



ISSUER RATING
LongTerm

OUTLOOK
Stable

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Contacts

Lead analyst
Mario Rodriguez
mario.rodriguez@ethifinance.com

Committee chair
Thomas Dilasser
thomas.dilasser@ethifinance.com

Rating Action and Rationale

- EthiFinance Ratings affirms Brenntag SE's long-term rating at BBB but changes the outlook from Negative to Stable.
- Brenntag is the global market leader in chemical and ingredient distribution, offering a full-line portfolio of specialty and industrial products with value-added services. It operates a unique global network of around 600 sites across 70+ countries.
- The Stable outlook reflects our expectation that Brenntag's financial risk profile will remain broadly stable over the forecast period despite the challenging environment for the chemicals industry. Net adjusted leverage is expected to remain at around 2.1x-2.3x over 2026-2028, while Adj. EBITDA/Interest coverage should remain around 9x-10x and Adj. FFO/NFD above 30%. Although weaker than historical levels, these metrics remain commensurate with the BBB rating range.
- The rating is supported by: i) Brenntag's global leadership in chemicals and ingredients distribution, which provides significant economies of scale and a resilient platform across the cycle; ii) a broad diversification by geography, end-market, supplier and customer; iii) a solid capitalisation (Equity/TFD of 125%) and a good liquidity profile, with proven access to capital markets; and iv) a modest reduction in the dividend per share and selective M&A spending in 2025.
- The rating remains constrained by: i) a weak industry risk assessment, reflecting structurally modest profitability, volatility and limited growth prospects, together with negative sector-related ESG considerations; ii) still subdued industrial demand in Europe, with the H1 2026 recovery mainly driven by pricing and margin improvements rather than a meaningful rebound in volumes; iii) financial metrics that remain weaker than historical levels but broadly commensurate with the BBB range; and iv) some near-term strategic uncertainty following the change in the management team.
- In line with our methodology, the materials & chemicals industry has high ESG risks (heatmap score between 4 and 5) given its impact on the environment. This results in the sector rating being downgraded one category (three notches) due to industry-related ESG considerations. The petrochemicals and material industry is a heavy user of raw materials, which creates a significant impact on local biodiversity through land use, mining, pollution, etc. In addition, the sector has a negative impact on suppliers as dependency is significant. From the company's perspective, Brenntag improved its environmental performance in 2025 (energy consumption -4.8%, Scope 1+2 emissions -5.6%, 93.9% renewable electricity) and maintains strong governance standards. As a result, the company's ESG assessment has a positive impact of half a notch on its financial risk profile, partially offsetting the industry-related ESG penalty.
- No country risk or controversies have been identified. There is no impact on the rating.

Issuer Description

Headquartered in Germany, Brenntag SE is a global market leader in chemical and ingredients distribution. The company has a central role in connecting the chemical industry's customers and suppliers. Through its two global divisions: Specialties and Essentials, the company provides a full-line portfolio of industrial and specialty chemicals and ingredients.

Brenntag operates a global network spanning around 600 sites in more than 70 countries, working with around 160,000 customers and employing a total workforce of more than 17,300. The group reported revenues of around €15.2bn for c. €1.3bn adjusted EBITDA for FY25 (EBITDA margin of 8.5%), while its net adjusted leverage stood at 2.1x. Brenntag is listed on the German stock exchange XETRA and had a market capitalisation of c. €8.46bn as of October 2026.

Liquidity

- Good liquidity profile with strong refinancing capacity.**

We assess the liquidity profile of Brenntag as "Good" reflecting its strong refinancing profile and its high level of liquidity even under a stressed scenario.

Main Financial Figures

Main financial figures, millions of EUR						
	FY24	FY25	FY26e	FY27e	FY28e	25vs24
Turnover	16,237	15,172	15,627	15,642	16,112	-6.6%
Adj EBITDA ⁽¹⁾	1,458	1,287	1,422	1,392	1,450	-11.7%
Adj EBITDA Margin ⁽¹⁾	9.0%	8.5%	9.1%	8.9%	9.0%	-0.5pp
EBIT	915	618	887	861	893	-32.5%
EBIT Margin	5.6%	4.1%	5.7%	5.5%	5.5%	-1.6pp
EBT	758	500	751	717	757	-34.0%
Total Assets	11,668	10,626	11,472	11,333	11,682	-8.9%
Equity	4,762	4,349	4,592	4,843	5,134	-8.7%
Adj Total Financial Debt ⁽²⁾	3,712	3,484	4,043	3,652	3,665	-6.1%
Adj Net Financial Debt ⁽²⁾	2,948	2,686	3,032	3,171	3,303	-8.9%
Equity/TFD ⁽²⁾	128.3%	124.8%	113.6%	132.6%	140.1%	-3.5pp
Adj NFD/Adj EBITDA ^{(1) (2)}	2.0x	2.1x	2.1x	2.3x	2.3x	0.1x
Adj Funds From Operations ⁽³⁾	986	923	951	990	1,072	-6.4%
Adj FFO/Adj NFD ⁽²⁾	33.4%	34.4%	31.4%	31.2%	32.5%	0.9pp
Adj EBITDA/Adj Interest ⁽¹⁾	10.6x	9.3x	9.4x	8.8x	9.6x	-1.3x

⁽¹⁾ Adj EBITDA excludes the company's non-recurring special items.

⁽²⁾ Adj. financial debt includes lease liabilities, pension obligations and liabilities related to the acquisition of non-controlling interests, net of derivative financial instruments.

⁽³⁾ Adj FFO corresponds to cash flow from operations before changes in working capital, after interest and taxes paid.

Credit Rating

Credit Rating	
Business Risk Profile	BB+
Industry risk assessment	B+
Industry's ESG	Negative
Competitive Positioning	BBB+
Governance	BBB+
Financial Risk Profile	BBB+
Cash flow and leverage	BBB
Capitalisation	A-
Company's ESG	Positive
Anchor Rating	BBB
Modifiers	No
Rating	BBB

Rating Sensitivity

Long-term positive factors (↑)

EthiFinance Ratings does not expect a rating upgrade in the short to medium term; however, there are various factors which, if they improve, could contribute to a rating upgrade in the long term.

Brenntag's global leadership in chemical and ingredients distribution provides a resilient platform across economic cycles, further supported by its broad diversification in geographies, industries and customer base. The ongoing cost-out programme and accretive bolt-on M&A strategy enhance its ability to sustain margins and free cash flow generation.

From a quantitative standpoint, an upgrade would require a material and sustained strengthening of the financial profile, evidenced by net adjusted leverage at or below 1.5x, Adj. FFO/NFD of at least 40% and Adj. EBITDA/Interest coverage of at least 14.0x.

Long-term negative factors (↓)

Brenntag remains exposed to prolonged low volumes in the chemical distribution industry, the normalisation of the price-driven gains observed in 2026, and execution risks related to the new strategy. Weak industrial demand, working capital absorption and higher interest costs could further constrain cash flow and weigh on the company's credit

profile.

From a quantitative standpoint, a downgrade could occur in the event of a further deterioration of Brenntag's credit metrics versus our current projections over 2026-2028. A trigger for such a downgrade would be a net adjusted leverage equal to or above 2.3x on a sustained basis, combined with Adj. FFO/NFD equal to or below 26%. A deterioration in the company's ESG performance, could also lead to a downgrade.

Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Level of the rated entity participation in the rating process

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
 - Corporate Rating Methodology - General : <https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203>
- The rating scale used in this report is available at <https://www.ethifinance.com/en/ratings/ratingScale>.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

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