

Press Release

Essen, November 10, 2022

Brenntag announces its strategic growth plan and reveals new medium-term targets until 2026

- **“Strategy to Win” will strengthen and expand Brenntag’s globally leading position in the growing and indispensable market of chemicals and ingredients distribution**
- **Operating EBITA introduced as the new lead KPI**
- **Organic operating EBITA compounded annual growth rate for Brenntag group at 6 % to 8%**
- **Brenntag’s two global divisions with differentiated strategies to exceed market growth**
- **Digital.Data.Excellence (DiDEX) growth driver to provide additional net EBITA uplift of EUR 200 million with a total planned investment of around EUR 350 million by 2026**
- **Doubled annual M&A spend of around EUR 400 to 500 million to foster strategic M&A as additional growth driver**
- **Brenntag to become a leader in responsible distribution of sustainable chemicals and ingredients**
- **New Purpose and Vision 2030 to manifest the development and the ambitions of Brenntag to shape the future of its industry**

Brenntag (ISIN DE000A1DAH0), the global market leader in chemicals and ingredients distribution, today announced its detailed strategic growth plan including new mid-term targets until 2026. The comprehensive “Strategy to Win” comprises dedicated growth strategies for both divisions, Brenntag Specialties and Brenntag Essentials, details and targets for the company’s digital, data, and excellence transformation as well as its sustainability and M&A strategy.

Long-term transformation of the company

“Strategy to Win” represents the second phase in Brenntag’s transformation journey. The first phase, “Project Brenntag”, started more than two years ago and focused on implementing the new operating model with two global business divisions and clear customer segmentation, optimizing the site network, and on structurally addressing productivity improvements by 2023. The ambitious Project Brenntag targets included an additional annualized operating EBITDA contribution of EUR 220 million. As per end of 2022, all Project Brenntag targets will be reached, one year ahead of plan. As intended, Project Brenntag has laid the foundation and enabled the company to achieve improved sustainable organic earnings growth.

Christian Kohlpaintner, Chief Executive Officer Brenntag SE, comments: “Brenntag is the undisputed and resilient leader in an attractively growing and highly fragmented, indispensable market. We have now defined how to strengthen and expand this position. We aim to foster growth in our global divisions with clear differentiated strategies. Moreover, we build a comprehensive digital and data framework and architecture to better serve our global customer base and achieve the next level of operational efficiency, growth, and excellence. With our comprehensive and ambitious ‘Strategy to Win’ we aim to outpace the underlying market growth. Brenntag will play a crucial role in the ecosystem of sustainable global chemicals and ingredients distribution.”

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Divisional Strategies to win

With distinct divisional strategies and by leveraging the company's truly global setup and reach, Brenntag will further sharpen the profiles of its divisions and accelerate their growth above market average.

Brenntag Specialties will become the global go-to service partner for innovative and sustainable solutions. To achieve these ambitions, the division has defined five key strategic priorities: Brenntag Specialties will increase its value-added service offering, command the most comprehensive and sustainable portfolio, expand its global footprint, focus on high-growth customers and industries, and accelerate acquisitions. The division is building on its unique strengths and capabilities, including a network of 81 application development centers to drive innovations for the different industries, diverse market insights, and strategic partnerships with global suppliers.

Brenntag Essentials will become the undisputed market leader shaping the future of Essentials distribution and achieving accelerated growth and become more efficient. Brenntag Essentials will leverage its unrivalled foundational strengths resulting in a clear competitive advantage. Its highly diversified geographic, industry and product spread make the business resilient and a reliable partner locally and globally. The division has defined three key strategic priorities: Brenntag Essentials will strengthen its local and regional distribution networks and optimize its last mile delivery capabilities, enhance its global expertise by re-enforcing global sourcing market intelligence capabilities and expanding global terminal capabilities at strategic ports, and will put a focus on capturing new market potential through mergers and acquisitions and by increasing its portfolio for sustainable products and supply chain solutions.

Digital.Data.Excellence as growth enabler

Additionally, with its Digital.Data.Excellence growth driver (DiDEX), Brenntag enhances efficiency, growth and excellence across the organization and transforms the company from the core to become a data and tech driven enterprise and industry leader. To this extent, Brenntag will strongly invest in its DiDEX capabilities and focuses on five pillars: becoming easiest to do business with in the chemical distribution ecosystem, unlocking the value from its data, modernizing the company's digital business architecture as well as building capabilities to attract and retain talent, and driving value delivery and embed change in the organization with a mindset of continuous improvement. Thus, Brenntag will become the most connected and agile supply chain partner in the industry to best address today's challenges of flexibility, sustainability, and efficiency. Brenntag is partnering with key technology companies, such as Salesforce and AWS to improve and build its digital business infrastructure.

