ConnectingChemistry

BRENNTAG

CREATING VALUE THROUGH GLOBAL REACH

INTERIM REPORT
JANUARY – MARCH 2018

KEY FINANCIAL FIGURES AT A GLANCE

CONSOLIDATED INCOME STATEMENT

		Q1 2018	Q1 2017
Sales	EUR m	2,975.2	2,973.3
Operating gross profit	EUR m	637.6	647.7
Operating EBITDA	EUR m	206.6	201.8
Operating EBITDA/operating gross profit	%	32.4	31.2
Profit after tax	EUR m	106.0	94.7
Earnings per share	EUR	0.68	0.61

CONSOLIDATED BALANCE SHEET

		Mar. 31, 2018	Dec. 31, 2017
Total assets	EUR m	7,405.4	7,284.8
Equity	EUR m	3,058.4	2,985.7
Working capital	EUR m	1,643.3	1,510.5
Net financial liabilities	EUR m	1,597.9	1,571.9

CONSOLIDATED CASH FLOW

		Q1 2018	Q1 2017
Net cash used in/provided by operating activities	EUR m	−12.2	75.7
Investments in non-current assets (capex)	EUR m	−27.1	−20.1
Free cash flow	EUR m	27.7	25.9

KEY DATA ON THE BRENNTAG SHARES

		Mar. 31, 2018	Dec. 31, 2017
Share price	EUR	48.30	52.77
No. of shares (unweighted)		154,500,000	154,500,000
Market capitalization	EUR m	7,462	8,153
Free float	%	100.0	100.0

PROFILE OF BRENNTAG

Brenntag is the **global market leader** in chemical distribution. The company manages complex supply chains for both chemical manufacturers and users by simplifying market access to **thousands of products and services**. It combines a global network with outstanding local execution.

Brenntag is therefore the industry's most effective and preferred channel to market for partners – really living its philosophy "ConnectingChemistry".

Brenntag operates a global network spanning more than 530 locations in 74 countries. With its global workforce of more than **15,000 employees**, the company generated sales of **EUR 11.7 billion** in 2017.

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DEAR SHAREHOLDERS,

The first quarter was a good start to 2018 for Brenntag. The company showed strong earnings growth in both operating gross profit and operating EBITDA. This performance was broad-based and mainly driven by organic growth. The Group reported operating gross profit of EUR 637.6 million, an increase of 6.6%, and operating EBITDA of EUR 206.6 million, an increase of 10.2%, both on a constant currency basis.

In North America, we saw double-digit growth in operating EBITDA. These encouraging results came from almost all customer industries and were primarily driven by strong organic growth. In Asia Pacific, we continued on our growth trajectory, achieving double-digit growth rates. These results are attributable to organic growth, with a particularly strong performance in China, Thailand and Vietnam. The EMEA segment also showed good results, which were supported by our initiatives to improve efficiency. In the first quarter of 2018, Latin America reported flat results in a macroeconomic environment that is still marked by economic and political uncertainties in a number of countries. Here, Brazil especially showed a positive performance.

Overall, we are particularly pleased that operating EBITDA grew at an even stronger pace than operating gross profit. Brenntag therefore showed a clear improvement in profitability compared with the first quarter of 2017. The US dollar was much weaker in the first quarter of 2018 than it was in the prior-year period, which led to a strong headwind in terms of translation.

Sustainability remains a long-term focus for our business and at the end of April 2018, we published our sustainability report for financial year 2017, in which we continue to provide transparent information on our activities and report on the status of our global sustainability targets. And we can already report on further successes: last year, for example, we succeeded in cutting the Group-wide CO_2 emissions per tonne of goods sold by around 2.5% compared with 2016. Our goal is to achieve a reduction of 6% by 2020.

With regard to overall business performance, we currently see a positive outlook in all major segments and a return to more stable conditions in Latin America. During the year, our growth will be supported by the initiatives introduced late last year. They will also continue to contribute over the rest of this year. We remain active in terms of M&A and will continue to execute our proven strategy in the coming months.

On behalf of the entire Board of Management, I would like to thank you for your continued support and the confidence you have placed in our company.

Essen, May 8, 2018

STEVEN HOLLAND
CHIEF EXECUTIVE OFFICER

BRENNTAG ON THE STOCK MARKET

SHARE PRICE PERFORMANCE

The first quarter of 2018 was marked by increased equity markets' volatility around the globe. Despite overall sentiment on the global economy remaining positive, volatility was driven mainly by concerns around US import tariffs and US interest rate policy.

The European Central Bank continued its capital market-friendly policy. With regard to the currency market, the euro remained strong against the US dollar.

Germany's leading index, the DAX®, closed the first quarter of 2018 at 12,097 points, down 6.4% on the end of 2017. The MDAX® performed slightly better, finishing down 2.3% at 25,592 points. Brenntag shares closed the reporting period at EUR 48.30, a decrease of 8.5% compared with the 2017 closing price.

According to Deutsche Börse AG's ranking, Brenntag AG ranked 35th among all listed companies in Germany by market capitalization at the end of March 2018. The average number of Brenntag shares traded daily on Xetra® in the first quarter of 2018 was approximately 270,000, which was on a par with the first quarter of 2017.

A.01 BRENNTAG SHARE PRICE PERFORMANCE (INDEXED)

SHAREHOLDER STRUCTURE

As at May 1, 2018, notification had been received from the following shareholders under Section 21, para. 1 of the German Securities Trading Act (WpHG) that their share of the voting rights now exceeds the 3% or 5% threshold:

Shareholder		Interest in %	Date of notification
BlackRock		>5	Oct. 18, 2016
Norges Bank		>5	Sep. 2, 2016
MFS Investment Management		>5	Jul. 3, 2012
Flossbach von Storch		>3	Mar. 27, 2018
Threadneedle		>3	Jun. 27, 2016

A.02 SHAREHOLDER STRUCTURE

		Dec. 31, 2017	**Mar. 31, 2018**
No. of shares (unweighted)		154,500,000	154,500,000
Price (Xetra® closing price)	EUR	52.77	48.30
Market capitalization	EUR m	8,153	7,462
Primary stock exchange			Xetra®
Indices			MDAX®, MSCI, Stoxx Europe 600
ISIN/WKN/trading symbol			DE000A1DAHH0/A1DAHH/BNR

A.03 KEY DATA ON THE BRENNTAG SHARES

CREDITOR RELATIONS

Brenntag's strong credit profile is reflected in investment grade ratings from two international rating agencies: Standard & Poor's has assigned a "BBB" rating (outlook: stable) and Moody's has assigned a "Baa3" rating (outlook: stable).

