

Q1

Quarterly Statement

January – March 2023

Brenntag recorded a solid start into 2023 and achieved in the first quarter results in line with our expectations



Sales at EUR 4.5 billion and gross profit at EUR 1,045.6 million in Q1 2023 on par with strong Q1 2022



Operating EBITA reached EUR 345.1 million in line with expectations, a decrease of 13.1%* compared with Q1 2022



Very strong free cash flow of EUR 449.2 million in Q1, more than 9 times prior-year level



EPS stood at EUR 1.40 in Q1 2023 compared with EUR 1.61 in Q1 2022



We confirm our expectation for Brenntag Group's operating EBITA for the financial year 2023 to be between EUR 1,300 million and EUR 1,500 million

* Growth rates are adjusted for translational FX-effects

Key financial figures at a glance

Consolidated income statement

		Q1 2023	Q1 2022
Sales	EUR m	4,527.1	4,533.1
Operating gross profit	EUR m	1,045.6	1,037.9
Operating EBITDA	EUR m	420.4	463.0
Operating EBITDA/operating gross profit	%	40.2	44.6
Operating EBITA	EUR m	345.1	394.3
Operating EBITA/operating gross profit	%	33.0	38.0
Profit after tax	EUR m	217.1	254.0
Basic earnings per share	EUR	1.40	1.61
Diluted earnings per share	EUR	1.40	1.61

Consolidated balance sheet

		Mar. 31, 2023	Dec. 31, 2022
Total assets	EUR m	11,046.3	11,373.0
Equity	EUR m	4,447.8	4,802.7
Working capital	EUR m	2,452.9	2,588.6
Net financial liabilities	EUR m	2,283.3	2,049.7

Consolidated cash flow

		Q1 2023	Q1 2022
Net cash provided by operating activities	EUR m	400.3	35.4
Payments to acquire intangible assets and property, plant and equipment	EUR m	-49.7	-50.5
Free cash flow	EUR m	449.2	48.7

Key data on the Brenntag shares

		Mar. 31, 2023	Dec. 31, 2022
Share price	EUR	69.20	59.72
No. of shares (unweighted)		154,500,000	154,500,000
of which treasury shares		438,265	0
Market capitalization	EUR m	10,691	9,227
Free float	%	100.00	100,00

Company profile

Brenntag is the global market leader in chemical and ingredients distribution. The company plays a central role in connecting the chemical industry's customers and suppliers. Through its two global divisions, Brenntag Specialties and Brenntag Essentials, the company provides 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 expertise and digital solutions for a wide range of industries.

Brenntag operates a global network spanning around 600 locations in 72 countries. With its workforce of over 17,500 employees, Brenntag generated sales of around EUR 19.4 billion in 2022.

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Major events impacting on business

In January 2023, Brenntag appointed Michael Friede to the Board of Management of Brenntag SE effective April 1, 2023. He succeeds Henri Nejade as Chief Operating Officer (COO) Brenntag Specialties.

In February 2023, Brenntag agreed a new syndicated credit facility for EUR 1.5 billion. This new credit facility has a term of five years and is divided into two revolving lines of credit: a EUR 1 billion line of credit that can be drawn in various different currencies and a USD line of credit totaling USD 525 million. In a first for Brenntag, the interest rates on the credit facility are linked to the achievement of quantitative ESG criteria. The ESG targets defined for this purpose are derived from the ESG strategic objectives for 2030, which Brenntag defined anew last year.

In March 2023, Brenntag launched a share buyback program of up to EUR 750 million. This will allow shareholders to share in the company's success and create value, while at the same time ensuring that Brenntag has sufficient strategic flexibility going forward. The share buyback program commenced in March 2023 and is to be completed over a period of up to twelve months. The first tranche of the share buyback program of EUR 500 million is to be conducted by December 2023 at the latest. By the end of the first quarter of 2023, EUR 29.4 million had been paid out to acquire treasury shares under this program.

Also in March 2023, Brenntag acquired the entire business operations of Al-Azzaz Chemicals Company headquartered in Al-Khobar Dammam, Saudi Arabia. The company generated sales of around EUR 34 million in financial year 2022. This acquisition of one of the largest specialty chemical distributors on the Arabian Peninsula expands Brenntag's market presence in this area.

“Strategy to Win”

Brenntag aims to strengthen and further expand its position as global market leader in an agilely changing and dynamically evolving global market environment and lead its industry as the preferred partner for customers and suppliers. To achieve that, our “Strategy to Win”, introduced in November 2022, contains four central elements: (1) differentiated divisional strategies for the two divisions Brenntag Specialties and Brenntag Essentials, (2) digitalization and transformation into a data- and technology-driven company, (3) a leading role in the industry's sustainability agenda, and (4) value-creating M&A activities. In the first quarter of 2023, we started to systematically execute this strategy.

