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Brenntag will implement global transformation program to position the Group for sustainable organic earnings growth



Dear all,

Please find attached the press release of Brenntag on the implementation of the global transformation program to position the Group for sustainable organic earnings growth.

For further information please see the press release below.

If you have any questions, please do not hesitate to contact us.

Best regards,

Hubertus Spethmann

Essen, October 27, 2020

Brenntag will implement global transformation program to position the Group for sustainable organic earnings growth

- Transformation program "Project Brenntag" to deliver additional operating EBITDA contribution of 220 million EUR in total, which will increase year by year to the full annual potential already by beginning of 2023
- Significant investments in optimizing the global site network to improve utilization
- Reduction of about 1,300 jobs globally intended and to be carried out in a socially responsible manner over the next two years
- Total net cash outflow of around 370 million EUR by 2023
- Christian Kohlpaintner, Chief Executive Officer Brenntag Group: "We are determined to sustainably strengthen our global leading position. With Project Brenntag we take decisive action and will ensure consistent execution of our transformation journey."

The Management Board and the Supervisory Board of Brenntag AG (ISIN DE000A1DAH0), the global market leader in chemical and ingredients distribution, decided about the scope of Project Brenntag, the company's comprehensive transformation program, that is expected to deliver a sustainable annual contribution of additional operating EBITDA of 220 million EUR in total, which will increase year by year to the full annual potential already by beginning of 2023. The program is designed to further expand Brenntag's global market leading position through an increased focus, reduced complexity, and even stronger partnerships with customers and suppliers. Starting in January 2021, the company will be steered in two global divisions with a strong focus on changing customer and supplier needs: Brenntag Essentials and Brenntag Specialties. As part of the transformation, Brenntag will invest in optimizing its global site network and improve its utilization.

Christian Kohlpaintner, Chief Executive Officer Brenntag Group, said: "With our transformation program Project Brenntag, we take

decisive action to create the strong basis for sustainable organic earnings growth in the coming years. The introduction of our new operating model was a first important milestone to cope with future requirements and stay at the top of our industry. To harvest our full potential, it is crucial to become leaner and more efficient. The implementation of the various measures of Project Brenntag will also include an adjustment of our global workforce. This step will be anything but easy for us, but it is necessary to ensure Brenntag's success in the long-term. We intend to perform any planned reductions in a socially responsible manner and strive to avoid compulsory redundancies."

Significant operating EBITDA uplift

The Group expects Project Brenntag to deliver a sustainable annual contribution in additional operating EBITDA of 220 million EUR in total, which will increase year by year to the full annual potential already by beginning of 2023. The total net cash outflow to incur in course of the implementation of Project Brenntag is expected to amount to around 370 million EUR. Project Brenntag will lead to significant efficiency gains and will contribute to top-line growth as well.

Brenntag expects the implementation of the various measures over the next two years to lead to a reduction of approximately 1,300 jobs in total out of its workforce of about 17,500 employees worldwide, of which a reduction of less than 200 jobs is expected to impact Germany. Brenntag plans to use natural fluctuation, mutually agreed separation, and regular and early retirement schemes to perform the adjustments in a socially responsible manner and strives to avoid compulsory redundancies. The measures will be further elaborated over the coming months in line with local rules and labor regulations. Brenntag will maintain a close and trusting dialog with employee representatives and follow the appropriate information and consultation procedures in the concerned countries.

Consolidated global network of sites with increased proximity to customers

To become leaner and more efficient, Brenntag will invest significantly in its site network to support customers faster, broader, and better. While maintaining its global reach, with the optimized network Brenntag will improve efficiency, leverage scale benefits across divisions and products, and increase proximity to business partners. The optimization envisions closing sites to consolidate the site network in geographies and improve the utilization of existing sites. Brenntag plans to close about 100 sites across all regions, half of which are Third-Party Logistics Sites. At the same time, the Group will invest into existing and new sites, create regional hubs, and close white spots in the network.

New leadership culture with clearly defined accountabilities

In line with the operating model, Project Brenntag also entails new roles and clearly defined accountabilities and responsibilities. It includes a new leadership structure, starting with the composition of the Management Board and the top leadership team. The competences and skills needed for the transformation have been defined, and Brenntag will invest significantly in training to enable its employees to bring in their strengths and expertise in the best possible way.

Note:

Further details regarding the transformation of Brenntag Group and "Project Brenntag" will be presented at a Capital Markets Update on November 4, 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 (BNR).

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Brenntag will implement global transformation program to position the Group for sustainable organic earnings growth (image: Brenntag)

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