

Mülheim an der Ruhr, May 12, 2010

## **Brenntag reports convincing first quarter results with growth in sales and profits**

- **Gross profit up by 2.6% to EUR 377 million**
- **10.4% improvement in operating EBITDA to EUR 134.3 million**
- **Strong growth in Europe, Latin America and in the emerging Asia-Pacific region**
- **Equity capital base significantly increased by successful initial public offering**
- **Moderate growth expected over the full year**

Brenntag (WKN A1DAH), global market leader in chemical distribution, presents its first quarterly figures since the successful initial public offering on 29 March 2010. The chemical distributor reported a significant increase in both turnover and profit compared to the previous year. Turnover in the first quarter of the current fiscal year increased by 7% to EUR 1.73 billion (Q1 2009: EUR 1.62 billion). The performance indicator of gross profit\* (group level) increased by 2.6% to EUR 377 million (Q1 2009: EUR 367.4 million). Operating EBITDA improved by 10.4% to EUR 134.3 million (Q1 2009: EUR 121.7 million). Following a deduction of transaction costs for the initial public offering, EBITDA, at EUR 128.5 million, was 5.8% above the same quarter last year (Q1 2009: EUR 121.4 million). Net profit for the quarter was EUR 2.2 million (Q1 2009: EUR -17.9 million). The regions Europe and Latin America in particular made a contribution to the positive development.

Positive growth in the 1st quarter of 2010 can be attributed to slight signs of macro-economic recovery. In addition, the full effect of cost reduction

*\* While Brenntag reports operating gross profit on segment level which is sales less costs of material for goods purchased and supplies, purchased services, packaging materials, supplier bonuses and increase/decrease of finished goods the company reports gross profit on group level. This does additionally deduct costs related to production/mixing and blending.*

measures introduced in 2009 became fully apparent in the first quarter of 2010.

### **Clear growth in Europe**

In Europe, Brenntag achieved positive results in the first quarter of the current fiscal year against the backdrop of moderate growth across the economy. Operating gross profit increased by 6.7% from EUR 198.3 million in the previous year to EUR 211.5 million in the first quarter of 2010.

Compared with the same period last year, operating EBITDA achieved a significant increase of 21.4%, from EUR 58 million to EUR 70.4 million.

### **North America remains constantly on course**

The recovery in North America was reflected in a growing demand from our customers. The North American companies generated total operating gross profit in the reporting period of EUR 134.7 million. This left operating gross profit 4.6% down on the first quarter of the previous year's EUR 141.2 million. After taking account of exchange rates, operating gross profit was just 1.2% down, however, and therefore approaching the high level achieved in the first quarter of 2009. It was a similar picture in terms of operating EBITDA which fell moderately by 2.6%, from EUR 57.9 million to EUR 56.4 million. However, at constant exchange rates the results for the first quarter of 2009 showed a slight increase of 1.1 per cent.

A change in the euros/US dollar exchange rate can have a positive as well as negative effect on Brenntag's results since a proportion of the company's business is concluded in the US dollar region (USA and Latin America) so exchange rate adjustments need to be taken into account.

### **Positive development in Latin America**

In Latin America, Brenntag realised an operating gross profit of EUR 31.8 million compared with EUR 29.5 million in the same quarter last year, a 7.8% increase. With adjustment for exchange rates, this marks a 5.7% increase. There was a 5.2% increase in operating EBITDA to EUR 10.1 million compared with EUR 9.6 million in the same quarter last year. At constant

exchange rates, EBITDA increased by 3.1%. Significant upward trends in the major markets of Mexico and Brazil had a positive effect on the increase in profits.

### **Further growth in the Asia/Pacific growth region**

During the reporting period, Brenntag achieved a clear 58.1% increase in operating gross profit from EUR 3.1 million to EUR 4.9 million, corresponding to 44.1% when adjusted for exchange rates. Operating EBITDA in these growth markets more than doubled, from EUR 0.8 to 2.1 million. Taking account of the increasing significance of this region, Brenntag in February opened an additional site in Thailand as well a new office in India.

### **Working capital increased as a result of sales growth**

The company's free cash flow in Q1 2010 amounted to EUR 40.7 million compared with EUR 205.2 million the previous year. The key reason for this is the EUR 77.5 million increase in working capital caused by higher business activity. The working capital management is still strong. In the globally economically difficult previous year a EUR 92.3 million decrease in working capital took place.