Brenntag Specialties is focusing on increasing share in existing markets in specific regions through greater customer focus or by improving the product portfolio, capturing synergies through post-merger integrations and expanding talent by gaining suppliers, increasing customized projects and offering regulatory services, especially in Pharma. Another key priority is to increase the value-added service offering, e.g.: increasing value creation for customers by supporting them in designing/formulating new products and taking over their mixing & blending production. As an example, Brenntag Specialties has recently expanded its operations by acquiring Life Science capabilities from Ravenswood in Australia and New Zealand focusing on expertise in blending, a great addition for our customers in APAC. A further expansion in South Africa has followed in Water Treatment, mainly focused on cooling and boiler water solutions as a substantial addition to the EMEA portfolio. Lastly, in March the opening of a new pharmaceutical application development center in Singapore was announced as Brenntag's first Pharma R&D facility worldwide. Innovation and application development centers are an essential part of delivering value-added services to Brenntag Specialties partners in the Asia Pacific market. This new facility is an excellent addition to the strong network of now 36 innovation and application development centers in the region.

Brenntag Essentials has already enhanced its local presence in Brazil, Argentina and North America by opening new sites and also received the operating license for the major new site in China. The new sites increase capabilities and flexibility at local level. Once the transaction has closed, the acquisition of Aik Moh will create a strong platform for regional growth in APAC, the largest growth opportunity for the division. Additionally, battery business development teams have been set up in EMEA and North America.

We are actively recruiting to build global expertise and provide tangible capabilities to deliver our strategy throughout the entire Group.

We are also making good progress with sustainable products and services in the EMEA region and are now able to offer customers a product carbon footprint calculation for more than 850 products.

Transformation program “Digital.Data.Excellence”

Through the “Digital.Data.Excellence” (DiDEX) transformation launched at the end of 2022, Brenntag is investing in its long-term digital and data based foundations in order to become the easiest partner for customers, supplier partners and employees to do business with, based on the most efficient and sustainable supply chain. The transformation includes introducing excellence to streamline our processes, digitalizing workflows and unlocking the value of the data which Brenntag generates. The digital business architecture is being modernized and transferred to modular, cloud-based platforms. In addition, Brenntag is shifting to agile ways of working and building key competencies in all core areas of the company.

The comprehensive DiDEX transformation program is expected to generate a sustainable incremental net-contribution to operating EBITA totaling EUR 200 million in 2026. The investments associated with the transformation are expected to amount to around EUR 350 million. A holistic value assurance approach has been implemented to closely monitor and manage the development, deployment, scaling and value realization of the underpinning initiatives.

The implementation of the DiDEX transformation is proceeding according to plan, delivering the first benefits already in the first quarter of 2023. Excellence initiatives have been launched in lighthouses across all Brenntag regions laying the foundations to streamline our end-to-end processes. This is supported by targeted performance management and the introduction of a culture of continuous improvement. The global rollout of the Salesforce platform, which connects customers, suppliers and employees through process simplifications and enables effortless, data-driven and personalized working, was launched in the US in April 2023. Brenntag has rolled out an AI-based tool to provide intelligent support for sales and service activities in more than 24 countries. With regard to the supply chain, Brenntag is making significant progress on tracking its journeys in real-time across different modes of transport. Brenntag has also significantly improved the e-commerce platform and connected it to an omnichannel environment.

Results of operations

Business performance of the Brenntag Group

in EUR m	Q1 2023	Q1 2022	Change	
			in %	in % (fx. adj.) ¹⁾
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 expenses	-625.2	-574.9	8.7	7.4
Operating EBITDA	420.4	463.0	-9.2	-9.9
Depreciation of property, plant and equipment and right-of-use assets	-75.3	-68.7	9.6	8.5
Operating EBITA	345.1	394.3	-12.5	-13.1
Net income/expense from special items	4.7	-3.0	-	-
EBITA	349.8	391.3	-	-
Amortization of intangible assets	-17.7	-18.2	-	-
Net finance costs	-35.2	-24.4	-	-
Profit before tax	296.9	348.7	-	-
Income tax expense	-79.8	-94.7	-	-
Profit after tax	217.1	254.0	-	-

1.01 Business performance of the Brenntag Group

¹⁾ Change in % (fx. adj.) is the percentage change on a constant currency basis.

The Brenntag Group generated **sales** of EUR 4,527.1 million in the first quarter of 2023, a figure roughly in line with the prior-year period. On a constant currency basis, sales fell by 1.0%. The decline is due especially to falling volumes.

