ConnectingChemistry

BRENNTAG

FASCINATING VARIETY

INTERIM REPORT

JANUARY – MARCH 2020

KEY FINANCIAL FIGURES AT A GLANCE

CONSOLIDATED INCOME STATEMENT

		Q1 2020	Q1 2019
Sales	EUR m	3,206.1	3,182.3
Operating gross profit	EUR m	745.2	688.2
Operating EBITDA	EUR m	263.0	238.8
Operating EBITDA / operating gross profit	%	35.3	34.7
Profit after tax	EUR m	115.0	105.2
Earnings per share	EUR	0.74	0.68

CONSOLIDATED BALANCE SHEET

		Mar. 31, 2020	Dec. 31, 2019
Total assets	EUR m	8,827.8	8,564.2
Equity	EUR m	3,641.3	3,579.0
Working capital	EUR m	1,752.8	1,767.7
Net financial liabilities	EUR m	2,003.8	2,060.5

CONSOLIDATED CASH FLOW

		Q1 2020	Q1 2019
Net cash provided by operating activities	EUR m	204.2	161.2
Investments in non-current assets (capex)	EUR m	−44.5	−31.0
Free cash flow	EUR m	161.5	166.3

KEY DATA ON THE BRENNTAG SHARES

		Mar. 31, 2020	Dec. 31, 2019
Share price	EUR	33.83	48.48
No. of shares (unweighted)		154,500,000	154,500,000
Market capitalization	EUR m	5,227	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

DR CHRISTIAN KOHLPAINTNER
CHIEF EXECUTIVE OFFICER

Dear ladies and gentlemen,

The start to 2020 was quite a special one, for Brenntag and for me personally. It was my first three months as CEO of the company and, at the same time, the world faced an unprecedented challenge. Whilst the effects of the COVID-19 pandemic made themselves felt primarily in Asia in the first two months of the year, the virus then swept the entire globe as the quarter progressed. For many companies – including Brenntag – these were particularly challenging and unparalleled circumstances.

Our top priority was and remains the safety of our employees and business partners. In our end-to-end crisis management, we took extensive measures both in operations and in administration, thereby ensuring that the COVID-19 pandemic had only a limited impact on our business performance in the first quarter. Operations were maintained at all our sites.

In this difficult environment, we not only achieved a solid first quarter that underscores the resilience of our business model, but we also continued to work with full vigor on our company's long-term positioning.

In the first quarter of 2020, the Group generated operating gross profit of EUR 745.2 million, a year-on-year increase of 7.1% on a constant currency basis. Operating EBITDA grew at a faster pace of 8.7% on a constant currency basis to EUR 263.0 million.

This performance was supported in particular by our EMEA region, which delivered excellent earnings growth despite significant restrictions in the various countries. In some of our customer industries, demand was very strong. The North America region, on the other hand, continued to face a difficult market environment, which further deteriorated in the course of the first quarter due to the fall in the oil price and sustained weakness in the oil and gas industry. Latin America showed a sound operating performance, but the region remains highly volatile. The Asia Pacific region – and China especially – was generally the hardest hit by the effects of the pandemic in the first quarter. We are therefore all the more pleased by the positive results in the region, and the fact that China in particular is now gradually returning to normal.

Free cash flow showed a solid performance in line with our expectations and almost matched the level reached in the strong prior-year quarter.

Profit after tax came to EUR 115.0 million and earnings per share to EUR 0.74, an increase of 8.8%.

You, our shareholders and owners, are very important stakeholders for us. This is one reason why the Board of Management and the Supervisory Board have decided to hold in place the original date for the General Shareholders' Meeting of June 10, 2020, and in particular the planned dividend proposal, despite the special circumstances. Due to the restrictions in connection with COVID-19, the General Shareholders' Meeting will take place without the shareholders being physically present. We will propose a dividend of EUR 1.25 per share at the General Shareholders' Meeting as planned and distribute it to our shareholders following approval at the General Shareholders' Meeting.

At the end of April, we published our sustainability report. The main topics covered this year are circular economy, employees and responsibility within the supply chain. For many years now, Brenntag has been making good solid progress on sustainability. But to remain fit for the future, a company must evolve with society and in line with social values. For Brenntag, sustainability will be an essential part of our strategy and corporate culture.

I would also like to look further into the future, firstly to the long term and secondly to 2020. Back in March of this year, we announced some changes for our company that will help us to better leverage our scale, place greater focus on our business partners – customers and suppliers – and achieve our primary objective: sustainable organic earnings growth. Despite the global crisis, we have continued to work on this unaltered in scope and speed and have now set up "Project Brenntag". Whilst building on our solid foundations and the proven business model, we will sharpen our profile going forward.

In 2020, we must prove ourselves in a very challenging environment and under conditions incomparable with any situation in the past. We anticipate that the effects of the COVID-19 pandemic will continue to accompany us. This is one reason why we have suspended our original forecast issued in early March 2020 until further notice. We expect increased levels of uncertainty over the further course of the year, which will affect our business performance. Our top priority remains the protection and health of our employees. We also do our utmost to ensure that our customers are supplied with products.

We will update our forecast for 2020 once there are indications that the pandemic has been contained and the effects on our business performance this year can be better estimated.

On behalf of the entire Board of Management, I would primarily like to thank our employees around the globe for their dedication and flexibility. Only as a team can we master such an exceptional situation. Of course, our thanks also go to our other stakeholders and in particular to you, our shareholders and owners, for your support and the confidence you continue to place in us in difficult times.