		Bond 2018		**Bond (with Warrants) 2022**		**Bond 2025**
Issuer		Brenntag Finance B.V.		Brenntag Finance B.V.		Brenntag Finance B.V.
Listing		Luxembourg stock exchange		Frankfurt Open Market (Freiverkehr)		Luxembourg stock exchange
ISIN		XS0645941419		DE000A1Z3XQ6		XS1689523840
Aggregate principal amount	EUR m	400	USD m	500	EUR m	600
Denomination	EUR	1,000	USD	250,000	EUR	1,000
Minimum transferrable amount	EUR	50,000	USD	250,000	EUR	100,000
Coupon	%	5.50	%	1.875	%	1.125
Interest payment	annual	Jul. 19	semi-annual	Jun. 2 / Dec. 2	annual	Sep. 27
Maturity		Jul. 19, 2018		Dec. 2, 2022		Sep. 27, 2025

A.04 KEY DATA ON THE BONDS OF THE BRENNTAG GROUP

GROUP INTERIM MANAGEMENT REPORT

for the period from January 1 to March 31, 2018

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GROUP OVERVIEW

Business Activities and Group Structure

BUSINESS ACTIVITIES

Brenntag's growth opportunities along with its resilient business model are based not only on complete geographic coverage, a wide product portfolio and a comprehensive offering of value-added services, but especially on high diversity across our suppliers, customers and industries and our targeted use of the potential offered by outsourcing.

Connecting chemical manufacturers (our suppliers) and chemical users (our customers), Brenntag provides complete distribution solutions rather than just chemical products. Brenntag purchases large-scale quantities of industrial and specialty chemicals from a large number of suppliers, enabling the company to achieve economies of scale and offer a full-line range of chemical products and value-added services to around 185,000 customers. Brenntag is the strategic partner and service provider for manufacturers of industrial and specialty chemicals at the one end and chemical users at the other end of the value chain. Brenntag's role in the value chain is also expressed in our brand identity "ConnectingChemistry".

Brenntag stores the products it purchases in its distribution facilities, packs them into quantities the customers require and delivers them, typically in less-than-truckloads. Brenntag's customers worldwide are active in diverse end-market industries such as adhesives, paints, oil and gas, food, water treatment, personal care and pharmaceuticals. In order to be able to react quickly to the market and customers' and suppliers' requirements, Brenntag manages its business through its geographically structured segments in EMEA (Europe, Middle East & Africa), North America, Latin America and Asia Pacific. Brenntag offers a broad range of more than 10,000 products in addition to extensive value-added services such as just-in-time delivery, product mixing, blending, repackaging, inventory management, drum return handling as well as technical and laboratory services for specialty chemicals.

Brenntag is the global market leader in full-line chemical distribution. We define market leadership not just by business volume; rather, we combine our philosophy "ConnectingChemistry" with constant improvements in the safety standards at our sites. As a responsible service provider, we continually strive to achieve further improvements in the supply chain as a whole.

GROUP STRUCTURE

As the ultimate parent company, Brenntag AG is responsible for the strategy of the Group. The central functions of Brenntag AG are Corporate Controlling, Corporate Finance & Investor Relations, Corporate HSE (Health, Safety and Environment), Corporate IT, Corporate Accounting, Corporate Mergers & Acquisitions, Global Human Resources, Corporate Development, Corporate Communications, Corporate Legal, Corporate Internal Audit, Compliance, Corporate Risk Management as well as Corporate Tax.

The consolidated financial statements as at March 31, 2018 include Brenntag AG, 28 (Dec. 31, 2017: 28) domestic and 181 (Dec. 31, 2017: 184) foreign consolidated subsidiaries including structured entities. Five (Dec. 31, 2017: five) associates have been accounted for using the equity method.

SEGMENTS AND LOCATIONS

The Brenntag Group is managed through the geographically structured segments EMEA (Europe, Middle East & Africa), North America, Latin America and Asia Pacific. In addition, all other segments combine the central functions for the entire Group and the activities with regard to the digitization of our business (DigiB). The international operations of BRENNTAG International Chemicals, which buys and sells chemicals in bulk on an international scale without regional boundaries, are also included here.

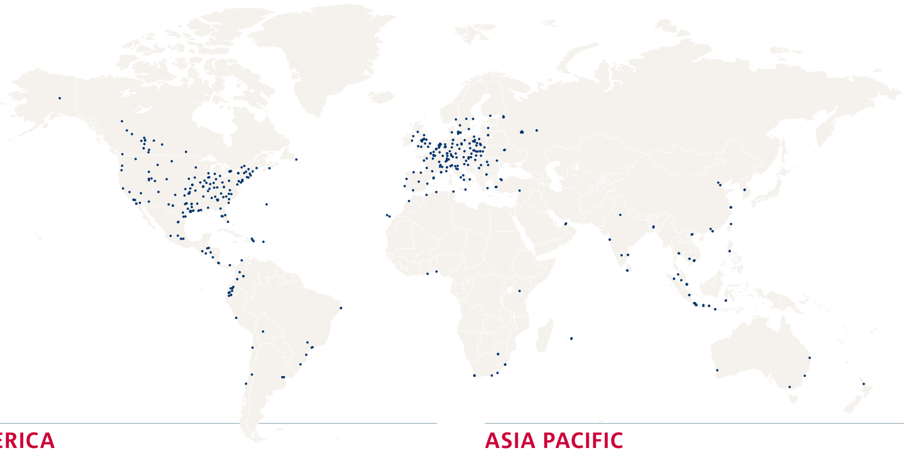
The following graphic gives an overview of the global network and the locations of the Brenntag Group:

NORTH AMERICA

		Q1 2018
External sales	EUR m	1,067.3
Operating gross profit	EUR m	257.6
Operating EBITDA	EUR m	88.1
Employees[1]		4,821

EMEA

		Q1 2018
External sales	EUR m	1,343.5
Operating gross profit	EUR m	289.5
Operating EBITDA	EUR m	101.4
Employees[1]		6,874



LATIN AMERICA

		Q1 2018
External sales	EUR m	185.9
Operating gross profit	EUR m	37.9
Operating EBITDA	EUR m	8.1
Employees[1]		1,451

ASIA PACIFIC

		Q1 2018
External sales	EUR m	284.8
Operating gross profit	EUR m	48.9
Operating EBITDA	EUR m	17.4
Employees[1]		2,036

B.01 GLOBAL NETWORK OF THE BRENNTAG GROUP

Figures exclude all other segments, which combine various holding companies and the activities with regard to the digitization of Brenntag (DigiB). The international operations of BRENNTAG International Chemicals are also included in all other segments.
[1] The number of employees is calculated as the number of employees on the basis of full-time equivalents at the reporting date.

Objectives and Strategy

ConnectingChemistry

Our philosophy “ConnectingChemistry” describes our company’s value creation, purpose and commitment to all our partners within the supply chain:

- **Success**
  We support our partners in developing and growing their businesses, and enable them to expand their market reach. Equally, we are committed to creating value for our shareholders and developing our employees throughout all stages of their careers.
- **Expertise**
  We provide our partners with in-depth product, application and industry expertise, and sophisticated market intelligence. We set ourselves apart, drawing on our extensive product and service portfolio as well as our comprehensive industry coverage on a global level and our ability to develop creative, tailor-made solutions.
- **Customer orientation and service excellence**
  We offer powerful channels to market and provide the best customer service in the industry. Only when our partners are fully satisfied do we consider our service to be delivered.