The Brenntag Group's **operating gross profit** came to EUR 1,045.6 million in the first quarter of 2023, thereby exceeding the prior-year figure slightly. On a constant currency basis, operating gross profit was roughly in line with the prior-year period. The growth in the Brenntag Essentials division was not enough to fully offset the decline in operating gross profit in the Brenntag Specialties division. The rise in operating gross profit in the Brenntag Essentials division is due mainly to organic growth in the business, but was also supported by the acquisition closed in North America in the previous year.

The Brenntag Group's **operating expenses** amounted to EUR 625.2 million in the first quarter of 2023, a rise of 8.7% year on year. On a constant currency basis, operating expenses were up by 7.4% on the prior-year figure. The rise in costs is partly the result of higher advisory expenses for IT implementation, primarily in connection with the DiDEX program, and higher personnel expenses.

The Brenntag Group achieved **operating EBITDA** of EUR 420.4 million in the first quarter of 2023, a year-on-year decline of 9.2%, or 9.9% on a constant currency basis. This fall in earnings compared with the above-average earnings achieved by the Brenntag Group in the prior-year period stemmed primarily from the Brenntag Specialties division. Inflation-driven increases in costs and falling demand, particularly in the focus industries Nutrition and Material Science, also made it difficult to repeat the strong prior-year results. Nevertheless, Brenntag was able to partly offset the decline in earnings through the growth in the Brenntag Essentials division.

Depreciation of property, plant and equipment and depreciation of right-of-use assets amounted to EUR 75.3 million in the first quarter of 2023.

The Brenntag Group's **operating EBITA** came to EUR 345.1 million in the first quarter of 2023. Brenntag therefore recorded a decrease of 12.5% on the prior-year figure. On a constant currency basis, this represents a decline in earnings of 13.1%.

Net income/expense from special items breaks down as follows:

in EUR m	Q1 2023	Q1 2022
Strategic projects	0.4	-3.0
Reversal of provisions for excise duties	7.0	-
Addition to provision for legal risks	-2.7	-
Net income/expense from special items	4.7	-3.0

1.02 Net income/expense from special items

The items in connection with strategic projects that have an effect on the results of operations consist mainly of advisory and one-time expenses necessary in order to achieve the desired target structure, such as expenses in connection with site closures and severance payments.

A further tax decision notice and an enforceable demand for payment of alcohol tax were received in relation to provisions recognized in the previous year for excise duties. This notice led to a lower-than-expected tax liability. The reversal of the relevant provisions resulted in other operating income of EUR 7.0 million.

In addition, provisions of EUR 2.7 million were recognized for legal risks arising from the sale of certain minerals in North America.

Amortization of intangible assets amounted to EUR 17.7 million.

Net finance costs came to EUR 35.2 million in the first quarter of 2023 (Q1 2022: EUR 24.4 million), with the year-on-year change attributable mainly to three effects. Firstly, net interest expense of EUR 27.2 million showed a clear increase on the prior-year period (Q1 2022: EUR 18.2 million) due to the generally higher level of interest rates. In addition, the classification of Turkey as a hyperinflationary economy in the second quarter of 2022 increased net finance costs by EUR 2.8 million in the first quarter of 2023. On the other hand, there was an offsetting effect from the translation of foreign currency receivables and liabilities, as a slightly lower expense was recorded compared with the prior-year period.

Income tax expense fell by EUR 14.9 million year on year to EUR 79.8 million in the first quarter of 2023.

Profit after tax stood at EUR 217.1 million in the first quarter of 2023 (Q1 2022: EUR 254.0 Mio. EUR).

Business performance in the divisions and segments

in EUR m	Brenntag Specialties	Brenntag Essentials	All other Segments	Brenntag Group
Operating gross profit				
Q1 2023	388.2	648.1	9.3	1,045.6
Change versus Q1 2022 in %	-8.9	7.5	5.7	0.7
Fx. adj. change versus Q1 2022 in %	-9.2	5.9	5.7	-0.3
Operating EBITDA				
Q1 2023	163.9	285.3	-28.8	420.4
Change versus Q1 2022 in %	-23.9	4.9	18.5	-9.2
Fx. adj. change versus Q1 2022 in %	-23.9	3.6	18.5	-9.9
Operating EBITA				
Q1 2023	153.0	224.3	-32.2	345.1
Change versus Q1 2022 in %	-26.2	4.7	17.9	-12.5
Fx. adj. change versus Q1 2022 in %	-26.2	3.2	17.9	-13.1