Essen, May 6, 2020

DR CHRISTIAN KOHLPAINTNER
CHIEF EXECUTIVE OFFICER

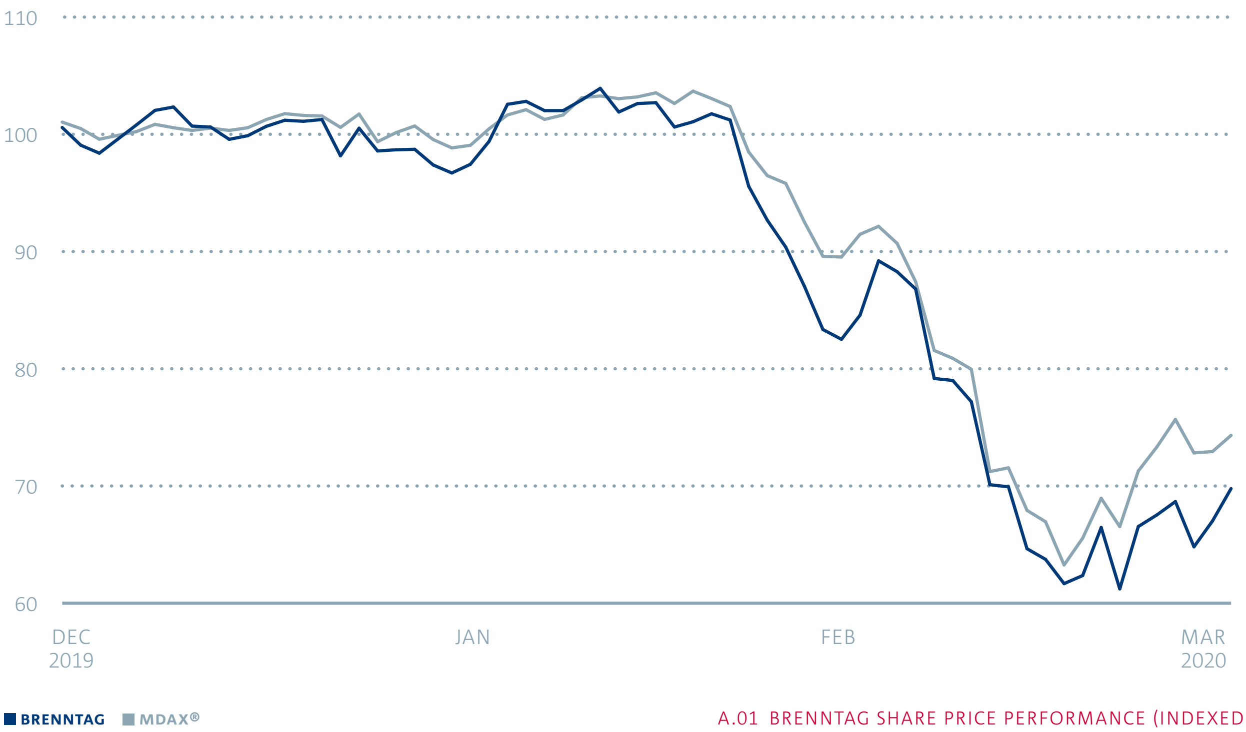
BRENNTAG ON THE STOCK MARKET

SHARE PRICE PERFORMANCE

In the first quarter of 2020, global capital markets recorded their heaviest losses since the financial crisis of 2008. The main reason for this significantly negative performance was the global spread of the COVID-19 pandemic and the continuing uncertainty over the economic consequences of this development. The sharp fall in the oil price put additional pressure on the global financial markets.

Germany's leading index, the DAX®, closed the first quarter of 2020 at 9,935.84 points, down 25.0% on the end of 2019. The MDAX® lost 25.7% to finish the first quarter of 2020 at 21,040.71 points. Brenntag shares closed the reporting period at EUR 33.83, a decrease of 30.2% compared with the 2019 closing price.

According to Deutsche Börse AG's ranking, Brenntag AG ranked 40th among all listed companies in Germany by market capitalization at the end of March 2020. The average number of Brenntag shares traded daily on Xetra® in the first three months of 2020 was approximately 487,000.



A.01 BRENNTAG SHARE PRICE PERFORMANCE (INDEXED)

SHAREHOLDER STRUCTURE

As at May 1, 2020, notification had been received from the following shareholders under Section 21, 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
MFS Investment Management	>5	Jul. 3, 2012
BlackRock	>5	Mar. 11, 2020
Burgundy Asset Management	>3	Oct. 16, 2018
Flossbach von Storch AG	>3	Dec. 21, 2018
Columbia Threadneedle	>3	Jul. 25, 2019
Wellington Management Group	>3	Oct. 1, 2019
Yacktman Asset Management LP	>3	Apr. 27, 2020

A.02 SHAREHOLDER STRUCTURE

		Dec. 31, 2019	Mar. 31, 2020
Price (Xetra® closing price)	EUR	48.48	33.83
Market capitalization	EUR m	7,490	5,227
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 MARCH 31, 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 March 31, 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 global and regional initiatives.

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

Under our growth strategy, we focus the company on attractive and promising business segments. In order to leverage more of the above-average growth opportunities in the life science segment, we have amalgamated our global capabilities in food within the organizational unit Brenntag Food & Nutrition. This enables us to better meet our business partners' existing and future needs at local and global level on the basis of our broad portfolio of specialty and standard ingredients and our specific expertise. We have other focus industries, such as personal care, pharmaceuticals, water treatment and material science, which we serve by providing technical sales support in particular. In the high-volume chemicals segment and in the oil and gas industry, we offer integrated value chain solutions geared to achieving maximum efficiency and customer-centric business solutions. As a source of future growth, we are also looking to digital concepts and technologies that are customer- and supplier-oriented. We have combined these activities in our subsidiary DigiB. Further regional initiatives focus on growing the customer-specific mixing and blending business by providing value-added services.

In order to also offer our business partners the best service in the industry, we continuously focus worldwide on commercial excellence, that is to say, our effectiveness and efficiency in procurement, sales and marketing. Our points of emphasis include systematically expanding business with regional, pan-regional and global key account customers, for which our broad product offering and extensive geographic network provide unrivalled service capabilities. In addition, we will continue to actively realize the potential that arises as a result of chemical producers outsourcing supply chain and commercial activities.

In addition to our growth initiatives, we continue to improve our operational excellence, in particular by optimizing our site network and IT systems, adopting best practice solutions throughout the Brenntag Group and optimizing our warehouse and transport logistics on a regional and global level.

In our human resources activities, we seek to best position the Brenntag brand in the employment market so as to recruit, develop and retain highly qualified employees. The focus here is on our employees' continuing development and, in particular, on targeted succession planning.

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

During the first quarter of 2020, the COVID-19 pandemic led to a clear downturn in the global economy. In order to contain the spread of new infections and prevent healthcare services from becoming overburdened, public life in a number of countries worldwide was brought largely to a standstill, thereby reducing economic activity. At the same time, extensive economic-policy measures were taken with the aim of mitigating the anticipated repercussions. Nevertheless, the International Monetary Fund (IMF) expects the COVID-19 pandemic to result in a sharp, albeit temporary recession.

The effects of the pandemic were also reflected in the Global Manufacturing Purchasing Managers' Index (PMI), which stood at 47.6 in March, a reading well below the 50 neutral mark. Overall, global industrial production contracted by around 4.0% year on year in the first two months of the first quarter of 2020. The performance of the Chinese economy played a key role here.

In Europe, industrial production fell by approximately 1.9% year on year in the first two months of the first quarter of 2020. Although initially robust at the beginning of the year, the US economy was increasingly impacted by the pandemic and the strong fall in the oil price towards the end of the quarter. Ultimately, US industrial production contracted by 2.1% overall in the first quarter of 2020. In Latin America, the economic situation remained fragile. Due in particular to economic uncertainty, the oil price and the pandemic, Latin American industrial production showed a year-on-year decline of around 2.7% in the first two months of the first quarter of 2020. In the same period, the Asian economies (excluding China) achieved positive production growth of 2.4% compared with the prior-year figure. In China, on the other hand, economic activity was severely depressed by the COVID-19 pandemic.

Business Performance

MAJOR EVENTS IMPACTING ON BUSINESS IN Q1 2020

In early January 2020, Brenntag acquired all 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, with 30 employees. 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.

STATEMENT BY THE BOARD OF MANAGEMENT ON BUSINESS PERFORMANCE

The Brenntag Group generated operating EBITDA of EUR 263.0 million in the first quarter of 2020, an increase of 10.1% compared with the prior-year period. On a constant currency basis, this represents earnings growth of 8.7%.

During the first quarter of 2020, we were increasingly confronted with the effects of the COVID-19 pandemic. We immediately took extensive measures to protect our employees and business partners and within a short time geared our processes to the new situation. In doing so, we were able to almost fully maintain our operating activities. This is reflected in solid financial results for the past quarter, which once again demonstrate the resilience of our business model. Ultimately, we increased our operating gross profit and our operating EBITDA, improved working capital management and generated strong free cash flow.

Our EMEA segment in particular was able to increase earnings significantly in the past quarter. Some customer industries, such as in the food sector for example, performed extremely well. Earnings in North America were impacted by declines in our business with customers in the oil and gas industry, which failed to match the high level reached in the prior-year period. This was not fully offset by the positive trend in demand from other customer industries. In our Latin America and Asia Pacific segments, we achieved sound year-on-year earnings growth in the first quarter of 2020.

