

## Press Release

Essen, Germany, March 7, 2024

### **Brenntag achieved second-best performance in the company's history in 2023, demonstrating its resilience in challenging market conditions**

- **Solid Group results and a record free cash flow:** Operating gross profit\* of 4,041.8 million EUR (-3.7%\*\*\*) and operating EBITA\*\*\* of 1,265.0 million EUR (-13.1%) mark the second-best performance in Brenntag's history after the exceptionally strong year 2022. During single Q4 2023, Brenntag returned to its growth path. Free cash flow reached a new record of 1,712.0 million EUR, demonstrating the company's strength in cash generation despite volatile market conditions.
- **Divisional performance in line with expectations:** In a challenging market environment, Brenntag Specialties and Brenntag Essentials delivered results below the record year of 2022 but in line with expectations. The divisional results were affected by low demand and inflationary impact on costs. Operating EBITA of Brenntag Specialties stood at 550.8 million EUR (-21.5%). Brenntag Essentials' operating EBITA reached 848.9 million EUR (-4.7%).
- **Consistent strategy implementation:** "Strategy to Win" on track with focus on further sharpening the differentiated profiles of Brenntag Specialties and Brenntag Essentials to enhance the divisions' value proposition along market requirements and to accelerate their growth.
- **Dividend raise proposed:** Brenntag continues to create significant value for its shareholders and will suggest its 13<sup>th</sup> consecutive dividend increase with 2.10 EUR per share for 2023 (2022: 2.00 EUR).
- **Guidance 2024:** Brenntag expects the Group's operating EBITA\*\*\*\* for the financial year 2024 to be between 1,230 million EUR and 1,430 million EUR.

"2023 was again dominated by a multitude of macroeconomic challenges and geopolitical tensions. Those weighed on the overall economic development and affected business activities across various sectors and markets, and especially the chemical industry. Despite this environment, Brenntag has realized the second-best performance in our company's history. This is due to the inherent strength and resilience of our business model with its global reach and broad portfolio of products and services. In addition, we can count on our outstanding employees across the world. I would like to thank them for their tireless efforts to provide our customers with the best possible service and to be a reliable partner, especially in difficult times. I am also pleased by the consistent implementation of our strategy in 2023, thereby laying the foundation for accelerated growth in the future."

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

**Brenntag (ISIN DE000A1DAH0), the global market leader in chemicals and ingredients distribution, today presents solid financial results and a record free cash flow for the financial year 2023. In a challenging market environment, both divisions, Brenntag Specialties and Brenntag Essentials, delivered results below the record year 2022 but in line with expectation. The divisional results were affected by low demand and inflationary impact on costs. Throughout the year, a slight sequential improvement in volumes was seen and during the fourth quarter of 2023, Brenntag returned to its growth path.**

**Christian Kohlpaintner, Chief Executive Officer of Brenntag SE:** “2023 was again dominated by a multitude of macroeconomic challenges and geopolitical tensions. Those weighed on the overall economic development and affected business activities across various sectors and markets, and especially the chemical industry. Despite this environment, Brenntag has realized the second-best performance in our company’s history. This is due to the inherent strength and resilience of our business model with its global reach and broad portfolio of products and services. In addition, we can count on our outstanding employees across the world. I would like to thank them for their tireless efforts to provide our customers with the best possible service and to be a reliable partner, especially in difficult times. I am also pleased by the consistent implementation of our strategy in 2023, thereby laying the foundation for accelerated growth in the future.”

### **Financial performance**

In 2023, Brenntag generated sales of 16,815.1 million EUR. The decline in sales of 11.0% compared to the record year of 2022 is mainly attributable to lower sales prices, but also to declining sales volumes. Destocking at customers continued in 2023, which on top added to the overall lower demand due to the uncertain macroeconomic environment. However, a slight sequential improvement in volumes was also seen throughout the year and during the second half of 2023 the destocking cycle reached its end. Despite this environment, Brenntag achieved an operating gross profit of 4,041.8 million EUR (-3.7%) and an operating EBITA of 1,265.0 million EUR, which is a year-on-year decline of 13.1% compared to the record year 2022 but nevertheless the second highest result the company has ever achieved.