1.03 Business performance in the divisions

Brenntag Specialties

in EUR m	EMEA	Americas	APAC	Brenntag Specialties
Operating gross profit				
Q1 2023	178.4	144.9	64.9	388.2
Change versus Q1 2022 in %	-8.5	-8.0	-11.9	-8.9
Fx. adj. change versus Q1 2022 in %	-6.7	-11.2	-11.5	-9.2
Operating EBITDA²⁾				
Q1 2023	77.6	59.2	26.9	163.9
Change versus Q1 2022 in %	-24.7	-14.6	-37.0	-23.9
Fx. adj. change versus Q1 2022 in %	-23.1	-17.4	-36.7	-23.9
Operating EBITA²⁾				
Q1 2023	74.9	55.0	22.9	153.0
Change versus Q1 2022 in %	-25.8	-16.8	-42.6	-26.2
Fx. adj. change versus Q1 2022 in %	-24.3	-19.5	-42.3	-26.2

1.04 Business performance in the segments/Brenntag Specialties

²⁾ The difference between the sum total of the reportable segments and a particular division is the result of central activities which are part of the division but not directly attributable to any one segment.

Operating gross profit in the Brenntag Specialties division was down by 8.9% on the prior-year figure to EUR 388.2 million in the first quarter of 2023. On a constant currency basis, it showed a decrease of 9.2%. This change is due especially to falling volumes.

The Pharma business performed very well. However, this was not enough to fully offset the subdued demand in other focus industries, where customers ran down inventories that had been built up previously and waited for prices to fall in light of initial signs of prices stabilizing. Material Science also suffered as a result of lower demand in the construction sector due to higher interest rates and energy costs.

Overall, the Brenntag Specialties division posted **operating EBITDA** of EUR 163.9 million in the first quarter of 2023, a decrease of 23.9% (on a constant currency basis: 23.9%) on the prior-year figure. This was due to the aforementioned performance at operating gross profit level and, in particular, inflation-driven increases in costs.

Operating EBITA in the Brenntag Specialties division came to EUR 153.0 million in the first quarter of 2023, a decrease of 26.2% on the prior-year figure. On a constant currency basis, this represents a decline of 26.2%.

Brenntag Essentials

in EUR m	EMEA	North America	Latin America	APAC	Brenntag Essentials
Operating gross profit					
Q1 2023	245.2	341.2	38.1	23.6	648.1
Change versus Q1 2022 in %	6.7	15.2	-15.1	-26.3	7.5
Fx. adj. change versus Q1 2022 in %	7.8	10.9	-16.3	-25.3	5.9
Operating EBITDA³⁾					
Q1 2023	117.6	150.1	13.5	4.7	285.3
Change versus Q1 2022 in %	6.4	15.7	-27.8	-64.7	4.9
Fx. adj. change versus Q1 2022 in %	7.7	11.5	-28.2	-64.4	3.6
Operating EBITA³⁾					
Q1 2023	91.8	121.0	9.1	3.0	224.3
Change versus Q1 2022 in %	9.5	16.1	-38.5	-74.6	4.7
Fx. adj. change versus Q1 2022 in %	10.9	11.8	-38.5	-74.6	3.2

1.05 Business performance in the segments/Brenntag Essentials

³⁾ The difference between the sum total of the reportable segments and a particular division is the result of central activities which are part of the division but not directly attributable to any one segment.

Operating gross profit in the Brenntag Essentials division rose by 7.5% year on year to EUR 648.1 million in the first quarter of 2023. On a constant currency basis, operating gross profit was up by 5.9% on the prior-year figure. This performance is due to significantly higher operating gross profit per unit in the EMEA and North America segments. The decline in operating gross profit in the Latin America and APAC segments in the first quarter of 2023 was more than offset by the growth in the EMEA and North America segments. In the North America segment, the predominantly organic growth in operating gross profit was also supported by the entity acquired in 2022.

Operating EBITDA in the Brenntag Essentials division came to EUR 285.3 million in the first quarter of 2023, a rise of 4.9% compared with the prior-year period. On a constant currency basis, this represents an increase of 3.6%. Due primarily to higher repair and energy costs, the moderate growth in operating gross profit could not be fully translated into growth in operating EBITDA. The positive operating EBITDA performance in the EMEA and North America segments is due almost entirely to organic growth. Operating EBITDA in the Latin America and APAC segments was considerable below that achieved in the prior-year period. The decline in the APAC segment is due to falls in demand in all APAC regions, especially in China. The decline in the Latin America segment is primarily attributable to a slump in demand in Brazil.

Operating EBITA in the Brenntag Essentials division rose by 4.7% year on year to EUR 224.3 million in the first quarter of 2023. On a constant currency basis, it showed a rise of 3.2%.