In the first quarter of 2020, the Group used only small amounts to build up working capital. Through improved working capital management, we increased annualized working capital turnover by a clear margin compared with the prior-year period.

Capital expenditure in the first quarter of 2020 was up slightly on the prior-year figure due to projects to expand our business operations. We make these investments 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 strong free cash flow that supports our financial flexibility in a difficult market environment. Overall, the free cash flow achieved in the first quarter of 2020 is not quite at the high prior-year level.

We responded to the drastically changed market environment and the extreme uncertainty brought about by the COVID-19 pandemic by adapting our business processes very swiftly and systematically. We are highly satisfied with the result of the adaptation. Overall, we closed the first quarter of 2020 with a solid set of financial results.

Results of Operations

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

			Change		
in EUR m	**Q1 2020**	**Q1 2019**	abs.	in %	in % (fx adj.)[1]
Sales	3,206.1	3,182.3	23.8	0.7	−0.3
Operating gross profit	745.2	688.2	57.0	8.3	7.1
Operating expenses	−482.2	−449.4	−32.8	7.3	6.2
Operating EBITDA	**263.0**	**238.8**	**24.2**	**10.1**	**8.7**
Net expense from special items	−6.9	−0.4	–	–	–
Depreciation of property, plant and equipment and right-of-use assets	−64.4	−57.7	−6.7	11.6	10.1
EBITA	191.7	180.7	11.0	6.1	4.9
Amortization of intangible assets	−11.5	−11.9	0.4	−3.4	−4.2
Net finance costs	−24.0	−25.4	1.4	−5.5	–
Profit before tax	156.2	143.4	12.8	8.9	–
Income tax expense	−41.2	−38.2	−3.0	7.9	–
Profit after tax	115.0	105.2	9.8	9.3	–

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 3,206.1 million in the first quarter of 2020, a slight increase of 0.7% compared with the prior-year period. On a constant currency basis, sales were roughly in line with the prior-year figure.

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 745.2 million in the first quarter of 2020, an increase of 8.3% and, on a constant currency basis, 7.1%. Almost all segments contributed to this positive performance at operating gross profit level. The increase in operating gross profit is due predominantly to organic growth in our business, in particular higher operating gross profit per unit.

The Brenntag Group's **operating expenses** amounted to EUR 482.2 million in the first quarter of 2020, a rise of 7.3% year on year, or 6.2% on a constant currency basis. Our acquisitive growth led to additional costs, as did inflationary tendencies, affecting personnel and transport costs in particular.

The Brenntag Group achieved **operating EBITDA** of EUR 263.0 million overall in the first quarter of 2020, an increase of 10.1% 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 strong earnings growth of 8.7% at Group level. This growth is predominantly organic.

Depreciation of property, plant and equipment, depreciation of right-of-use assets and **amortization** of intangible assets amounted to EUR 75.9 million in the first quarter of 2020, with depreciation of property, plant and equipment and right-of-use assets accounting for EUR 64.4 million and amortization of intangible assets for EUR 11.5 million. Compared with the first quarter of 2019, we recorded an increase in total depreciation and amortization of EUR 6.3 million.

Net finance costs came to EUR 24.0 million in the first quarter of 2020 (Q1 2019: EUR 25.4 million), with the year-on-year change attributable mainly to three effects. Firstly, net interest expense of EUR 20.1 million showed an improvement on the prior-year period (Q1 2019: EUR 22.7 million). In addition, a positive one-time effect in connection with acquisitions was recognized in other net finance costs. Conversely, higher expense arising on the translation of foreign currency receivables and liabilities had an opposite effect on net finance costs.

Profit before tax came to EUR 156.2 million in the first quarter of 2020 (Q1 2019: EUR 143.4 million).

Income tax expense rose by EUR 3.0 million year on year to EUR 41.2 million in the first quarter of 2020.

Profit after tax stood at EUR 115.0 million in the first quarter of 2020 (Q1 2019: EUR 105.2 million).

Net expense from special items breaks down as follows:

in EUR m	Q1 2020	Q1 2019
Expenses in connection with “Project Brenntag”	–6.3	–
Expenses in connection with the programme to increase efficiency in the EMEA segment	–0.6	–0.4
Net expense from special items	**–6.9**	**–0.4**

B.02 NET EXPENSE FROM SPECIAL ITEMS

Special items mainly include the costs for “Project Brenntag”. “Project Brenntag” will initially involve a holistic analysis of the company. Based on the results of this analysis, a comprehensive plan will be developed for implementing the resulting conclusions and specific initiatives.

BUSINESS PERFORMANCE IN THE SEGMENTS

Q1 2020 in EUR m	Brenntag Group	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	3,206.1	1,391.9	1,146.5	217.0	349.7	101.0
Operating gross profit	745.2	325.2	299.7	48.0	67.0	5.3
Operating expenses	−482.2	−202.1	−189.6	−34.2	−40.7	−15.6
Operating EBITDA	**263.0**	**123.1**	**110.1**	**13.8**	**26.3**	**−10.3**

B.03 BUSINESS PERFORMANCE IN THE SEGMENTS

EMEA (Europe, Middle East & Africa)

			Change		
in EUR m	**Q1 2020**	**Q1 2019**	abs.	in %	in % (fx adj.)
External sales	1,391.9	1,347.2	44.7	3.3	3.3
Operating gross profit	325.2	287.7	37.5	13.0	13.0
Operating expenses	−202.1	−185.9	−16.2	8.7	8.6
Operating EBITDA	**123.1**	**101.8**	**21.3**	**20.9**	**21.2**

B.04 BUSINESS PERFORMANCE IN THE SEGMENTS / EMEA

The EMEA segment generated **external sales** of EUR 1,391.9 million in the first quarter of 2020, a rise of 3.3% compared with the prior-year period. On a constant currency basis, external sales were also up by 3.3% year on year. The rise is due mainly to higher volumes.

The **operating gross profit** generated by the companies in the EMEA segment rose by 13.0% year on year to EUR 325.2 million in the first quarter of 2020. This also represents a rise of 13.0% on a constant currency basis. The growth in operating gross profit achieved in our EMEA segment was mostly organic and due mainly to higher operating gross profit per unit.

The EMEA segment posted **operating expenses** of EUR 202.1 million in the first quarter of 2020. This rise of 8.7% compared with the first quarter of 2019, or 8.6% on a constant currency basis, is due primarily to growth-driven increases in personnel and transport costs.

The companies in the EMEA segment achieved **operating EBITDA** of EUR 123.1 million in the first quarter of 2020, a significant increase of 20.9% compared with the prior-year period, or 21.2% on a constant currency basis. This growth is due almost entirely to a positive performance from our organic business operations.

North America

in EUR m	Q1 2020	Q1 2019	Change abs.	Change in %	Change in % (fx adj.)
External sales	1,146.5	1,176.0	−29.5	−2.5	−5.2
Operating gross profit	299.7	292.8	6.9	2.4	−0.5
Operating expenses	−189.6	−180.8	−8.8	4.9	2.0
Operating EBITDA	**110.1**	**112.0**	**−1.9**	**−1.7**	**−4.6**

B.05 BUSINESS PERFORMANCE IN THE SEGMENTS / NORTH AMERICA

The North America segment generated **external sales** of EUR 1,146.5 million in the first quarter of 2020. This decline of 2.5% compared with the first quarter of 2019, or 5.2% on a constant currency basis, is attributable to a fall in volumes and lower average sales prices per unit.

