

Press Release

Essen, March 8, 2023

Brenntag reports excellent results for 2022 and announces attractive share buyback program and proposed dividend increase

- **Strong and profitable growth:** Gross profit* grew by 20%** to 4,319 million EUR. Operating EBITDA*** reached a new high of 1,809 million EUR, a year-over-year increase of 27%**
- **Excellent divisional performance:** Both Brenntag divisions strongly contributed to the Group results with operating EBITDA for Brenntag Specialties rising to 780 million EUR (+32%). Brenntag Essentials' operating EBITDA reached 1,153 million EUR (+28%)
- **Successful transformation:** "Project Brenntag" delivered ahead of plan and exceeded targets; new "Strategy to Win" introduced in November 2022 to grow business faster than market
- **Dividend raise proposed:** EPS stood at 5.74 EUR; Brenntag increases its dividend and will propose 2.00 EUR per share (2021: 1.45 EUR)
- **Share buyback:** Brenntag announced a share buyback program, enabling the company to repurchase shares in a volume up to 750 million EUR over the next twelve months
- **Guidance 2023:** Brenntag expects the Group's operating EBITA**** for the financial year 2023 to be between 1,300 million and 1,500 million EUR, equivalent to an operating EBITDA of between 1,600 million EUR and 1,800 million EUR

"Our excellent operational and financial results demonstrate the resilience of Brenntag and its business model as well as our ability to act as a reliable partner under adverse and volatile circumstances. Our Brenntag colleagues around the world made these remarkable results possible while delivering in parallel on our 'Project Brenntag' targets and developing our 'Strategy to Win' to exceed market growth. We can be proud of these collective achievements, and we are on the right path to shape the future of our industry."

Christian Kohlpaintner, Chief Executive Officer of Brenntag SE

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Supervisory Board Chairwoman: Doreen Nowotne

Brenntag (ISIN DE000A1DAH0), the global market leader in chemicals and ingredients distribution, today reports extraordinarily strong results for the financial year 2022, a year that was dominated by a highly challenging macroeconomic environment. Both global divisions, Brenntag Essentials and Brenntag Specialties, delivered excellent results.

Christian Kohlpaintner, Chief Executive Officer of Brenntag SE: “Our excellent operational and financial results demonstrate the resilience of Brenntag and its business model as well as our ability to act as a reliable partner under adverse and volatile circumstances. Our Brenntag colleagues around the world made these remarkable results possible while delivering in parallel on our ‘Project Brenntag’ targets and developing our ‘Strategy to Win’ to exceed market growth. We can be proud of these collective achievements, and we are on the right path to shape the future of our industry.”

Financial performance

In 2022, Brenntag generated sales of 19,429.3 million EUR with a strong growth of 27.7% compared to the previous year. Brenntag’s operating gross profit rose 20.3% compared to prior year to 4,319.0 million EUR. In an environment with product shortages and deliberate business choices, the company continued to benefit from good margin management and was able to generate high gross profit per unit. Brenntag also achieved the highest operating EBITDA ever of 1,808.6 million EUR, a year-over-year increase of 26.7%. Brenntag reported an operating EBITA of 1,511.7 million EUR in 2022, an increase of 31.5% compared to the previous year. Going forward, Brenntag will use operating EBITA, introduced as part of the “Strategy to Win”, as the new lead KPI. Earnings per share achieved a new record with 5.74 EUR.

Kristin Neumann, Chief Financial Officer of Brenntag SE: “Brenntag achieved an extraordinary strong full-year free cash flow of over one billion EUR, showcasing the company’s strengths in generating cashflow throughout volatile market conditions with geopolitical and economic uncertainties. With both, our proposed dividend as well as with the share buyback program, we highlight our ability to generate long term shareholder value. We will return capital in excess of one billion EUR to our shareholders.”

Both divisions continued to deliver excellent results

Both Brenntag divisions strongly contributed to the annual results with operating EBITDA growth of Brenntag Specialties (+32.1%) exceeding Brenntag Essentials (+27.6%) which is in line with the expectations and guidance of the divisional strategy.

