ConnectingChemistry

BRENNTAG

Q3

INTERIM REPORT

JANUARY – SEPTEMBER 2020

KEY FINANCIAL FIGURES AT A GLANCE

CONSOLIDATED INCOME STATEMENT

		Q3 2020	Q3 2019
Sales	EUR m	2,876.3	3,254.3
Operating gross profit	EUR m	690.6	722.2
Operating EBITDA	EUR m	264.4	262.8
Operating EBITDA / operating gross profit	%	38.3	36.4
Profit after tax	EUR m	120.6	128.4
Earnings per share	EUR	0.76	0.83

CONSOLIDATED BALANCE SHEET

		Sep. 30, 2020	Dec. 31, 2019
Total assets	EUR m	8,428.0	8,564.2
Equity	EUR m	3,548.8	3,579.0
Working capital	EUR m	1,459.7	1,767.7
Net financial liabilities	EUR m	1,588.3	2,060.5

CONSOLIDATED CASH FLOW

		Q3 2020	Q3 2019
Net cash provided by operating activities	EUR m	454.4	289.5
Investments in non-current assets (capex)	EUR m	−38.5	−50.4
Free cash flow	EUR m	420.7	245.9

KEY DATA ON THE BRENNTAG SHARES

		Sep. 30, 2020	Dec. 31, 2019
Share price	EUR	54.30	48.48
No. of shares (unweighted)		154,500,000	154,500,000
Market capitalization	EUR m	8,389	7,490
Free float	%	100.0	100.0

COMPANY PROFILE

Brenntag is the **global market leader** in chemical distribution. The company manages complex supply chains for both chemical manufacturers and users by simplifying market access to **thousands of products and services.**

It combines a global network with outstanding local execution. Brenntag is therefore the industry's most effective and preferred channel to market for partners – really living its philosophy **"ConnectingChemistry".**

Brenntag operates a global network spanning more than 640 locations in 77 countries. With its global workforce of almost **17,500 employees,** the company generated sales of EUR 12.8 billion in 2019.

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LETTER FROM THE CEO

Dear ladies and gentlemen,

Brenntag achieved strong results in the third quarter of 2020. The COVID-19 pandemic has been with us – and many other companies – almost all year, making conditions considerably more difficult. Nevertheless, we once again managed to deliver a positive business performance. Business operations continued to be almost unaffected by the COVID-19 crisis in the reporting period.

In the third quarter of 2020, the Group generated operating gross profit of EUR 690.6 million, which is in line with the prior-year figure on a constant currency basis. Operating EBITDA grew by 4.9% year on year on a constant currency basis to EUR 264.4 million.

The North America region aside, all regions contributed to this positive earnings performance. EMEA (Europe, Middle East & Africa), Asia Pacific and Latin America reported very good results. In EMEA, the positive trend that we have been seeing since the beginning of the year continued. In this very difficult environment shaped by the pandemic, we managed to further maintain our delivery capability and provide our customers with the usual reliable service. The strong customer industries once again included Nutrition, Personal Care/HI&I and Pharma. Our Asia Pacific and Latin America regions also posted outstanding earnings growth. In both regions, demand recovered and our strict cost-control measures also yielded results. In North America, the weakness of the past few quarters persisted. Earnings here were impacted by the difficult situation both in the oil and gas industry and in many other customer industries.

With regard to the other key financial indicators, the Group achieved very strong free cash flow again in the third quarter of 2020. Free cash flow amounted to EUR 420.7 million and was therefore around EUR 175 million or around 71% higher than in prior-year quarter.

Profit after tax came to EUR 120.6 million and earnings per share were EUR 0.76 compared with EUR 0.83 in the prior-year quarter.

Overall, we are satisfied with this earnings performance, especially in light of the generally challenging macroeconomic environment.

At the beginning of the year, we launched a thorough analysis of the Group and bundled the initiatives derived from such analysis into our transformation programme “Project Brenntag”. The aim of this programme is to return Brenntag to sustainable organic earnings growth and position the Group for the long-term future.

Over the past few months, the Board of Management and the Supervisory Board of Brenntag AG have decided on the introduction of a new operating model as well as other measures to implement the transformation programme. In order to strengthen and further expand our leading market position, we need to sharpen our profile and make our organization leaner and more efficient. Our two new global divisions, Brenntag Essentials and Brenntag Specialties, will complement one another perfectly in their operations. The divisions address attractive growth markets and will strengthen our global position as the market-leading full-line distributor and specialty chemicals supplier.

In addition, we will optimize our global site network. Unfortunately, these and other measures have to lead to personnel adjustments within the Brenntag Group over a period of two years. The staff restructuring measures are to be implemented in a socially responsible manner, making use of natural employee turnover, mutual agreements, pension plans and early retirement arrangements. Brenntag will maintain a close and trusting dialogue with employees and follow the appropriate information and consultation procedures in the concerned countries. Especially in this exceptional year, in which Brenntag – despite all the challenges associated with the COVID-19 pandemic – has so far navigated safely through the crisis, it was anything but easy to take these decisions. Nevertheless, they are necessary in order to align our company to the ever-changing conditions and requirements of our markets, customers and suppliers over the long term. According to our planning, all these measures will result in a total additional contribution to operating EBITDA of EUR 220 million, to be achieved annually from the beginning of 2023. The total net cash outflow envisaged for these measures is expected to amount to around EUR 370 million.

In mid-September, we published our new forecast for the current financial year 2020. We expect Group operating EBITDA for financial year 2020 to be between EUR 1,000 million and EUR 1,040 million (financial year 2019: EUR 1,001.5 million).

We have our sights set firmly on our future and would like to continue successfully along our path together with you. On behalf of the Board of Management of Brenntag AG, I would like to express sincere thanks to all our stakeholders for the confidence they continue to place in our company.

Essen, November 3, 2020

Dr Christian Kohlpaintner
Chief Executive Officer

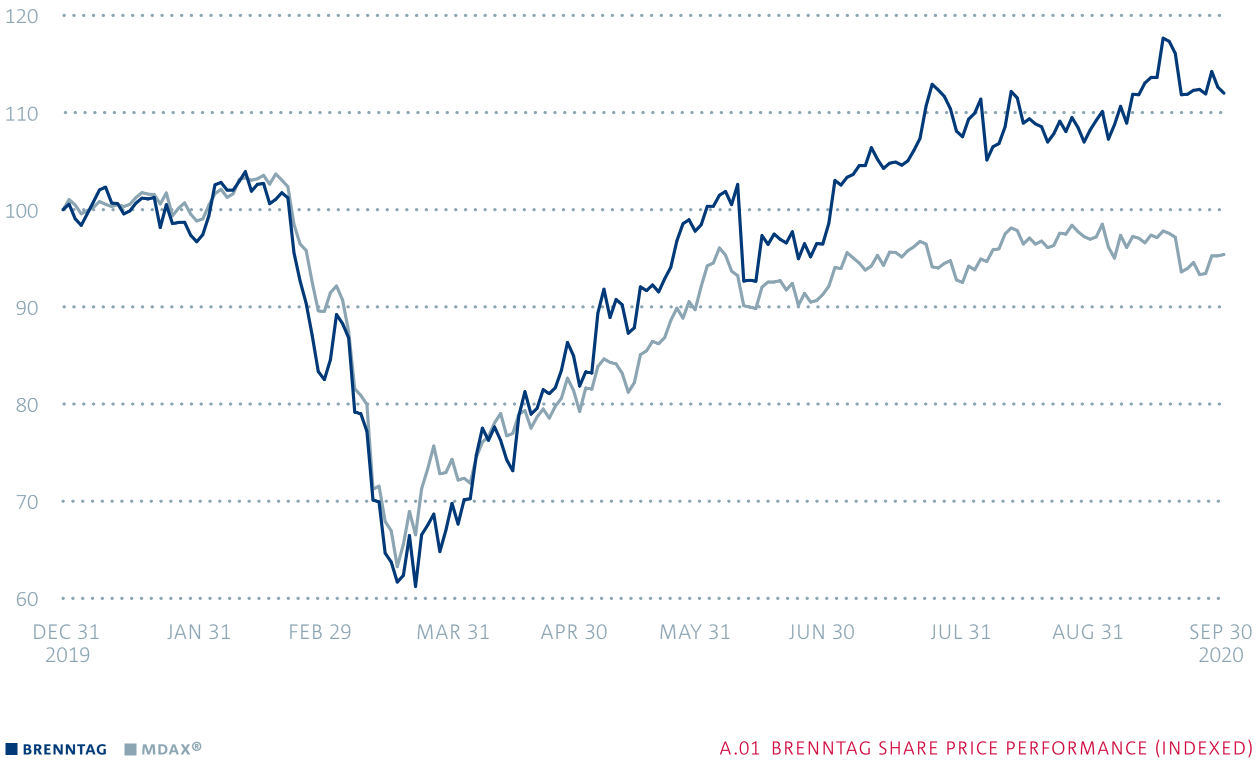
BRENNTAG ON THE STOCK MARKET

SHARE PRICE PERFORMANCE

Despite the global COVID-19 crisis, international capital markets held up well in the third quarter of 2020. July and August in particular saw strong share price gains. Towards the end of the quarter, capital market sentiment weakened slightly, mainly because of another rise in cases as the COVID-19 pandemic continued. Due to the general uncertainty over the future development of the pandemic and the resulting consequences for the global economy, markets remained highly volatile in the third quarter of 2020.

Germany's leading index, the DAX®, closed the third quarter of 2020 at 12,760.73 points, down 3.7% on the end of 2019. The MDAX® lost 4.6% to finish the third quarter of 2020 at 27,006.81 points. Brenntag shares closed the reporting period at EUR 54.30, an increase of 12.0% compared with the 2019 closing price.

According to Deutsche Börse AG's ranking, Brenntag AG ranked 34th among all listed companies in Germany by market capitalization at the end of September 2020. The average number of Brenntag shares traded daily on Xetra® in the first nine months of 2020 was approximately 430,000.



A.01 BRENNTAG SHARE PRICE PERFORMANCE (INDEXED)

SHAREHOLDER STRUCTURE

As at November 1, 2020, notification had been received from the following shareholders under Section 33, para. 1 of the German Securities Trading Act (WpHG) that their share of the voting rights now exceeds the 3% or 5% threshold:

Shareholder	Interest in %	Date of notification
BlackRock	>5	Oct. 27, 2020
Wellington Management Group	>5	Jul. 10, 2020
Burgundy Asset Management	>3	Oct. 16, 2018
Columbia Threadneedle	>3	Jul. 25, 2019
Flossbach von Storch AG	>3	Sep. 18, 2020
Yacktman Asset Management LP	>3	Apr. 27, 2020

A.02 SHAREHOLDER STRUCTURE

		Dec. 31, 2019	Sep. 30, 2020
Price (Xetra® closing price)	EUR	48.48	54.30
Market capitalization	EUR m	7,490	8,389
Primary stock exchange			Xetra®
Indices			MDAX®, MSCI, STOXX EUROPE 600
ISIN/WKN/trading symbol			DE000A1DAHH0/A1DAHH/BNR

A.03 KEY DATA ON THE BRENNTAG SHARES

CREDITOR RELATIONS

Brenntag's strong credit profile is reflected in investment grade ratings from two international rating agencies: Standard & Poor's has assigned a "BBB" rating (outlook: stable) and Moody's has assigned a "Baa3" rating (outlook: positive).

		Bond (with Warrants) 2022		Bond 2025
Issuer		Brenntag Finance B.V.		Brenntag Finance B.V.
Listing		Frankfurt Open Market (Freiverkehr)		Luxembourg stock exchange
ISIN		DE000A1Z3XQ6		XS1689523840
Aggregate principal amount	USD m	500	EUR m	600
Denomination	USD	250,000	EUR	1,000
Minimum transferrable amount	USD	250,000	EUR	100,000
Coupon	%	1.875	%	1.125
Interest payment	semi-annual	Jun. 2/Dec. 2	annual	Sep. 27
Maturity		Dec. 2, 2022		Sep. 27, 2025

A.04 KEY DATA ON THE BONDS OF THE BRENNTAG GROUP

GROUP INTERIM MANAGEMENT REPORT

FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2020

GROUP OVERVIEW

Business Activities and Group Structure

BUSINESS ACTIVITIES

Brenntag's growth opportunities along with its resilient business model are based not only on complete geographic coverage, a wide product portfolio and a comprehensive offering of value-added services, but especially on high diversity across our suppliers, customers and industries and our targeted use of the potential offered by outsourcing.

Connecting chemical manufacturers (our suppliers) and chemical users (our customers), Brenntag provides complete distribution solutions rather than just chemical products. Brenntag purchases large-scale quantities of industrial and specialty chemicals and ingredients from a large number of suppliers, enabling the company to achieve economies of scale and offer a full-line range of products and value-added services to around 195,000 customers. Brenntag is the strategic partner and service provider for manufacturers of industrial and specialty chemicals and ingredients at the one end and chemical and ingredients users at the other end of the value chain. Brenntag's role in the value chain is also expressed in our brand identity "ConnectingChemistry".