All other Segments

In "All other Segments", which also include the holding companies, Brenntag recorded a significant year-on-year rise in costs in the first quarter of 2023. This is partly the result of higher advisory expenses in connection with the transformation projects and higher IT expenses.

BRENNTAG International Chemicals GmbH, the only operating company within "All other Segments", achieved operating EBITDA in line with the prior-year figure in the first quarter of 2023.

Overall, the **operating EBITDA** of "All other Segments" was down by 18.5% year on year to EUR -28.8 million in the first quarter of 2023. The **operating EBITA** of "All other Segments" came to EUR -32.2 million in the first quarter of 2023, a decrease of 17.9% on the prior-year figure.

Financial position

Cash flow

in EUR m	Q1 2023	Q1 2022
Net cash provided by operating activities	400.3	35.4
Net cash used in investing activities	-58.4	-44.1
of which payments to acquire consolidated subsidiaries, other business units and other financial assets	-11.3	-0.7
of which payments to acquire intangible assets and property, plant and equipment	-49.7	-50.5
of which proceeds from the disposal of non-current assets	2.6	7.1
Net cash used in/provided by financing activities	-534.2	1.3
of which repayments of/proceeds from other borrowings	-504.8	1.3
of which payments to acquire treasury shares	-29.4	-
Change in cash and cash equivalents	-192.3	-7.4

1.06 Cash flow

At EUR 400.3 million in the first quarter of 2023, net cash provided by operating activities was significantly higher than in the same period of the previous year, benefiting from the decrease in working capital.

Of the net cash used in investing activities, EUR 49.7 million comprised payments to acquire intangible assets and property, plant and equipment in the first quarter of 2023. Payments to acquire consolidated subsidiaries, other business units and other financial assets relate exclusively to acquisitions made in the previous year.

The net cash of EUR 534.2 million used in financing activities in the first quarter of 2023 resulted not only from other bank loans taken out and repaid as well as lease and other financial liabilities repaid, but also and above all from the cash inflow and outflow due to the early refinancing of the syndicated loan. By March 31, 2023, a total of EUR 29.4 million had been used to acquire treasury shares under the share buyback program.

Free cash flow

in EUR m	Q1 2023	Q1 2022	Change	
			abs.	in %
Operating EBITDA	420.4	463.0	-42.6	-9.2
Payments to acquire intangible assets and property, plant and equipment	-49.7	-50.5	0.8	-1.6
Change in working capital	116.7	-329.6	446.3	-135.4
Principal and interest payments on lease liabilities	-38.2	-34.2	-4.0	11.7
Free cash flow	449.2	48.7	400.5	822.4

1.07 Free cash flow

The Brenntag Group's free cash flow amounted to EUR 449.2 million in the first quarter of 2023, an increase of 822.4% on the same period of 2022. This extremely pleasing result was achieved due especially to the positive change in working capital.

Net assets

in EUR m	Mar. 31, 2023		Dec. 31, 2022	
	abs.	in %	abs.	in %
Assets				
Current assets	5,622.6	50.9	5,920.3	52.1
of which trade receivables	2,693.1	24.4	2,676.8	23.5
of which inventories	1,661.8	15.0	1,773.8	15.6
Non-current assets	5,423.7	49.1	5,452.7	47.9
Total assets	11,046.3	100.0	11,373.0	100.0
Liabilities and equity				
Current liabilities	3,687.6	33.4	3,238.0	28.5
of which trade payables	1,902.0	17.2	1,862.0	16.4
of which financial and lease liabilities	872.4	7.9	429.7	3.8
Equity and non-current liabilities	7,358.7	66.6	8,135.0	71.5
of which financial and lease liabilities	2,255.6	20.4	2,666.1	23.4
of which equity	4,447.8	40.3	4,802.7	42.2
Total liabilities and equity	11,046.3	100.0	11,373.0	100.0

1.08 Net assets

The cash portion of the change in working capital amounted to an inflow of EUR 116.7 million. At 7.2, annualized working capital turnover was lower than that in financial year 2022 (7.5).