Brenntag Specialties, the global go-to service partner for innovative and sustainable solutions for specialty chemicals and ingredients, delivered excellent results in 2022. The division reported an operating gross profit increase of 24.8% to 1,678.3 million EUR. Operating EBITDA climbed up 32.1% to 779,6 million EUR. Operating EBITA reached 738.0 million EUR, an increase of 32.9% compared to 2021. This positive growth was broad-based across all segments with a particularly strong growth contribution from the Americas and the EMEA region. The APAC segment also achieved significant growth rates in the course of the year despite of overall falls in demand. Earnings growth was predominantly organic.

Brenntag Essentials, the market leader shaping the future of industrial chemicals distribution across a wide range of industries, showed a strong performance in 2022 and

achieved substantial growth. The division's operating gross profit grew by 17.7% to 2,608.6 million EUR. Operating EBITDA reached 1,153.3 million EUR, 27.6% above the previous year. Operating EBITA reached 910.8 million EUR, an increase of 36.7% compared to 2021. All segments contributed to this positive performance. The positive operating EBITDA performance in the EMEA, North America and Latin America segments was almost entirely driven by organic growth. Operating EBITDA in the APAC segment was noticeably lower year on year due to falls in demand in all APAC regions, particularly in China.

Brenntag's successful transformation journey

“Project Brenntag”, the first step in Brenntag's comprehensive transformation journey establishing a new operating model with two global business divisions, met and even exceeded its targets– one year ahead of schedule. As per end of 2022, the program generated an additional annual operating EBITDA of 249 million EUR relative to the baseline of 2019, exceeding the target of 220 million EUR originally planned for the financial year 2023. Brenntag continued to optimize its global site network by closing 100 sites across all regions. More than 1,300 jobs were structurally reduced in a socially responsible manner.

Building on the established operating model and the successes of “Project Brenntag”, the “Strategy to Win”, presented in November 2022, encompasses the next phase in Brenntag's transformation. With distinct divisional strategies and by taking advantage of the company's truly global setup and reach, Brenntag will further sharpen the differentiated profiles of its two divisions and accelerate growth exceeding market growth. 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% within the strategy cycle 2021-2026.

“Brenntag presents a resilient service and distribution platform with high geographical and operational diversification and a strong track record of compounding growth. Brenntag has proven to be the undisputed and resilient leader in an attractively growing and highly fragmented, indispensable market. Our ‘Strategy to Win’ defines how to further sharpen the profiles of our global divisions with distinct strategies and clear differentiated steering, making the two divisions more and more independent from each other while drawing the benefits of having very efficient standardized and harmonized business services. This will lead to accelerated and sustained growth above the market average and increasing margins in both divisions. We are also building a comprehensive digital and data architecture to better serve our global customer base and achieve the next level of operational efficiency, growth, and excellence. Brenntag will play a crucial role in the ecosystem of sustainable chemicals and ingredients distribution, globally,” says **Christian Kohlpaintner, Chief Executive Officer of Brenntag SE.**

Share buyback announced

Brenntag announced its first ever share buyback program based on the authorization granted by the General Shareholder's Meeting on June 9, 2022. The program will be set up in line with the Group's capital allocation framework communicated at the Capital Markets Day in November 2022 and is to be seen against the background of the performance and leverage reduction over the past years. It will enable Brenntag to return value to its shareholders and allow them to participate in the success of the company, while at the same time ensuring sufficient strategic flexibility going forward. In the course of this share buyback shares in a volume amounting to up to 750 million EUR (plus incidental expenses) are to be bought back. On the basis of the current share price of 71.58 EUR per share (as of March 6, 2023), this corresponds to up to 10,477,787 shares, i.e. 6.8% of the company's share capital. The share buyback program will be initiated in March 2023 and be conducted over a period of up to 12 months.

Dividend raised significantly

The Board of Management and the Supervisory Board will recommend to shareholders at the General Shareholders' Meeting on June 15, 2023, a dividend payment of 2.00 EUR per share (2021: 1.45 EUR). Subject to its approval, the payout ratio on the basis of the consolidated profit after tax attributable to shareholders of Brenntag SE equals 35%, in line with the dividend policy confirmed at the Capital Markets Day in November 2022.