The **operating gross profit** generated by the North American companies rose by 2.4% year on year to EUR 299.7 million in the first quarter of 2020. On a constant currency basis, this represents a slight decrease of 0.5% 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.

At EUR 189.6 million in the first quarter of 2020, **operating expenses** in the North America segment were up by 4.9% on the prior-year period. On a constant currency basis, this represents a slight increase in operating expenses of 2.0%, incurred in part for personnel.

The North American companies achieved **operating EBITDA** of EUR 110.1 million in the first quarter of 2020, a slight decrease on the prior-year figure of 1.7%. On a constant currency basis, this represents a decline of 4.6% due primarily to the weakness in the oil and gas industry.

Latin America

in EUR m	Q1 2020	Q1 2019	Change abs.	Change in %	Change in % (fx adj.)
External sales	217.0	210.4	6.6	3.1	6.4
Operating gross profit	48.0	42.6	5.4	12.7	16.5
Operating expenses	−34.2	−31.1	−3.1	10.0	13.4
Operating EBITDA	**13.8**	**11.5**	**2.3**	**20.0**	**25.1**

B.06 BUSINESS PERFORMANCE IN THE SEGMENTS / LATIN AMERICA

The Latin America segment generated **external sales** of EUR 217.0 million in the first quarter of 2020, a rise of 3.1%. On a constant currency basis, this represents an increase of 6.4% attributable to higher volumes.

The **operating gross profit** achieved by the Latin American companies in the first quarter of 2020 amounted to EUR 48.0 million. Compared with the prior-year period, operating gross profit was therefore up by 12.7%. On a constant currency basis, it showed a significant increase of 16.5%. We therefore demonstrated our resilience despite a challenging and volatile market environment throughout the region.

Operating expenses in the Latin America segment amounted to EUR 34.2 million in the first quarter of 2020, an increase of 10.0% on the prior-year figure. On a constant currency basis, operating expenses rose by 13.4% due in part to a rise in transport and energy costs and increases in personnel expenses.

The Latin American companies posted **operating EBITDA** of EUR 13.8 million overall in the first quarter of 2020, an increase of 20.0% on the prior-year figure. On a constant currency basis, operating EBITDA rose by 25.1%. This growth is mostly organic.

Asia Pacific

in EUR m	Q1 2020	Q1 2019	Change abs.	Change in %	Change in % (fx adj.)
External sales	349.7	357.7	−8.0	−2.2	−3.3
Operating gross profit	67.0	60.4	6.6	10.9	9.5
Operating expenses	−40.7	−38.9	−1.8	4.6	3.6
Operating EBITDA	**26.3**	**21.5**	**4.8**	**22.3**	**20.1**

B.07 BUSINESS PERFORMANCE IN THE SEGMENTS / ASIA PACIFIC

External sales in the Asia Pacific segment fell by 2.2% year on year to EUR 349.7 million in the first quarter of 2020. On a constant currency basis, this represents a decline in sales of 3.3% due to lower volumes.

The Asia Pacific segment generated **operating gross profit** of EUR 67.0 million in the first quarter of 2020, a rise of 10.9% compared with the prior-year period. On a constant currency basis, operating gross profit climbed by 9.5%. This is due in particular to the acquisition of Tee Hai Chem Pte Ltd. closed in 2019. In China, on the other hand, our operating gross profit was negatively impacted by the very early spread of the COVID-19 pandemic in the first quarter.

The **operating expenses** of the companies in the Asia Pacific segment rose by 4.6% year on year, or 3.6% on a constant currency basis, to EUR 40.7 million in the first quarter of 2020. The rise in costs is almost entirely attributable to our acquisition and relates in part to higher personnel expenses.

The companies in the Asia Pacific segment generated **operating EBITDA** of EUR 26.3 million in the first quarter of 2020, thereby exceeding prior-year earnings by 22.3%. This represents a significant increase of 20.1% on a constant currency basis and is attributable mostly to the performance from our acquisition.

All other segments

in EUR m	Q1 2020	Q1 2019	Change abs.	Change in %	Change in % (fx adj.)
External sales	101.0	91.0	10.0	11.0	11.0
Operating gross profit	5.3	4.7	0.6	12.8	12.8
Operating expenses	−15.6	−12.7	−2.9	22.8	22.8
Operating EBITDA	**−10.3**	**−8.0**	**−2.3**	**28.8**	**28.8**

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

In the first quarter of 2020, BRENNTAG International Chemicals GmbH exceeded the operating EBITDA achieved in the prior-year period.

The operating expenses posted by the holding companies in the same period were up on the first quarter of 2019. The increase in the first quarter of 2020 is due to higher expenses as a result of our growth. The figure also includes the expenses for our digitalization activity DigiB, which contributed to the increase.

The operating EBITDA of all other segments was down by EUR 2.3 million on the prior-year figure to EUR −10.3 million overall in the first quarter of 2020.

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 1.5 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 872.9 million as at March 31, 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 March 31, 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.

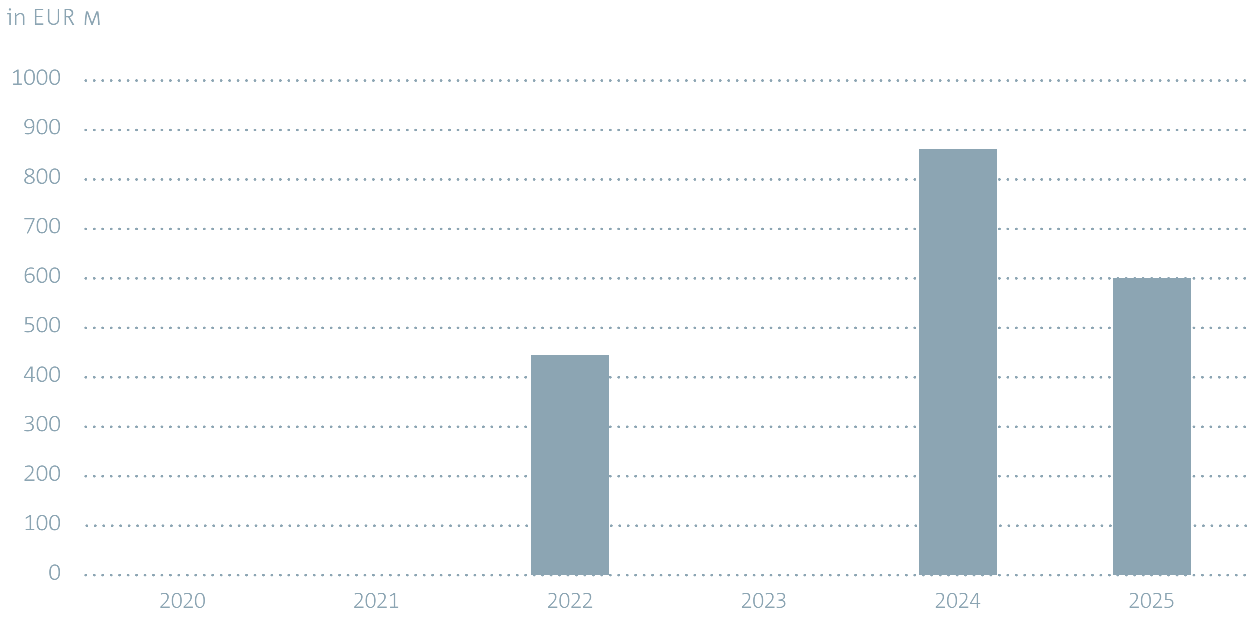
In September 2017, Brenntag Finance B.V. issued a EUR 600 million bond (Bond 2025) maturing in 2025 and bearing a coupon of 1.125% with interest paid annually. Furthermore, in November 2015, Brenntag Finance B.V. issued a bond with warrant units in the amount of USD 500.0 million maturing in December 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, almost 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 MARCH 31, 2020 IN EUR M:



B.09 MATURITY PROFILE OF OUR CREDIT PORTFOLIO

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

INVESTMENTS

In the first quarter of 2020, investments in property, plant and equipment and intangible assets (excluding additions from acquisitions) led to a total cash outflow of EUR 48.7 million (Q1 2019: EUR 34.5 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 6.1 million in the first quarter 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. The project was initiated in financial year 2017.