Brenntag stores the products it purchases in its distribution facilities, packs them into quantities the customers require and delivers them, typically in less-than-truckloads. Brenntag's customers worldwide are active in diverse end-market industries such as adhesives, paints, oil and gas, food, water treatment, personal care and pharmaceuticals. In order to be able to react quickly to the market and customers' and suppliers' requirements, Brenntag manages its business through its geographically structured segments EMEA (Europe, Middle East & Africa), North America, Latin America and Asia Pacific. Brenntag offers a broad product range comprising more than 10,000 chemicals and ingredients as well as extensive value-added services such as just-in-time delivery, product mixing, blending, repackaging, inventory management, drum return handling as well as technical and laboratory services for specialty chemicals.

Brenntag is the global market leader in chemical and ingredients distribution. We define market leadership not just by business volume; rather, we combine our philosophy "ConnectingChemistry" with constant improvements in the safety standards at our sites. As a responsible service provider, we continually strive to achieve further improvements in the value chain as a whole.

GROUP STRUCTURE AND SEGMENTS

As the ultimate parent company, Brenntag AG is responsible for the strategy of the Group. The central functions of Brenntag AG are Corporate Controlling, Corporate Finance & Investor Relations, Corporate HSE (Health, Safety and Environment), Corporate IT, Corporate Accounting, Corporate Mergers & Acquisitions, Global Human Resources, Corporate Development, Corporate Communications, Corporate Legal, Corporate Internal Audit, Compliance, Corporate Risk Management as well as Corporate Tax.

The Brenntag Group is managed through its geographically structured segments. In addition, all other segments combine the central functions for the entire Group and the activities with regard to the digitalization of our business (DigiB). The international operations of BRENNTAG International Chemicals, which buys and sells chemicals in bulk on an international scale without regional boundaries, are also included here.

For details of the scope of consolidation, please refer to the notes to the interim consolidated financial statements as at September 30, 2020.

Objectives and Strategy

ConnectingChemistry

Our philosophy "ConnectingChemistry" describes our company's value creation, purpose and commitment to all our partners within the supply chain:

- **Success**
  We support our partners in developing and growing their businesses, and enable them to expand their market reach. Equally, we are committed to creating value for our shareholders and developing our employees throughout all stages of their careers.
- **Expertise**
  We provide our partners with in-depth product, application and industry expertise, and sophisticated market intelligence. We set ourselves apart, drawing on our extensive product and service portfolio as well as our comprehensive industry coverage on a global level and our ability to develop tailor-made solutions.
- **Customer orientation and service excellence**
  We offer powerful channels to market and provide the best customer service in the industry. Only when our partners are fully satisfied do we consider our service to be delivered.

VISION, OBJECTIVES AND STRATEGY

Our vision illustrates how we continue to position ourselves in the markets and industries we serve and is summarized by the following five commitments to our current and future development:

- We aim to be the safest chemical distributor and strive for zero accidents and incidents.
- Throughout the world, we connect chemistry by providing the most effective industry channel for our customers and suppliers.
- We are the global leader and strive to attain leading positions in all our chosen markets and industries. We aim to offer the most professional sales and marketing organization in the industry and ensure consistently high standards every day, everywhere.
- We strive to provide a working environment where the best people want to work.
- We aim to generate sustainable and high returns for our shareholders and all other stakeholders.

Our goal here is to be the preferred distributor of industrial and specialty chemicals and ingredients for our customers and suppliers and, at the same time, the industry leader in safety, growth and profitability. We pursue this goal through a clear growth strategy geared to steadily expanding our leading market position while continually improving profitability.

Organic growth and acquisitions

We strive to extend our market leadership by steadily growing our product and service offering organically in line with the requirements of our regional markets. In doing so, we benefit from leveraging our extensive global activities and key strengths. Our proactive sales activities focus on providing customers with tailored full-service solutions along the entire value chain rather than just products. Our close ties with local cultures and markets enable us to serve our customers and suppliers in a way that meets their individual needs.

In addition, we continue to seek acquisition opportunities that support our strategy. Our strategic focus here is on expanding our presence in emerging markets in Asia Pacific in particular so as to capture the expected strong growth in demand for chemicals and ingredients in these regions. In the established markets of Western Europe and North America, our acquisition strategy focuses on steadily optimizing our product and service portfolio as well as our national and international distribution networks.

Steadily improving profitability

A further element of our strategy is to continually and systematically increase profitability. By developing our entrepreneurial culture, our operational excellence and our resilient business model, we strive to steadily increase operating gross profit, operating EBITDA and cash flows and achieve an attractive return on capital. Extending the scope of our operations, both organically and through acquisitions, achieving the resulting economies of scale and placing emphasis on value-added services are major levers we use to increase profitability and returns.

Strategic initiatives

The systematic implementation of our strategy is based on targeted initiatives and measures.

Our global safety initiative, for example, concentrates in particular on establishing an outstanding safety culture and introducing globally harmonized and consistently high safety standards.

At the beginning of 2020, we launched “Project Brenntag”, our comprehensive transformation programme. The aim is to further expand our position as global market leader in a changing global market environment and lead our industry as the preferred partner for customers and suppliers. Through “Project Brenntag”, we will lay strong foundations for sustainable, organic earnings growth. The core elements are the new operating model comprising two global business divisions with a strong focus on customer and supplier needs, a distinct go-to-market approach derived from that, (infra-)structural topics as well as supporting people and change management measures.

Building on our strengths as the leading full-line distributor, Brenntag will be managed through two global business divisions as of the beginning of 2021: “Brenntag Essentials” and “Brenntag Specialties”. Under this new operating model, Brenntag will sharpen its profile in relevant industry segments and, applying a differentiated go-to-market and management approach, we will better serve our customers’ and suppliers’ requirements.

As an agile, lean and efficient distribution partner at local level, Brenntag Essentials will market a broad portfolio of process chemicals across a wide range of industries and applications. In doing so, the division will benefit from our local market knowledge and reach and leverage our economies of scale. Brenntag Specialties will further drive our market position as the leading supplier of specialty chemicals in six selected focus industries worldwide: Nutrition, Pharma, Personal Care/HI&I (Home, Industrial & Institutional), Material Science (Coatings & Constructions, Polymers, Rubber), Water Treatment and Lubricants. These focus industries are large, globally relevant sectors that offer significant potential for end-to-end solutions as well as our excellent technical and application-related expertise and are subject to high regulatory requirements. Under the Brenntag umbrella, the two divisions will contribute equally to strengthening and expanding our position as global market leader in the distribution of specialty chemicals and as a full-line distributor.

The new operating model will be complemented by a distinct go-to-market approach with globally harmonized and advanced customer segmentation and a focused sales organization geared to customer requirements. To enable us to operate even faster and more efficiently worldwide, we will also combine, manage and steer all business support functions in central, global units.

In addition, we will optimize and consolidate our global site network. Our aim is to make our site network more efficient, strengthen regional hubs, improve proximity to customers and leverage scale benefits. This network optimization envisages the closure of approximately 100 sites across all regions.

Our human resources measures are centred on extensive employee skills enhancement and personal growth in alignment with the company’s transformation and on targeted succession planning. We will best position the Brenntag brand in the employment market so as to recruit, develop and retain highly qualified employees.

The comprehensive transformation programme is expected to deliver a sustainable additional contribution to operating EBITDA, reaching the full annual potential of EUR 220 million in total in 2023. The total net cash outflow associated with the project is expected to amount to EUR 370 million. Over the next two years, the programme’s implementation will lead to a reduction of about 1,300 jobs in total.

SUSTAINABILITY

Our sustainability management focuses on the aspects derived from our daily operations and service portfolio:

- Safety
- Environmental protection
- Responsibility within the supply chain
- Compliance
- Employees
- Social responsibility

We are committed to the principles of responsible care and responsible distribution as well as the principles of the UN Global Compact. We are also a member of “Together for Sustainability”, an industry initiative that aims to enhance sustainability across the entire chemical supply chain. Detailed information on our sustainability management is provided in our latest sustainability report and in the “Health, Safety and Environmental Protection, Quality Management” chapter of the 2019 Annual Report.

REPORT ON ECONOMIC POSITION

Economic Environment

Worldwide, the COVID-19 pandemic persisted unabated in the third quarter of 2020 and the global economy continued to be negatively impacted by supply chain disruption, unemployment and business closures. In many individual economies, however, the situation eased and the measures aimed at containing the pandemic were gradually relaxed as a result, leading to an increase in overall demand and an associated recovery in the global economy. This is also reflected in the Global Manufacturing Purchasing Managers' Index (PMI), which stood at 52.3 in September 2020, a reading well above the 50 neutral mark. Overall, however, global industrial production failed to reach its pre-crisis level and contracted by around 3.6% year on year in the first two months of the third quarter of 2020.

In Europe, the economy slowly recovered from the business closures caused by the COVID-19 pandemic. Industrial production fell by only around 6.2% year on year in the first two months of the third quarter of 2020. In the USA, industrial production was down by around 7.0% in the third quarter of 2020. In Latin America, economic conditions remained challenging. Overall, Latin American industrial production declined by around 8.3% year on year in the first two months of the third quarter of 2020. Compared with the prior-year period, industrial production in the Asian economies (excluding China) contracted by around 1.6% in the first two months of the third quarter of 2020. Chinese industrial production, on the other hand, grew by around 5.3% year on year in the first two months of the third quarter of 2020 due to the fact that economic activity there had already started to resume in the spring.

Statement by the Board of Management on business performance

The Brenntag Group generated operating EBITDA of EUR 264.4 million in the third quarter of 2020, putting it 0.6% above the prior-year figure. Given currency headwinds, on a constant currency basis, this represents earnings growth of 4.9%.

As in the second quarter of 2020, our business activities in the third quarter of the year were impacted by a challenging market environment triggered by the economic effects of the COVID-19 pandemic. The extensive measures taken to protect our employees and business partners and the systematic conversion of our processes at the beginning of the pandemic continue to yield results. As in the first half of 2020, we were likewise able to almost fully maintain our operating activities in the third quarter of the year. This is reflected in our financial results and demonstrates the resilience of our business model. In a market environment that remained difficult, we once again generated strong operating EBITDA and strong free cash flow in the third quarter of the year.

As in the second quarter of 2020, we were confronted with a weakening market environment compared with the prior-year period in all regions. This was reflected primarily in falling volumes in almost all regions. However, we were able to largely offset the drop in volumes through a strong performance in terms of operating gross profit per unit in the third quarter of 2020. In our EMEA segment, the higher operating gross profit per unit fully offset the drop in volumes, enabling us to increase our earnings. In our North America segment, the continuing weakness in our business with customers in the oil and gas industry and the economic impact of the COVID-19 pandemic on other segments of industry led to a clear downturn in operating gross profit. Through rigorous cost control measures, we were able to limit the effects on earnings in North America. In our Latin America segment, we benefited from strong operating gross profit per unit, which enabled us to achieve significant year-on-year earnings growth in the third quarter of 2020. In addition to strong organic earnings growth, our most recent acquisition in Brazil also made a positive contribution to the results. Following a difficult second quarter of 2020 against the background of the effects of the COVID-19 pandemic, we achieved a strong increase in earnings in Asia Pacific in the third quarter of 2020. This was supported in particular by the recoveries in China and India, which were severely affected by the economic impact of the pandemic.

At the end of the third quarter of 2020, working capital was down significantly on the 2019 year-end figure. Despite supply chain challenges in the course of the COVID-19 pandemic, the measures to improve our working capital management, among others, are yielding results. In the past quarter, annualized working capital turnover was higher than in the prior-year period.

Capital expenditure in the third quarter of 2020 was down on the prior-year figure. The continued aim of our investing activities is to maintain our existing infrastructure and expand it through targeted growth projects.

The performance in operating EBITDA, working capital and capital expenditure results in a very strong free cash flow that supports our financial flexibility in a difficult market environment. Overall, the free cash flow achieved in the third quarter of 2020 is above the prior-year figure.

The COVID-19 pandemic continued to have a noticeable economic impact in the third quarter of 2020. The swift conversion of our business processes at the beginning of the pandemic and maintaining our delivery capability continued to pay off in the third quarter. Despite this challenging market environment, we increased our earnings again in the third quarter of 2020. In light of the difficult market conditions, we are satisfied with the strong results that we have continued to post in 2020. We are therefore optimistic that we can close a very challenging 2020 with a positive earnings performance.