Good progress in the sustainability & safety agenda

With its "Future Sustainable Brenntag" program, the company has set itself an ambitious ESG agenda to become the leader in responsible distribution of sustainable chemicals and ingredients. In 2022, Brenntag continued to make good progress in its ESG efforts, highlighted by the recent EcoVadis Platinum status, a CDP rating of "B" and the recently closed syndicated loan for of 1.5 billion EUR that tangibly links the companies ESG and financial agenda.

Safety is one of Brenntag's culture pillars and a top priority. The company has committed to continuously improving its safety performance. Compared to the previous year, incidents within the group have been again reduced to the lowest rate Brenntag has ever achieved. The TRIR (Total Recordable Injury Rate – number of work-related accidents requiring medical treatment beyond first aid per one million hours worked) stood at 2.7 versus 3.1 in 2021, which is a reduction of 14%.

Value creating Mergers & Acquisitions

In addition to the strong organic growth and the successful "Project Brenntag" execution in 2022, Brenntag also pushed ahead with four successful acquisitions strengthening its product and service portfolio and its presence in key focus industries and geographies. The completed transactions had a cumulative enterprise value of 184 million EUR. At its Capital Markets Day 2022, Brenntag announced a new financial corridor for its annual M&A activities of 400 – 500 million EUR. The company is a very disciplined acquirer, with strict hurdle rates for M&A, focused on maximizing value creation.

Outlook & Guidance 2023

Brenntag expects a continuing tough operating environment for 2023. The overall geopolitical, macroeconomic, and operational conditions will remain challenging and create continued uncertainty about growth expectations of the global economy. Nevertheless, Brenntag expects a gradual normalization of the situation in the course of the year. In light of current economic conditions, Brenntag Group's operating EBITA for the financial year 2023 is expected to be between 1,300 million EUR and 1,500 million EUR, equivalent to an operating EBITDA of between 1,600 million EUR and 1,800 million EUR. This forecast takes into account the contributions to earnings from acquisitions already closed and assumes that exchange rates will remain stable on the level of the end of February.

Financial Results at a glance - FY2022

(in EUR m)	2022	2021	Δ as reported	Δ fx adjusted
Brenntag Group				
Sales	19,429.3	14,382.5	35.1%	27.7%
Operating gross profit*	4,319.0	3,379.0	27.8%	20.3%
Operating EBITDA***	1,808.6	1,344.6	34.5%	26.7%
Operating EBITDA*** / Operating gross profit* (in %)	41.9%	39.8		
Operating EBITA****	1,511.7	1,081.9	39.7%	31.5%
Profit before tax	1,234.9	650.3		
Profit after tax	902.5	461.4		
<i>Attributable to Brenntag shareholders</i>	<i>886.8</i>	<i>448.3</i>		
Earnings per share (in EUR)	5.74	2.90		
Free cash flow	1,005.1	439.5		
	Dec 31, 2022	Dec 31, 2021		
Working capital	2,588.6	2,109.8		
Net financial liabilities	2,049.7	2,070.3		
	2022	2021	Δ as reported	Δ fx adjusted
Brenntag Specialties				
Operating gross profit	1,678.3	1,283.2	30.8%	24.8%
Operating EBITDA	779.6	567.5	37.4%	32.1%
Operating EBITA	738.0	534.9	38.0%	32.9%
Brenntag Essentials				
Operating gross profit	2,608.6	2,066.9	26.2%	17.7%
Operating EBITDA	1,153.3	843.0	36.8%	27.6%
Operating EBITA	910.8	619.6	47.0%	36.7%
All other segments				
Operating gross profit	32.1	28.9	11.1%	11.1%
Operating EBITDA	-124.3	-65.9	88.6%	88.9%
Operating EBITA	-137.1	-72.6	88.8%	89.1%

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

**Unless indicated otherwise, growth rates are on a constant currency basis.

***Brenntag presents 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.

****As of 2023 Brenntag uses operating EBITA as lead KPI.

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 17,500 employees worldwide and operates a network of about 600 sites in 72 countries. In 2022, Brenntag generated sales of around 19.4 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, in the DAX since September 2021. In addition, the Brenntag SE shares are listed in the DAX 50 ESG and DAX ESG Target. For more information, visit www.brenntag.com.

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