VISION, OBJECTIVES AND STRATEGY

Our vision illustrates how we continue to position ourselves in the markets and industries we serve and is summarized by the following five commitments to our current and future development:

- We are the safest chemical distributor, striving for zero accidents and incidents.
- Throughout the world, we connect chemistry by providing the most effective industry channel for our customers and suppliers.
- We are the global leader in all our chosen markets and industries, offering the most professional sales and marketing organization in the industry, ensuring consistently high standards every day, everywhere.
- We strive to provide a working environment where the best people want to work.
- We aim to generate sustainable and high returns for our shareholders and all other stakeholders.

Our goal is to be the preferred distributor for both industrial and specialty chemicals for our customers and suppliers and, at the same time, the industry leader in safety, growth and profitability. We aim to achieve this with a clear growth strategy geared to steadily expanding our leading market position while continually improving profitability.

Organic growth and acquisitions

We strive to extend our market leadership by steadily growing our product and service offering organically in line with the requirements of our regional markets. In doing so, we benefit from leveraging our extensive global activities and key strengths. Our proactive sales activities focus on providing customers with tailored full-service solutions along the entire value chain rather than just products.

In addition, we continue to seek acquisition opportunities that support our strategy. Our strategic focus is on expanding our presence in emerging markets in Asia Pacific in particular so as to capture the expected strong growth in demand for chemicals in these regions. In the established markets of Western Europe and North America, we continue to further develop our product and service portfolio as well as to optimize our national and international distribution networks through acquisitions.

Steadily improving profitability

A further element of our strategy is to continually and systematically increase profitability. By developing our entrepreneurial culture, our operational excellence and our resilient business model, we strive to steadily increase operating gross profit, operating EBITDA and cash flows and achieve an attractive return on capital. Extending the scope of our operations, both organically and through acquisitions, achieving the resulting economies of scale and placing emphasis on value-added services are major levers we use to increase profitability and returns.

Strategic initiatives

The systematic implementation of our strategy is based on global and regional initiatives.

The focus of our global safety initiative, for instance, is to establish an outstanding safety culture and to introduce globally harmonized and consistently high safety standards.

In order to offer our business partners the best service in the industry, we continuously focus worldwide on commercial excellence, that is to say, our effectiveness and efficiency in procurement, sales and marketing. Our points of emphasis include systematically expanding business with regional, pan-regional and global key accounts, for which our broad product offering and extensive geographic network provide unrivalled service capabilities. In addition, we will continue to actively realize the potential that arises as a result of chemical producers outsourcing supply chain and commercial activities. In a dedicated unit called DigiB, we are implementing customer- and supplier-oriented digital concepts and solutions geared to future growth.

As part of our regional growth strategies, we continue seeking to effectively leverage our capabilities in particularly attractive industries experiencing above-average growth, such as water treatment, personal care, pharmaceuticals, food & beverages as well as adhesives, coatings, paints, elastomers and sealants. In oil & gas, we are building on the industry's long-term potential in combination with our excellent capabilities and our supplier and customer network. By expanding our global expertise and position, we aim to promote sustainable growth. Further initiatives focus on growing the customer-specific mixing and blending business by providing value-added services.

In addition to our growth initiatives, we continue to improve our operational excellence, in particular by optimizing our site network, adopting best practice solutions throughout the Brenntag Group and optimizing our warehouse and transport logistics on a regional and global level.

In our human resources activities, we seek to best position the Brenntag brand in the employment market so as to recruit, develop and retain highly qualified employees. Our focus here is on our employees' continuing development and, in particular, on targeted succession planning.

SUSTAINABILITY

Our sustainability management focuses on the aspects derived from our daily operations and service portfolio:

- Safety
- Environmental protection
- Responsibility within the supply chain
- Compliance
- Employees
- Social responsibility

We are committed to the principles of responsible care and responsible distribution as well as the principles of the UN Global Compact. We are also a member of "Together for Sustainability", an industry initiative that aims to enhance sustainability across the entire chemical supply chain. Detailed information on our sustainability management is provided in our latest sustainability report and in the "Health, Safety and Environmental Protection, Quality Management" chapter of the 2017 Annual Report.

REPORT ON ECONOMIC POSITION

Economic Environment

Last year's positive trend in the global economy continued into the first quarter of 2018. This trend is also reflected in the Global Manufacturing Purchasing Managers' Index (PMI), which stood at 53.4 in March, a reading above the 50 neutral mark. Global industrial production grew by around 3.9% year on year in the first two months of the first quarter of 2018.

Europe continued to record positive economic growth overall. Industrial production expanded by 3.5% year on year in the first two months of the first quarter of 2018.

The US economy remained on a positive trajectory. Industrial production grew by 3.9% year on year in the first quarter of 2018.

Economic conditions in Latin America remain challenging. Overall, Latin American industrial production declined by around 0.8% year on year in the first two months of the first quarter of 2018.

The economies of Asia, particularly China, continued to see stable growth momentum. Industrial production across the region as a whole grew by approximately 6.2% year on year in the first two months of the first quarter of 2018.

Statement by the Board of Management on Business Performance

The Brenntag Group generated operating EBITDA of EUR 206.6 million in the first quarter of 2018. On a constant currency basis, this represents significant earnings growth of 10.2%.

Our two largest segments, North America and EMEA, and our Asia Pacific segment contributed to this growth. Due mainly to very encouraging organic growth, the North America segment in particular achieved a double-digit increase on a constant currency basis. This very encouraging performance was supported by almost all customer industries in the North America segment. The Asia Pacific segment posted another significant increase on the prior-year period. In the EMEA segment too, we achieved good growth. Despite the fact that economic conditions remain difficult, Latin America ended the first quarter of 2018 in line with the prior-year period on a constant currency basis. Overall, the first quarter of 2018 saw encouraging organic growth on a constant currency basis in both operating gross profit and operating EBITDA. Our recent acquisitions also contributed to the growth.

The first quarter of 2018 was marked by a strong increase in chemical prices. This led to a rise in average working capital. Annualized working capital turnover was lower year on year.

As expected, capital expenditure in the first quarter of 2018 showed an increase on the prior-year figure due to planned projects to expand our business operations. We are also continuing to maintain our existing infrastructure and expand it through targeted growth projects.

The outlined performance in operating EBITDA, working capital and capital expenditure resulted in a free cash flow that was higher year on year. This is due mainly to the fact that the rise in working capital was lower than in the first quarter of 2017.