Results of Operations

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

			Change		
in EUR m	**Q3 2020**	**Q3 2019**	abs.	in %	in % (fx adj.)[1]
Sales	2,876.3	3,254.3	−378.0	−11.6	−7.7
Operating gross profit	690.6	722.2	−31.6	−4.4	−0.2
Operating expenses	−426.2	−459.4	33.3	−7.2	−3.2
Operating EBITDA	**264.4**	**262.8**	**1.6**	**0.6**	**4.9**
Net income/expense from special items	−14.6	9.2	−23.8	–	–
Depreciation of property, plant and equipment and right-of-use assets	−61.5	−62.3	0.8	−1.3	2.3
EBITA	188.3	209.7	−21.4	−10.2	−5.2
Amortization of intangible assets	−10.7	−12.5	1.8	−14.4	−8.9
Net finance costs	−15.6	−23.2	7.6	−32.8	–
Profit before tax	162.0	174.0	−12.0	−6.9	–
Income tax expense	−41.4	−45.6	4.2	−9.2	–
Profit after tax	120.6	128.4	−7.8	−6.1	–

			Change		
in EUR m	**9M 2020**	**9M 2019**	abs.	in %	in % (fx adj.)[1]
Sales	8,899.6	9,690.9	−791.3	−8.2	−7.0
Operating gross profit	2,151.7	2,133.3	18.4	0.9	2.0
Operating expenses	−1,348.1	−1,365.4	17.3	−1.3	−0.2
Operating EBITDA	**803.6**	**767.9**	**35.7**	**4.7**	**5.9**
Net income/expense from special items	−33.4	8.6	−42.0	–	–
Depreciation of property, plant and equipment and right-of-use assets	−189.6	−179.8	−9.8	5.5	6.2
EBITA	580.6	596.7	−16.1	−2.7	−1.2
Amortization of intangible assets	−33.5	−38.0	4.5	−11.8	−10.4
Net finance costs	−61.9	−73.0	11.1	−15.2	–
Profit before tax	485.2	485.7	−0.5	−0.1	–
Income tax expense	−126.6	−126.7	0.1	−0.1	–
Profit after tax	358.6	359.0	−0.4	−0.1	–

B.01 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

[1] Change in % (fx adj.) is the percentage change on a constant currency basis.

The Brenntag Group generated **sales** of EUR 2,876.3 million in the third quarter of 2020, a decline of 11.6% compared with the prior-year period. On a constant currency basis, sales were down by 7.7% on the prior-year figure. Against the background of the growing impact of the COVID-19 pandemic on the global economy, this is due primarily to a fall in volumes and slightly lower average sales prices per unit. Sales for the first nine months of 2020 were down by 8.2% on the prior-year figure. On a constant currency basis, they declined by 7.0%.

Whereas for manufacturing companies, sales play a key role, for us as a chemical distributor, operating gross profit is a more important factor for increasing our enterprise value over the long term.

The Brenntag Group generated **operating gross profit** of EUR 690.6 million in the third quarter of 2020, a decrease of 4.4% on the prior-year period. On a constant currency basis, operating gross profit was roughly in line with the prior-year figure. This is attributable mainly to a sound performance in terms of operating gross profit per unit in the third quarter of 2020. Operating gross profit for the first nine months of 2020 was up by 0.9%, or 2.0% on a constant currency basis.

The Brenntag Group's **operating expenses** amounted to EUR 426.2 million in the third quarter of 2020, a decline of 7.2% year on year, or 3.2% on a constant currency basis. Among other costs, travel and transport expenses were lower than in the prior-year period due to targeted cost control and the fall in volumes. In the first nine months of 2020, the Brenntag Group's operating expenses were 1.3% below the prior-year figure. On a constant currency basis, operating expenses fell by 0.2%.

The Brenntag Group achieved **operating EBITDA** of EUR 264.4 million overall in the third quarter of 2020, an increase of 0.6% on the prior-year figure. On a constant currency basis, we achieved double-digit growth rates in the EMEA, Latin America and Asia Pacific segments, which resulted in earnings growth of 4.9% at Group level. In the first nine months of 2020, the Brenntag Group generated operating EBITDA of EUR 803.6 million, an increase of 4.7%. On a constant currency basis, this represents growth of 5.9% compared with the first nine months of 2019.

Depreciation of property, plant and equipment, depreciation of right-of-use assets and **amortization** of intangible assets amounted to EUR 72.2 million in the third quarter of 2020, with depreciation of property, plant and equipment and right-of-use assets accounting for EUR 61.5 million and amortization of intangible assets for EUR 10.7 million. Compared with the third quarter of 2019, we recorded a decrease in total depreciation and amortization of EUR 2.6 million. In the first nine months of 2020, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets came to EUR 223.1 million (9M 2019: EUR 217.8 million).

Net finance costs amounted to EUR 15.6 million in the third quarter of 2020 (Q3 2019: EUR 23.2 million). The positive change in net finance costs is attributable mainly to an improvement in net interest expense to EUR 15.6 million (Q3 2019: EUR 21.9 million), which as in the previous quarter reflects the various measures taken by central banks in connection with the COVID-19 pandemic. In addition, expenses arising on the translation of foreign currency receivables and liabilities were lower than in the third quarter of 2019, as were the acquisition-related expenses recognized in other net finance costs. Conversely, a positive one-time effect recognized in the prior-year period in connection with refunds of social security charges in Brazil is no longer included. In the first nine months of 2020, net finance costs amounted to EUR 61.9 million (9M 2019: EUR 73.0 million), with the year-on-year change attributable mainly to three effects. Firstly, for the aforementioned reasons, net interest expense of EUR 53.1 million showed an improvement on the prior-year period (9M 2019: EUR 67.3 million). In addition, net finance costs included the aforementioned positive effect related to acquisitions. Conversely, expenses arising on the translation of foreign currency receivables and liabilities were higher.

Income tax expense fell by EUR 4.2 million year on year to EUR 41.4 million in the third quarter of 2020. Income tax expense for the first nine months of 2020 was almost unchanged compared with the prior-year period at EUR 126.6 million.

Profit after tax stood at EUR 120.6 million in the third quarter of 2020 (Q3 2019: EUR 128.4 million) and EUR 358.6 million in the first nine months of 2020 (9M 2019: EUR 359.0 million).

Net income/expense from special items breaks down as follows:

in EUR m	Q3 2020	Q3 2019
Expenses in connection with "Project Brenntag"	−13.4	–
Expenses in connection with programmes to increase efficiency	−1.2	−0.3
Refund of social security charges paid in previous years in Brazil	–	9.5
Net income/expense from special items	**−14.6**	**9.2**

in EUR m	9M 2020	9M 2019
Expenses in connection with "Project Brenntag"	−26.2	–
Expenses in connection with programmes to increase efficiency	−7.2	−0.6
Refund of social security charges paid in previous years in Brazil	–	9.5
Subsequent purchase price adjustment for Biosector	–	−0.3
Net income/expense from special items	**−33.4**	**8.6**

B.02 NET INCOME/EXPENSE FROM SPECIAL ITEMS

Special items include the costs for "Project Brenntag" as well as expenses to increase our efficiency resulting from specific initiatives worldwide. "Project Brenntag" involves a holistic analysis of the company. Based on the results of this analysis, a comprehensive plan has been developed for implementing the resulting conclusions and specific initiatives.

BUSINESS PERFORMANCE IN THE SEGMENTS

Q3 2020 in EUR m	**Brenntag Group**	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	2,876.3	1,204.2	1,026.6	208.2	363.0	74.3
Operating gross profit	690.6	294.8	273.9	44.5	72.5	4.9
Operating expenses	−426.2	−181.9	−163.9	−29.4	−39.5	−11.5
Operating EBITDA	**264.4**	**112.9**	**110.0**	**15.1**	**33.0**	**−6.6**

9M 2020 in EUR m	**Brenntag Group**	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	8,899.6	3,806.4	3,210.3	609.9	1,052.1	220.9
Operating gross profit	2,151.7	934.6	862.9	137.1	201.6	15.5
Operating expenses	−1,348.1	−568.5	−525.7	−92.9	−118.0	−43.0
Operating EBITDA	**803.6**	**366.1**	**337.2**	**44.2**	**83.6**	**−27.5**

B.03 BUSINESS PERFORMANCE IN THE SEGMENTS

EMEA (Europe, Middle East & Africa)

in EUR m	Q3 2020	Q3 2019	Change abs.	Change in %	Change in % (fx adj.)
External sales	1,204.2	1,289.6	−85.4	−6.6	−4.9
Operating gross profit	294.8	285.5	9.3	3.3	4.8
Operating expenses	−181.9	−182.3	0.4	−0.2	1.0
Operating EBITDA	**112.9**	**103.2**	**9.7**	**9.4**	**11.3**

in EUR m	9M 2020	9M 2019	Change abs.	Change in %	Change in % (fx adj.)
External sales	3,806.4	3,976.6	−170.2	−4.3	−3.4
Operating gross profit	934.6	866.0	68.6	7.9	8.8
Operating expenses	−568.5	−552.3	−16.2	2.9	3.5
Operating EBITDA	**366.1**	**313.7**	**52.4**	**16.7**	**18.0**

B.04 BUSINESS PERFORMANCE IN THE SEGMENTS / EMEA

The EMEA segment generated **external sales** of EUR 1,204.2 million in the third quarter of 2020, a decline of 6.6% compared with the prior-year period. On a constant currency basis, external sales were down by 4.9% on the prior-year figure. The decline is due to lower volumes against the background of the impact of the COVID-19 pandemic on the European economy. External sales for the first nine months of 2020 were down by 4.3% year on year. On a constant currency basis, the segment posted a decrease of 3.4%.

The **operating gross profit** generated by the companies in the EMEA segment rose by 3.3% year on year to EUR 294.8 million in the third quarter of 2020. On a constant currency basis, this represents a rise of 4.8%. The growth in operating gross profit achieved in our EMEA segment was driven mainly by higher operating gross profit per unit, which more than offset the decline in volumes. In the first nine months of 2020, operating gross profit in the EMEA segment rose by 7.9%, which on a constant currency basis represents an increase of 8.8%.

The EMEA segment posted **operating expenses** of EUR 181.9 million in the third quarter of 2020. Operating expenses were therefore roughly in line with the prior-year figure. On a constant currency basis, this represents a slight increase of 1.0%. In the first nine months of 2020, operating expenses rose by 2.9% and, on a constant currency basis, by 3.5%.

The companies in the EMEA segment achieved **operating EBITDA** of EUR 112.9 million in the third quarter of 2020, a strong rise of 9.4% compared with the prior-year period, or 11.3% on a constant currency basis. This positive performance is due mainly to organic growth. In the first nine months of 2020, operating EBITDA rose by 16.7% (18.0% on a constant currency basis).

North America

in EUR m	Q3 2020	Q3 2019	Change abs.	Change in %	Change in % (fx adj.)
External sales	1,026.6	1,238.0	−211.4	−17.1	−12.4
Operating gross profit	273.9	318.7	−44.8	−14.1	−9.3
Operating expenses	−163.9	−187.6	23.7	−12.6	−7.5
Operating EBITDA	**110.0**	**131.1**	**−21.1**	**−16.1**	**−11.7**

in EUR m	9M 2020	9M 2019	Change abs.	Change in %	Change in % (fx adj.)
External sales	3,210.3	3,634.2	−423.9	−11.7	−11.4
Operating gross profit	862.9	924.5	−61.6	−6.7	−6.4
Operating expenses	−525.7	−553.6	27.9	−5.0	−4.7
Operating EBITDA	**337.2**	**370.9**	**−33.7**	**−9.1**	**−8.9**

B.05 BUSINESS PERFORMANCE IN THE SEGMENTS / NORTH AMERICA

The North America segment generated **external sales** of EUR 1,026.6 million in the third quarter of 2020, a decline of 17.1% compared with the same period of 2019, or 12.4% on a constant currency basis. This is attributable to a fall in volumes and slightly lower average sales prices per unit, which is due in particular to declines in our business with customers in the oil and gas industry and the impact of the COVID-19 pandemic on the North American economy. External sales for the first nine months of 2020 were down by 11.7% on the prior-year period. On a constant currency basis, this represents a decrease of 11.4%.

The **operating gross profit** generated by the North American companies fell by 14.1% year on year to EUR 273.9 million in the third quarter of 2020. On a constant currency basis, this represents a decrease of 9.3% compared with the strong prior-year period. This is due in particular to declines in our business with customers in the oil and gas industry. For the first nine months of 2020, we posted a 6.7% decrease in operating gross profit compared with the same period of 2019. On a constant currency basis, operating gross profit declined by 6.4%.

At EUR 163.9 million in the third quarter of 2020, **operating expenses** in the North America segment were down by 12.6% on the prior-year figure. On a constant currency basis, this represents a decrease in operating expenses of 7.5% achieved through systematic cost control on a number of items, particularly personnel and travel expenses. In the first nine months of 2020, operating expenses fell by 5.0% compared with the prior-year period. On a constant currency basis, they were down by 4.7% year on year.

