

Press Release

Essen, Germany, May 14, 2024

Brenntag reports first quarter 2024 results, impacted by challenging market environment – Group expects to benefit from improving conditions in second half of 2024

- **Challenging market conditions:** Pricing pressures and lower than expected demand in certain markets and industries, particularly in the Brenntag Specialties division, adversely impacted Brenntag's 2024 first quarter results.
- **Q1 Group results below ambitions:** Operating gross profit* declined by 5.1%** to 984.4 million EUR. Operating EBITA*** reached 259.7 million EUR, which is 24.0% below the strong prior-year quarter.
- **Decline in earnings in both divisions****:** Brenntag Specialties' operating EBITA stood at 107.5 million EUR (-22.8%) while Brenntag Essentials achieved an operating EBITA of 186.2 million EUR (-23.2%).
- **Value-creating acquisitions:** Brenntag continued its M&A agenda in key focus industries and geographies in Q1 2024, supporting the divisional growth strategies.
- **Cautiously optimistic for 2024:** Brenntag expects to benefit from the ongoing sequential volume recovery in 2024 and improving market conditions in H2 2024. The guidance for the Group's operating EBITA for the financial year 2024 is thus specified to be at the lower end of the range of the guidance given in March of EUR 1,230 million to EUR 1,430 million.

“Although our resilient business model with its global reach and broad portfolio enabled us to capture business opportunities, we are not satisfied with our performance in the first quarter of 2024. The difficult market conditions with geopolitical tensions and continuing inflationary trends led to pricing pressures and lower than expected demand for certain markets which adversely impacted Brenntag's results in both divisions. However, we are cautiously optimistic on the further course of 2024 with volumes showing an encouraging sequential recovery across most regions and industries. Despite the headwinds and the challenging environment, we remain fully committed to implementing our ‘Strategy to Win’ while prudently managing our cost base and driving efficiency in our organization.”

Christian Kohlpaintner, Chief Executive Officer of Brenntag SE

Brenntag (ISIN DE000A1DAH0), the global market leader in chemicals and ingredients distribution, today presented financial results for the first quarter 2024 below the Group's ambitions. Brenntag's performance in both divisions was impacted by a challenging market environment as well as pricing pressures in various markets and industries. The encouraging sequential recovery of volumes, especially in the Essentials division, could not fully offset the lower sales prices, as expected.

Christian Kohlpaintner, Chief Executive Officer of Brenntag SE: "Although our resilient business model with its global reach and broad portfolio enabled us to capture business opportunities, we are not satisfied with our performance in the first quarter of 2024. The difficult market conditions with geopolitical tensions and continuing inflationary trends led to pricing pressures and lower than expected demand in certain markets which adversely impacted Brenntag's results in both divisions. However, we are cautiously optimistic on the further course of 2024 with volumes showing an encouraging sequential recovery across most regions and industries. Despite the headwinds and the challenging environment, we remain fully committed to implementing our 'Strategy to Win' while prudently managing our cost base and driving efficiency in our organization."

Financial Performance

In the first quarter 2024, Brenntag generated sales of 4,002.6 million EUR which is -10.9% compared to the previous year's quarter. The decrease in sales is mainly attributable to lower sales prices, which could not be fully offset by increased volumes. Operating gross profit declined by 5.1% to 984.4 million EUR. Operating EBITA came in at 259.7 million EUR, a year-on-year decline of 24.0%. Earnings per share stood at 0.97 EUR (Q1 2023: 1.40 EUR). Due to the earnings' development and additional funds tied up in working capital, Brenntag's free cash flow decreased to 175.3 million EUR in Q1 2024. Working capital increased to 2,083.0 million EUR with a working capital turn of 7.9 times (Q1 2023: 7.2, FY 2023: 7.3).

Both divisions below prior year

The decline in Brenntag's earnings in the first quarter 2024 originated in both divisions, Brenntag Specialties and Brenntag Essentials. Their performance was impacted by a decrease of operating gross profit per unit and cost increases.

Brenntag Specialties reached an operating gross profit of 286.3 million EUR (-8.3%). While volumes almost reached the previous year's level, operating gross profit per unit declined. Operating EBITA decreased by 22.8% to 107.5 million EUR. The decline in performance was visible in all segments of Life Science and Material Science. Nevertheless, the slight increase in volumes and the slight sequential improvements in operating gross profit per unit continued compared to Q4 2023****. In the newly defined portfolio of Brenntag Specialties, Life Science attributes for around 70% of the segment.

