

## Press Release

Essen, May 10, 2023

### **Brenntag records solid start into 2023 and reports results in line with expectations for the first quarter**

- **Stable gross profit and strong cash flow:** Gross profit\* at 1,046 million EUR in Q1 2023 was on par with strong Q1 2022. Operating EBITA\*\* normalized with 345 million EUR (-13%\*\*\* in line with expectations and guidance. Very strong free cash flow of 449 million EUR was at nine times the prior-year level and presents a record in a first quarter.
- **Mixed divisional performance:** Brenntag Essentials performed very well in Q1 2023 with single-digit growth of operating EBITA to 224 million EUR (+3%) despite the continued challenging market conditions. Brenntag Specialties performance with an operating EBITA of 153 million EUR was in line with expectations, below the level of the exceptionally strong prior-year quarter (-26%) and ahead of Q4 2022 results. The company observed a gradual monthly improvement in demand throughout Q1.
- **Strategy execution on track:** Various “Strategy to Win” measures successfully implemented in both divisions, including M&A and new sites in Brenntag Essentials APAC, the opening of several Innovation & Application Centers for Brenntag Specialties in Asia-Pacific, and the Go-Live of Salesforce in selected regions in the USA.
- **Guidance 2023 confirmed:** Unchanged, Brenntag expects the Group’s operating EBITA for the financial year 2023 to stay between 1,300 million and 1,500 million EUR.

“In a continued challenging macro-economic environment with ongoing geopolitical uncertainties and strong inflationary trends, we achieved first quarter results in line with our expectations and guidance. Sales and operating gross profit could be kept stable compared to the exceptional strong level of the prior-year quarter. Operating EBITA normalized according to our expectations and guidance. As anticipated, the Brenntag Group showed a sequentially stronger performance relative to Q4 2022. We observed a gradual monthly improvement in demand, with early indications for a positive Q2 volume development continuing. This is an additional motivation to our colleagues across the world who are relentlessly working on realizing business opportunities and further developing our company in this tough operating environment.”

**Christian Kohlpaintner, Chief Executive Officer of Brenntag SE**

**Brenntag (ISIN DE000A1DAHH0), the global market leader in chemicals and ingredients distribution, recorded a solid start into 2023 and achieved in the first quarter results in line with expectations. With 449 million EUR, the free cash flow was at nine times the prior-year level and presents a record in a first quarter. Brenntag Essentials performed very well and accomplished further growth in operating gross profit and operating EBITA compared to the already strong previous year. The Brenntag Specialties results were impacted by declines in volumes in several industry segments but need to be viewed against an exceptionally strong first quarter last year.**

**Christian Kohlpaintner, Chief Executive Officer of Brenntag SE:** “In a continued challenging macro-economic environment with ongoing geopolitical uncertainties and strong inflationary trends, we achieved first quarter results in line with our expectations and guidance. Sales and operating gross profit could be kept stable compared to the exceptional strong level of the prior-year quarter. Operating EBITA normalized according to our expectations and guidance. As anticipated, the Brenntag Group showed a sequentially stronger performance relative to Q4 2022. We observed a gradual monthly improvement in demand, with early indications for a positive Q2 volume development continuing. This is an additional motivation to our colleagues across the world who are relentlessly working on realizing business opportunities and further developing our company in this tough operating environment.”

### **Financial performance**

With 4,527.1 million EUR Brenntag generated sales on par with previous year's results (-1.0%). Brenntag's operating gross profit reached 1,045.6 million EUR, which is at equal level (-0.3%) as the very strong prior-year quarter. Operating EBITA reached 345.1 million EUR, a decline of 13.1% compared to Q1 2022. The very strong free cash flow creation of 449.2 million EUR exceeded the previous year's figure by more than nine times and presents a record in a first quarter. Earnings per share stood at 1.40 EUR (Q1 2022: 1.61 EUR) which marks the second best first quarter result in Brenntag's history.

**Kristin Neumann, Chief Financial Officer of Brenntag SE:** “Overall, Brenntag's financial performance in the first quarter 2023 was in line with our expectations and our guidance. The very high free cash flow is an extremely pleasing result and shows the first impact of our increased focus on working capital management. With the same discipline, we will continue executing on our growth strategy in both divisions, our digital, data and excellence transformation as well as our sustainability and M&A strategy.”

### **Global business divisions measure up to exceptionally strong Q1 2022**

In Q1 2023, Brenntag saw a mixed picture in its divisions' results with a weaker performance in Brenntag Specialties and encouraging growth in Brenntag Essentials. The results particularly in the Specialties division need to be viewed against an exceptionally strong first quarter 2022.

**Brenntag Specialties**, the global go-to service partner for innovative and sustainable solutions for specialty chemicals and ingredients, reported weaker results, but still according to the expectations. The division reported an operating gross profit of

388.2 million EUR (-9.2%). Operating EBITA reached 153.0 million EUR, a decrease of -26.2%. The results were affected by negative volume developments. In some industries there was low demand because customers reduced previously built-up inventories. In addition, focus industries such as Nutrition and Personal Care / HI&I could not repeat the exceptionally strong prior year. The industry segment Pharma showed an encouragingly strong performance, but due to its comparably small size in the Life Science segment could not fully compensate for lower demand in the other Life Sciences industries.