The North American companies achieved **operating EBITDA** of EUR 110.0 million in the third quarter of 2020, a decrease of 16.1% on the prior-year figure. On a constant currency basis, this represents a decline of 11.7%. In the first nine months of 2020, operating EBITDA fell by 9.1% overall. On a constant currency basis, the segment posted a decline of 8.9%.

Latin America

			Change		
in EUR m	**Q3 2020**	**Q3 2019**	abs.	in %	in % (fx adj.)
External sales	208.2	217.0	−8.8	−4.1	10.1
Operating gross profit	44.5	44.5	–	–	15.7
Operating expenses	−29.4	−31.9	2.5	−7.8	6.4
Operating EBITDA	**15.1**	**12.6**	**2.5**	**19.8**	**39.8**

			Change		
in EUR m	**9M 2020**	**9M 2019**	abs.	in %	in % (fx adj.)
External sales	609.9	638.9	−29.0	−4.5	3.8
Operating gross profit	137.1	131.9	5.2	3.9	13.3
Operating expenses	−92.9	−94.4	1.5	−1.6	6.4
Operating EBITDA	**44.2**	**37.5**	**6.7**	**17.9**	**31.2**

B.06 BUSINESS PERFORMANCE IN THE SEGMENTS / LATIN AMERICA

The Latin America segment generated **external sales** of EUR 208.2 million in the third quarter of 2020, a fall of 4.1% compared with the prior-year period. On a constant currency basis, however, this represents an increase of 10.1% attributable in particular to higher volumes related to our recent acquisition in Brazil. In the first nine months of 2020, external sales in the Latin America segment decreased by 4.5%. On a constant currency basis, they climbed by 3.8% year on year.

The **operating gross profit** achieved by the Latin American companies in the third quarter of 2020 was on a par with the prior-year figure at EUR 44.5 million. On a constant currency basis, it showed a significant increase of 15.7%. We benefited here from higher operating gross profit per unit. In the first nine months of 2020, operating gross profit in the Latin America segment rose by 3.9%. On a constant currency basis, this represents a significant increase of 13.3%.

Operating expenses in the Latin America segment amounted to EUR 29.4 million in the third quarter of 2020, a year-on-year decrease of 7.8% due in part to lower travel expenses. On a constant currency basis, operating expenses rose by 6.4%. In the first nine months of 2020, operating expenses in the Latin America segment fell by 1.6% compared with the prior-year period. On a constant currency basis, they rose by 6.4%.

The Latin American companies posted **operating EBITDA** of EUR 15.1 million overall in the third quarter of 2020, an increase of 19.8% on the prior-year figure. On a constant currency basis, operating EBITDA rose by 39.8%. This growth is largely organic and was supported additionally by the positive performance from our acquisition in Brazil. We have therefore once again demonstrated our resilience against the background of the impact of the COVID-19 pandemic on the Latin American economy and the already-high level of volatility in the region. In the first nine months of 2020, operating EBITDA in the Latin America segment increased by 17.9% overall, or by 31.2% on a constant currency basis.

Asia Pacific

in EUR m	Q3 2020	Q3 2019	Change abs.	Change in %	Change in % (fx adj.)
External sales	363.0	396.4	−33.4	−8.4	−3.5
Operating gross profit	72.5	68.1	4.4	6.5	12.0
Operating expenses	−39.5	−42.8	3.3	−7.7	−2.2
Operating EBITDA	**33.0**	**25.3**	**7.7**	**30.4**	**35.9**

in EUR m	9M 2020	9M 2019	Change abs.	Change in %	Change in % (fx adj.)
External sales	1,052.1	1,134.1	−82.0	−7.2	−5.5
Operating gross profit	201.6	196.1	5.5	2.8	4.6
Operating expenses	−118.0	−123.8	5.8	−4.7	−2.8
Operating EBITDA	**83.6**	**72.3**	**11.3**	**15.6**	**17.1**

B.07 BUSINESS PERFORMANCE IN THE SEGMENTS / ASIA PACIFIC

External sales in the Asia Pacific segment fell by 8.4% year on year to EUR 363.0 million in the third quarter of 2020. On a constant currency basis, this represents a decline in sales of 3.5% due to lower volumes against the background of the impact of the COVID-19 pandemic on the Asian economies. External sales for the first nine months of 2020 were down by 7.2% year on year. On a constant currency basis, this represents a decline of 5.5%.

The Asia Pacific segment generated **operating gross profit** of EUR 72.5 million in the third quarter of 2020, an increase of 6.5% compared with the prior-year period. On a constant currency basis, operating gross profit rose by 12.0%. The achieved growth in operating gross profit is due primarily to substantially higher operating gross profit per unit, which more than offset the slight decrease in volumes. In the first nine months of 2020, the segment lifted operating gross profit by 2.8% year on year, or 4.6% on a constant currency basis.

The **operating expenses** of the companies in the Asia Pacific segment fell by 7.7% year on year, or 2.2% on a constant currency basis, to EUR 39.5 million in the third quarter of 2020. The decrease in operating costs is due in particular to lower travel expenses. In the first nine months of 2020, operating expenses declined by 4.7% compared with the prior-year period. On a constant currency basis, they fell by 2.8%.

The companies in the Asia Pacific segment generated **operating EBITDA** of EUR 33.0 million in the third quarter of 2020, an increase of 30.4% on the same period of 2019. On a constant currency basis, this represents a rise of 35.9%. This significant increase in operating EBITDA is due entirely to organic growth. China and India, which were severely affected by the economic impact of the pandemic, largely recovered in the third quarter of 2020 and made a positive contribution to earnings. In the first nine months of 2020, operating EBITDA rose by 15.6% overall, or by 17.1% on a constant currency basis.

All other segments

in EUR m	Q3 2020	Q3 2019	Change abs.	Change in %	Change in % (fx adj.)
External sales	74.3	113.3	−39.0	−34.4	−34.4
Operating gross profit	4.9	5.4	−0.5	−9.5	−9.5
Operating expenses	−11.5	−14.8	3.3	−22.5	−22.5
Operating EBITDA	**−6.6**	**−9.4**	**2.8**	**−30.0**	**−30.0**

in EUR m	9M 2020	9M 2019	Change abs.	Change in %	Change in % (fx adj.)
External sales	220.9	307.1	−86.2	−28.1	−28.1
Operating gross profit	15.5	14.8	0.7	4.7	4.7
Operating expenses	−43.0	−41.3	−1.7	4.1	4.1
Operating EBITDA	**−27.5**	**−26.5**	**−1.0**	**3.8**	**3.8**

B.08 BUSINESS PERFORMANCE IN THE SEGMENTS / ALL OTHER SEGMENTS

In the third quarter of 2020, BRENNTAG International Chemicals GmbH was down on the high prior-year figure.

The operating EBITDA posted by the holding companies in the same period showed an improvement on the prior-year figure.

Overall, the operating EBITDA of all other segments was up by EUR 2.8 million year on year to EUR −6.6 million in the third quarter of 2020. In the first nine months of 2020, earnings declined by EUR 1.0 million to EUR −27.5 million.

Financial Position

CAPITAL STRUCTURE

The primary objective of capital structure management is to maintain the Group's financial strength. Brenntag concentrates on a capital structure which enables the Group to cover its potential financing requirements at all times. This gives Brenntag a high degree of independence, security and flexibility. Our liquidity, interest rate and currency risks are largely managed on a Group-wide basis. Derivative financial instruments are only used to hedge the above-mentioned risks from underlying transactions and not for speculative purposes. A Group-wide Finance Guideline ensures the implementation of these policies and standard processes throughout the Group.

The most important component in the financing structure of Brenntag AG is the Group-wide syndicated loan agreement. The syndicated loan totalling the equivalent of almost EUR 1.4 billion has a term ending in January 2024. It is based on variable interest rates with margins depending on leverage, and is divided into different tranches with different currencies. Total liabilities (excluding accrued interest and before offsetting of transaction costs) under the syndicated loan amounted to EUR 839.4 million as at September 30, 2020. In addition to fully drawn tranches, the loan agreement also contains a revolving credit facility totalling EUR 600.0 million, which was mostly unused as at September 30, 2020. While some of our subsidiaries are direct borrowers under the loan, others obtain their financing from intra-Group loans. The syndicated loan is guaranteed by Brenntag AG.

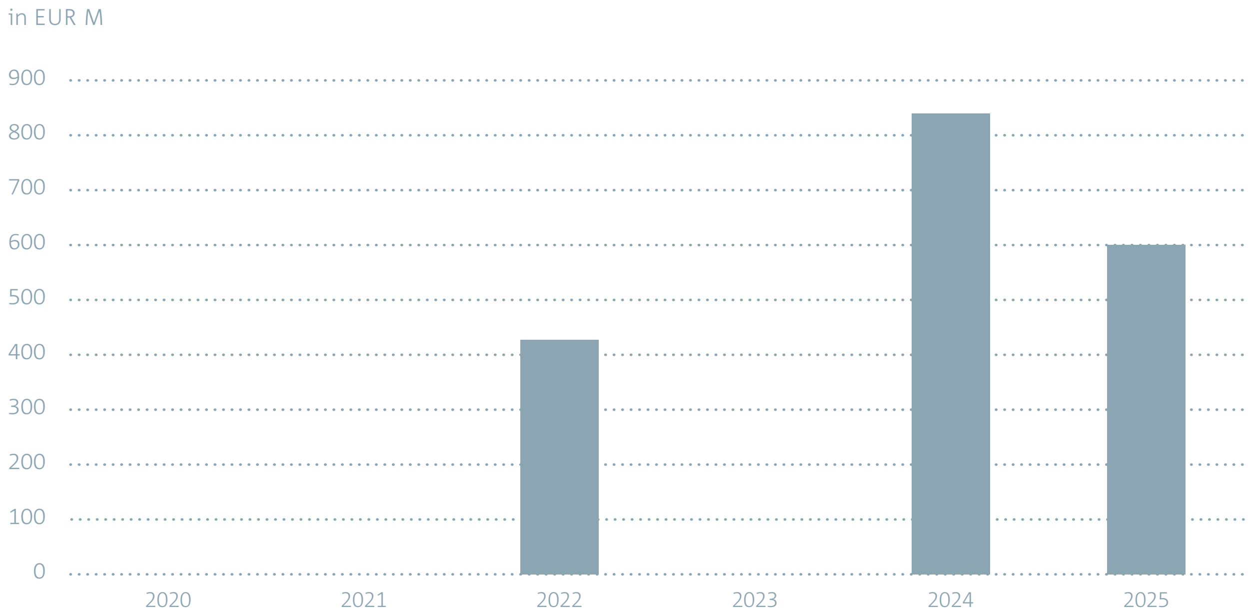
In September 2017, Brenntag Finance B.V. issued a EUR 600 million bond (Bond 2025) maturing in 2025 and bearing a coupon of 1.125% with interest paid annually. Furthermore, in November 2015, Brenntag Finance B.V. issued a bond with warrant units in the amount of USD 500.0 million maturing in December 2022. The bond (Bond (with Warrants) 2022) was issued at 92.7% of par and bears a coupon of 1.875% p.a. with interest payable semi-annually. The interest expense from the Bond (with Warrants) 2022 comprises the aforementioned interest payments and the ongoing amortization of the discount. The discount (7.3% or USD 36.5 million) is the warrant premium on the warrants issued together with the Bond (with Warrants) 2022 to purchase Brenntag AG shares. Each of the bonds issued by Brenntag Finance B.V. is guaranteed by Brenntag AG.

In addition to the three above-mentioned refinancing instruments, some of our companies make use of credit lines with local banks in consultation with the Group management.

Due to the two fixed-rate bonds, approximately 50% of the Brenntag Group's financial liabilities are currently hedged against the risk of interest rate increases.

According to our short- and mid-term financial planning, the capital requirements for operating activities, investments in property, plant and equipment as well as dividends and acquisitions in the size of past practice are expected to be covered by the cash provided by operating activities so that no further loans are necessary for these purposes. To cover short-term liquidity requirements and for general corporate purposes, we mainly have the aforementioned revolving credit facility under the syndicated loan.

MATURITY PROFILE OF OUR CREDIT PORTFOLIO [1] AS AT SEPTEMBER 30, 2020 IN EUR M



B.09 MATURITY PROFILE OF OUR CREDIT PORTFOLIO

[1] Syndicated loan, Bond (with Warrants) 2022 and Bond 2025, in each case excluding accrued interest and transaction costs.

INVESTMENTS

In the first nine months of 2020, investments in property, plant and equipment and intangible assets (excluding additions from acquisitions) led to a total cash outflow of EUR 131.0 million (9M 2019: EUR 126.1 million).

We regularly invest in the maintenance, replacement and extension of the infrastructure necessary to perform our services, comprising warehouses, offices, trucks and vehicles of our field service as well as IT hardware for various systems. As the market leader and a responsible chemical distributor, we attach importance to ensuring that our property, plant and equipment meet comprehensive health, safety and environmental requirements.