Investments in intangible assets amounted to EUR 13.2 million in the first quarter 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	Q1 2020	Q1 2019
Net cash provided by operating activities	**204.2**	**161.2**
Net cash used in investing activities	**−68.7**	**−67.0**
of which payments to acquire consolidated subsidiaries, other business units and other financial assets	−24.5	−37.9
of which payments to acquire intangible assets and property, plant and equipment	−48.7	−34.5
of which proceeds from divestments	4.5	5.4
Net cash used in financing activities	**−48.2**	**−52.3**
of which repayments of/proceeds from borrowings	−48.2	−52.3
Change in cash and cash equivalents	**87.3**	**41.9**

B.10 CASH FLOW

Free cash flow

			Change	
in EUR m	Q1 2020	Q1 2019	abs.	in %
Operating EBITDA	263.0	238.8	24.2	10.1
Investments in non-current assets (capex)	−44.5	−31.0	−13.5	43.5
Change in working capital	−24.4	−13.4	−11.0	82.1
Principal and interest payments on lease liabilities	−32.6	−28.1	−4.5	16.0
Free cash flow	**161.5**	**166.3**	**−4.8**	**−2.9**

B.11 FREE CASH FLOW

Net cash provided by operating activities of EUR 204.2 million was influenced by the rise in working capital of EUR 24.4 million, which was higher than in the prior-year period.

Of the net cash of EUR 68.7 million used in investing activities, EUR 48.7 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 48.2 million and was mainly the result of local bank loans taken out and repaid as well as lease liabilities repaid.

The Brenntag Group's free cash flow amounted to EUR 161.5 million in the first quarter of 2020. We therefore recorded a decline of 2.9% compared with the prior-year figure (EUR 166.3 million).

Capital expenditure to expand our infrastructure rose slightly as planned, thereby contributing to the decline in free cash flow. Operating EBITDA exceeded the prior-year figure, but was not enough to offset the decline resulting from capital expenditure, working capital, and principal and interest payments on lease liabilities.

Financial and Assets Position

	Mar. 31, 2020		Dec. 31, 2019	
in EUR m	abs.	in %	abs.	in %
Assets				
Current assets	**4,055.5**	**45.9**	**3,790.9**	**44.3**
Cash and cash equivalents	593.7	6.7	520.3	6.1
Trade receivables	1,979.0	22.4	1,820.3	21.3
Other receivables and assets	312.9	3.5	273.8	3.2
Inventories	1,169.9	13.3	1,176.5	13.7
Non-current assets	**4,772.3**	**54.1**	**4,773.3**	**55.7**
Intangible assets	3,070.1	34.8	3,084.0	35.9
Other non-current assets	1,596.1	18.1	1,580.5	18.5
Receivables and other assets	106.1	1.2	108.8	1.3
Total assets	**8,827.8**	**100.0**	**8,564.2**	**100.0**
Liabilities and equity				
Current liabilities	**2,267.5**	**25.7**	**2,082.2**	**24.3**
Provisions	99.9	1.1	102.3	1.2
Trade payables	1,396.1	15.8	1,229.1	14.3
Financial liabilities	311.7	3.5	324.7	3.8
Miscellaneous liabilities	459.8	5.3	426.1	5.0
Equity and non-current liabilities	**6,560.3**	**74.3**	**6,482.0**	**75.7**
Equity	3,641.3	41.2	3,579.0	41.8
Non-current liabilities	2,919.0	33.1	2,903.0	33.9
Provisions	297.8	3.4	310.2	3.6
Financial liabilities	2,285.7	25.9	2,256.1	26.4
Miscellaneous liabilities	335.5	3.8	336.7	3.9
Total liabilities and equity	**8,827.8**	**100.0**	**8,564.2**	**100.0**

B.12 FINANCIAL AND ASSETS POSITION

As at March 31, 2020, total assets had increased by EUR 263.6 million compared with the end of the previous year to EUR 8,827.8 million (Dec. 31, 2019: EUR 8,564.2 million).

Cash and cash equivalents rose by 14.1% compared with the 2019 year-end figure to EUR 593.7 million (Dec. 31, 2019: EUR 520.3 million). This rise is the result of net cash inflows from operating activities and repayments of current borrowings.

The three components of working capital changed as follows in the reporting period:

- Trade receivables increased by 8.7% in the reporting period to EUR 1,979.0 million (Dec. 31, 2019: EUR 1,820.3 million).
- Inventories decreased by 0.6% in the reporting period to EUR 1,169.9 million (Dec. 31, 2019: EUR 1,176.5 million).
- With the opposite effect on working capital, trade payables increased by 13.6% to EUR 1,396.1 million (Dec. 31, 2019: EUR 1,229.1 million).
- Overall, reported working capital fell to EUR 1,752.8 million (Dec. 31, 2019: EUR 1,767.7 million).

The reported change in working capital was influenced by exchange rate movements and acquisitions, as a result of which the cash portion of the change in working capital amounted to an outflow of EUR 24.4 million. We very much limited the outflow by achieving a clear increase in annualized working capital turnover[1]. This stood at 7.3 in the reporting period (end of 2019: 7.0).

The Brenntag Group's intangible and other non-current assets increased by EUR 1.7 million compared with the end of the previous year to EUR 4,666.2 million (Dec. 31, 2019: EUR 4,664.5 million). The increase is due mainly to investments in non-current assets (EUR 44.5 million) and acquisitions (EUR 26.8 million). Set against this were depreciation and amortization (EUR 75.9 million) and exchange rate effects (EUR 41.2 million).

Current financial liabilities declined by EUR 13.0 million to EUR 311.7 million in total (Dec. 31, 2019: EUR 324.7 million). Non-current financial liabilities rose by 1.3% compared with the end of the previous year to EUR 2,285.7 million (Dec. 31, 2019: EUR 2,256.1 million).

Current and non-current provisions amounted to a total of EUR 397.7 million (Dec. 31, 2019: EUR 412.5 million) and included pension provisions in the amount of EUR 174.1 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 quarter extrapolated to the full year (quarterly sales multiplied by four); average working capital for the first quarter is defined as the average of working capital at the beginning of the year and at the end of the first quarter.

EMPLOYEES

As at March 31, 2020, Brenntag had a total of 17,403 employees worldwide. The total number of employees is determined on the basis of headcount, i.e. part-time employees are fully included.

	Mar. 31, 2020		Dec. 31, 2019	
Headcount	**abs.**	**in %**	**abs.**	**in %**
EMEA	7,519	43.2	7,524	43.0
North America	5,156	29.6	5,257	30.0
Latin America	1,931	11.1	1,934	11.1
Asia Pacific	2,585	14.9	2,572	14.7
All other segments	212	1.2	205	1.2
Brenntag Group	**17,403**	**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 a variety of economic sectors worldwide. As a result, leading forecasters are constantly revising their estimates of the pandemic's impact on growth expectations for the global economy in 2020. Due to the unpredictable course of the COVID-19 pandemic, there is now extreme 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 7.9% in 2020. Nevertheless, we remain convinced of the robustness of our business model – a conviction also supported by our business performance in the first quarter of this year.