When the share buyback program commenced in March 2023, Brenntag recognized a liability of EUR 500.0 million directly in equity for the obligation to acquire treasury shares. As at March 31, 2023, the liability had decreased to EUR 471.0 million due mainly to the acquisition of treasury shares.

in EUR m	Mar. 31, 2023	Dec. 31, 2022
Liability under syndicated loan	128.3	551.9
Other liabilities to banks	184.7	217.9
Promissory notes (Schuldschein)	622.6	627.1
Bond 2025	601.1	599.2
Bond 2029	498.3	497.5
Derivative financial instruments	55.0	56.9
Liability to acquire treasury shares	471.0	-
Other financial liabilities	104.9	111.0
Total	2,665.9	2,661.5
Lease liabilities	462.1	434.3
Cash and cash equivalents	844.7	1,046.1
Net financial liabilities	2,283.3	2,049.7

1.09 Net financial liabilities

Outlook

Brenntag continues to operate in a market environment shaped by the war in Ukraine, geopolitical tensions and strong inflationary pressures. Due to lower demand, it is possible that prices in Brenntag's supply chains will fall despite general price increases. Overall, this is leading to a still greater-than-average degree of uncertainty over growth expectations for the global economy in 2023. Oxford Economics currently predicts that the global economy, measured in terms of industrial production (IP), will turn down in 2023. Weighted by the sales generated by Brenntag in the individual countries, this results in a forecast average real IP growth rate of -0.5% in 2023.

In the currently challenging economic environment, the Board of Management is holding to its forecast issued in March that Brenntag will achieve operating EBITA of between EUR 1,300 million and EUR 1,500 million in financial year 2023. This includes the effects in the course of implementing the divisional strategies and the digitalization strategy. This forecast takes into account the contributions to earnings from acquisitions already closed. Brenntag confirms the forecast operating EBITDA range between EUR 1,600 million and EUR 1,800 million.

Opportunities and risks

Our strategy is geared to steadily improving the efficiency and underlying profitability of our business. The Brenntag Group companies are exposed to a number of risks arising from their business activities in the field of chemical distribution and related areas. At the same time, these business activities also leads to numerous opportunities to secure and promote the company's competitiveness and growth.

As a global company, Brenntag has to comply with the country-specific tax laws and regulations in each jurisdiction. Tax exposures could result in particular from current and future tax audits of our German and foreign subsidiaries. These exposures are generally reflected in the balance sheet by recognizing provisions.

In mid-March 2023, the Swedish customs authority notified Brenntag Nordic AB that it would retroactively levy customs duties on imports of alcohol from non-EU countries in the years 2020 to 2022 due to formal declaration deficiencies;

a customs notice with an order to pay has not yet been issued. As the import duties will be paid directly by the Swedish tax authorities in the event of an actual future demand for payment made to Brenntag, Brenntag Nordic AB will not be burdened by a possible claim. Based on the information available at the time of preparation, there is a possible risk of fines and/or interest on arrears being levied, but there were no sufficient indications for recognizing a provision for this risk as at the reporting date.

Apart from that in the first quarter of 2023, there were no further significant changes in the opportunities and risks for the Brenntag Group described in detail in the 2022 Annual Report. Other risks that we are currently unaware of or that we currently consider immaterial might also negatively impact our business operations. Currently, there are no indications of risks that may jeopardize the continued existence of the company.

Selected financial information

as at March 31, 2023

Consolidated income statement

in EUR m	Jan. 1- Mar. 31, 2023	Jan. 1- Mar. 31, 2022
Sales	4,527.1	4,533.1
Cost of materials	-3,481.5	-3,495.2
Operating gross profit	1,045.6	1,037.9
Other operating income	28.3	15.2
Personnel expenses	-339.4	-312.7
Depreciation and amortization	-93.0	-86.9
Impairment losses on trade receivables and other receivables	-0.2	-6.0
Other operating expenses	-309.2	-274.4
Operating profit	332.1	373.1
Share of profit or loss of equity-accounted investments	-0.1	0.9
Interest income	5.5	1.6
Interest expense	-32.7	-19.8
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	-1.2	-3.0
Loss on the net monetary position	-2.7	-
Other net finance costs	-4.0	-4.1
Net finance costs	-35.2	-24.4
Profit before tax	296.9	348.7
Income tax expense	-79.8	-94.7
Profit after tax	217.1	254.0
Attributable to:		
Shareholders of Brenntag SE	215.9	249.3
Non-controlling interests	1.2	4.7
Basic earnings per share in euro	1.40	1.61
Diluted earnings per share in euro	1.40	1.61

2.01 Consolidated income statement

Consolidated balance sheet

Assets

in EUR m	Mar. 31, 2023	Dec. 31, 2022
Current assets		
Cash and cash equivalents	844.7	1,046.1
Trade receivables	2,693.1	2,676.8
Other receivables	287.9	272.6
Other financial assets	26.1	20.2
Current tax assets	95.3	117.3
Inventories	1,661.8	1,773.8
	5,608.9	5,906.8
Non-current assets held for sale	13.7	13.5
	5,622.6	5,920.3
Non-current assets		
Property, plant and equipment	1,337.0	1,358.1
Intangible assets	3,422.9	3,459.3
Right-of-use assets	454.2	426.3
Equity-accounted investments	5.4	5.4
Other receivables	39.2	40.7
Other financial assets	22.0	24.4
Deferred tax assets	143.0	138.5
	5,423.7	5,452.7
Total assets	11,046.3	11,373.0

