Operating EBITDA**	EUR m	103.2	95.9	7.6%	7.3%

<b>North America</b>		<b>Q3 2019</b>	<b>Q3 2018</b>	$\Delta$ as reported	$\Delta$ fx adjusted
Sales	EUR m	1,238.0	1,211.9	2.2%	-2.4%
Operating gross profit*	EUR m	318.7	290.2	9.8%	5.0%
Operating EBITDA**	EUR m	131.1	111.9	17.2%	12.3%

<b>Latin America</b>		<b>Q3 2019</b>	<b>Q3 2018</b>	$\Delta$ as reported	$\Delta$ fx adjusted
Sales	EUR m	217.0	213.4	1.7%	-0.4%
Operating gross profit*	EUR m	44.5	42.1	5.7%	3.5%
Operating EBITDA**	EUR m	12.6	11.2	12.3%	12.2%

<b>Asia Pacific</b>		<b>Q3 2019</b>	<b>Q3 2018</b>	$\Delta$ as reported	$\Delta$ fx adjusted
Sales	EUR m	396.4	372.9	6.3%	2.2%
Operating gross profit*	EUR m	68.1	57.5	18.4%	13.6%
Operating EBITDA**	EUR m	25.3	17.8	42.1%	34.9%

\*Operating gross profit is defined as sales less cost of goods sold.

\*\*Since the third quarter of 2017, Brenntag has presented operating EBITDA before holding charges and special items. Holding charges are certain costs charged between holding companies and operating companies. At Group level, these effects net to zero. Brenntag is also adjusting operating EBITDA for income and expenses arising from special items so as to improve comparability in presenting the performance of its business operations over multiple reporting periods and explain it more appropriately. Special items are income and expenses outside ordinary activities that have a special and material effect on the results of operations, such as restructurings.

**About Brenntag:**

Brenntag is the global market leader in chemical and ingredients distribution. We connect our suppliers and customers in successful partnerships. Our more than 16,600 employees provide tailor-made application, marketing and supply chain solutions. Technical and formulation support, market, industry and regulatory expertise as well as digital tools are just some examples of our services that are aiming to create an excellent customer experience. Our full-line portfolio comprises specialty and industrial chemicals and ingredients of a world-class supplier base. Building on its long-standing experience, unmatched global reach and local excellence, Brenntag works closely alongside its partners to make their business more successful. We are committed to contribute towards greater sustainability in our own business and the industries we serve, and to achieve profitable growth. Headquartered in Essen (Germany) and with regional headquarters in Philadelphia, Houston and Singapore, Brenntag operates a unique global network with more than 580 locations in 76 countries and generated sales of EUR 12.6 billion (USD 14.8 billion) in 2018. Brenntag shares are traded at the Frankfurt Stock Exchange (BSE).

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