The exceptionally high level of uncertainty resulting from this macroeconomic environment is severely limiting the ability to make predictions. On April 7, 2020, we therefore decided to suspend our forecast for the current financial year. So far, the COVID-19 pandemic has not had an appreciable impact on our financial results. At the present time, however, it is impossible to foresee to what extent the COVID-19 pandemic will have a significant impact on the Brenntag Group's results for full-year 2020. We will publish a forecast for operating EBITDA once the effects of the COVID-19 pandemic can be better estimated. The same goes for our other performance indicators, which likewise cannot be forecast due to the current situation.

Regardless of the possible effects of the COVID-19 pandemic, we will continue to expand our initiatives related to customer and supplier relationship management and improving our warehouse logistics. We launched these initiatives in the second half of 2019 and expect them to improve working capital turnover.

Current investments in our existing infrastructure are generally in line with previous years. However, we are able to respond appropriately to possible effects of the COVID-19 pandemic at short notice. Led by the new CEO, the Board of Management is analyzing the investments planned over the medium to long term so as to support the strategic initiatives over the coming years.

As with operating EBITDA, it is not possible to issue a forecast for free cash flow due to the current situation. In phases of past economic downturns, we have seen a corresponding decline in working capital, which has a positive impact on our free cash flow. This generally demonstrates the resilience of our business model. Even in the current environment, we therefore expect to maintain our acquisition strategy and our dividend policy.

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 extent of the negative impact of the COVID-19 pandemic on regional and global economic growth is highly uncertain. As a result, the related impact on our business cannot yet be forecast. 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 quarter 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 MARCH 31, 2020

CONSOLIDATED INCOME STATEMENT

in EUR m	Note	Jan. 1– Mar. 31, 2020	Jan. 1– Mar. 31, 2019
Sales		3,206.1	3,182.3
Cost of sales		−2,482.4	−2,511.7
Gross profit		**723.7**	**670.6**
Selling expenses		−484.8	−455.0
Administrative expenses		−59.5	−52.1
Other operating income		6.9	8.9
Impairment losses on trade receivables and other receivables		−3.1	−0.7
Other operating expenses		−3.0	−2.9
Operating profit		**180.2**	**168.8**
Share of profit or loss of equity-accounted investments		–	0.5
Interest income		1.0	1.0
Interest expense	1.)	−21.1	−23.7
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	2.)	−0.7	−1.1
Other net finance costs		−3.2	−2.1
Net finance costs		**−24.0**	**−25.4**
Profit before tax		**156.2**	**143.4**
Income tax expense	3.)	−41.2	−38.2
Profit after tax		**115.0**	**105.2**
Attributable to:			
Shareholders of Brenntag AG		113.7	104.8
Non-controlling interests		1.3	0.4
Basic earnings per share in euro	**4.)**	**0.74**	**0.68**
Diluted earnings per share in euro	**4.)**	**0.74**	**0.68**

C.01 CONSOLIDATED INCOME STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR m	Note	Jan. 1– Mar. 31, 2020	Jan. 1– Mar. 31, 2019
Profit after tax		**115.0**	**105.2**
Remeasurements of defined benefit pension plans	7.)	14.3	−32.1
Deferred tax relating to remeasurements of defined benefit pension plans	7.)	−4.5	8.5
Items that will not be reclassified to profit or loss		**9.8**	**−23.6**
Change in exchange rate differences on translation of consolidated companies		−65.1	53.0
Change in exchange rate differences on translation of equity-accounted investments		−0.1	0.2
Change in net investment hedge reserve		2.7	**−0.7**
Items that may be reclassified subsequently to profit or loss		**−62.5**	**52.5**
Other comprehensive income, net of tax		**−52.7**	**28.9**
Total comprehensive income		**62.3**	**134.1**
Attributable to:			
Shareholders of Brenntag AG		63.2	132.9
Non-controlling interests		−0.9	1.2

C.02 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED BALANCE SHEET

ASSETS

in EUR m	Note	Mar. 31, 2020	Dec. 31, 2019
Current assets			
Cash and cash equivalents		593.7	520.3
Trade receivables		1,979.0	1,820.3
Other receivables		219.9	194.8
Other financial assets		38.9	21.7
Current tax assets		54.1	57.3
Inventories		1,169.9	1,176.5
		4,055.5	**3,790.9**
Non-current assets			
Property, plant and equipment		1,166.0	1,164.3
Intangible assets		3,070.1	3,084.0
Right-of-use assets		426.1	412.2
Equity-accounted investments		4.0	4.0
Other receivables		22.5	24.5
Other financial assets		22.2	21.4
Deferred tax assets		61.4	62.9
		4,772.3	**4,773.3**
Total assets		**8,827.8**	**8,564.2**

LIABILITIES AND EQUITY

in EUR m	Note	Mar. 31, 2020	Dec. 31, 2019
Current liabilities			
Trade payables		1,396.1	1,229.1
Financial liabilities	5.)	208.7	224.2
Lease liabilities		103.0	100.5
Other liabilities		412.7	382.3
Other provisions	6.)	99.9	102.3
Current tax liabilities		47.1	43.8
		2,267.5	**2,082.2**
Non-current liabilities			
Financial liabilities	5.)	1,952.8	1,936.4
Lease liabilities		332.9	319.7
Other liabilities		3.7	4.5
Other provisions	6.)	123.7	121.1
Provisions for pensions and other post-employment benefits	7.)	174.1	189.1
Liabilities relating to acquisition of non-controlling interests	8.)	134.6	136.6
Deferred tax liabilities		197.2	195.6
		2,919.0	**2,903.0**
Equity			
Subscribed capital		154.5	154.5
Additional paid-in capital		1,491.4	1,491.4
Retained earnings		1,933.4	1,809.9
Accumulated other comprehensive income		−0.3	60.0
Equity attributable to shareholders of Brenntag AG		3,579.0	3,515.8
Equity attributable to non-controlling interests	9.)	62.3	63.2
		3,641.3	**3,579.0**
Total liabilities and equity		**8,827.8**	**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**
Business combinations	–	–	–
Profit after tax	–	–	104.8
Other comprehensive income, net of tax	–	–	−23.6
Total comprehensive income for the period	**–**	**–**	**81.2**
Mar. 31, 2019	**154.5**	**1,491.4**	**1,721.3**

Dec. 31, 2019	**154.5**	**1,491.4**	**1,809.9**
Profit after tax	–	–	113.7
Other comprehensive income, net of tax	–	–	9.8
Total comprehensive income for the period	**–**	**–**	**123.5**
Mar. 31, 2020	**154.5**	**1,491.4**	**1,933.4**

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**
–	–	–	−0.2	−0.2
–	–	104.8	0.4	105.2
52.4	−0.7	28.1	0.8	28.9
52.4	**−0.7**	**132.9**	**1.2**	**134.1**
43.0	**−0.8**	**3,409.4**	**25.7**	**3,435.1**

C.04 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / MAR. 31, 2019

60.8	**−0.8**	**3,515.8**	**63.2**	**3,579.0**
–	–	113.7	1.3	115.0
−63.0	2.7	−50.5	−2.2	−52.7
−63.0	**2.7**	**63.2**	**−0.9**	**62.3**
−2.2	**1.9**	**3,579.0**	**62.3**	**3,641.3**