Overall, we are satisfied with the performance in the first quarter of 2018. Double-digit increases on a constant currency basis in the North America and Asia Pacific regions reflect our Group's above-average growth potential. We also saw an encouraging performance in the EMEA segment and thus achieved very good organic growth for the Group. In addition, operating EBITDA grew at a faster pace than operating gross profit. The good performance from our acquisitions also made a positive contribution to earnings.

Results of Operations

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

			Change		
in EUR m	**Q1 2018**	Q1 2017	abs.	in %	in % (fx adj.)[1]
Sales	2,975.2	2,973.3	1.9	0.1	7.9
Operating gross profit	637.6	647.7	−10.1	−1.6	6.6
Operating expenses	−431.0	−445.9	14.9	−3.3	4.9
Operating EBITDA[2]	**206.6**	**201.8**	**4.8**	**2.4**	**10.2**
Net expense from special items	−0.2	−0.2	–	–	–
Depreciation of property, plant and equipment	−28.2	−28.9	0.7	−2.4	4.4
EBITA	178.2	172.7	5.5	3.2	11.2
Amortization of intangible assets	−12.2	−11.6	−0.6	5.2	16.2
Net finance costs	−19.0	−22.8	3.8	−16.7	–
Profit before tax	147.0	138.3	8.7	6.3	–
Income tax expense	−41.0	−43.6	2.6	6.0	–
Profit after tax	106.0	94.7	11.3	11.9	–

B.02 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

[1] Change in % (fx adj.) is the percentage change on a constant currency basis.
[2] Operating EBITDA is calculated out of the EBITDA by adjusting for special items. For a list of special items, please see table B.03 below.

Net expense from special items breaks down as follows:

in EUR m	**Q1 2018**	Q1 2017
Expenses in connection with the programme to increase efficiency in the EMEA segment	−0.2	−0.2
Net expense from holding charges and special items	**−0.2**	**−0.2**

B.03 NET EXPENSE FROM SPECIAL ITEMS

Sales and volumes

The Brenntag Group generated sales of EUR 2,975.2 million in the first quarter of 2018, a slight increase on the prior-year figure. On a constant currency basis, this represents sales growth of 7.9% due predominantly to a higher average sales price per unit.

Whereas for manufacturing companies, sales play a key role, for us as a chemicals distributor, operating gross profit is a more important factor for increasing our enterprise value over the long term.

Operating gross profit

The Brenntag Group generated operating gross profit of EUR 637.6 million in the first quarter of 2018. While this represents a slight decline of 1.6% due to the trend in the US dollar, it represents an increase of 6.6% on a constant currency basis. This growth is mostly organic, with all regions contributing to this encouraging performance at operating gross profit level. The growth in operating gross profit was also supported by a positive contribution from the acquisitions.

Operating expenses

The Brenntag Group's operating expenses amounted to EUR 431.0 million in the first quarter of 2018, a decrease of 3.3% on the prior-year quarter. On a constant currency basis, Brenntag posted an increase in operating expenses of 4.9%. The growing business led to additional costs, particularly personnel, rent and transport costs.

Operating EBITDA

The Brenntag Group achieved operating EBITDA of EUR 206.6 million overall in the first quarter of 2018, an increase of 2.4% on the prior-year period despite the unfavourable trend in the US dollar. On a constant currency basis, we achieved double-digit growth rates in the North America and Asia Pacific segments and a clear increase in earnings in the EMEA segment, which led to significant earnings growth of 10.2% across the Group.

Depreciation, amortization and net finance costs

Depreciation of property, plant and equipment and amortization of intangible assets amounted to EUR 40.4 million in the first quarter of 2018, with depreciation of property, plant and equipment accounting for EUR 28.2 million and amortization of intangible assets for EUR 12.2 million. Compared with the first quarter of 2017, we recorded a slight decrease in total depreciation and amortization of EUR 0.1 million.

Net finance costs amounted to EUR 19.0 million in the first quarter of 2018 (Q1 2017: EUR 22.8 million). The improvement in net finance costs is primarily attributable to an improvement in net interest expense. Net interest expense stood at EUR 20.5 million in the first quarter of 2018 and at EUR 24.8 million in the first quarter of 2017, when there was a one-time charge due to the reversal of transaction costs in connection with a refinancing.

Profit before tax

Profit before tax amounted to EUR 147.0 million in the first quarter of 2018 (Q1 2017: EUR 138.3 million).

Income taxes and profit after tax

Income tax expense declined by EUR 2.6 million year on year to EUR 41.0 million in the first quarter of 2018 (Q1 2017: EUR 43.6 million). This is due mainly to the reduction in the federal corporate tax rate under the US tax reform with effect from 2018.

Profit after tax stood at EUR 106.0 million in the first quarter of 2018 (Q1 2017: EUR 94.7 million).

BUSINESS PERFORMANCE IN THE SEGMENTS

Q1 2018 in EUR m	**Brenntag Group**	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	2,975.2	1,343.5	1,067.3	185.9	284.8	93.7
Operating gross profit	637.6	289.5	257.6	37.9	48.9	3.7
Operating expenses	−431.0	−188.1	−169.5	−29.8	−31.5	−12.1
Operating EBITDA[1])	**206.6**	**101.4**	**88.1**	**8.1**	**17.4**	**−8.4**

B.04 BUSINESS PERFORMANCE IN THE SEGMENTS

[1)] Operating EBITDA is calculated as EBITDA adjusted for special items. For a list of special items, please see table B.03.

EMEA (Europe, Middle East & Africa)

in EUR m	**Q1 2018**	Q1 2017	Change abs.	Change in %	Change in % (fx adj.)
External sales	1,343.5	1,254.7	88.8	7.1	8.4
Operating gross profit	289.5	279.0	10.5	3.8	5.0
Operating expenses	−188.1	−183.0	−5.1	2.8	4.0
Operating EBITDA[1])	**101.4**	**96.0**	**5.4**	**5.6**	**6.8**

B.05 BUSINESS PERFORMANCE IN THE SEGMENTS / EMEA

[1]) Operating EBITDA is calculated as EBITDA adjusted for special items. For a list of special items, please see table B.03.

External sales and volumes

The EMEA segment generated external sales of EUR 1,343.5 million in the first quarter of 2018, a rise of 7.1% compared with the prior-year period. On a constant currency basis, external sales were 8.4% higher. This rise is due to higher average sales prices per unit.

Operating gross profit

The operating gross profit generated by the companies in the EMEA segment climbed by 3.8% year on year to EUR 289.5 million in the first quarter of 2018. This represents an increase of 5.0% on a constant currency basis and is due primarily to organic growth. Almost all countries contributed to this positive performance. The business delivered an above-average performance in the Middle East & Africa region and in Italy in particular, while at the same time our operations in Scandinavia show signs of stabilizing.