One notable example among a vast number of investments is a project in China entailing an investment volume of EUR 11.0 million in the first nine months of 2020. The project involves the construction of a warehouse in Cangzhou, Hebei, which will enable further growth in China and meet the latest safety standards and requirements.

Investments in intangible assets amounted to EUR 37.1 million in the first nine months of 2020 and relate mainly to digitalization and the expansion of our IT infrastructure in the EMEA and Latin America segments.

Investments are typically funded from cash flow and/or available cash from the respective Group companies. With larger investment projects which cannot be covered by local funds, financing is provided by the Group and external borrowings are mostly not necessary.

LIQUIDITY

Cash flow

in EUR m	9M 2020	9M 2019
Net cash provided by operating activities	**889.5**	**595.3**
Net cash used in investing activities	**−149.8**	**−235.1**
of which payments to acquire consolidated subsidiaries, other business units and other financial assets	−27.8	−117.5
of which payments to acquire intangible assets and property, plant and equipment	−131.0	−126.1
of which proceeds from divestments	9.0	8.5
Net cash used in financing activities	**−349.0**	**−315.6**
of which dividends paid to Brenntag shareholders	−193.1	−185.4
of which repayments of / proceeds from borrowings	−154.9	−129.2
of which other financing activities	−1.0	−1.0
Change in cash and cash equivalents	**390.7**	**44.6**

B.10 CASH FLOW

Net cash provided by operating activities of EUR 889.5 million was influenced by the decline in working capital of EUR 214.2 million, which was stronger than in the prior-year period.

Of the net cash of EUR 149.8 million used in investing activities, EUR 131.0 million comprised payments to acquire intangible assets and property, plant and equipment. Payments to acquire consolidated subsidiaries and other business units primarily included the purchase price for the shares in Hong Kong Dongguan Zhongrong Investment Co Limited, Hong Kong and its subsidiary ZhongYung (GuangDong) Chemicals Distribution Service Co. Ltd based in Dongguan, China.

Net cash used in financing activities amounted to EUR 349.0 million. Besides the EUR 193.1 million dividend payment to Brenntag shareholders, it was mainly the result of local bank loans taken out and repaid as well as lease liabilities repaid.

Free cash flow

			Change	
in EUR m	9M 2020	9M 2019	abs.	in %
Operating EBITDA	803.6	767.9	35.7	4.7
Investments in non-current assets (capex)	−127.1	−121.0	−6.1	5.0
Change in working capital	214.2	33.2	181.0	545.2
Principal and interest payments on lease liabilities	−94.8	−88.8	−6.0	6.8
Free cash flow	**795.9**	**591.3**	**204.6**	**34.6**

B.11 FREE CASH FLOW

The Brenntag Group's free cash flow amounted to EUR 795.9 million in the first nine months of 2020, a rise of 34.6% on the same period of 2019. This strong rise in a very difficult market environment demonstrates yet again the resilience of our business model.

The strong growth in free cash flow is attributable mainly to the much higher net inflow of working capital. In addition to a general fall in prices and volumes in a difficult economic environment, this was also supported by an improvement in our working capital turnover. The year-on-year increase in operating EBITDA as well as in principal and interest payments on lease liabilities also contributed to the rise in free cash flow and offset the moderate increase in capital expenditure to expand our infrastructure.

Financial and Assets Position

	Sep. 30, 2020		Dec. 31, 2019	
in EUR m	abs.	in %	abs.	in %
Assets				
Current assets	**3,795.5**	**45.0**	**3,790.9**	**44.3**
Cash and cash equivalents	870.9	10.3	520.3	6.1
Trade receivables	1,648.0	19.6	1,820.3	21.3
Other receivables and assets	270.7	3.2	273.8	3.2
Inventories	1,005.9	11.9	1,176.5	13.7
Non-current assets	**4,632.5**	**55.0**	**4,773.3**	**55.7**
Intangible assets	2,974.6	35.3	3,084.0	35.9
Other non-current assets	1,544.6	18.3	1,580.5	18.5
Receivables and other assets	113.3	1.4	108.8	1.3
Total assets	**8,428.0**	**100.0**	**8,564.2**	**100.0**
Liabilities and equity				
Current liabilities	**2,032.7**	**24.1**	**2,082.2**	**24.3**
Provisions	102.3	1.2	102.3	1.2
Trade payables	1,194.2	14.2	1,229.1	14.3
Financial liabilities	248.2	2.9	324.7	3.8
Miscellaneous liabilities	488.0	5.8	426.1	5.0
Equity and non-current liabilities	**6,395.3**	**75.9**	**6,482.0**	**75.7**
Equity	3,548.8	42.1	3,579.0	41.8
Non-current liabilities	2,846.5	33.8	2,903.0	33.9
Provisions	318.4	3.8	310.2	3.6
Financial liabilities	2,211.0	26.2	2,256.1	26.4
Miscellaneous liabilities	317.1	3.8	336.7	3.9
Total liabilities and equity	**8,428.0**	**100.0**	**8,564.2**	**100.0**

B.12 FINANCIAL AND ASSETS POSITION

As at September 30, 2020, total assets had decreased by EUR 136.2 million compared with the end of the previous year to EUR 8,428.0 million (Dec. 31, 2019: EUR 8,564.2 million).

Cash and cash equivalents rose by 67.4% compared with the 2019 year-end figure to EUR 870.9 million (Dec. 31, 2019: EUR 520.3 million). The main items set against the net cash inflow from operating activities were the dividend payment by Brenntag AG in the amount of EUR 193.1 million, the net cash outflow from repayments of borrowings and the net cash outflow from investing activities.

Working capital changed as follows in the reporting period:

- Trade receivables decreased by 9.5% to EUR 1,648.0 million (Dec. 31, 2019: EUR 1,820.3 million).
- Inventories decreased by 14.5% to EUR 1,005.9 million
- (Dec. 31, 2019: EUR 1,176.5 million).
- With the opposite effect on working capital, trade payables decreased by 2.8% to EUR 1,194.2 million (Dec. 31, 2019: EUR 1,229.1 million).
- Overall, reported working capital fell to EUR 1,459.7 million (Dec. 31, 2019: EUR 1,767.7 million).

The reported change in working capital was influenced in particular by a fall in volumes and prices against the background of the currently difficult economic environment, as a result of which the cash portion of the change in working capital amounted to an inflow of EUR 214.2 million. At 7.1, annualized working capital turnover [1] was slightly higher than at the end of 2019 (7.0).

The Brenntag Group's intangible and other non-current assets decreased by EUR 145.3 million compared with the end of the previous year to EUR 4,519.2 million (Dec. 31, 2019: EUR 4,664.5 million). The decrease is due mainly to depreciation and amortization (EUR 222.6 million) and exchange rate effects (EUR 192.4 million). Set against this were investments in non-current assets (EUR 127.1 million), changes in right-of-use assets (EUR 97.2 million) and acquisitions (EUR 30.5 million).

Current financial liabilities decreased by EUR 76.5 million to EUR 248.2 million in total (Dec. 31, 2019: EUR 324.7 million). Non-current financial liabilities declined by EUR 45.1 million compared with the end of the previous year to EUR 2,211.0 million (Dec. 31, 2019: EUR 2,256.1 million).

Current and non-current provisions amounted to a total of EUR 420.7 million (Dec. 31, 2019: EUR 412.5 million) and included pension provisions in the amount of EUR 196.4 million (Dec. 31, 2019: EUR 189.1 million).

[1] Ratio of annual sales to average working capital; annual sales are defined as sales for the first nine months extrapolated to the full year (sales for the first nine months divided by three and multiplied by four); average working capital for the first nine months is defined as the average of working capital at the beginning of the year and at the end of the first, second and third quarters.

EMPLOYEES

As at September 30, 2020, Brenntag had a total of 17,105 employees worldwide. The total number of employees is determined on the basis of headcount, i.e. part-time employees are fully included.

	Sep. 30, 2020		Dec. 31, 2019	
Headcount	abs.	in %	abs.	in %
EMEA	7,511	43.9	7,524	43.0
North America	4,956	29.0	5,257	30.0
Latin America	1,844	10.8	1,934	11.1
Asia Pacific	2,559	14.9	2,572	14.7
All other segments	235	1.4	205	1.2
Brenntag Group	**17,105**	**100.0**	**17,492**	**100.0**

B.13 EMPLOYEES PER SEGMENT

REPORT ON EXPECTED DEVELOPMENTS

At the present time, the global spread of the COVID-19 pandemic is leading to considerable constraints in the various economic sectors worldwide. As a result, leading forecasters are constantly revising their estimates of growth expectations for the global economy in 2020. Due to the unpredictable course of the COVID-19 pandemic, there is considerable uncertainty over the impact on global economic growth in 2020. Oxford Economics currently predicts that the global economy, measured in terms of industrial production (IP), will decline in 2020. Weighted by the sales generated by Brenntag in the individual countries, this results in a forecast average real IP growth rate of –7.2% in 2020.

In light of the exceptionally high level of uncertainty over the effects of the COVID-19 pandemic on our further business performance this year, we took the decision in April 2020 to suspend our forecast for the current financial year. During the first half of 2020, the impact of the COVID-19 pandemic on our financial results was evident mainly on the sales side. In the third quarter of the year, this continued at a slightly improved level. However, we very swiftly adapted our business processes to the new conditions and were able to offset the impact on our operating gross profit performance through higher operating gross profit per unit in particular. We also implemented rigorous cost control measures and were thus able to increase our earnings in all quarters of the year. In September of this year, we published a new forecast for 2020 in light of this performance. We now expect operating EBITDA for financial year 2020 to be between EUR 1,000.0 million and EUR 1,040.0 million. The new forecast assumes that there will be no further significant government measures to contain the pandemic and related negative effects on the economy. Furthermore, this forecast does not envisage any special items or significant changes in current exchange rates in the further course of the year. It includes the contributions to earnings from acquisitions.

In the second half of 2019, we initiated increased measures to improve our working capital turnover. Our working capital performance in the third quarter of the year makes us optimistic that we can achieve a year-on-year increase in working capital turnover in financial year 2020.

Current investments in our existing infrastructure are generally in line with previous years, although it is still the case that there may be changes due to the COVID-19 pandemic. As part of "Project Brenntag", the Board of Management is also analyzing the investments planned over the medium to long term so as to support the strategic initiatives over the coming years.

Based on the new forecast for operating EBITDA and the assumptions about working capital and investing activities, we expect a significant increase in our free cash flow in 2020. As in the past, this demonstrates the resilience of our business model in phases of an economic downturn.

REPORT ON OPPORTUNITIES AND RISKS

Our strategy is geared to steadily improving the efficiency and underlying profitability of our business. The Brenntag Group companies are exposed to a number of risks arising from their business activities in the field of chemical distribution and related areas. At the same time, these business activities also give rise to numerous opportunities to safeguard and nurture the company's competitiveness and growth.

We monitor the risks as part of our risk management. The planning, controlling and reporting processes of the Brenntag Group are integral parts of the risk management systems of all operational and legal units as well as the central functions.

Due to the fact that coronavirus has now spread worldwide, our assessment of the risks related to the COVID-19 pandemic has changed as follows compared with our 2019 Annual Report. The COVID-19 pandemic continues to pose risks to regional and global economic performance. As a result, our business performance remains uncertain. The key deciding factors will be how long the pandemic lasts, how fast the affected economies can recover and how swiftly production and supply chains can be restored in the event of disruption. Above all, our business may be negatively impacted by increasing declines in production along our supply chains. This may result in growing shortages of selected chemicals on the one hand and a further weakening in demand on the other. We are continuously analyzing all risks relevant to our business and promptly take all the necessary and possible measures to counter them.