**Brenntag Essentials**, the market leader shaping the future of industrial chemicals distribution across a wide range of industries, continued its growth path and delivered strong results in Q1 2023 despite the ongoing challenging market conditions. The division's operating gross profit grew by 5.9% to 648.1 million EUR. Operating EBITA reached 224.3 million EUR, an increase of 3.2% above Q1 2022. The positive development of operating EBITA in the EMEA and North America segments with double-digit growth rates was almost entirely based on organic growth. While the decline in the APAC segment was due to lower demand in all APAC regions, particularly in China, the Latin America segment was impacted by a sharp drop in demand in Brazil.

### **Transformation journey and strategy execution are progressing**

The company continues to consequently execute its ambitious growth strategy "Strategy to Win" with various measures and initiatives across the global organization. The program comprises dedicated growth strategies for both divisions, Brenntag Specialties and Brenntag Essentials, guided by the conviction that both divisions require differentiated steering and dedicated strategies tailored to the respective markets they are operating in, to accelerate sustainable growth above industry and to further expand their respective leading market positions.

In the first months of 2023, Brenntag Specialties executed several steps to implement the divisional "Strategy to Win", including the acquisition of a new Water Treatment facility in South Africa and the openings of two Innovation & Application Centers, one for Pharma in Singapore and one for Material Sciences in Mumbai.

Brenntag Essentials made an important step forward with the signing of the acquisition of Aik Moh Group, significantly expanding its industrial chemicals and value-added services footprint in South-East Asia, as well as the opening of a new facility in Zhangjiagang, China.

With its Digital.Data.Excellence (DiDEX) growth driver, Brenntag will enhance efficiency, growth, and excellence across the organization and transform the company from its core to become a data and tech-driven enterprise and industry leader that is easiest to do business with. In Q1 2023, as part of the DiDEX program, first Salesforce applications were rolled out in pilot regions in the USA, only six months after project kick-off.

Brenntag will continue its path of capability building and structural adjustments with the adequate speed and consequent decision making required to secure successful strategy execution in both divisions and for Brenntag as a whole while implementing the required changes in its operating model. At a Capital Markets Day planned in autumn of this year, an update on the execution of Brenntag's "Strategy to Win" and the further evolvement of the organizational setup will be presented.

**Guidance for 2023 confirmed**

Brenntag confirms the guidance presented in March 2023. The company expects 2023 to remain a continuously tough operating environment, characterized by geopolitical concerns, macro-economic challenges but also a sequentially recovering demand. Unchanged, Brenntag Group's operating EBITA for the financial year 2023 is expected to be between 1,300 million EUR and 1,500 million EUR.

## Financial Results at a glance – Q1 2023

(in EUR m)	Q1 2023	Q1 2022	Δ as reported	Δ fx adjusted
<b>Brenntag Group</b>				
Sales	4,527.1	4,533.1	-0.1%	-1.0%
Operating gross profit*	1,045.6	1,037.9	0.7%	-0,3%
Operating EBITA**	345.1	394.3	-12.5%	-13.1%
Operating EBITA/ Operating gross profit (in %)	33.0%	38.0%		
Profit before tax	296.9	348.7		
Profit after tax	217.1	254.0		
<i>Attributable to Brenntag shareholders</i>	215.9	249.3		
Earnings per share (in EUR)	1.40	1.61		
Free cash flow	449.2	48.7		
	<b>Mar 31, 2023</b>	<b>Dec 31, 2022</b>		
Working capital	2,452.9	2,588.6		
Net financial liabilities	2,283.3	2,049.7		
(in EUR m)	Q1 2023	Q1 2022	Δ as reported	Δ fx adjusted
<b>Brenntag Specialties</b>				
Operating gross profit	388.2	426.2	-8.9%	-9.2%
Operating EBITA	153.0	207.3	-26.2%	-26.2%
<b>Brenntag Essentials</b>				
Operating gross profit	648.1	602.9	7.5%	5.9%
Operating EBITA	224.3	214.3	4.7%	3.2%
<b>All other segments</b>				
Operating gross profit	9.3	8.8	5.7%	5.7%
Operating EBITA	-32.2	-27.3	17.9%	17.9%

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

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

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

**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](http://www.brenntag.com).

**Media Contact**

Verena Blaschke

Brenntag SE

Global Communications

Telephone: +49 (201) 6496-1213

E-Mail: [global.communications@brenntag.com](mailto:global.communications@brenntag.com)

**Investor Relations**

Thomas Altmann

Brenntag SE

Investor Relations

Telephone: +49 (201) 6496-2100

[IR@brenntag.com](mailto:IR@brenntag.com)