Operating expenses

The EMEA segment posted operating expenses of EUR 188.1 million in the first quarter of 2018, a moderate rise of 2.8% compared with the first quarter of 2017. On a constant currency basis, this represents a rise of 4.0% due primarily to a growth-driven increase in personnel and rent costs.

Operating EBITDA

The companies in the EMEA segment achieved operating EBITDA of EUR 101.4 million in the first quarter of 2018 and thus posted very encouraging earnings growth of 5.6%. On a constant currency basis, they achieved an increase of 6.8%. This is based mainly on organic growth and in part on the contribution from the acquisitions. In addition, operating EBITDA grew at a faster pace than operating gross profit. We are very satisfied with this result.

North America

in EUR m	**Q1 2018**	Q1 2017	Change abs.	Change in %	Change in % (fx adj.)
External sales	1,067.3	1,129.8	−62.5	−5.5	8.6
Operating gross profit	257.6	272.5	−14.9	−5.5	8.7
Operating expenses	−169.5	−183.9	14.4	−7.8	6.5
Operating EBITDA	**88.1**	**88.6**	**−0.5**	**−0.6**	**13.1**

B.06 BUSINESS PERFORMANCE IN THE SEGMENTS / NORTH AMERICA

External sales and volumes

The North America segment generated external sales of EUR 1,067.3 million in the first quarter of 2018. This decrease of 5.5% compared with the first quarter of 2017 is due solely to the weakening of the US dollar. On a constant currency basis, we achieved an increase of 8.6% on the prior-year period. This is primarily attributable to price trends.

Operating gross profit

Due to the aforementioned weakening of the US dollar, the operating gross profit generated by the North American companies fell by 5.5% year on year to EUR 257.6 million in the first quarter of 2018. On a constant currency basis, operating gross profit grew at an almost double-digit rate of 8.7%. This growth is almost entirely organic. Virtually all customer industries in North America contributed to this strong growth. In particular, we achieved an increase in our business with customers in the oil & gas sector and in the life science segment. The measures we have taken to improve earnings in the business also led to an improvement in operating gross profit.

Operating expenses

At EUR 169.5 million in the first quarter of 2018, operating expenses in the North America segment were down by 7.8% on the prior-year period. On a constant currency basis, operating expenses rose by 6.5%. Most of the rise is attributable to the organic growth in the business. As a result, personnel, transport and energy expenses in particular were higher.

Operating EBITDA

The North American companies achieved operating EBITDA of EUR 88.1 million in the first quarter of 2018, a minimal decline of 0.6% compared with the first quarter of 2017 due to the weak US dollar. On a constant currency basis, this represents a significant increase of 13.1% due almost entirely to organic growth. This growth is attributable to increases in virtually all customer segments, such as the positive trend in business with customers in the oil & gas sector and in the life science segment, for example.

Latin America

in EUR m	**Q1 2018**	Q1 2017	Change abs.	Change in %	Change in % (fx adj.)
External sales	185.9	210.1	−24.2	−11.5	2.5
Operating gross profit	37.9	43.7	−5.8	−13.3	0.5
Operating expenses	−29.8	−34.5	4.7	−13.6	0.7
Operating EBITDA	**8.1**	**9.2**	**−1.1**	**−12.0**	**0.0**

B.07 BUSINESS PERFORMANCE IN THE SEGMENTS / LATIN AMERICA

External sales and volumes

The Latin America segment generated external sales of EUR 185.9 million in the first quarter of 2018, a decline of 11.5% due to the weakness of the US dollar, as business in Latin America is mostly transacted in US dollars. On a constant currency basis, however, the segment achieved an increase of 2.5%. The growth is due to higher average sales prices.

Operating gross profit

The operating gross profit achieved by the Latin American companies in the first quarter of 2018 amounted to EUR 37.9 million. Compared with the prior-year period, operating gross profit therefore dropped by 13.3% due to less favourable exchange rates; on a constant currency basis, it grew by 0.5%.

Operating expenses

Operating expenses in the Latin America segment amounted to EUR 29.8 million in the first quarter of 2018, a decrease of 13.6% on the prior-year figure. On a constant currency basis, operating expenses showed a slight increase of 0.7%. The rise is partly attributable to increases in personnel expenses due to inflation.

Operating EBITDA

The weakening of the US dollar resulted in an above-average decline in operating EBITDA. The Latin American companies posted operating EBITDA of EUR 8.1 million overall in the first quarter of 2018, a decrease of 12.0% on the prior-year period. On a constant currency basis, operating EBITDA was at the prior-year level.

Asia Pacific

			Change		
in EUR m	**Q1 2018**	Q1 2017	abs.	in %	in % (fx adj.)
External sales	284.8	285.5	−0.7	−0.2	9.7
Operating gross profit	48.9	48.3	0.6	1.2	11.6
Operating expenses	−31.5	−31.3	−0.2	0.6	11.7
Operating EBITDA	**17.4**	**17.0**	**0.4**	**2.4**	**11.5**

B.08 BUSINESS PERFORMANCE IN THE SEGMENTS / ASIA PACIFIC

External sales and volumes
At EUR 284.8 million, external sales in the Asia Pacific segment almost matched the prior-year figure. This sales growth of 9.7% on a constant currency basis is mainly attributable to a higher average sales price per unit.

Operating gross profit
The Asia Pacific segment generated operating gross profit of EUR 48.9 million in the first quarter of 2018, a rise of 1.2% compared with the prior-year period. On a constant currency basis, operating gross profit climbed by 11.6%. This was supported in particular by the positive performance in China, Thailand and Vietnam.

Operating expenses
The operating expenses of the companies in the Asia Pacific segment rose by 0.6% year on year, or 11.7% on a constant currency basis, to EUR 31.5 million in the first quarter of 2018. The increase in costs is attributable predominantly to organic growth and relates in part to higher personnel, rent, transport and energy costs.

Operating EBITDA
The companies in the Asia Pacific segment generated operating EBITDA of EUR 17.4 million in the first quarter of 2018 and thus posted earnings growth of 2.4% compared with the prior-year period. On a constant currency basis, this represents an encouraging rise of 11.5% due in particular to strong organic growth.

All other segments

			Change		
in EUR m	**Q1 2018**	Q1 2017	abs.	in %	in % (fx adj.)
External sales	93.7	93.2	0.5	0.5	0.5
Operating gross profit	3.7	4.2	−0.5	−11.9	−11.9
Operating expenses	−12.1	−13.2	1.1	−8.3	−8.3
Operating EBITDA	**−8.4**	**−9.0**	**0.6**	**−6.7**	**−6.7**

B.09 BUSINESS PERFORMANCE IN THE SEGMENTS / ALL OTHER SEGMENTS

In addition to various holding companies, all other segments present the activities with regard to the digitization of our business, which are combined in our Dutch subsidiary DigiB B.V., Amsterdam. The operations of BRENNTAG International Chemicals GmbH, which buys and sells chemicals in bulk on an international scale without regional boundaries, are also included here.