In the first nine months of 2020, there were no further significant changes in the opportunities and risks for the Brenntag Group described in detail in the 2019 Annual Report. Other risks that we are currently unaware of or that we currently consider immaterial might also negatively impact our business operations. Currently, there are no indications of risks that may jeopardize the continued existence of the company.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT SEPTEMBER 30, 2020

CONSOLIDATED INCOME STATEMENT

in EUR m	Note	Jan. 1 – Sep. 30, 2020	Jan. 1 – Sep. 30, 2019	Jul. 1 – Sep. 30, 2020	Jul. 1 – Sep. 30, 2019
Sales		8,899.6	9,690.9	2,876.3	3,254.3
Cost of sales		−6,811.4	−7,612.9	−2,206.3	−2,552.9
Gross profit		**2,088.2**	**2,078.0**	**670.0**	**701.4**
Selling expenses		−1,382.1	−1,377.0	−446.6	−462.3
Administrative expenses		−167.4	−156.0	−54.8	−46.4
Other operating income		25.0	26.3	9.0	9.2
Impairment losses on trade receivables and other receivables		−10.4	−4.1	1.4	−1.8
Other operating expenses		−6.2	−8.5	−1.4	−2.9
Operating profit		**547.1**	**558.7**	**177.6**	**197.2**
Share of profit or loss of equity-accounted investments		0.9	1.3	0.2	0.3
Interest income		2.2	2.9	0.6	0.9
Interest expense	1.)	−55.3	−70.2	−16.2	−22.8
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	2.)	−1.7	−4.9	0.1	−2.8
Other net finance costs/income		−8.0	−2.1	−0.3	1.2
Net finance costs		**−61.9**	**−73.0**	**−15.6**	**−23.2**
Profit before tax		**485.2**	**485.7**	**162.0**	**174.0**
Income tax expense	3.)	−126.6	−126.7	−41.4	−45.6
Profit after tax		**358.6**	**359.0**	**120.6**	**128.4**
Attributable to:					
Shareholders of Brenntag AG		354.9	357.0	117.8	127.7
Non-controlling interests		3.7	2.0	2.8	0.7
Basic earnings per share in euro	**4.)**	**2.30**	**2.31**	**0.76**	**0.83**
Diluted earnings per share in euro	**4.)**	**2.30**	**2.31**	**0.76**	**0.83**

C.01 CONSOLIDATED INCOME STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR m	Note	Jan. 1 – Sep. 30, 2020	Jan. 1 – Sep. 30, 2019	Jul. 1 – Sep. 30, 2020	Jul. 1 – Sep. 30, 2019
Profit after tax		**358.6**	**359.0**	**120.6**	**128.4**
Remeasurements of defined benefit pension plans	7.)	−4.3	−19.6	−4.0	−4.9
Deferred tax relating to remeasurements of defined benefit pension plans	7.)	1.3	6.1	1.2	2.5
Items that will not be reclassified to profit or loss		**−3.0**	**−13.5**	**−2.8**	**−2.4**
Change in exchange rate differences on translation of consolidated companies		−195.5	99.6	−104.6	72.6
Change in exchange rate differences on translation of equity-accounted investments		−0.1	0.1	−0.1	−0.3
Change in net investment hedge reserve		5.0	−1.7	1.8	−1.8
Items that may be reclassified subsequently to profit or loss		**−190.6**	**98.0**	**−102.9**	**70.5**
Other comprehensive income, net of tax		**−193.6**	**84.5**	**−105.7**	**68.1**
Total comprehensive income		**165.0**	**443.5**	**14.9**	**196.5**
Attributable to:					
Shareholders of Brenntag AG		166.1	439.5	14.2	193.6
Non-controlling interests		−1.1	4.0	0.7	2.9

C.02 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED BALANCE SHEET

ASSETS

in EUR m	Note	Sep. 30, 2020	Dec. 31, 2019
Current assets			
Cash and cash equivalents		870.9	520.3
Trade receivables		1,648.0	1,820.3
Other receivables		190.5	194.8
Other financial assets		32.1	21.7
Current tax assets		48.1	57.3
Inventories		1,005.9	1,176.5
		3,795.5	**3,790.9**
Non-current assets			
Property, plant and equipment		1,113.6	1,164.3
Intangible assets		2,974.6	3,084.0
Right-of-use assets		426.2	412.2
Equity-accounted investments		4.8	4.0
Other receivables		28.6	24.5
Other financial assets		13.0	21.4
Deferred tax assets		71.7	62.9
		4,632.5	**4,773.3**
Total assets		**8,428.0**	**8,564.2**

LIABILITIES AND EQUITY

in EUR m	Note	Sep. 30, 2020	Dec. 31, 2019
Current liabilities			
Trade payables		1,194.2	1,229.1
Financial liabilities	5.)	145.9	224.2
Lease liabilities		102.3	100.5
Other liabilities		427.7	382.3
Other provisions	6.)	102.3	102.3
Liabilities relating to acquisition of non-controlling interests	8.)	13.7	–
Current tax liabilities		46.6	43.8
		2,032.7	**2,082.2**
Non-current liabilities			
Financial liabilities	5.)	1,880.3	1,936.4
Lease liabilities		330.7	319.7
Other liabilities		3.4	4.5
Other provisions	6.)	122.0	121.1
Provisions for pensions and other post-employment benefits	7.)	196.4	189.1
Liabilities relating to acquisition of non-controlling interests	8.)	118.7	136.6
Deferred tax liabilities		195.0	195.6
		2,846.5	**2,903.0**
Equity			
Subscribed capital		154.5	154.5
Additional paid-in capital		1,491.4	1,491.4
Retained earnings		1,968.7	1,809.9
Accumulated other comprehensive income		−125.8	60.0
Equity attributable to shareholders of Brenntag AG		3,488.8	3,515.8
Equity attributable to non-controlling interests	9.)	60.0	63.2
		3,548.8	**3,579.0**
Total liabilities and equity		**8,428.0**	**8,564.2**

C.03 CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR m	Subscribed capital	Additional paid-in capital	Retained earnings
Dec. 31, 2018	**154.5**	**1,491.4**	**1,640.1**
Dividends	–	–	−185.4
Business combinations	–	–	−91.7
Profit after tax	–	–	357.0
Other comprehensive income, net of tax	–	–	−13.5
Total comprehensive income for the period	**–**	**–**	**343.5**
Sep. 30, 2019	**154.5**	**1,491.4**	**1,706.5**

in EUR m	Subscribed capital	Additional paid-in capital	Retained earnings
Dec. 31, 2019	**154.5**	**1,491.4**	**1,809.9**
Dividends	–	–	−193.1
Business combinations	–	–	–
Profit after tax	–	–	354.9
Other comprehensive income, net of tax	–	–	−3.0
Total comprehensive income for the period	**–**	**–**	**351.9**
Sep. 30, 2020	**154.5**	**1,491.4**	**1,968.7**

Exchange rate differences	Net investment hedge reserve	Equity attributable to shareholders of Brenntag AG	Equity attributable to non-controlling interests	Equity
−9.4	**−0.1**	**3,276.5**	**24.7**	**3,301.2**
–	–	−185.4	–	−185.4
–	–	−91.7	40.3	−51.4
–	–	357.0	2.0	359.0
97.7	−1.7	82.5	2.0	84.5
97.7	**−1.7**	**439.5**	**4.0**	**443.5**
88.3	**−1.8**	**3,438.9**	**69.0**	**3,507.9**

C.04 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / SEP. 30, 2019

Exchange rate differences	Net investment hedge reserve	Equity attributable to shareholders of Brenntag AG	Equity attributable to non-controlling interests	Equity
60.8	**−0.8**	**3,515.8**	**63.2**	**3,579.0**
–	–	−193.1	–	−193.1
–	–	–	−2.1	−2.1
–	–	354.9	3.7	358.6
−190.8	5.0	−188.8	−4.8	−193.6
−190.8	**5.0**	**166.1**	**−1.1**	**165.0**
−130.0	**4.2**	**3,488.8**	**60.0**	**3,548.8**

C.05 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / SEP. 30, 2020

CONSOLIDATED CASH FLOW STATEMENT

in EUR m	Note	Jan. 1 – Sep. 30, 2020	Jan. 1 – Sep. 30, 2019	Jul. 1 – Sep. 30, 2020	Jul. 1 – Sep. 30, 2019
	10.)				
Profit after tax		**358.6**	**359.0**	**120.6**	**128.4**
Depreciation and amortization		223.1	217.8	72.2	74.8
Income tax expense		126.6	126.7	41.4	45.6
Income taxes paid		−118.2	−127.2	−56.0	−37.1
Net interest expense		53.1	67.3	15.6	21.9
Dividends received		–	1.0	–	0.6
Interest paid (netted against interest received)		−46.3	−55.3	−16.5	−21.9
Changes in provisions		5.0	−1.8	3.8	1.3
Changes in current assets and liabilities					
Inventories		95.9	−12.6	150.1	6.1
Receivables		65.9	−59.5	−35.0	56.5
Liabilities		82.9	82.9	157.5	11.2
Non-cash change in liabilities relating to acquisition of non-controlling interests		1.7	4.9	−0.1	2.8
Other non-cash items and reclassifications		41.2	−7.9	0.8	−0.7
Net cash provided by operating activities		**889.5**	**595.3**	**454.4**	**289.5**
Proceeds from the disposal of consolidated subsidiaries and other business units		1.2	–	1.2	–
Proceeds from the disposal of other financial assets		–	–	−0.1	–
Proceeds from the disposal of intangible assets and property, plant and equipment		7.8	8.5	2.8	2.5
Payments to acquire consolidated subsidiaries and other business units		−27.8	−117.4	−3.5	−24.2
Payments to acquire other financial assets		–	−0.1	–	–
Payments to acquire intangible assets and property, plant and equipment		−131.0	−126.1	−38.0	−51.9
Net cash used in investing activities		**−149.8**	**−235.1**	**−37.6**	**−73.6**
Dividends paid to Brenntag shareholders		−193.1	−185.4	–	–
Profits distributed to non-controlling interests		−1.0	−1.0	−1.0	–
Proceeds from borrowings		45.9	95.9	–	2.2
Repayments of borrowings		−200.8	−225.1	−81.4	−130.1
Net cash used in financing activities		**−349.0**	**−315.6**	**−82.4**	**−127.9**
Change in cash and cash equivalents		**390.7**	**44.6**	**334.4**	**88.0**
Effect of exchange rate changes on cash and cash Equivalents		−40.1	7.7	−22.8	5.9
Cash and cash equivalents at beginning of period		520.3	393.8	559.3	352.2
Cash and cash equivalents at end of period		**870.9**	**446.1**	**870.9**	**446.1**

C.06 CONSOLIDATED CASH FLOW STATEMENT

CONDENSED NOTES

Key Financial Figures by Segment

for the period from January 1 to September 30

in EUR m		EMEA[4]	North America	Latin America	Asia Pacific	All other segments	Consolidation	Group
External sales within the meaning of IFRS 15	**2020**	**3,806.4**	**3,210.3**	**609.9**	**1,052.1**	**220.9**	**–**	**8,899.6**
	2019	3,976.6	3,634.2	638.9	1,134.1	307.1	–	9,690.9
	Change in %	−4.3	−11.7	−4.5	−7.2	−28.1	–	−8.2
	fx adjusted change in %	−3.4	−11.4	3.8	−5.5	−28.1	–	−7.0
Inter-segment sales	**2020**	**6.6**	**3.5**	**0.2**	**1.2**	**0.7**	**−12.2**	**–**
	2019	6.6	4.8	0.1	0.1	0.1	−11.7	–
Operating gross profit[1]	**2020**	**934.6**	**862.9**	**137.1**	**201.6**	**15.5**	**–**	**2,151.7**
	2019	866.0	924.5	131.9	196.1	14.8	–	2.133.3
	Change in %	7.9	−6.7	3.9	2.8	4.7	–	0.9
	fx adjusted change in %	8.8	−6.4	13.3	4.6	4.7	–	2.0
Gross profit	**2020**	**–**	**–**	**–**	**–**	**–**	**–**	**2,088.2**
	2019	–	–	–	–	–	–	2.078.2
	Change in %	–	–	–	–	–	–	0.5
	fx adjusted change in %	–	–	–	–	–	–	1.6
Operating EBITDA[2] (segment result)	**2020**	**366.1**	**337.2**	**44.2**	**83.6**	**−27.5**	**–**	**803.6**
	2019	313.7	370.9	37.5	72.3	−26.5	–	767.9
	Change in %	16.7	−9.1	17.9	15.6	3.8	–	4.7
	fx adjusted change in %	18.0	−8.9	31.2	17.1	3.8	–	5.9
Investments in non-current assets (capex)[3]	**2020**	**33.8**	**36.7**	**7.0**	**17.3**	**32.3**	**–**	**127.1**
	2019	52.1	42.5	4.2	12.5	9.7	–	121.0

C.07 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8

[1] External sales less cost of materials.
[2] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items (see section 2.3.1 Business performance of the Brenntag Group in the Group Interim Management Report).
[3] Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.
[4] Europe, Middle East & Africa.

for the period from July 1 to September 30

in EUR m		EMEA[4]	North America	Latin America	Asia Pacific	All other segments	Consoli-dation	**Group**
External sales within the meaning of IFRS 15	**2020**	**1,204.2**	**1,026.6**	**208.2**	**363.0**	**74.3**	**–**	**2,876.3**
	2019	1,289.6	1,238.0	217.0	396.4	113.3	–	3,254.3
	Change in %	−6.6	−17.1	−4.1	−8.4	−34.4	–	−11.6
	fx adjusted change in %	−4.9	−12.4	10.1	−3.5	−34.4	–	−7.7
Inter-segment sales	**2020**	**2.2**	**1.2**	**0.1**	**0.5**	**0.3**	**−4.3**	**–**
	2019	2.5	1.1	–	0.1	–	−3.7	–
Operating gross profit[1]	**2020**	**294.8**	**273.9**	**44.5**	**72.5**	**4.9**	**–**	**690.6**
	2019	285.5	318.7	44.5	68.1	5.4	–	722.2
	Change in %	3.3	−14.1	0.0	6.5	−9.5	–	−4.4
	fx adjusted change in %	4.8	−9.3	15.7	12.0	−9.5	–	−0.2
Gross profit	**2020**	**–**	**–**	**–**	**–**	**–**	**–**	**670.0**
	2019	–	–	–	–	–	–	701.4
	Change in %	–	–	–	–	–	–	−4.5
	fx adjusted change in %	–	–	–	–	–	–	−0.3
Operating EBITDA[2] (segment result)	**2020**	**112.9**	**110.0**	**15.1**	**33.0**	**−6.6**	**–**	**264.4**
	2019	103.2	131.1	12.6	25.3	−9.4	–	262.8
	Change in %	9.4	−16.1	19.8	30.4	−30.0	–	0.6
	fx adjusted change in %	11.3	−11.7	39.8	35.9	−30.0	–	4.9
Investments in non-current assets (capex)[3]	**2020**	**12.9**	**10.6**	**2.4**	**5.3**	**7.3**	**–**	**38.5**
	2019	21.7	17.2	2.0	6.0	3.5	–	50.4

C.08 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8

[1] External sales less cost of materials.
[2] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items (see section 2.3.1 Business performance of the Brenntag Group in the Group Interim Management Report).
[3] Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.
[4] Europe, Middle East & Africa.

