

Press Release

Essen, May 7, 2020

Brenntag reports solid results for the first quarter of 2020, with increased operating gross profit and higher operating EBITDA

- Operating gross profit* grows by 7.1%** to 745.2 million EUR
- Operating EBITDA*** reaches 263.0 million EUR (+8.7%)
- Free cash flow with 161.5 million EUR at the high level of the previous year figure
- Dividend of 1.25 EUR per share proposed for financial year 2019 confirmed
- Increased uncertainty over the further course of the year due to COVID-19

Brenntag (ISIN DE000A1DAH0), the global market leader in chemical and ingredients distribution, increased operating gross profit and generated solid earnings and high cash flow in the first quarter of 2020.

Christian Kohlpaintner, Chief Executive Officer of Brenntag Group, said, “Despite the exceptionally difficult conditions, we were able to achieve solid results. The COVID-19 pandemic had a limited impact on our business and financial performance in the first quarter – due also to the dedication and flexibility of our employees. We were able to maintain business operations at our sites worldwide.”

Consolidated income statement (in EUR m)	Q1 2020	Q1 2019	Δ as reported	Δ fx adjusted
Sales	3.206,1	3.182,3	0.7%	-0.3%
Operating gross profit*	745,2	688,2	8.3%	7.1%
Operating EBITDA***	263.0	238,8	10.1%	8.7%
Operating EBITDA***/operating gross profit* [%]	35,3	34,7		
Profit before tax	156,2	143,4	8.9%	
Profit after tax	115,0	105,2	9.3%	
Earnings per share (in EUR)	0,74	0,68	8.8%	

At 3,206.1 million EUR, **sales** in the first quarter of 2020 were in line with the prior-year figure on a constant currency basis (-0.3%). **Operating gross profit** reached 745.6 million EUR, an increase of 7.1%. **Operating EBITDA** rose to 262.3 million EUR, a year-on-year increase of 8.4%.

Profit after tax was up on the prior-year figure of 105.2 million EUR to 115.0 million EUR in the first quarter of 2020. This translates into earnings per share attributable to Brenntag shareholders of 0.74 EUR.

Georg Müller, Chief Financial Officer of Brenntag Group, said, “We can be pleased with the performance of our key financial indicators in the first quarter of 2020. In addition to the positive trend in operating EBITDA, we again generated a high cash flow. Especially at the present time, this is an important component and a source of stability in the face of the uncertainty over the further course of the year.”

Free Cash flow (in EUR m)	Q1 2020	Q1 2019	Δ abs.	Δ in %
Operating EBITDA	263.0	238.8	24.2	10.1
Investments in non-current assets (Capex)	-44.5	-31.0	-13.5	43.5
Δ Working Capital	-24.4	-13.4	-11.0	82.1
Principal and interest payments on lease liabilities	-32.6	-28.1	-4,5	16,0
Free cash flow	161.5	166.3	-4.8	-2.9

Free cash flow reached 161.5 million EUR and was thus at the high level of the previous year figure (166.3 million EUR). The seasonal increase in working capital, typical of the first quarter of each year, was limited by improving its turnover rate.

Consolidated balance sheet (in EUR m)	March 31, 2020	Dec. 31, 2019
Total assets	8,827.8	8,564.2
Equity	3,641.3	3,579.0
Working capital	1,752.8	1,767.7
Net financial liabilities	2,003.8	2,060.5

The consolidated balance sheet also reflects the continued solid financing of the company.

EMEA posts a good quarter with increased demand

EMEA (in EUR m)	Q1 2020	Q1 2019	Δ as reported	Δ fx adjusted
Sales	1,391.9	1,347.2	3.3%	3.3%
Operating gross profit*	325.2	287.7	13.0%	13.0%
Operating EBITDA***	123.1	101.8	20.9%	21.2%

The EMEA (Europe, Middle East and Africa) region posted a good quarter. Most of our customers were able to largely maintain business operations during the crisis. Some of our customer industries, such as in the food sector for example, performed excellently. Against this background, Brenntag EMEA generated operating gross profit above the prior-year figure at 325.2 million EUR (+13.0%). Operating EBITDA came to 123.1 million EUR, a significant year-on-year increase of 21.2%.