In the first quarter of 2018, BRENNTAG International Chemicals GmbH was not quite able to match the operating EBITDA achieved in the very strong prior-year period.

The operating expenses posted by the holding companies were down on the first quarter of 2017.

Overall, the operating EBITDA of all other segments improved by EUR 0.6 million year on year to EUR −8.4 million in the first quarter of 2018.

Financial Position

CAPITAL STRUCTURE

The primary objective of capital structure management is to maintain the Group's financial strength. Brenntag concentrates on a capital structure which enables the Group to cover its potential financing requirements at all times. This gives Brenntag a high degree of independence, security and flexibility. Our liquidity, interest rate and currency risks are largely managed on a Group-wide basis. Derivative financial instruments are only used to hedge the above-mentioned risks from underlying transactions and not for speculative purposes. A Group-wide Finance Guideline ensures the implementation of these policies and standard processes throughout the Group.

The most important component in the financing structure of Brenntag AG is the Group-wide syndicated loan agreement. The syndicated loan totalling the equivalent of just over EUR 1.4 billion originally had a term ending in January 2022, which in early 2018 was extended until January 2023. It is based on variable interest rates with margins depending on leverage, and is divided into different tranches with different currencies.

Total liabilities (excluding accrued interest and before offsetting of transaction costs) under the syndicated loan amounted to EUR 476.4 million as at March 31, 2018. In addition to fully drawn tranches, the loan agreement also contains two revolving credit facilities totalling EUR 940.0 million, which were mostly unused as at March 31, 2018. While some of our subsidiaries are direct borrowers under the loan, others obtain their financing from intra-Group loans.

The EUR 400 million bond (Bond 2018) issued by our Group company Brenntag Finance B.V., Amsterdam, Netherlands, in July 2011 matures in July 2018 and bears a coupon of 5.5% with interest paid annually.

In September 2017, Brenntag Finance B.V. issued another, EUR 600 million bond (Bond 2025) maturing in 2025 and bearing a coupon of 1.125% with interest paid annually.

Furthermore, in November 2015, Brenntag Finance B.V. issued a bond with warrant units in the amount of USD 500.0 million maturing in December 2022. The bond (Bond (with Warrants) 2022) was issued at 92.7% of par and bears a coupon of 1.875% p.a. with interest payable semi-annually. The interest expense from the Bond (with Warrants) 2022 comprises the aforementioned interest payments and the ongoing amortization of the discount. The discount (7.3% or USD 36.5 million) is the warrant premium on the warrants issued together with the Bond (with Warrants) 2022 to purchase Brenntag AG shares. The warrant premium was recognized in the Group's additional paid-in capital in 2015.

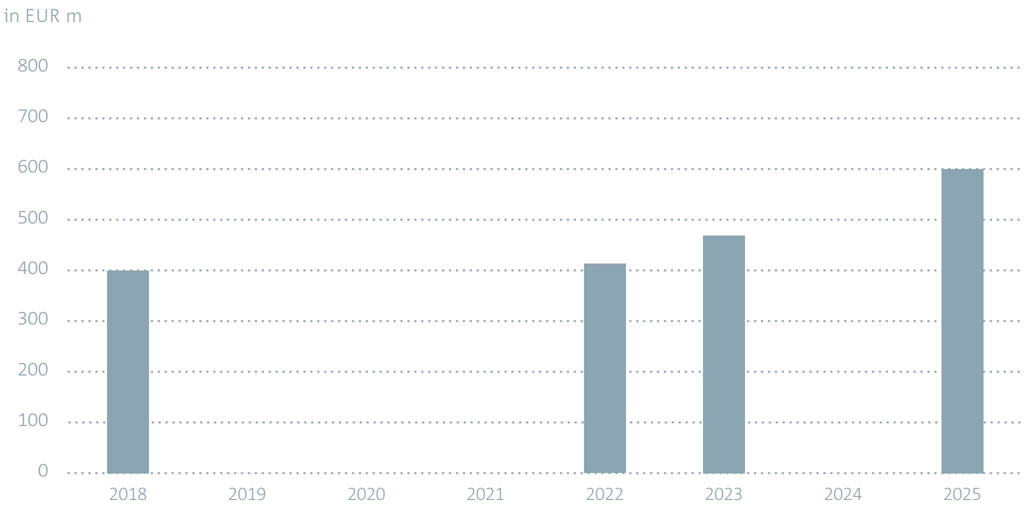
Each of the three bonds issued by Brenntag Finance B.V. is guaranteed by Brenntag AG.

In addition to the four above-mentioned refinancing instruments, some of our companies make use of credit lines with local banks on a lesser scale in consultation with the Group management.

In 2013, parts of the floating-rate syndicated loan were hedged against interest rate risk using appropriate financial instruments. Together with the fixed-rate bonds, roughly 80% of the Brenntag Group's financial liabilities are therefore currently hedged against the risk of interest rate increases.

According to our short and mid-term financial planning, the capital requirements for operating activities, investments in property, plant and equipment as well as dividends and acquisitions in the size of past practice are expected to be covered by the cash provided by operating activities so that no further loans are necessary for these purposes. Under the syndicated loan, we also have the aforementioned revolving credit facilities available to cover short-term liquidity requirements and for general corporate purposes.

MATURITY PROFILE OF OUR CREDIT PORTFOLIO [1] AS AT MARCH 31, 2018 IN EUR M



B.10 MATURITY PROFILE OF OUR CREDIT PORTFOLIO

[1] Syndicated loan, Bond 2018, Bond (with Warrants) 2022 and Bond 2025 excluding accrued interest and transaction costs.

INVESTMENTS

In the first quarter of 2018, investments in property, plant and equipment and intangible assets (excluding additions from acquisitions) led to a total cash outflow of EUR 34.5 million (Q1 2017: EUR 25.6 million).

We regularly invest in the maintenance, replacement and extension of the infrastructure necessary to perform our services, comprising warehouses, offices, trucks and vehicles of our field service as well as IT hardware for various systems. As the market leader and a responsible chemical distributor, we attach importance to ensuring that our property, plant and equipment meet comprehensive health, safety and environmental requirements.

Investments are typically funded from net cash provided by operating activities and / or available cash from the respective Group companies. With larger investment plans which cannot be covered by local funds, financing is provided by the Group and external borrowings are mostly not necessary.

LIQUIDITY

Cash flow

in EUR m	**Q1 2018**	Q1 2017
Net cash used in / provided by operating activities	**−12.2**	**75.7**
Net cash used in investing activities	**−30.8**	**−51.1**
thereof payments to acquire consolidated subsidiaries, other business units and other financial assets	(−0.2)	(−27.3)
thereof payments to acquire intangible assets and property, plant and equipment	(−34.5)	(−25.6)
thereof proceeds from divestments	(3.9)	(1.8)
Net cash provided by / used in financing activities	**17.6**	**−116.3**
thereof repayments of / proceeds from borrowings	(17.6)	(−116.3)
thereof other financing activities	(–)	(–)
Change in cash and cash equivalents	**−25.4**	**−91.7**

B.11 CASH FLOW

Net cash used in operating activities of EUR 12.2 million was influenced by the rise in working capital of EUR 151.8 million. In the prior-year period, net cash provided by operating activities included an inflow of EUR 47.8 million from the reimbursement of a fine paid in 2013.