C.05 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / MAR. 31, 2020

CONSOLIDATED CASH FLOW STATEMENT

in EUR m	Note	Jan. 1– Mar. 31, 2020	Jan. 1– Mar. 31, 2019
	11.)		
Profit after tax		**115.0**	**105.2**
Depreciation and amortization		75.9	69.6
Income tax expense		41.2	38.2
Income taxes paid		−34.3	−29.5
Net interest expense		20.1	22.7
Interest paid (netted against interest received)		−13.2	−12.8
Changes in provisions		0.2	−1.3
Changes in current assets and liabilities			
Inventories		−21.6	5.5
Receivables		−221.0	−142.0
Liabilities		221.8	113.5
Non-cash change in liabilities relating to acquisition of non-controlling interests		0.7	1.1
Other non-cash items and reclassifications		19.4	−9.0
Net cash provided by operating activities		**204.2**	**161.2**
Proceeds from the disposal of intangible assets and property, plant and equipment		4.5	5.4
Payments to acquire consolidated subsidiaries and other business units		−24.5	−37.9
Payments to acquire intangible assets and property, plant and equipment		−48.7	−34.5
Net cash used in investing activities		**−68.7**	**−67.0**
Proceeds from borrowings		23.9	15.0
Repayments of borrowings		−72.1	−67.3
Net cash used in financing activities		**−48.2**	**−52.3**
Change in cash and cash equivalents		**87.3**	**41.9**
Effect of exchange rate changes on cash and cash equivalents		−13.9	5.9
Cash and cash equivalents at beginning of period		520.3	393.8
Cash and cash equivalents at end of period		**593.7**	**441.6**

C.06 CONSOLIDATED CASH FLOW STATEMENT

CONDENSED NOTES

Key Financial Figures by Segment

for the period from January 1 to March 31

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**	**1,391.9**	**1,146.5**	**217.0**	**349.7**	**101.0**	**–**	**3,206.1**
	2019	1,347.2	1,176.0	210.4	357.7	91.0	–	3,182.3
	Change in %	3.3	−2.5	3.1	−2.2	11.0	–	0.7
	fx adjusted change in %	3.3	−5.2	6.4	−3.3	11.0	–	−0.3
Inter-segment sales	**2020**	**2.0**	**1.4**	**0.1**	**0.3**	**–**	**−3.8**	**–**
	2019	2.1	2.3	0.1	–	–	−4.5	–
Operating gross profit[1]	**2020**	**325.2**	**299.7**	**48.0**	**67.0**	**5.3**	**–**	**745.2**
	2019	287.7	292.8	42.6	60.4	4.7	–	688.2
	Change in %	13.0	2.4	12.7	10.9	12.8	–	8.3
	fx adjusted change in %	13.0	−0.5	16.5	9.5	12.8	–	7.1
Gross profit	**2020**	**–**	**–**	**–**	**–**	**–**	**–**	**723.7**
	2019	–	–	–	–	–	–	670.6
	Change in %	–	–	–	–	–	–	7.9
	fx adjusted change in %	–	–	–	–	–	–	6.7
Operating EBITDA[2] (segment result)	**2020**	**123.1**	**110.1**	**13.8**	**26.3**	**−10.3**	**–**	**263.0**
	2019	101.8	112.0	11.5	21.5	−8.0	–	238.8
	Change in %	20.9	−1.7	20.0	22.3	28.8	–	10.1
	fx adjusted change in %	21.2	−4.6	25.1	20.1	28.8	–	8.7
Investments in non-current assets (capex)[3]	**2020**	**8.9**	**13.6**	**2.2**	**7.8**	**12.0**	**–**	**44.5**
	2019	12.2	10.2	0.8	4.9	2.9	–	31.0

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.

Group Key Financial Figures

in EUR m	Jan. 1– Mar. 31, 2020	Jan. 1– Mar. 31, 2019
Operating EBITDA	263.0	238.8
Investments in non-current assets (capex)[1]	–44.5	–31.0
Change in working capital[2] [3]	–24.4	–13.4
Principal and interest payments on lease liabilities	–32.6	–28.1
Free cash flow	**161.5**	**166.3**

C.08 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– Mar. 31, 2020	Jan. 1– Mar. 31, 2019
Operating EBITDA (segment result)[1]	**263.0**	**238.8**
Net expense from special items	–6.9	–0.4
(of which "Project Brenntag")	(–6.3)	(–)
(of which expenses in connection with the programme to improve efficiency in the EMEA segment)	(–0.6)	(–0.4)
EBITDA	**256.1**	**238.4**
Depreciation of property, plant and equipment and right-of-use assets	–64.4	–57.7
Impairment of property, plant and equipment and right-of-use assets	–	–
EBITA	**191.7**	**180.7**
Amortization of intangible assets[2]	–11.5	–11.9
Impairment of intangible assets	–	–
EBIT	**180.2**	**168.8**
Net finance costs	–24.0	–25.4
Profit before tax	**156.2**	**143.4**

C.09 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 273.3 million (Q1 2019: EUR 246.8 million) and operating EBITDA of all other segments to EUR –10.3 million (Q1 2019: EUR –8.0 million).
[2] This figure includes amortization of customer relationships in the amount of EUR 7.8 million (Q1 2019: EUR 9.3 million).

in EUR m	Jan. 1– Mar. 31, 2020	Jan. 1– Mar. 31, 2019
Operating gross profit	**745.2**	**688.2**
Production/mixing & blending costs	–21.5	–17.6
Gross profit	**723.7**	**670.6**

C.10 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 March 31, 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. 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	Mar. 31, 2020
Domestic consolidated companies	29	–	–	29
Foreign consolidated companies	193	2	4	191
Total consolidated companies	**222**	**2**	**4**	**220**

C.11 CHANGES IN SCOPE OF CONSOLIDATION

The additions relate to an acquisition. 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) Chemicals 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.

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

in EUR m	Provisional fair value
Purchase price	**21.5**
of which consideration contingent on earnings targets	–
Assets	
Cash and cash equivalents	0.1
Trade receivables, other financial assets and other receivables	1.4
Other current assets	0.7
Non-current assets	17.5
Liabilities	
Current liabilities	4.5
Non-current liabilities	0.1
Net assets	**15.1**
Goodwill	**6.4**
of which deductible for tax purposes	–

C.12 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 0.1 million were recognized under other operating expenses.

Since their acquisition by Brenntag, the businesses acquired in 2020 have generated sales of EUR 0.9 million and loss after tax of EUR 0.4 million.

As a result of measurement-period adjustments, goodwill from entities acquired in 2019 increased by a total of EUR 3.5 million.