Earnings per share reached 4.73 EUR which is below the very high prior year level of 5.74 EUR. Brenntag generated a record free cash flow of 1,712.0 million EUR through the substantial reduction in working capital driven by significantly reducing inventories. This showcases once again the company’s strengths in generating cash throughout volatile market conditions. In course of the year, Brenntag successfully took various measures to reduce the Group’s operating costs and counteract the inflation-driven increases in cost.

**Kristin Neumann, Chief Financial Officer of Brenntag SE:** “In 2023, Brenntag implemented cost take-out measures to achieve efficiency gains and reduce the cost base and worked consistently on improving its working capital management. With our first-ever share buyback program in the total amount of up to 750 million EUR that has been completed at the beginning of March, we let our shareholder participate in the success of our company. Including dividends, we have returned more than one billion Euro to our shareholders over the past twelve months. These are strong prove-points for Brenntag’s ability to reliably create significant value for shareholders even in a difficult market environment.”

### **Dividend increase**

The Board of Management and the Supervisory Board will recommend to shareholders at the Annual General Meeting on May 23, 2024, a dividend payment of 2.10 EUR per share (2022: 2.00 EUR). Subject to its approval, this will be the thirteenth consecutive dividend increase since the IPO in 2010. The payout ratio based on the consolidated profit after tax attributable to shareholders of Brenntag SE equals 43%.

### **Share buy-back program completed**

In March 2023, Brenntag announced its first ever share buy-back program. The first tranche of the program in the amount of 500 million EUR was completed by December 2023. As part of the second tranche, further shares of Brenntag SE up to a total volume of 250 million EUR were acquired by March 5, 2024, completing the program.

### **Both divisions delivered results in line with expectations**

The global market dynamics in 2023 were characterized by a number of cumulating, influencing factors and continued uncertainties. Ongoing inflationary trends in most markets, high energy costs in Europe, which impacted some of the company's focus industries, and prolonged destocking based on falling prices affected the business. The war in Ukraine and the Middle East conflict are adding to the geopolitical uncertainties and led to new tensions in global supply chains. In this environment, the 2023 results of both Brenntag divisions were below the record year of 2022 but in line with the expectations.

**Brenntag Specialties** delivered results broadly in line with the expectations. In 2023, the division reported an operating gross profit of 1,479.6 million EUR (-8.2%). Operating EBITA reached 550.8 million EUR, a decline of 21.5% compared to 2022. The division recorded lower results in all segments year on year, which is primarily due to the decline in demand in all regions. There was a positive trend in the focus industries Pharma and Water Treatment. However, this could not fully offset the subdued demand in other focus industries such as Nutrition, Personal Care and Lubricants who showed a strong performance in the prior year.

**Brenntag Essentials** showed a resilient performance according to expectations. Especially the North America segment achieved a positive result, partly compensating the decline in the other segments. Apart from EMEA, the Brenntag Essentials segments were able to increase their volumes in the second half of 2023. The division's operating gross profit remained nearly stable compared to the previous year and reached 2,533.5 million EUR (-0.7%). Operating EBITA reached 848.9 million EUR, a decline of 4.7% compared to 2022.

### **Substantial progress in comprehensive company transformation**

In 2023, Brenntag consistently drove the implementation of the "Strategy to Win" presented in November 2022. The core elements are differentiated strategies for the two divisions Brenntag Specialties and Brenntag Essentials, a consistent sustainability agenda, value-creating M&A activities and the transformation into a data- and technology-driven company. With this important step in its ambitious transformation, the company is laying the foundation for accelerated growth in the future.

In July, Brenntag announced to implement an “Advanced Operating Model” to further strengthen the ability of both divisions for differentiated steering and sharpening their divisional strategies. In December 2023, the company presented further strategic insights at the Capital Markets Day in London and specified its plans including the operational and legal disentanglement of Brenntag Essentials and Brenntag Specialties.