Of the net cash of EUR 30.8 million used in investing activities, EUR 34.5 million comprised payments to acquire intangible assets and property, plant and equipment.

Net cash provided by financing activities of EUR 17.6 million was mainly the result of local bank loans taken out and repaid. In the prior-year period, net cash used in financing activities included the placement of a bond and the repayment of the syndicated loan.

Free cash flow

			Change	
in EUR m	**Q1 2018**	Q1 2017	abs.	in %
Operating EBITDA	206.6	201.8	4.8	2.4
Investments in non-current assets (capex)	−27.1	−20.1	−7.0	34.8
Change in working capital	−151.8	−155.8	4.0	−2.6
Free cash flow	**27.7**	**25.9**	**1.8**	**6.9**

B.12 FREE CASH FLOW

The Brenntag Group's free cash flow amounted to EUR 27.7 million in the first quarter of 2018. We therefore recorded an increase of 6.9% compared with the prior-year period (EUR 25.9 million).

This is attributable, firstly, to the growth in operating EBITDA and, secondly, to the fact that the rise in working capital was lower than in the first quarter of 2017. This more than offset the slight increase in capital expenditure to expand our infrastructure.

Financial and Assets Position

	Mar. 31, 2018		Dec. 31, 2017	
in EUR m	abs.	in %	abs.	in %
Assets				
Current assets	**3,673.6**	**49.6**	**3,490.4**	**47.9**
Cash and cash equivalents	489.1	6.6	518.0	7.1
Trade receivables	1,834.9	24.8	1,672.7	23.0
Other receivables and assets	273.3	3.7	256.1	3.5
Inventories	1,076.3	14.5	1,043.6	14.3
Non-current assets	**3,731.8**	**50.4**	**3,794.4**	**52.1**
Intangible assets	2,696.9	36.4	2,746.7	37.7
Other non-current assets	951.0	12.8	968.0	13.3
Receivables and other assets	83.9	1.2	79.7	1.1
Total assets	**7,405.4**	**100.0**	**7,284.8**	**100.0**
Liabilities and equity				
Current liabilities	**2,425.7**	**32.7**	**2,338.2**	**32.1**
Provisions	87.7	1.2	117.4	1.6
Trade payables	1,267.9	17.1	1,205.8	16.6
Financial liabilities	600.7	8.1	569.8	7.8
Miscellaneous liabilities	469.4	6.3	445.2	6.1
Equity and non-current liabilities	**4,979.7**	**67.3**	**4,946.6**	**67.9**
Equity	3,058.4	41.3	2,985.7	41.0
Non-current liabilities	1,921.3	26.0	1,960.9	26.9
Provisions	255.7	3.5	262.9	3.6
Financial liabilities	1,486.3	20.1	1,520.1	20.9
Miscellaneous liabilities	179.3	2.4	177.9	2.4
Total liabilities and equity	**7,405.4**	**100.0**	**7,284.8**	**100.0**

B.13 FINANCIAL AND ASSETS POSITION

As at March 31, 2018, total assets had increased by EUR 120.6 million compared with the end of the previous year to EUR 7,405.4 million (Dec. 31, 2017: EUR 7,284.8 million).

Cash and cash equivalents were down on the 2017 year-end figure to EUR 489.1 million (Dec. 31, 2017: EUR 518.0 million). This slight change is attributable to a number of individual effects.

Working capital is defined as trade receivables plus inventories less trade payables. The three components of working capital changed as follows in the reporting period:

- Trade receivables increased by 9.7% in the reporting period to EUR 1,834.9 million (Dec. 31, 2017: EUR 1,672.7 million).
- Inventories increased by 3.1% in the reporting period to EUR 1,076.3 million (Dec. 31, 2017: EUR 1,043.6 million).
- With the opposite effect on working capital, trade payables increased by 5.2% to EUR 1,267.9 million (Dec. 31, 2017: EUR 1,205.8 million).

Adjusted for exchange rate effects and acquisitions, working capital rose by a total of EUR 151.8 million compared with December 31, 2017. This rise is due in part to a further increase in prices on the chemical market in the first quarter of 2018. At 7.5 in the reporting period, annualized working capital turnover[1] was lower than at the end of 2017 (7.9).

The Brenntag Group's intangible and other non-current assets declined by EUR 66.8 million compared with the end of the previous year to EUR 3,647.9 million (Dec. 31, 2017: EUR 3,714.7 million). The decline is mainly the result of exchange rate effects (EUR 52.7 million) and depreciation and amortization (EUR 40.4 million). This was partly offset by investments in non-current assets (EUR 27.3 million).

Current financial liabilities increased by EUR 30.9 million to EUR 600.7 million in total (Dec. 31, 2017: EUR 569.8 million). This increase is due primarily to Brenntag companies drawing temporarily on local credit facilities in order to smooth fluctuations in liquidity. Non-current financial liabilities declined by a marginal 2.2% compared with the end of the previous year to EUR 1,486.3 million (Dec. 31, 2017: EUR 1,520.1 million). The decline is primarily attributable to exchange rate effects, as the translation of US dollar-denominated debt was based on a weaker US dollar.

Current and non-current provisions amounted to a total of EUR 343.4 million (Dec. 31, 2017: EUR 380.3 million). This figure included pension provisions in the amount of EUR 150.8 million (Dec. 31, 2017: EUR 155.9 million).

As at March 31, 2018, the equity of the Brenntag Group totalled EUR 3,058.4 million (Dec. 31, 2017: EUR 2,985.7 million).

[1] Ratio of annual sales to average working capital; annual sales are defined as sales for the first quarter extrapolated to the full year (quarterly sales multiplied by four); average working capital for the first quarter is defined as the average of working capital at the beginning of the year and at the end of the first quarter.

EMPLOYEES

As at March 31, 2018, Brenntag had 15,330 employees worldwide. The total number of employees is determined on the basis of full-time equivalents, i.e. part-time jobs are weighted according to the number of hours worked.