CURRENCY TRANSLATION

The euro exchange rates of major currencies changed as follows:

	Closing rate		Average rate	
EUR 1 = currencies	Mar. 31, 2020	Dec. 31, 2019	Jan. 1– Mar. 31, 2020	Jan. 1– Mar. 31, 2019
Canadian dollar (CAD)	1.5617	1.4598	1.4819	1.5101
Swiss franc (CHF)	1.0585	1.0854	1.0668	1.1324
Chinese yuan renminbi (CNY)	7.7784	7.8205	7.6956	7.6635
Danish krone (DKK)	7.4674	7.4715	7.4715	7.4637
Pound sterling (GBP)	0.8864	0.8508	0.8623	0.8725
Polish zloty (PLN)	4.5506	4.2568	4.3241	4.3016
Swedish krona (SEK)	11.0613	10.4468	10.6689	10.4187
US dollar (USD)	1.0956	1.1234	1.1027	1.1358

C.13 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– Mar. 31, 2020	Jan. 1– Mar. 31, 2019
Interest expense on liabilities to third parties	−16.9	−19.1
Expense from the fair value measurement of interest rate swaps	–	−0.3
Net interest expense on defined benefit pension plans	−0.5	−0.8
Interest expense on other provisions	−0.5	−0.5
Interest expense on leases	−3.2	−3.0
Total	**−21.1**	**−23.7**

C.14 INTEREST EXPENSE

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

in EUR m	Jan. 1– Mar. 31, 2020	Jan. 1– Mar. 31, 2019
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	−0.5	−0.9
Change in liabilities recognized in profit or loss arising from limited partners' rights to repayment of contributions	−0.2	−0.2
Total	**−0.7**	**−1.1**

C.15 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 41.0 million (Q1 2019: current tax expense of EUR 36.8 million) and deferred tax expense of EUR 0.2 million (Q1 2019: deferred tax expense of EUR 1.4 million).

Tax expense for the first quarter 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–Mar. 31, 2020			Jan. 1–Mar. 31, 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	156.7	26.3	41.2	144.3	26.5	38.2
tax-neutral income/expenses that cannot be planned with sufficient accuracy	−0.5	–	–	−0.9	–	–
including unplannable tax-neutral income/expenses	156.2	26.4	41.2	143.4	26.6	38.2

C.16 PROFIT BEFORE TAX AFTER ELIMINATION OF UNPLANNABLE TAX-NEUTRAL INCOME/EXPENSES

4.) EARNINGS PER SHARE

Earnings per share in the amount of EUR 0.74 (Q1 2019: EUR 0.68) are determined by dividing the share of profit after tax of EUR 113.7 million (Q1 2019: EUR 104.8 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 72.5322. The diluted earnings per share are therefore the basic earnings per share.

5.) FINANCIAL LIABILITIES

in EUR m	Mar. 31, 2020	Dec. 31, 2019
Liabilities under syndicated loan	870.4	862.1
Other liabilities to banks	198.0	220.1
Bond 2025	598.3	596.4
Bond (with Warrants) 2022	444.2	429.8
Derivative financial instruments	9.6	6.2
Other financial liabilities	41.1	46.0
Total	**2,161.6**	**2,160.6**
Lease liabilities	435.9	420.2
Cash and cash equivalents	593.7	520.3
Net financial liabilities	**2,003.8**	**2,060.5**

C.17 DETERMINATION OF NET FINANCIAL LIABILITIES

6.) OTHER PROVISIONS

Other provisions break down as follows:

in EUR m	Mar. 31, 2020	Dec. 31, 2019
Environmental provisions	96.8	97.8
Provisions for personnel expenses	29.1	27.3
Miscellaneous provisions	97.7	98.3
Total	**223.6**	**223.4**

C.18 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 March 31, 2020, the present value of pension obligations was determined using a discount rate of 1.6% (Dec. 31, 2019: 0.9%) in Germany and the other countries of the euro zone, 0.45% (Dec. 31, 2019: 0.2%) in Switzerland and 3.9% (Dec. 31, 2019: 3.1%) in Canada.

Due to the remeasurement of defined benefit plans, provisions for pensions and other post-employment benefits decreased by an amount of EUR 14.3 million recognized directly in retained earnings. This is mainly the result of the increase in the discount rate in the euro zone. Net of deferred taxes, actuarial losses recognized in other comprehensive income consequently decreased by EUR 9.8 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	Mar. 31, 2020	Dec. 31, 2019
Liabilities relating to acquisition of non-controlling interests	132.6	134.9
Liabilities arising from limited partners' rights to repayment of contributions	2.0	1.7
Total	**134.6**	**136.6**

C.19 LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

9.) EQUITY

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	−0.2	–	−0.2
Profit after tax	0.4	–	0.4
Other comprehensive income, net of tax	–	0.8	0.8
Total comprehensive income for the period	**0.4**	**0.8**	**1.2**
Mar. 31, 2019	**25.8**	**−0.1**	**25.7**

C.20 CHANGE IN NON-CONTROLLING INTERESTS / MAR. 31, 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**
Profit after tax	1.3	–	1.3
Other comprehensive income, net of tax	–	−2.2	−2.2
Total comprehensive income for the period	**1.3**	**−2.2**	**−0.9**
Mar. 31, 2020	**63.9**	**−1.6**	**62.3**

C.21 CHANGE IN NON-CONTROLLING INTERESTS / MAR. 31, 2020

10.) CONSOLIDATED CASH FLOW STATEMENT DISCLOSURES

The rise 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– Mar. 31, 2020	Jan. 1– Mar. 31, 2019
Increase/decrease in inventories	−21.6	5.5
Increase in gross trade receivables	−192.3	−127.1
Increase in trade payables	185.3	109.0
Increase/decrease in valuation allowances on trade receivables and on inventories[1]	4.2	−0.8
Change in working capital[2]	**−24.4**	**−13.4**

C.22 CHANGE IN WORKING CAPITAL

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

At 7.3 in the reporting period, annualized working capital turnover[1] was higher than at the end of 2019 (7.0).

[1] Ratio of annual sales to average working capital: annual sales are defined as sales for the first quarter extrapolated to the full year (quarterly sales multiplied by four); average working capital for the first quarter is defined as the average of working capital at the beginning of the year and at the end of the first quarter.

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	Mar. 31, 2020			
Classification of financial assets:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Cash and cash equivalents	593.7	–	593.7	593.7
Trade receivables	1,979.0	–	1,979.0	1,979.0
Other receivables	117.1	–	117.1	117.1
Other financial assets	36.5	24.6	61.1	61.1
Total	**2,726.3**	**24.6**	**2,750.9**	**2,750.9**

C.23 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / MAR. 31, 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.24 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. Their carrying amounts at the reporting date approximate their fair values.

Of the other receivables recognized in the balance sheet, EUR 125.3 million (Dec. 31, 2019: EUR 105.0 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	Mar. 31, 2020			
Classification of financial liabilities:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Trade payables	1,396.1	–	1,396.1	1,396.1
Other liabilities	189.8	–	189.8	189.8
Liabilities relating to acquisition of non-controlling interests	134.6	–	134.6	136.5
Financial liabilities	2,151.5	10.1	2,161.6	2,140.0
Total	**3,872.0**	**10.1**	**3,882.1**	**3,862.4**

C.25 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / MAR. 31, 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.26 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). The fair values of interest rate swaps are determined by applying the discounted cash flow method on the basis of current interest curves, taking into account the non-performance risk (Level 2 of the fair value hierarchy).

Of the other liabilities recognized in the balance sheet, EUR 226.5 million (Dec. 31, 2019: EUR 213.7 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	**Mar. 31, 2020**
Financial assets at fair value through profit or loss	1.8	22.8	–	**24.6**
Financial liabilities at fair value through profit or loss	–	10.1	–	**10.1**

C.27 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / MAR. 31, 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.28 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, May 6, 2020

Brenntag AG

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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

JUN 3

2020
dbAccess Berlin Conference,
Berlin

JUN 10

2020
Virtual General Shareholders' Meeting,
Essen

AUG 6

2020
Interim Report Q2 2020,
Essen

NOV 4

2020
Interim Report Q3 2020,
Essen

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