Brenntag Essentials saw an encouraging demand development. All segments were able to increase their volumes, both organically and including the new acquisitions. However, the

decline in operating gross profit per unit in all segments led to an overall decline in operating gross profit of 3.8% to 698.1 million EUR. In the prior year quarter, the division saw a significantly higher price level. Operating EBITA declined on a year-on-year basis by 23.2% to 186.2 million EUR. This was partly due to the decline in operating gross profit in the EMEA, North America and Latin America segments, which experienced volume-related increases in transportation costs. In APAC, the decrease in operating gross profit per unit was more than offset by higher volumes – both on an organic basis and including the new acquisitions – as a result of which the segment achieved growth in operating gross profit.

Kristin Neumann, Chief Financial Officer of Brenntag SE: “In the first quarter, we were not able to capitalize on the sequential recovery of volumes and to fully offset the lower sales prices. We have a clear set of measures and a high level of discipline across all levels in our organization to return to our outlined growth and profitability trajectory. To reduce costs, increase efficiency and counteract inflation-driven cost increases we are taking various initiatives that have already shown effects in the first quarter.”

Consistent implementation of “Strategy to Win”

In the first quarter of 2024, Brenntag continued to drive the implementation of its “Strategy to Win” to lay the ground for accelerated growth in the future. One core element of this strategy is sharpening the profiles of the two Brenntag divisions to align them more closely with global market requirements and customer and supplier needs. Since the beginning of 2024, Brenntag has dedicated teams appointed to detail and initiate the next steps in the legal and operational disentanglement of Brenntag Essentials and Brenntag Specialties to make them more independent and autonomous. This is progressing well and according to plans.

In driving its “Strategy to Win”, Brenntag also follows a consistent sustainability agenda, the transformation into a stronger data- and technology-driven company, and value-creating M&A activities. In the first quarter 2024, the company strengthened key focus industries and geographies with acquisitions in both divisions. At the end of March, Brenntag Specialties signed and closed the acquisition of Lawrence Industries, significantly expanding the Material Science footprint in the UK and in EMEA. In February, Brenntag Essentials strengthened its “triple” business strategy with the acquisition of Rental Service Specialty LLC in the USA, a provider of specialty rental equipment for the midstream and downstream oil and gas industry. Thus, Brenntag Essentials increases its regional footprint and market presence in the important North American energy sector.

Guidance specified

Brenntag expects the overall geopolitical, macroeconomic, and operational conditions to remain challenging in 2024. However, Brenntag is cautiously optimistic that market conditions will improve throughout 2024, with the first half of the year being more challenging than the second. Brenntag assumes that the sequential recovery of volumes experienced throughout 2023 and which was also observed in Q1 2024 will continue in the following quarters and that the company will benefit from this with higher volumes. In light of these expectations, Brenntag specifies its guidance given in March and expects Brenntag Group's operating EBITA for the financial year 2024 to be at the lower end of the communicated range between 1,230 million EUR and 1,430 million EUR.

Financial Results at a glance – Q1 2024

(in EUR m)	Q1 2024	Q1 2023	Δ as reported	Δ fx adjusted
Brenntag Group				
Sales	4,002.6	4,527.1	-11.6%	-10.9%
Operating gross profit*	984.4	1,045.6	-5.9%	-5.1%
Operating EBITA***	259.7	345.1	-24.7%	-24.0%
Operating EBITA/ Operating gross profit (in %)	26.4	33.0		
Profit before tax	205.0	296.9		
Profit after tax	143.7	217.1		
Attributable to Brenntag shareholders	141.4	215.9		
Earnings per share (in EUR)	0.97	1.40		
Free cash flow	175.3	449.2		
	March 31, 2024	March 31, 2023		
Working capital	2,083.0	2,005.8		
Net financial liabilities	2,226.9	2,186.8		
(in EUR m)	Q1 2024	Q1 2023	Δ as reported	Δ fx adjusted
Brenntag Specialties****				
Operating gross profit	286.3	318.1	-10.0%	-8.3%
Operating EBITA	107.5	142.9	-24.8%	-22.8%
Brenntag Essentials****				
Operating gross profit	698.1	727.5	-4.0%	-3.8%
Operating EBITA	186.2	242.1	-23.1%	-23.2%
Group and Regional Services*****				
Operating EBITA	-34.0	-39.9	-14.8%	-14.8%

*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.

****Beginning with the first quarter of 2024, Brenntag implements several changes in its reporting. Brenntag Specialties switches from a regional segment reporting to a reporting in two global industry segments, Life Science and Material Science. The new composition of the divisional portfolios is reflected in the segment reporting, as Brenntag has moved business between the divisions to create a more distinct, sharpened and competitive Specialties portfolio. In addition, Brenntag allocated the entire operating activities from "All other segments" to the Essentials division. This includes the operations of BRENNTAG International Chemicals GmbH (BIC), which buys and sells chemicals in bulk on an international scale.

*****Group and Regional Services mainly include the central functions for the entire Group, the regional service functions and the activities with regard to the digitalization of Brenntag's business.

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.

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