

Press Release

Essen, March 4, 2020

Brenntag increases profit and intends to raise the dividend

- **Operating gross profit* grows to just over 2.8 billion EUR (+3.4% year on year on a constant currency basis)**
- **Operating EBITDA** reaches 1.0 billion EUR**
- **Earnings impacted by the difficult market environment in Europe, Middle East & Africa (EMEA) and North America**
- **Free cash flow stands well above the prior-year figure at 837 million EUR (+59.4%)**
- **Dividend to rise again to 1.25 EUR per share (+4.2%)**
- **Chief Executive Officer Christian Kohlpaintner said, “Going forward, we will not only maintain our highly market-centric approach, but also focus to a greater extent on optimizing our processes, procedures and structures and will extend our market position.”**

Brenntag (ISIN DE000A1DAHH0), the global market leader in chemical and ingredients distribution, generated **sales** of 12,821.8 million EUR in 2019 in a difficult macroeconomic environment. Sales were therefore on a par with the prior-year figure on a constant currency basis. **Operating gross profit** rose by 3.4%*** to just over 2,821.7 million EUR. **Operating EBITDA** reached 1,001.5 million EUR, a year-on-year increase of 11.3%. The earnings growth is the result of the initial application of IFRS 16, the new financial reporting standard on leases. Excluding the effect of 116 million EUR attributable to this IFRS, Group earnings were down slightly on the strong prior-year figure.

At 837.3 million EUR, free cash flow was well above the figure for the prior-year period (525.2 million EUR). This is due primarily to an improvement in working capital compared with the previous year.

A further increase in the dividend to be proposed

Profit after tax was up slightly on the prior-year figure of 462.3 million EUR to 469.2 million EUR in financial year 2019. Earnings per share stand at 3.02 EUR. At the General Shareholders' Meeting on June 10, 2020, the Board of

Management and the Supervisory Board will propose a dividend of 1.25 EUR per share (2018: 1.20 EUR). Brenntag has therefore increased the dividend every year since its stock market flotation in 2010. The payout ratio is 41.4% of profit after tax attributable to Brenntag shareholders.

Georg Müller, Chief Financial Officer of Brenntag AG, said, “For Brenntag, financial year 2019 was marked by a difficult macroeconomic environment, with economic downturns, a lack of impetus and weak demand. This was the case primarily in our two large regions, EMEA and North America. However, we once again demonstrated the stability of our business model and report operating EBITDA almost on a par with the prior-year figure on a like-for-like basis. The very positive free cash flow performance is encouraging. It shows that we are able to deliver a strong liquidity performance in challenging times.”

Weak demand and a lack of impetus depress earnings in EMEA

Business in the EMEA (Europe, Middle East & Africa) region was marked by weak demand and a lack of economic impetus throughout 2019. In this difficult environment, Brenntag EMEA generated operating gross profit on a par with the prior-year figure at 1,141.6 million EUR (+0.1%). Operating EBITDA reached 406.3 million EUR, a rise of 5.6%. This figure includes a positive effect of 42 million EUR attributable to the application of IFRS 16, the new financial reporting standard on leases.

North America negatively impacted by an increasingly difficult environment

Following a good start, Brenntag North America faced falling momentum and an increasingly difficult market environment during the course of 2019. The North American companies generated operating gross profit of 1,216.8 million EUR, an increase of 3.4%. Operating EBITDA climbed to 474.8 million EUR, a rise of 10.1%. This figure includes a positive effect of 53 million EUR attributable to IFRS 16.

Latin America improves earnings in a continued volatile environment

Overall in the Latin America region in 2019, Brenntag posted an improvement in earnings driven by organic growth and demonstrated its resilience in a continued volatile and difficult market environment. Operating gross profit rose by 6.5% to

177.0 million EUR. Operating EBITDA came to 55.9 million EUR, a rise of 38.0%. This figure includes a positive effect of 9 million EUR attributable to IFRS 16.

