

## Press Release

Essen, March 6, 2019

### **Brenntag reports strong growth in financial year 2018 with an all-time high in operating EBITDA**

- **Operating gross profit\* rises by 7.5% (on a constant currency basis) to 2,660.9 million EUR**
- **Operating EBITDA\*\* reaches 875.5 million EUR (+8.4% on a constant currency basis)**
- **All Group regions contribute to the growth**
- **Free cash flow is up year on year to 525.2 million EUR**
- **Earnings per share rise by 27.4% to 2.98 EUR, their highest level since the stock market flotation in 2010**
- **A further increase in the dividend to 1.20 EUR per share (+9.1%) to be proposed**
- **For 2019, Brenntag forecasts further growth in a more challenging economic environment**

**Brenntag (WKN A1DAHH), the global market leader in chemical distribution, posted a good financial year 2018. Its two key performance indicators operating gross profit and operating EBITDA both showed a clear increase due primarily to good organic growth. All Group regions contributed to the growth, with North America in particular delivering a very strong rise in earnings. The acquisitions also made the sound contribution to earnings that had been anticipated.**

**Sales** amounted to 12,550.0 million EUR in financial year 2018, a year-on-year increase of 10.2% on a constant currency basis (+6.9% as reported). **Operating gross profit**, an especially important metric for Brenntag, rose by 7.5% on a constant currency basis (+4.2% as reported) to 2,660.9 million EUR. **Operating EBITDA** also increased, rising by 8.4% year on year on a constant currency basis (+4.7% as reported) to 875.5 million EUR. All performance indicators therefore reached all-time highs. The positive contribution to earnings from the sale of the non-core business unit Brenntag Biosector A/S, Denmark, was reported below operating EBITDA together with other non-operating items affecting net income.

The Brenntag Group's free cash flow amounted to 525.2 million EUR in financial year 2018, an increase of 19.3% on the prior-year figure (440.3 million EUR). Besides the rise in operating EBITDA, this is due to the lower increase in working capital compared with financial year 2017.

#### **A further increase in the dividend to be proposed**

**Profit after tax** came to 462.3 million EUR in financial year 2018 and was therefore well above the prior-year figure of 362.0 million EUR. At 2.98 EUR, earnings per share were at their highest level since the stock market flotation in 2010. On this basis, the Board of Management and the Supervisory Board will propose a dividend of 1.20 EUR per share (2017: 1.10 EUR) at the General Shareholders' Meeting on June 13, 2019. By increasing the payout by 9.1%, Brenntag is continuing its policy of paying a higher dividend each year, thereby allowing shareholders to participate appropriately in the company's growth. The payout ratio is 40.2% of profit after tax attributable to Brenntag shareholders.

Steven Holland, Chief Executive Officer of Brenntag AG, said, "2018 was a year of good growth for Brenntag. We grew in all regions and lifted operating EBITDA to an all-time high. Our large region North America, which delivered a very good, broad-based performance, is particularly worthy of note. In the EMEA region, the internal initiatives geared to increasing efficiency delivered results in financial year 2018. We also continued to systematically execute our acquisition strategy and expand our presence and offering in attractive regions and industries during the past year. This, too, resulted in positive contributions to earnings."

#### **EMEA increases earnings**

Brenntag EMEA (Europe, Middle East and Africa) achieved a clear increase in earnings in financial year 2018, supported in part by the internal initiatives and programmes that have been implemented. Brenntag EMEA generated operating gross profit of 1,141.2 million EUR in 2018, a year-on-year increase of 5.5% on a constant currency basis (+4.2% as reported). Operating EBITDA rose by 7.2% on a constant currency basis (+5.4% as reported) to 385.5 million EUR. In the first half of 2018 in particular, the business achieved

good organic growth, which became more difficult as the year progressed due to an economic slowdown and tougher conditions in the region.

#### **North America posts a very good year**

In the North America region, Brenntag posted a very good financial year 2018. The high growth achieved across virtually all customer industries was almost entirely organic. Operating gross profit grew by 8.9% on a constant currency basis (+4.1% as reported) to 1,118.3 million EUR. Operating EBITDA rose to 409.6 million EUR, an increase of 11.2% on a constant currency basis (+6.4% as reported).

#### **Earnings in Latin America increase slightly as markets remain volatile**

In 2018, Brenntag's business in Latin America continued to be impacted by the generally challenging and volatile economic environment in the region. The situation stabilized in the second half of the year, however. Overall, Brenntag posted a positive development of the business performance at constant currency rates. At 163.1 million EUR, operating gross profit was up by 1.9% on the prior-year figure on a constant currency basis (-5.4% as reported). Operating EBITDA came to 39.9 million EUR, an increase of 2.3% on a constant currency basis (-5.9% as reported).

#### **Asia Pacific remains on a growth track**

Asia Pacific is still the region that offers the greatest growth potential for Brenntag. The company is therefore optimizing its network in the region and continuously expanding its range of products and services, for example by making an acquisition in India in the reporting period. Further earnings growth was posted in 2018. Operating gross profit came to 224.2 million EUR, a year-on-year increase of 17.2% on a constant currency basis (+12.8% as reported). Operating EBITDA rose by 9.4% on a constant currency basis (+5.7% as reported) to 77.9 million EUR.