Liabilities and equity

in EUR m	Mar. 31, 2023	Dec. 31, 2022
Current liabilities		
Trade payables	1,902.0	1,862.0
Financial liabilities	751.4	319.7
Lease liabilities	121.0	110.0
Other liabilities	635.8	664.9
Other provisions	130.4	154.8
Liabilities relating to acquisition of non-controlling interests	25.2	25.0
Current tax liabilities	118.5	97.6
	3,684.3	3,234.0
Liabilities associated with assets held for sale	3.3	4.0
	3,687.6	3,238.0
Non-current liabilities		
Financial liabilities	1,914.5	2,341.8
Lease liabilities	341.1	324.3
Other liabilities	4.0	4.9
Other provisions	147.6	166.1
Provisions for pensions and other post-employment benefits	126.4	119.1
Liabilities relating to acquisition of non-controlling interests	103.8	104.3
Deferred tax liabilities	273.5	271.8
	2,910.9	3,332.3
Equity		
Subscribed capital	154.5	154.5
Additional paid-in capital	1,491.4	1,491.4
Retained earnings	3,246.0	3,035.0
Accumulated other comprehensive income	5.7	71.6
Treasury shares	-500.0	-
Equity attributable to shareholders of Brenntag SE	4,397.6	4,752.5
Equity attributable to non-controlling interests	50.2	50.2
	4,447.8	4,802.7
Total liabilities and equity	11,046.3	11,373.0

2.02 Consolidated balance sheet

Consolidated cash flow statement

in EUR m	Jan. 1- Mar. 31, 2023	Jan. 1- Mar. 31, 2022
Profit after tax	217.1	254.0
Loss on the net monetary position	2.7	-
Depreciation and amortization	93.0	86.9
Income tax expense	79.8	94.7
Income taxes paid	-36.9	-47.7
Net interest expense	27.2	18.2
Interest paid (netted against interest received)	-28.2	-8.0
(of which interest paid for leases)	(-3.6)	(-2.6)
Inventories	96.9	-149.8
Trade receivables	-35.0	-453.7
Trade payables	54.8	273.9
Changes in working capital	116.7	-329.6
Changes in other operating assets and liabilities	-30.1	-38.5
Changes in provisions	-41.2	-2.3
Non-cash change in liabilities relating to acquisition of non-controlling interests	1.2	3.0
Other non-cash items and reclassifications	-1.0	4.7
Net cash provided by operating activities	400.3	35.4
Proceeds from the disposal of other financial assets	-	0.1
Proceeds from the disposal of intangible assets and property, plant and equipment	2.6	7.0
Payments to acquire consolidated subsidiaries and other business units	-11.3	-0.7
Payments to acquire intangible assets and property, plant and equipment	-49.7	-50.5
Net cash used in investing activities	-58.4	-44.1
Payments to acquire treasury shares	-29.4	-
Proceeds from borrowings	146.9	51.0
Repayments of lease liabilities	-34.6	-31.6
Repayments of borrowings	-617.1	-18.1
Net cash used in/provided by financing activities	-534.2	1.3
Change in cash and cash equivalents	-192.3	-7.4
Effect of exchange rate changes on cash and cash equivalents	-8.9	9.0
Reclassification into non-current assets held for sale	-0.2	-
Cash and cash equivalents at beginning of period	1,046.1	705.0
Cash and cash equivalents at end of period	844.7	706.6

2.03 Consolidated cash flow statement

Key financial figures by segment

Period from January 1 to March 31 in EUR m	Brenntag Specialties	Brenntag Essentials	All other Segments	Group
External sales				
2023	1,857.9	2,531.4	137.8	4,527.1
2022	1,905.5	2,442.7	184.9	4,533.1
Fx. adj. change in %	-2.8	2.3	-25.4	-1.0
Operating gross profit				
2023	388.2	648.1	9.3	1,045.6
2022	426.2	602.9	8.8	1,037.9
Fx. adj. change in %	-9.2	5.9	5.7	-0.3
Operating EBITDA				
2023	163.9	285.3	-28.8	420.4
2022	215.4	271.9	-24.3	463.0
Fx. adj. change in %	-23.9	3.6	18.5	-9.9
Operating EBITA (segment result)				
2023	153.0	224.3	-32.2	345.1
2022	207.3	214.3	-27.3	394.3
Fx. adj. change in %	-26.2	3.2	17.9	-13.1