“Through decisive and focused measures along a clear transformation plan, we are further sharpening the profiles of Brenntag Essentials and Brenntag Specialties and are developing two distinct, high-performing divisions with full business autonomy and independence. With differentiated steering along global market requirements and specific customer and supplier needs we enhance their value proposition and accelerate their growth”, says Brenntag CEO Christian Kohlpaintner.

### **Continuously driving the sustainability & safety agenda**

For Brenntag, being the global number one in the chemical distribution market also means taking a pioneering role in sustainability and safety. In 2023, Brenntag succeeded in increasing the sustainability of its product portfolios through various initiatives and new services and providing customers more transparency about the carbon footprint of the products Brenntag offers.

In addition to sustainability, the safety of its employees is a top priority at Brenntag. In 2023, the company again improved its safety performance and further reduced the Group's Total Recordable Injury Rate (TRIR\*\*\*\*\*) to 2.5 (2022: 2.7).

### **Full delivery on Mergers & Acquisitions strategy**

Brenntag remains in an excellent position to further consolidate the still highly fragmented chemical distribution market. In the past year, the company made again substantial acquisitions, strengthening key focus industries and geographies in both divisions with targets delivering a sizable operating EBITA contribution. The eight acquisitions signed or closed in 2023 have a total enterprise value of 570 million EUR.

### **Outlook & Guidance 2024**

Brenntag expects that the sequential recovery in volumes experienced throughout 2023 will continue in 2024.

At the same time, it is assumed that the overall geopolitical, macroeconomic, and operational conditions will remain challenging in 2024. The war in Ukraine, the conflict in the Middle East, geopolitical tensions and the only slowly decreasing inflation will continue to create uncertainty about growth expectations of the global economy.

In view of the current economic conditions and the trends described Brenntag Group's operating EBITA for the financial year 2024 is expected to be between 1,230 million EUR and 1,430 million EUR. This forecast takes into account the earnings contributions from acquisitions already completed and assumes that exchange rates will remain stable at the level of the end of February.

**Financial Results at a glance – FY2023**

(in EUR m)	2023	2022	Δ as reported	Δ fx adjusted
<b>Brenntag Group</b>				
Sales	16,815.1	19,429.3	-13.5%	-11.0%
Operating gross profit*	4,041.8	4,319.0	-6.4%	-3.7%
Operating EBITA**	1,265.0	1,511.7	-16.3%	-13.1%
Operating EBITA/ Operating gross profit (in %)	31.3	35.0		
Profit before tax	1,002.8	1,234.9		
Profit after tax	721.1	902.5		
<i>Attributable to Brenntag shareholders</i>	714.9	886.8		
Earnings per share (in EUR)	4.73	5.74		
Free cash flow	1,712.0	1,005.1		
	<b>Dec 31, 2023</b>	<b>Dec 31, 2022</b>		
Working capital	2,005.8	2,588.6		
Net financial liabilities	2,186.8	2,049.7		
(in EUR m)	2023	2022	Δ as reported	Δ fx adjusted
<b>Brenntag Specialties</b>				
Operating gross profit	1,479.6	1,678.3	-11.8%	-8.2%
Operating EBITA	550.8	738.0	-25.4%	-21.5%
<b>Brenntag Essentials</b>				
Operating gross profit	2,533.5	2,608.6	-2.9%	-0.7%
Operating EBITA	848.9	910.8	-6.8%	-4.7%
<b>All other Segments</b>				
Operating gross profit	28.7	32.1	-10.6%	-10.6%
Operating EBITA	-134.7	-137.1	-1.8%	-1.2%

\*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 EBITA 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 EBITA 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.

\*\*\*\*Since Q4 2022 Brenntag uses operating EBITA as lead KPI.

\*\*\*\*\*Total Recordable Injury Rate (TRIR): number of work-related accidents requiring medical treatment beyond first aid per one million hours worked

### **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 17,700 employees worldwide and operates a network of about 600 sites in 72 countries. In 2023, Brenntag generated sales of 16.8 billion EUR. The two global divisions, Brenntag Essentials and Brenntag Specialties, provide a diversified and broad 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. Brenntag pursues an ambitious sustainability agenda 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).

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