**Forecast for 2019: Further growth in a more challenging economic environment**

Steven Holland, Chief Executive Officer of Brenntag AG, said, “Current developments and forecasts show that more challenging economic conditions can be expected at both global and regional level in 2019. In this environment, we will demonstrate our resilience and continue to grow, albeit at a slightly slower pace. In doing so, we will benefit from our broad footprint. We also expect impetus from our new approach for customers in the food and nutrition industry, where we repositioned ourselves in the reporting period so as to leverage the potential in this attractive segment.”

In a more challenging economic environment, Brenntag expects to see growth in its key performance indicators operating gross profit and operating EBITDA in financial year 2019.

<b>Consolidated income statement</b>		<b>2018</b>	<b>2017</b>	$\Delta$ as reported	$\Delta$ fx adjusted
Sales	EUR m	12,550.0	11,743.3	6.9%	10.2%
Operating gross profit*	EUR m	2,660.9	2,554.1	4.2%	7.5%
Operating EBITDA**	EUR m	875.5	836.0	4.7%	8.4%
Operating EBITDA** / Operating gross profit*	%	32.9	32.7		
Profit before tax	EUR m	623.5	524.6	18.9%	
Profit after tax	EUR m	462.3	362.0	27.7%	
<i>Attributable to Brenntag shareholders</i>		460.9	360.8	-	
Earnings per share	EUR	2.98	2.34	-	

<b>Consolidated balance sheet</b>		<b>Dec 31, 2018</b>	<b>Dec 31, 2017</b>
Total assets	EUR m	7,694.5	7,284.8
Equity	EUR m	3,301.2	2,985.7
Working capital	EUR m	1,807.0	1,510.5
Net financial liabilities	EUR m	1,761.9	1,571.9

<b>Consolidated cash flow</b>		<b>Dec 31, 2018</b>	<b>Dec 31, 2017</b>
Cash provided by operating activities	EUR m	375.3	404.5
Investments in non-current assets (Capex)	EUR m	-172.2	-148.1
Free cash flow	EUR m	525.2	440.3

<b>EMEA</b>		<b>2018</b>	<b>2017</b>	<b>Δ as reported</b>	<b>Δ fx adjusted</b>
Sales	EUR m	5,339.3	5,016.8	6.4%	7.9%
Operating gross profit*	EUR m	1,141.2	1,094.8	4.2%	5.5%
Operating EBITDA**	EUR m	385.5	365.6	5.4%	7.2%

  

<b>North America</b>		<b>2018</b>	<b>2017</b>	<b>Δ as reported</b>	<b>Δ fx adjusted</b>
Sales	EUR m	4,636.9	4,368.0	6.2%	11.0%
Operating gross profit*	EUR m	1,118.3	1,073.9	4.1%	8.9%
Operating EBITDA**	EUR m	409.6	385.0	6.4%	11.2%

  

<b>Latin America</b>		<b>2018</b>	<b>2017</b>	<b>Δ as reported</b>	<b>Δ fx adjusted</b>
Sales	EUR m	807.8	819.2	-1.4%	6.1%
Operating gross profit*	EUR m	163.1	172.5	-5.4%	1.9%
Operating EBITDA**	EUR m	39.9	42.4	-5.9%	2.3%

  

<b>Asia Pacific</b>		<b>2018</b>	<b>2017</b>	<b>Δ as reported</b>	<b>Δ fx adjusted</b>
Sales	EUR m	1,383.5	1,170.6	18.2%	22.7%
Operating gross profit*	EUR m	224.2	198.7	12.8%	17.2%
Operating EBITDA**	EUR m	77.9	73.7	5.7%	9.4%

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

\*\*Since the third quarter of 2017, Brenntag has presented operating EBITDA before holding charges and special items. Holding charges are certain costs charged between holding companies and operating companies. At Group level, these effects net to zero. Brenntag is also adjusting operating EBITDA for income and expenses arising from special items so as to improve comparability in presenting the performance of its business operations over multiple reporting periods and explain it more appropriately. Special items are income and expenses outside ordinary activities that have a special and material effect on the results of operations, such as restructurings.

**About Brenntag:**

Brenntag, the global market leader in chemical distribution, covers all major markets with its extensive product and service portfolio. Headquartered in Essen, Germany, the company operates a global network with more than 580 locations in 73 countries and a workforce of more than 16,600 employees. In 2018, the company generated sales of EUR 12.6 billion (USD 14.8 billion). Brenntag connects chemical manufacturers and chemical users. The company supports its customers and suppliers with tailor-made distribution solutions for industrial and specialty chemicals. With more than 10,000 products and a world-class supplier base, Brenntag offers one-stop-shop solutions to around 195,000 customers. This includes specific application technology, an extensive technical support and value-added services such as just-in-time delivery, product mixing, formulation, repackaging, inventory management and drum return handling. Long-standing experience and local excellence in the individual countries characterize the global market leader for chemical distribution.

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