2.04 Reconciliation of the reportable segments to the Group Q1 2023/2022

Period from January 1 to March 31 in EUR m	EMEA ¹⁾	Americas ²⁾	APAC	Central activities ³⁾	Brenntag Specialties
External sales					
2023	825.9	697.4	334.6	-	1,857.9
2022	848.1	722.0	335.4	-	1,905.5
Fx. adj. change in %	-0.6	-6.7	0.3	-	-2.8
Operating gross profit					
2023	178.4	144.9	64.9	-	388.2
2022	195.0	157.5	73.7	-	426.2
Fx. adj. change in %	-6.7	-11.2	-11.5	-	-9.2
Operating EBITDA					
2023	77.6	59.2	26.9	0.2	163.9
2022	103.1	69.3	42.7	0.3	215.4
Fx. adj. change in %	-23.1	-17.4	-36.7	-33.3	-23.9
Operating EBITA (segment result)^{4), 5)}					
2023	74.9	55.0	22.9	0.2	153.0
2022	101.0	66.1	39.9	0.3	207.3
Fx. adj. change in %	-24.3	-19.5	-42.3	-33.3	-26.2

2.05 Segment reporting on the global Specialties division Q1 2023/2022

¹⁾ Europe, Middle East & Africa.

²⁾ North and Latin America.

³⁾ Central activities which are part of Brenntag Specialties but not directly attributable to any one segment.

⁴⁾ Segment operating EBITA is calculated as segment EBITA adjusted for holding charges and special items.

⁵⁾ Certain items of property, plant and equipment and right-of-use assets are not separable and support both divisions jointly. They have been allocated to a division (depending on the region) and are depreciated there. They are charged to the other division on the basis of fixed and variable monthly amounts.

KEY FINANCIAL FIGURES BY SEGMENT

Period from January 1 to March 31 in EUR m	EMEA ¹⁾	North America	Latin America	APAC ²⁾	Central activities ³⁾	Brenntag Essentials
External sales						
2023	1,039.8	1,156.9	183.5	151.2	-	2,531.4
2022	1,009.3	1,042.4	198.7	192.3	-	2,442.7
Fx. adj. change in %	3.7	6.8	-8.3	-20.3	-	2.3
Operating gross profit						
2023	245.2	341.2	38.1	23.6	-	648.1
2022	229.9	296.1	44.9	32.0	-	602.9
Fx. adj. change in %	7.8	10.9	-16.3	-25.3	-	5.9
Operating EBITDA						
2023	117.6	150.1	13.5	4.7	-0.6	285.3
2022	110.5	129.7	18.7	13.3	-0.3	271.9
Fx. adj. change in %	7.7	11.5	-28.2	-64.4	100.0	3.6
Operating EBITA (segment result)^{4), 5)}						
2023	91.8	121.0	9.1	3.0	-0.6	224.3
2022	83.8	104.2	14.8	11.8	-0.3	214.3
Fx. adj. change in %	10.9	11.8	-38.5	-74.6	100.0	3.2

2.06 Segment reporting on the global Essentials division Q1 2023/2022

¹⁾ Europe, Middle East & Africa.

²⁾ Asia Pacific including the China and Hong Kong segment, which is presented separately internally.

³⁾ Central activities which are part of Brenntag Essentials but not directly attributable to any one segment.

⁴⁾ Segment operating EBITA is calculated as segment EBITA adjusted for holding charges and special items.

⁵⁾ Certain items of property, plant and equipment and right-of-use assets are not separable and support both divisions jointly. They have been allocated to a division (depending on the region) and are depreciated there. They are charged to the other division on the basis of fixed and variable monthly amounts.

Financial calendar

May 10

2023

Quarterly Statement
Q1 2023

June 15

2023

General Shareholders'
Meeting 2023

August 09

2023

Interim Report
Q2 2023

November 09

2023

Quarterly Statement
Q3 2023

The financial calendar is updated regularly. The latest dates can be found on our website at www.brenntag.com/financial_calendar

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Information on the quarterly statement

This translation is only a convenience translation. In the event of any differences, only the German version is binding. As part of our sustainability activities, we do not print the quarterly statement and publish it exclusively in digital form.

Information on rounding

Due to commercial rounding, minor differences may occur when using rounded amounts or rounded percentages.

Disclaimer

This report may contain forward-looking statements based on current assumptions and forecasts made by Brenntag SE and other information currently available to the company. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. Brenntag SE does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to adapt them in line with future events or developments.

Sustainability

Brenntag reports on sustainability and corporate citizenship in its Sustainability Reports. These can be found at: www.brenntag.com/sustainability