

## Press Release

Essen, May 9, 2019

### **Brenntag reports a solid first quarter 2019**

- **Operating gross profit\* grows to 688.2 million EUR (+4.4% on a constant currency basis)**
- **Operating EBITDA\*\* reaches 238.8 million EUR (+12.0% on a constant currency basis and is mainly attributable to new requirements in the financial reporting standards)**
- **Three regions on a solid growth track; EMEA region negatively impacted by weak demand across the economy**
- **Free cash flow is well above the prior-year figure at 166.3 million EUR**
- **Profit after tax comes to 105.2 million EUR and earnings per share to 0.68 EUR**

**Brenntag (WKN A1DAHH), the global market leader in chemical distribution, posted solid results in the first quarter of 2019. Its key performance indicators operating gross profit and operating EBITDA showed an increase at Group level. The growth in operating EBITDA is mainly attributable to the initial application of the new financial reporting standard IFRS 16 on leases. On operating level, a positive performance in the North America, Asia Pacific and Latin America regions contrasted with a weaker performance in the EMEA region that was due mainly to lower demand. In all the Group's regions, the acquisitions made a positive contribution to earnings.**

**Sales** in the first quarter of 2019 were up by 3.7% year on year on a constant currency basis (+7.0% as reported) to 3,182.3 million EUR. Brenntag's key performance indicator **operating gross profit** reached 688.2 million EUR, an increase of 4.4% on a constant currency basis (+7.9% as reported). **Operating EBITDA** rose by 12.0% year on year at constant currency rates (+15.6% as reported) to reach 238.8 million EUR. The growth in operating EBITDA is mainly attributable to the initial application of the new financial reporting standard IFRS 16. The effect on Group operating EBITDA amounts to 27.4 million EUR in the first quarter.

**Profit after tax** was in line with the prior-year figure of 106.0 million EUR at 105.2 million EUR in the first quarter of 2019. This translates into earnings per share attributable to Brenntag shareholders of 0.68 EUR.

Free cash flow reached 166.3 million EUR, a significant increase on the prior-year figure (27.7 million EUR). The strong growth is due primarily to the lower increase in working capital compared with the first quarter of 2018.

Steven Holland, Chief Executive Officer of Brenntag AG, said, “A slowdown in global economic momentum was already evident at the end of 2018 and, as expected, this trend impacted on our results in the first quarter of 2019. In our EMEA region in particular, we recorded decrease in demand, which are reflected in earnings. However, even amid these conditions, Brenntag achieved stable results overall due to our global diversification.”

#### **Weak demand impacts on results in EMEA**

The EMEA region (Europe, Middle East and Africa) saw a continuation of the trend from the second half of 2018 and a further downturn in the market environment in the first quarter of 2019. Demand was correspondingly lower, while at the same time higher costs were recorded in key areas such as transport. Against this background, Brenntag EMEA generated operating gross profit on a par with the previous year (0.0% on a constant currency basis; -0.6% as reported) at 287.7 million EUR. Operating EBITDA was up by 1.6% on the prior-year figure on a constant currency basis (+0.4% as reported) to 101.8 million EUR.

#### **Positive performance in North America continues**

The North America region posted a good first quarter of 2019. The Brenntag North America companies once again reported growth in the two key performance indicators. Compared with the prior-year quarter, operating gross profit rose by 5.5% on a constant currency basis [+13.7% as reported) to 292.8 million EUR. Operating EBITDA reached 112.0 million EUR, an increase of 17.9% on a constant currency basis (+27.1% as reported).

### **Latin America delivers a good quarter in a still-volatile environment**

In Latin America, we continued the positive performance from the second half of 2018. In this region, Brenntag generated operating gross profit of 42.6 million EUR in the first quarter of 2019, an increase of 8.7% on a constant currency basis (+12.4% as reported). Operating EBITDA grew by 40.2% on a constant currency basis (+42.0% as reported) to 11.5 million EUR. The region therefore showed good results with mainly organic growth in a challenging economic environment.

### **Asia Pacific continues to grow**

The Brenntag companies in the Asia Pacific region achieved further growth, with both the existing business and the acquisitions making a positive contribution. Operating gross profit reached 60.4 million EUR, a rise of 18.0% on a constant currency basis (+23.5% as reported). Operating EBITDA was up by 18.1% on the prior-year figure on a constant currency basis (+23.6% as reported) to 21.5 million EUR.

In light of the results and the performance from the regions in the first quarter, the Brenntag Group is confirming its outlook for financial year 2019 and expecting to see growth in its key performance indicators operating gross profit and operating EBITDA, particularly in the second half of 2019. This takes into account the very difficult environment at present, especially in Europe, but does not assume a further slowdown.

<b>Consolidated income statement</b>		<b>Q1 2019</b>	<b>Q1 2018</b>	$\Delta$ as reported	$\Delta$ fx adjusted
Sales	EUR m	3,182.3	2,975.2	7.0%	3.7%
Operating gross profit*	EUR m	688.2	637.6	7.9%	4.4%
Operating EBITDA**	EUR m	238.8	206.6	15.6%	12.0%
Operating EBITDA** / Operating gross profit*	%	34.7	32.4		
Profit before tax	EUR m	143.4	147.0	-2.4%	
Profit after tax	EUR m	105.2	106.0	-0.8%	
<i>Attributable to Brenntag shareholders</i>		<i>104.8</i>	<i>105.6</i>		
Earnings per share	EUR	0.68	0.68		

<b>Consolidated balance sheet</b>		<b>March 31, 2019</b>	<b>Dec 31, 2018</b>
Total assets	EUR m	8,400.5	7,694.5
Equity	EUR m	3,435.1	3,301.2
Working capital	EUR m	1,858.2	1,807.0
Net financial liabilities	EUR m	2,104.0	1,761.9

<b>Consolidated cash flow</b>		<b>Q1 2019</b>	<b>Q1 2018</b>
Cash provided by operating activities	EUR m	161.2	-12.2
Investments in non-current assets (Capex)	EUR m	-31.0	-27.1
Free cash flow	EUR m	166.3	27.7

<b>EMEA</b>		<b>Q1 2019</b>	<b>Q1 2018</b>	$\Delta$ as reported	$\Delta$ fx adjusted
Sales	EUR m	1,347.2	1,343.5	0.3%	1.0%
Operating gross profit*	EUR m	287.7	289.5	-0.6%	0.0%
Operating EBITDA**	EUR m	101.8	101.4	0.4%	1.6%

<b>North America</b>		<b>Q1 2019</b>	<b>Q1 2018</b>	$\Delta$ as reported	$\Delta$ fx adjusted
Sales	EUR m	1,176.0	1,067.3	10.2%	2.3%
Operating gross profit*	EUR m	292.8	257.6	13.7%	5.5%
Operating EBITDA**	EUR m	112.0	88.1	27.1%	17.9%

<b>Latin America</b>		<b>Q1 2019</b>	<b>Q1 2018</b>	$\Delta$ as reported	$\Delta$ fx adjusted
Sales	EUR m	210.4	185.9	13.2%	9.5%
Operating gross profit*	EUR m	42.6	37.9	12.4%	8.7%
Operating EBITDA**	EUR m	11.5	8.1	42.0%	40.2%

<b>Asia Pacific</b>		<b>Q1 2019</b>	<b>Q1 2018</b>	$\Delta$ as reported	$\Delta$ fx adjusted
Sales	EUR m	357.7	284.8	25.6%	20.2%
Operating gross profit*	EUR m	60.4	48.9	23.5%	18.0%
Operating EBITDA**	EUR m	21.5	17.4	23.6%	18.1%

\*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 76 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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