Environment in North America remains difficult

North America (in EUR m)	Q1 2020	Q1 2019	Δ as reported	Δ fx adjusted
Sales	1,146.5	1,176.0	-2.5%	-5.2%
Operating gross profit*	299.7	292.8	2.4%	-0.5%
Operating EBITDA***	110.1	112.0	-1.7%	-4.6%

In the first quarter of 2020, earnings in North America were impacted by clear declines in business with the oil and gas industry. This was not fully offset by the positive trend in demand from other industry segments. In this environment, the

operating gross profit generated by Brenntag North America was down by a marginal 0.5% to 299.7 million EUR. Operating EBITDA reached 110.1 million EUR, a decrease of 4.6%.

Latin America delivers good operating results in a continued volatile environment

Latin America (in EUR m)	Q1 2020	Q1 2019	Δ as reported	Δ fx adjusted
Sales	217.1	210.4	3.1%	6.4%
Operating gross profit*	48.0	42.6	12.7%	16.5%
Operating EBITDA***	13.8	11.5	20.0%	25.1%

In the first quarter, the Latin America region reported good operating results in a continued difficult and volatile macroeconomic environment. In this region, Brenntag generated operating gross profit of 48.0 million EUR in the first quarter of 2020, a significant increase of 16.5%. Operating EBITDA grew by 25.1% to 13.8 million EUR.

Asia Pacific with limited impact of COVID-19 pandemic

Asia Pacific (in EUR m)	Q1 2020	Q1 2019	Δ as reported	Δ fx adjusted
Sales	349.7	357.7	-2.2%	-3.3%
Operating gross profit*	67.0	60.4	10.9%	9.5%
Operating EBITDA***	26.3	21.5	22.3%	20.1%

Despite the effects of the COVID-19 pandemic, Brenntag Asia Pacific reported a solid first quarter of 2020. Operating gross profit reached 67.0 million EUR. This increase of 9.5% is due in particular to the acquisition of Tee Hai Chem Pte Ltd. closed in 2019. Operating EBITDA came to 26.3 million EUR, a clear year-on-year increase of 20.1%.

“Project Brenntag”

Brenntag has made good progress on the holistic analysis of the company initiated at the beginning of 2020. In this context, “Project Brenntag” was set up with the aim of detailing out conclusions, defining distinctive initiatives and creating an overarching plan for their implementation based on the findings of the analysis. “Brenntag’s transformation will be a comprehensive journey. We are now creating the strong basis to drive sustainable organic earnings growth,” says Christian Kohlpaintner, Chief Executive Officer of Brenntag Group.

Outlook for 2020

In early April, the company suspended the forecast for financial year 2020 due to the considerable uncertainty over the future effects of the COVID-19 pandemic. The forecast will be updated once the effects on Brenntag’s further business performance in 2020 can be reliably determined. The Board of Management and the Supervisory Board confirm that the dividend of 1.25 euros per share proposed for financial year 2019 will be distributed in full, subject to approval at the virtual General Shareholders’ Meeting on June 10, 2020.

About Brenntag:

Brenntag is the global market leader in chemical and ingredients distribution. We connect our suppliers and customers in value-adding partnerships. Our almost 17,500 employees provide tailor-made application, marketing and supply chain solutions. Technical and formulation support, market, industry and regulatory expertise as well as advanced 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 sustainable profitable growth. Headquartered in Essen (Germany) and with regional headquarters in Philadelphia, Houston and Singapore, Brenntag operates a unique global network with more than 640 locations in 77 countries. The company generated sales of EUR 12.8 billion

(USD 14.4 billion) in 2019. Brenntag shares are traded at the Frankfurt Stock Exchange (BSE).

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

***Unless indicated otherwise, growth rates are on a constant currency basis.*

****Brenntag presents 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.*