### **Significant strengthening of equity capital base**

During the course of the initial public offering Brenntag a capital increase was carried out of which Brenntag accrued a gross total of EUR 525.0 million as a result. These proceeds were used to pay off in full liabilities incurred as a result of the Mezzanine Facility Agreement to the sum of EUR 438.6 million (as of 31.12.2009), including interest. A further EUR 69.0 million will be used for the early repayment of liabilities. The equity capital base was also increased with the contribution of a shareholder loan to the sum of EUR 714.9 million into capital reserves, bringing the equity capital base to EUR 1.457 billion (31.12. 2009: EUR 172.3 billion).

Compared with last year, the balance sheet total increased by 7.3% to EUR 4.992 billion (31.12. 2009: 4.654 billion euros). In total, net financial debt as

of 31 March 2010 was significantly reduced from 3.6 times operating EBITDA prior to the initial public offering to 2.7 times operating EBITDA.

### Prospects: moderate growth expected in the coming year

Following the positive start to the fiscal year, Brenntag expects to see moderate growth in the months ahead. Against the backdrop of an improved macro-economic climate, Brenntag expects its volume of business to increase. In addition, the cost reduction and efficiency improvement measures introduced in 2009 will continue to take effect. "We expect a moderate increase in EBITDA for the whole of 2010," says Jürgen Buchsteiner, CFO of Brenntag. "The initial public offering has also increased our equity capital base and further reduced our net debt making us even more flexible in financing our further growth. This will have an overall positive effect on the financial results and therefore on annual net profit.

Financial figures at a glance (in € mio)		
P&L	01.01.-31.03.2010	01.01.-31.03.2009
Sales	1,733.8	1,619.7
Gross Profit	377.0	367.4
Operating EBITDA	134.3	121.7
Operating EBITDA / Gross Profit (in %)	35.6	33.1
EBITDA	128.5	121.4
Profit/loss after taxes	2.2	-17.9
Profit/loss per share (in EUR)	0.04	-0.44

  

Balance sheet	31.03.2010	31.03.2009
Balance sheet total	4,991.8	4,802.8
Equity	1,456.6	153.6
Working Capital	700.5	753.3

Net debt	1,384.6	2,802.5
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Cash flow	01.01.-31.03.2010	01.01.-31.03.2009
Cash used for/provided by operating activities	-72.3	156.6
Investments in non-current assets (Capex)	10.3	8.5
Free Cash flow	40.7	205.2

Europe (in € mio)		
	01.01.-31.03.2010	01.01.-31.03.2009
Operating Gross Profit	211.5	198.3
Operating EBITDA	70.4	58.0

North America (in € mio)		
	01.01.-31.03.2010	01.01.-31.03.2009
Operating Gross Profit	134.7	141.2
Operating Gross Profit (F/X adjusted)		136.4
Operating EBITDA	56.4	57.9
Operating EBITDA (F/X adjusted)		55.8

Latin America (in € mio)		
	01.01.-31.03.2010	01.01.-31.03.2009
Operating Gross Profit	31.8	29.5
Operating Gross Profit (F/X adjusted)		30.1
Operating EBITDA	10.1	9.6
Operating EBITDA (F/X adjusted)		9.8

Asia /Pacific (in € mio)		
	01.01.-31.03.2010	01.01.-31.03.2009
Operating Gross Profit	4.9	3.1
Operating Gross Profit (F/X adjusted)		3.4
Operating EBITDA	2.1	0.8
Operating EBITDA (F/X adjusted)		0.9

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**About Brenntag**

Brenntag is the global market leader in full-line chemical distribution (based on most recent market data). Linking chemical manufacturers and chemical users, Brenntag provides business-to-business distribution solutions for industrial and specialty chemicals globally. With over 10,000 products and a vast supplier base, Brenntag offers one-stop shop solutions to more than 150,000 customers. The value-added services include just-in-time delivery, product mixing, formulation, repackaging, inventory management, drum return handling as well as technical services. Headquartered in Mülheim an der Ruhr, Germany, Brenntag operates a global network with more than 400 locations in more than 60 countries. In 2009 the company realized global sales of EUR 6.4 billion (USD 8.9 billion) with approximately 11,000 people.

For more information, please see [www.brenntag.com](http://www.brenntag.com)