Group Key Financial Figures

in EUR m	Jan. 1 – Sep. 30, 2020	Jan. 1 – Sep. 30, 2019	Jul. 1 – Sep. 30, 2020	Jul. 1 – Sep. 30, 2019
Operating EBITDA	803.6	767.9	264.4	262.8
Investments in non-current assets (capex)[1]	−127.1	−121.0	−38.5	−50.4
Change in working capital[2) 3)]	214.2	33.2	226.5	64.9
Principal and interest payments on lease liabilities	−94.8	−88.8	−31.7	−31.4
Free cash flow	**795.9**	**591.3**	**420.7**	**245.9**

C.09 FREE CASH FLOW

[1] Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.
[2] Definition of working capital: trade receivables plus inventories less trade payables.
[3] Adjusted for exchange rate effects and acquisitions.

in EUR m	Jan. 1 – Sep. 30, 2020	Jan. 1 – Sep. 30, 2019	Jul. 1 – Sep. 30, 2020	Jul. 1 – Sep. 30, 2019
Operating EBITDA (segment result)[1]	**803.6**	**767.9**	**264.4**	**262.8**
Net expense/income from special items	−33.4	8.6	−14.6	9.2
(of which “Project Brenntag”)	(−26.2)	(–)	(−13.4)	(–)
(of which expenses in connection with programmes to increase efficiency)	(−7.2)	(−0.6)	(−1.2)	(−0.3)
(of which refund of social security charges paid in previous years in Brazil)	(–)	(9.5)	(–)	(9.5)
(of which subsequent purchase price adjustment for Biosector)	(–)	(−0.3)	(–)	(–)
EBITDA	**770.2**	**776.5**	**249.8**	**272.0**
Depreciation of property, plant and equipment and right-of-use assets	−189.1	−179.7	−61.0	−62.3
Impairment of property, plant and equipment and right-of-use assets	−0.5	−0.1	−0.5	–
EBITA	**580.6**	**596.7**	**188.3**	**209.7**
Amortization of intangible assets[2]	−33.5	−38.0	−10.7	−12.5
Impairment of intangible assets	–	–	–	–
EBIT	**547.1**	**558.7**	**177.6**	**197.2**
Net finance costs	−61.9	−73.0	−15.6	−23.2
Profit before tax	**485.2**	**485.7**	**162.0**	**174.0**

C.10 RECONCILIATION OF OPERATING EBITDA TO PROFIT BEFORE TAX

[1] Operating EBITDA is calculated as EBITDA adjusted for special items (see section 2.3.1 Business performance of the Brenntag Group in the Group Interim Management Report). Operating EBITDA of the reportable segments (EMEA, North America, Latin America and Asia Pacific) amounts to EUR 831.1 million (9M 2019: EUR 794.4 million) and operating EBITDA of all other segments to EUR −27.5 million (9M 2019: EUR −26.5 million).
[2] This figure includes amortization of customer relationships in the amount of EUR 22.2 million (9M 2019: EUR 28.6 million).

in EUR m	Jan. 1 – Sep. 30, 2020	Jan. 1 – Sep. 30, 2019	Jul. 1 – Sep. 30, 2020	Jul. 1 – Sep. 30, 2019
Operating gross profit	**2,151.7**	**2,133.3**	**690.6**	**722.2**
Production/mixing & blending costs	−63.5	−55.3	−20.6	−20.8
Gross profit	**2,088.2**	**2,078.0**	**670.0**	**701.4**

C.11 RECONCILIATION OF OPERATING GROSS PROFIT TO GROSS PROFIT

Consolidation Policies and Methods

STANDARDS APPLIED

These interim consolidated financial statements for the period from January 1 to September 30, 2020 have been prepared in accordance with the requirements of IAS 34 (Interim Financial Reporting). The Notes are presented in condensed form compared with the Notes to the financial statements as at December 31, 2019.

With the exception of the standards and interpretations that became effective on January 1, 2020, the same accounting policies have been applied as for the consolidated financial statements as at December 31, 2019.

In light of the uncertainty over global economic performance as a result of the COVID-19 pandemic, we analyzed whether this situation constitutes a triggering event for a goodwill impairment test at Brenntag. The conclusion drawn from the analysis was that we currently see no reason to perform an impairment test, as our business model proved to be extremely robust during earlier crises. Furthermore, the measurement inputs have not changed significantly, and the sensitivity analyses conducted as at December 31, 2019 also show sufficient scope from a present perspective.

The following revised and new standards issued by the International Accounting Standards Board (IASB) have been applied by the Brenntag Group for the first time:

First-time adoption in 2020

- Amendments to IFRS 3 (Business Combinations) regarding the definition of a business
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7: Effect of the reform of LIBOR and other interest rate benchmarks on hedge accounting – not relevant to Brenntag
- Revised Conceptual Framework for Financial Reporting

The amendments to IFRS 3 (Business Combinations) regarding the definition of a business specify that, for a business to exist, there will have to be present, at a minimum, economic resources (inputs) and a substantive process that together enable output to be created. The existing assessment of whether a market participant might be capable of replacing any missing inputs or processes in order to produce output has been removed. Output will in future be defined as the provision of goods or services and the generation of investment or other income. Pure cost reductions are no longer sufficient to meet the definition of a business. The amended definition must be applied to acquisitions for which the acquisition date is on or after January 1, 2020.

The amendments to IAS 1 and IAS 8 align the definition of material across all IFRSs and the IFRS Conceptual Framework. According to the new definition, information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Whether information is material depends on its nature and/or the magnitude of the effect of the item to which the information relates. An entity assesses whether information is material in the context of its financial statements taken as a whole. Information is obscured if the resulting effects are similar to omitting or misstating that information, for example as a result of using vague language to describe an item, transaction or other event, scattering information throughout the financial statements or inappropriately aggregating information. Primary users of financial statements are existing or future investors, lenders and other creditors who must rely on the information contained in the financial statements.

The IASB has revised its Conceptual Framework for Financial Reporting. The revised Conceptual Framework will be used when developing new standards and interpretations. No technical changes are currently being made to existing IFRSs.

The aforementioned revised standards do not have a material impact on the presentation of the Group's net assets, financial position and results of operations.

SCOPE OF CONSOLIDATION

The table below shows the changes in the number of consolidated companies including structured entities:

	Dec. 31, 2019	Additions	Disposals	Sep. 30, 2020
Domestic consolidated companies	29	–	–	29
Foreign consolidated companies	193	3	8	188
Total consolidated companies	**222**	**3**	**8**	**217**

C.12 CHANGES IN SCOPE OF CONSOLIDATION

The additions relate to entities acquired in business combinations under IFRS 3 and one entity established. The disposals are the result of the liquidation and merger of companies no longer operating.

Four (Dec. 31, 2019: four) associates are accounted for using the equity method.

BUSINESS COMBINATIONS IN ACCORDANCE WITH IFRS 3

In early January 2020, Brenntag acquired all shares in Hong Kong Dongguan Zhongrong Investment Co Limited, Hong Kong and its subsidiary ZhongYung (GuangDong) Chemical Distribution Service Co. Ltd based in Dongguan, China. The acquired storage capacity and the location in the province of Guangdong, one of China's largest economic regions, will enhance Brenntag's position in the South China market and enable it to provide more value-added services to customers and suppliers.

At the end of July 2020, Brenntag acquired the operating assets of Suffolk Solutions, Inc., based in Suffolk, USA and its caustic soda distribution business. The acquired business and the related terminals of Suffolk Solutions will serve to further link Brenntag's caustic soda network in the Eastern United States.

The purchase price, net assets and goodwill relating to these entities break down as follows:

in EUR m	Provisional fair value
Purchase price	**26.8**
of which consideration contingent on earnings targets	–
Assets	
Cash and cash equivalents	0.1
Trade receivables, other financial assets and other receivables	2.3
Other current assets	1.8
Non-current assets	20.9
Liabilities	
Current liabilities	6.3
Non-current liabilities	0.8
Net assets	**18.0**
Goodwill	**8.8**
of which deductible for tax purposes	2.2

C.13 NET ASSETS ACQUIRED

Measurement of the assets acquired and liabilities assumed has not yet been completed for reasons of time. The main factors determining the goodwill are the above-mentioned reasons for the acquisitions where not included in other assets.

Acquisition-related costs in the amount of EUR 0.4 million were recognized under other operating expenses.

Since their acquisition by Brenntag, the businesses acquired in 2020 have generated sales of EUR 2.2 million and profit after tax of EUR 1.5 million.

If the above-mentioned business combinations had taken place with effect from January 1, 2020, sales of about EUR 8,903 million would have been reported for the Brenntag Group in the reporting period. Profit after tax would have been about EUR 362 million.

Measurement of the assets and liabilities of the 2019 acquiree TEE HAI CHEM PTE LTD (TEE HAI) based in Singapore has been completed.

The purchase price, net assets acquired and goodwill were adjusted as follows in the measurement period:

in EUR m	Provisional fair value	Adjustments	**Final fair value**
Purchase price	**59.8**	**−1.9**	**57.9**
of which consideration contingent on earnings targets	–	–	–
Assets			
Cash and cash equivalents	8.4	–	8.4
Trade receivables, other financial assets and other receivables	23.8	–	23.8
Other current assets	25.1	–	25.1
Non-current assets	98.4	−2.2	96.2
Liabilities			
Current liabilities	38.4	0.1	38.5
Non-current liabilities	36.7	2.0	38.7
Net assets	**80.6**	**−4.3**	**76.3**
of which Brenntag's share	41.2	−2.2	39.0
of which non-controlling interests	39.4	−2.1	37.3
Goodwill	**18.6**	**0.3**	**18.9**
of which deductible for tax purposes	–	–	–

C.14 NET ASSETS ACQUIRED IN 2019: TEE HAI

CURRENCY TRANSLATION

The euro exchange rates of major currencies changed as follows:

	Closing rate		Average rate	
EUR 1 = currencies	Sep. 30, 2020	Dec. 31, 2019	Jan. 1 – Sep. 30, 2020	Jan. 1 – Sep. 30, 2019
Canadian dollar (CAD)	1.5676	1.4598	1.5218	1.4935
Swiss franc (CHF)	1.0804	1.0854	1.0680	1.1179
Chinese yuan renminbi (CNY)	7.9720	7.8205	7.8659	7.7135
Danish krone (DKK)	7.4462	7.4715	7.4580	7.4644
Pound sterling (GBP)	0.9124	0.8508	0.8851	0.8835
Polish zloty (PLN)	4.5462	4.2568	4.4220	4.3011
Swedish krona (SEK)	10.5713	10.4468	10.5582	10.5679
US dollar (USD)	1.1708	1.1234	1.1250	1.1236

C.15 EXCHANGE RATES OF MAJOR CURRENCIES

Consolidated Income Statement, Consolidated Balance Sheet and Consolidated Cash Flow Statement Disclosures

1.) INTEREST EXPENSE

in EUR m	Jan. 1 – Sep. 30, 2020	Jan. 1 – Sep. 30, 2019
Interest expense on liabilities to third parties	−43.7	−56.8
Expense from the fair value measurement of interest rate swaps	–	−0.3
Net interest expense on defined benefit pension plans	−1.3	−2.3
Interest expense on other provisions	−1.0	−1.5
Interest expense on leases	−9.3	−9.3
Total	**−55.3**	**−70.2**

C.16 INTEREST EXPENSE

2.) CHANGE IN LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS RECOGNIZED IN PROFIT OR LOSS

in EUR m	Jan. 1 – Sep. 30, 2020	Jan. 1 – Sep. 30, 2019
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	−1.0	−4.3
Change in liabilities recognized in profit or loss arising from limited partners' rights to repayment of contributions	−0.7	−0.6
Total	**−1.7**	**−4.9**

C.17 CHANGE IN LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS RECOGNIZED IN PROFIT OR LOSS

For further information, please refer to Note 8.).