Asia Pacific achieves further growth

The Brenntag companies in the Asia Pacific region achieved further growth in the reporting period, due primarily to the positive contributions from the acquisitions. They generated operating gross profit of 266.8 million EUR, an increase of 14.7%. Operating EBITDA came to 101.1 million EUR, a rise of 24.7%. This figure includes a positive effect of 9 million EUR attributable to IFRS 16.

Outlook for financial year 2020

Dr Christian Kohlpaintner, who took office as Chief Executive Officer in January, said, "Brenntag is a strong brand with a good reputation in its markets. Our company offers great potential for organic profitable growth. My Board of Management colleagues and I will therefore make every effort to unlock more of this potential. Going forward, we will not only maintain our highly market-centric approach, but also focus to a greater extent on optimizing our processes, procedures and structures, thereby creating the conditions crucial to long-term organic growth."

In a holistic analysis, Brenntag is currently examining its internal structures, processes and organizational forms along the value chain. Brenntag sees potential for improvement in harmonization and standardization as well as in the stringent internal execution of initiatives and measures. The company also intends to further expand its already very customer-centric approach.

The Brenntag Group currently expects a positive performance at operating EBITDA level in 2020, assuming that exchange rates remain stable. The company is operating in a macroeconomic environment of considerable uncertainty. The outlook is based on the assumption that the effects of the macroeconomic risks and, in particular, the effects of the crisis regarding the new coronavirus remain very limited.

Consolidated income statement		2019	2018	Δ as reported	Δ fx adjusted
Sales	EUR m	12,821.8	12,550.0	2.2%	-0.3%
Operating gross profit*	EUR m	2,821.7	2,660.9	6.0%	3.4%
Operating EBITDA**	EUR m	1,001.5	875.5	14.4%	11.3%
Operating EBITDA** / Operating gross profit*	%	35.5	32.9		
Profit before tax	EUR m	633.4	623.5	1.6%	
Profit after tax	EUR m	469.2	462.3	1.5%	
<i>Attributable to Brenntag shareholders</i>		466.7	460.9		
Earnings per share	EUR	3.02	2.98		

Consolidated balance sheet		Dec 31, 2019	Dec 31, 2018
Total assets	EUR m	8,564.2	7,694.5
Equity	EUR m	3,579.0	3,301.2
Working capital	EUR m	1,767.7	1,807.0
Net financial liabilities	EUR m	2,060.5	1,761.9

Consolidated cash flow		Dec 31, 2019	Dec. 31, 2018
Cash provided by operating activities	EUR m	879.3	375.3
Investments in non-current assets (Capex)	EUR m	-205.2	-172.2
Free cash flow	EUR m	837.3	525.2

EMEA		2019	2018	Δ as reported	Δ fx adjusted
Sales	EUR m	5,237.7	5,339.3	-1.9%	-1.9%
Operating gross profit*	EUR m	1,141.6	1,141.2	0.0%	0.1%
Operating EBITDA**	EUR m	406.3	385.5	5.4%	5.6%

North America		2019	2018	Δ as reported	Δ fx adjusted
Sales	EUR m	4,787.1	4,636.9	3.2%	-1.9%
Operating gross profit*	EUR m	1,216.8	1,118.3	8.8%	3.4%
Operating EBITDA**	EUR m	474.8	409.6	15.9%	10.1%

Latin America		2019	2018	Δ as reported	Δ fx adjusted
Sales	EUR m	854.2	807.8	5.7%	3.7%
Operating gross profit*	EUR m	177.0	163.1	8.5%	6.5%
Operating EBITDA**	EUR m	55.9	39.9	40.1%	38.0%

Asia Pacific		2019	2018	Δ as reported	Δ fx adjusted
Sales	EUR m	1,534.4	1,383.5	10.9%	7.1%
Operating gross profit*	EUR m	266.8	224.2	19.0%	14.7%
Operating EBITDA**	EUR m	101.1	77.9	29.8%	24.7%

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

**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.

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

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 (BMR).

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