Financial Framework and M&A strategy

Brenntag's "Strategy to Win" outlines expected operating EBITA growth targets until 2026. The Brenntag Specialties division is expected to achieve an organic operating EBITA CAGR of 7% to 9%, and the Brenntag Essentials division an organic operating EBITA CAGR of 4% to 5%. This results in an expected organic operating EBITA CAGR for the Brenntag group of 6% to 8%. The digital, data and excellence transformation is foreseen to generate an annual net EBITA impact of EUR 200 million by 2026. To develop the DiDEX capabilities, Brenntag plans a total investment by 2026 of around EUR 350 million.

Kristin Neumann, Chief Financial Officer Brenntag SE, comments: “Brenntag presents a resilient service and distribution platform with high geographical and operational diversification and a strong track record of compounding growth. This foundation enables us to meet our ambitious growth targets going forward. To appropriately reflect our profitability, we will transition to EBITA as our lead KPI and aim for an operating EBITA conversion ratio on group level between 35% and 37%. We will focus on growth through organic re-investments as well as through value creating M&A activities. At the same time, we will proceed with our financial discipline that has proven to be very successful in the past. We will also make sure that we will integrate the acquired companies properly.”

Brenntag sees strategic mergers and acquisitions as an enabler of future growth and thus will double the annual planned M&A spend to around EUR 400 to 500 million. As a leading consolidator in the industry, Brenntag’s acquisition strategy will be focused on five key pillars, such as the accelerating growth in Life Sciences globally, enhancing strategic capabilities and market positions, expanding positions in emerging markets in both divisions, filling white spots to complement the existing portfolio, and improving tech capabilities that enable efficiency gains.

Leader in responsible distribution of sustainable chemicals and ingredients

Brenntag has outperformed the industry average in a variety of sustainability benchmarks and rankings, and ESG is a key component of Brenntag’s strategy. Brenntag aims to be a leader in the responsible distribution of sustainable chemicals and ingredients and to shape the sustainability agenda of the industry. With projects like an internal carbon management program, product and supply chain decarbonization, sourcing of renewables or biomaterials, and circularity of materials, Brenntag adds to its already announced goals of 100% green energy use by 2025, net zero carbon emissions by 2045 as well as a Total Recordable Incident Rate (TRIR) of less than 2.0 and no severe accidents by 2030.

Purpose, Vision 2030, and new brand

The announced strategy is rooted in Brenntag’s identity and commitment which is expressed in a new Purpose and Vision 2030. CEO Christian Kohlpaintner: “As Brenntag, we have a clear understanding why we are important for our customers, supply partners, and basically for everyone: We connect with products, knowledge, and innovation to foster a sustainable future and care for human needs. We have the vision and the capabilities to shape the future of our industry by empowering our partners within networks, driving collaboration, excellence, and shared success.” A new global brand marks this new identity and era for the company as a strong statement to manifest the development and the ambitions of Brenntag towards its stakeholders.

About Brenntag:

Brenntag is the global market leader in chemicals and ingredients distribution. The company holds a central role in connecting customers and suppliers of the chemical industry. Headquartered in Essen, Germany, Brenntag has more than 17,000 employees worldwide and operates a network of about 700 sites in 78 countries. In 2021, Brenntag generated sales of around 14.4 billion EUR. The two global divisions, Brenntag Essentials and Brenntag Specialties, provide a full-line portfolio of industrial and specialty chemicals and ingredients as well as tailor-made application, marketing and supply chain solutions, technical and formulation support, comprehensive regulatory know-how, and digital solutions for a wide range of industries. In the field of sustainability, Brenntag pursues specific goals and is committed to sustainable solutions in its own sector and the industries served. Brenntag shares have been listed at the Frankfurt Stock Exchange since 2010, initially in the MDAX and since September 2021 in the DAX. In addition, the Brenntag SE shares are listed in the DAX 50 ESG and DAX ESG Target. For more information, visit [brenntag.com](https://www.brenntag.com).

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