3.) INCOME TAX EXPENSE

Income tax expense comprises current tax expense of EUR 128.6 million (9M 2019: current tax expense of EUR 124.0 million) and deferred tax income of EUR 2.0 million (9M 2019: deferred tax expense of EUR 2.7 million).

Tax expense for the first nine months of 2020 was calculated using the Group tax rate expected for financial year 2020. Any items of income and expense that cannot be planned with sufficient accuracy are disregarded when determining the expected Group tax rate and calculating tax expense.

	Jan. 1 – Sep. 30, 2020			Jan. 1 – Sep. 30, 2019		
in EUR m	Profit before tax	Tax rate in %	Income tax expense	Profit before tax	Tax rate in %	Income tax expense
excluding unplannable tax-neutral income / expenses	486.2	26.0	126.6	490.0	25.9	126.7
tax-neutral income / expenses that cannot be planned with sufficient accuracy	−1.0	–	–	−4.3	–	–
including unplannable tax-neutral income / expenses	485.2	26.1	126.6	485.7	26.1	126.7

C.18 PROFIT BEFORE TAX AFTER ELIMINATION OF UNPLANNABLE TAX-NEUTRAL INCOME / EXPENSES

4.) EARNINGS PER SHARE

Earnings per share in the amount of EUR 2.30 (9M 2019: EUR 2.31) are determined by dividing the share of profit after tax of EUR 354.9 million (9M 2019: EUR 357.0 million) attributable to the shareholders of Brenntag AG by the average weighted number of outstanding shares.

The warrants from the bond (Bond (with Warrants) 2022) issued in November 2015 had no diluting effect as the average Brenntag share price is lower than the warrant strike price of EUR 75.5322. The diluted earnings per share are therefore the basic earnings per share.

5.) FINANCIAL LIABILITIES

in EUR m	Sep. 30, 2020	Dec. 31, 2019
Liabilities under syndicated loan	838.4	862.1
Other liabilities to banks	140.6	220.1
Bond 2025	595.4	596.4
Bond (with Warrants) 2022	418.2	429.8
Derivative financial instruments	2.0	6.2
Other financial liabilities	31.6	46.0
Total	**2,026.2**	**2,160.6**
Lease liabilities	433.0	420.2
Cash and cash equivalents	870.9	520.3
Net financial liabilities	**1,588.3**	**2,060.5**

C.19 DETERMINATION OF NET FINANCIAL LIABILITIES

6.) OTHER PROVISIONS

Other provisions break down as follows:

in EUR m	Sep. 30, 2020	Dec. 31, 2019
Environmental provisions	93.3	97.8
Provisions for personnel expenses	27.3	27.3
Miscellaneous provisions	103.7	98.3
Total	**224.3**	**223.4**

C.20 OTHER PROVISIONS

Miscellaneous current provisions include a provision of EUR 47.8 million for proceedings at the French Competition Authority in relation to the allocation of customers and coordination of prices.

7.) PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

In the interim consolidated financial statements as at September 30, 2020, the present value of pension obligations was determined using a discount rate of 0.7% (Dec. 31, 2019: 0.9%) in Germany and the other countries of the euro zone, 0.2% (Dec. 31, 2019: 0.2%) in Switzerland and 2.7% (Dec. 31, 2019: 3.1%) in Canada.

Provisions for pensions and other post-employment benefits increased by an amount of EUR 4.3 million recognized directly in retained earnings. This is mainly the result of the reduction in the discount rate in the euro zone. Net of deferred taxes, actuarial losses recognized in other comprehensive income consequently increased by EUR 3.0 million.

8.) LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

Liabilities relating to the acquisition of non-controlling interests break down as follows:

in EUR m	Sep. 30, 2020	Dec. 31, 2019
Liabilities relating to acquisition of non-controlling interests	130.9	134.9
Liabilities arising from limited partners' rights to repayment of contributions	1.5	1.7
Total	**132.4**	**136.6**

C.21 LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

9.) EQUITY

As proposed by the Board of Management and the Supervisory Board, the ordinary General Shareholders' Meeting of Brenntag AG on June 10, 2020 passed a resolution to pay a dividend of EUR 193,125,000.00. Based on 154.5 million shares, that is a dividend of EUR 1.25 per no-par value share entitled to a dividend.

Non-controlling interests comprise the shares of non-Group shareholders in the equity of consolidated entities. The non-controlling interests changed as follows:

in EUR m	Subscribed capital, retained earnings and additional paid-in capital	Exchange rate differences	**Non-controlling interests**
Dec. 31, 2018	**25.6**	**−0.9**	**24.7**
Business combinations	40.3	–	40.3
Profit after tax	2.0	–	2.0
Other comprehensive income, net of tax	–	2.0	2.0
Total comprehensive income for the period	**2.0**	**2.0**	**4.0**
Sep. 30, 2019	**67.9**	**1.1**	**69.0**

C.22 CHANGE IN NON-CONTROLLING INTERESTS / SEP. 30, 2019

in EUR m	Subscribed capital, retained earnings and additional paid-in capital	Exchange rate differences	**Non-controlling interests**
Dec. 31, 2019	**62.6**	**0.6**	**63.2**
Business combinations	−2.1	–	−2.1
Profit after tax	3.7	–	3.7
Other comprehensive income, net of tax	–	−4.8	−4.8
Total comprehensive income for the period	**3.7**	**−4.8**	**−1.1**
Sep. 30, 2020	**64.2**	**−4.2**	**60.0**

C.23 CHANGE IN NON-CONTROLLING INTERESTS / SEP. 30, 2020

10.) CONSOLIDATED CASH FLOW STATEMENT DISCLOSURES

Net cash provided by operating activities of EUR 889.5 million was influenced by cash inflows attributable to the decrease in working capital of EUR 214.2 million.

The decrease in working capital resulted from changes in inventories, gross trade receivables and trade payables as well as from valuation allowances on trade receivables and inventories as follows:

in EUR m	**Jan. 1 – Sep. 30, 2020**	**Jan. 1 – Sep. 30, 2019**
Decrease / increase in inventories	95.9	−12.6
Decrease / increase in gross trade receivables	79.8	−17.9
Increase in trade payables	19.8	59.6
Increase in valuation allowances on trade receivables and on inventories[1]	18.7	4.1
Change in working capital[2]	**214.2**	**33.2**

C.24 CHANGE IN WORKING CAPITAL

[1] Presented within other non-cash items.
[2] Adjusted for exchange rate effects and acquisitions.

At 7.1 in the reporting period, annualized working capital turnover[1] was slightly higher than at the end of 2019 (7.0).

11.) Reporting of financial instruments

The classification and measurement of the financial assets recognized in the balance sheet are shown in the table below:

in EUR m	Sep. 30, 2020			
Classification of financial assets:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Cash and cash equivalents	870.9	–	870.9	870.9
Trade receivables	1,648.0	–	1,648.0	1,648.0
Other receivables	112.5	–	112.5	112.5
Other financial assets	29.7	15.4	45.1	45.1
Total	**2,661.1**	**15.4**	**2,676.5**	**2,676.5**

C.25 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / SEP. 30, 2020

[1] Financial assets at fair value through profit or loss.

in EUR m	Dec. 31, 2019			
Classification of financial assets:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Cash and cash equivalents	520.3	–	520.3	520.3
Trade receivables	1,820.3	–	1,820.3	1,820.3
Other receivables	117.1	–	117.1	117.1
Other financial assets	38.9	4.2	43.1	43.1
Total	**2,496.6**	**4.2**	**2,500.8**	**2,500.8**

C.26 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / DEC. 31, 2019

[1] Financial assets at fair value through profit or loss.

The majority of the financial assets measured at amortized cost have remaining terms of less than one year. Considering valuation techniques at the reporting date, the carrying amounts are equal to their fair values.

[1] Ratio of annual sales to average working capital; annual sales are defined as sales for the first nine months extrapolated to the full year (sales for the first nine months divided by three and multiplied by four); average working capital for the first nine months is defined as the average of working capital at the beginning of the year and at the end of the first, second and third quarters.

Of the other receivables recognized in the balance sheet, EUR 106.6 million (Dec. 31, 2019: EUR 102.2 million) are not financial assets as defined by IFRS 7. They are mainly receivables from value-added tax and other taxes, prepaid expenses and prepayments.

The classification and measurement of the financial liabilities recognized in the balance sheet are shown in the table below:

in EUR m	Sep. 30, 2020			
Classification of financial liabilities:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Trade payables	1,194.2	–	1,194.2	1,194.2
Other liabilities	185.7	–	185.7	185.7
Liabilities relating to acquisition of non-controlling interests	132.4	–	132.4	135.2
Financial liabilities	2,023.7	2.5	2,026.2	2,068.4
Total	**3,536.0**	**2.5**	**3,538.5**	**3,583.5**

C.27 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / SEP. 30, 2020

[1] Financial liabilities at fair value through profit or loss.

in EUR m	Dec. 31, 2019			
Classification of financial liabilities:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Trade payables	1,229.1	–	1,229.1	1,229.1
Other liabilities	182.3	–	182.3	182.3
Liabilities relating to acquisition of non-controlling interests	136.6	–	136.6	138.3
Financial liabilities	2,153.9	6.7	2,160.6	2,187.7
Total	**3,701.9**	**6.7**	**3,708.6**	**3,737.4**

C.28 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / DEC. 31, 2019

[1] Financial liabilities at fair value through profit or loss.

The majority of the trade payables and other liabilities measured at amortized cost have remaining terms of less than one year. Their carrying amounts at the reporting date therefore approximate their fair values. The fair values of the bonds measured at amortized cost under financial liabilities were determined using quoted or market prices in an active market (Level 1 of the fair value hierarchy). The fair values of the other financial liabilities measured at amortized cost were determined using the discounted cash flow method on the basis of inputs observable on the market (Level 2 of the fair value hierarchy). The liabilities relating to the acquisition of non-controlling interests were determined on the basis of recognized company valuation models. The company valuation models are based on cash flow plans (Level 3 of the fair value hierarchy). The fair values of foreign exchange forwards and foreign exchange swaps are determined by comparing forward rates and discounted to present value (Level 2 of the fair value hierarchy).

Of the other liabilities recognized in the balance sheet, EUR 245.4 million (Dec. 31, 2019: EUR 204.5 million) are not financial liabilities as defined by IFRS 7. They are mainly liabilities to employees, liabilities from value-added tax and other taxes, as well as deferred income.

The allocation of the financial assets and liabilities recognized in the balance sheet at fair value to the levels of the IFRS 13 fair value hierarchy is shown in the table below:

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	**Sep. 30, 2020**
Financial assets at fair value through profit or loss	1.8	13.6	–	**15.4**
Financial liabilities at fair value through profit or loss	–	2.0	0.5	**2.5**

C.29 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / SEP. 30, 2020

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	**Dec. 31, 2019**
Financial assets at fair value through profit or loss	1.8	2.4	–	**4.2**
Financial liabilities at fair value through profit or loss	–	6.2	0.5	**6.7**

C.30 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / DEC. 31, 2019

Liabilities resulting from contingent consideration arrangements of EUR 0.5 million (Dec. 31, 2019: EUR 0.5 million) relate to liabilities for contingent purchase prices payable in acquisitions. The amount of the contingent purchase price component required to be recognized at fair value is contingent on the earnings achieved by the acquired business.

Essen, November 3, 2020

Brenntag AG

BOARD OF MANAGEMENT

Dr. Christian Kohlpaintner

Georg Müller

Henri Nejade

Steven Terwindt

REVIEW REPORT

To Brenntag AG, Essen

We have reviewed the condensed consolidated interim financial statements – comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and selected explanatory notes – and the interim group management report of Brenntag AG for the period from January 1 to September 30, 2020, which are part of the quarterly financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, November 3, 2020

**PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft**

Christiane Lawrenz Wirtschaftsprüferin (German Public Auditor)	Reza Bigdeli Wirtschaftsprüfer (German Public Auditor)

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Information on the Interim report
This translation is only a convenience translation. In the event of any differences, only the German version is binding.

Information on rounding
Due to commercial rounding, minor differences may occur when using rounded amounts or rounded percentages.

Disclaimer
This report may contain forward-looking statements based on current assumptions and forecasts made by Brenntag AG and other information currently available to the company. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. Brenntag AG does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to adapt them in line with future events or developments.

FINANCIAL CALENDAR

2020

DEC 1/2

2020
Berenberg European Conference, London

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