	Mar. 31, 2018		Dec. 31, 2017	
Full Time Equivalents (FTE)	abs.	in %	abs.	in %
EMEA	6,874	44.8	6,823	45.0
North America	4,821	31.4	4,717	31.1
Latin America	1,451	9.5	1,443	9.5
Asia Pacific	2,036	13.3	2,041	13.4
All other segments	148	1.0	148	1.0
Brenntag Group	**15,330**	**100.0**	**15,172**	**100.0**

B.14 EMPLOYEES PER SEGMENT

REPORT ON EXPECTED DEVELOPMENTS

The International Monetary Fund forecasts that growth in the **global economy**, measured in terms of GDP, will be slightly higher year on year in 2018. As regards the individual segments of the Brenntag Group, the Asian economies are predicted to achieve the highest growth. The European economy is forecast to remain on a moderately positive growth track. Latin America is expected to see a slight recovery compared with the previous year, although the economy is set to remain volatile with a high degree of uncertainty. The rate of expansion in North America will likely be higher than in 2017. Weighted by the sales generated by Brenntag in the individual countries, this results in a forecast average GDP growth rate of 2.9% in 2018.

Against this background, we currently expect the following Group and segment performance in financial year 2018 (including contributions from acquisitions) in local currencies, i.e. excluding exchange rate effects:

We expect that the **Brenntag Group** will see growth in our key performance indicators operating gross profit and operating EBITDA. Operating gross profit is anticipated to show a meaningful increase. All regions are expected to support this performance. Further programmes to increase efficiency will also contribute to the budgeted growth. Overall, therefore, we expect a meaningful rise in operating EBITDA driven by all regions.

For the **EMEA segment**, we forecast meaningful increases in operating gross profit. We are focusing on the life science business among others and also planning to continue expanding our business in high-growth regions such as MEA (Middle East & Africa). Due to the acquisitions closed at the end of 2017 and the measures that we are taking with the aim of increasing efficiency, we expect to achieve a significant improvement in operating EBITDA.

In the **North America segment**, we are planning a meaningful rise in operating gross profit in light of the positive trend. This is underpinned in particular by the expansion of our business in specialty chemicals and life science products. We also expect earnings to continue rising in the other customer industries, supported by the generally positive economic environment in North America. As a result of our operating gross profit performance and efficient management of operating costs, we likewise forecast meaningful growth in operating EBITDA for financial year 2018. The relative weakness of the US dollar in the final months of 2017 continued into the first quarter of 2018. As a result, the relevant exchange rate (EUR / USD) used to translate North American earnings into our Group currency, the euro, is currently well above the 2017 average. Unless there is a significant change in the relevant exchange rate (EUR/USD) in the remaining quarters of the financial year, our growth rates on a constant currency basis will exceed the reported growth rates by a high single-digit percentage.

In the **Latin America segment**, we believe that we are well positioned to be successful, even as macroeconomic conditions remain volatile. In particular, we are planning to expand our product portfolio in the ACES (adhesives, coatings, elastomers and sealants) segment, personal care and the food and feed industry. We therefore expect meaningful increases in operating gross profits. In addition, we forecast a meaningful rise in operating EBITDA.

For the **Asia Pacific segment**, we predict a meaningful increase in operating gross profit, particularly in light of the positive economic momentum. This is attributable to both organic growth and acquisitions. We forecast meaningful growth in operating EBITDA.

Given the planned growth in business volume, we expect average **working capital** to show a moderate increase compared with 2017 based on constant chemical prices. We will continue to focus on customer and supplier relationship management and improving our warehouse logistics.

In order to keep property, plant and equipment capacities in line with the increasing volume of business and support organic growth, we plan to make **investments** in property, plant and equipment in excess of depreciation in 2018. We expect capital expenditure to increase to over EUR 195 million, primarily as a result of projects to expand our business operations. The amount stated for capital expenditure includes two new sites in China, although set against these are proceeds from the sale of existing sites amounting to slightly more than EUR 30 million. These proceeds offset some of the aforementioned EUR 195 million in capital expenditure.

Overall, we anticipate that **free cash flow** in 2018 will be up significantly on 2017, barring a material increase in chemical prices. We therefore expect to be able to continue our acquisition strategy and dividend policy while maintaining Group liquidity at an adequate level without increasing net financial liabilities.

REPORT ON 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 give rise to numerous opportunities to safeguard and nurture the company's competitiveness and growth.

We monitor the risks as part of our risk management. The planning, controlling and reporting processes of the Brenntag Group are integral parts of the risk management systems of all operational and legal units as well as the central functions.

In connection with the investigation into whether BRENNTAG SA illegally made use of its market position, a provision of EUR 30.0 million was recognized in December 2017 for a fine imposed by the French Competition Authority and the amount paid in April 2018. Brenntag has filed an appeal against the decision.

In the first quarter of 2018, there were no further significant changes in the opportunities and risks for the Brenntag Group described in detail in the 2017 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.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

at March 31, 2018

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CONSOLIDATED INCOME STATEMENT

in EUR m	Note	**Jan. 1– Mar. 31, 2018**	Jan. 1– Mar. 31, 2017
Sales		2,975.2	2,973.3
Cost of sales		−2,352.3	−2,341.5
Gross profit		**622.9**	**631.8**
Selling expenses		−415.9	−426.0
Administrative expenses		−46.3	−48.3
Other operating income		8.2	7.3
Impairment losses on trade receivables and other receivables		−0.9	−1.1
Other operating expenses		−2.0	−2.6
Operating profit		**166.0**	**161.1**
Share of profit or loss of equity-accounted investments		0.6	1.0
Interest income	1.)	0.8	0.9
Interest expense	2.)	−21.3	−25.7
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	3.)	−0.2	−0.3
Other net finance costs		1.1	1.3
Net finance costs		**−19.0**	**−22.8**
Profit before tax		**147.0**	**138.3**
Income tax expense	4.)	−41.0	−43.6
Profit after tax		**106.0**	**94.7**
Attributable to:			
Shareholders of Brenntag AG		105.6	94.5
Non-controlling interests		0.4	0.2
Basic earnings per share in euro	**5.)**	**0.68**	**0.61**
Diluted earnings per share in euro	**5.)**	**0.68**	**0.61**

C.01 CONSOLIDATED INCOME STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR m	Note	**Jan. 1– Mar. 31, 2018**	Jan. 1– Mar. 31, 2017
Profit after tax		**106.0**	**94.7**
Remeasurements of defined benefit pension plans	9.)	4.1	5.9
Deferred tax relating to remeasurements of defined benefit pension plans	9.)	−1.0	−1.8
Items that will not be reclassified to profit or loss		**3.1**	**4.1**
Change in exchange rate differences on translation of consolidated companies		−42.0	−2.7
Change in exchange rate differences on translation of equity-accounted investments		0.2	0.3
Change in cash flow hedge reserve		–	−1.9
Deferred tax relating to change in cash flow hedge reserve		–	0.7
Items that may be reclassified subsequently to profit or loss		**−41.8**	**−3.6**
Other comprehensive income, net of tax		**−38.7**	**0.5**
Total comprehensive income		**67.3**	**95.2**
Attributable to:			
Shareholders of Brenntag AG		67.4	95.3
Non-controlling interests		−0.1	−0.1

C.02 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED BALANCE SHEET

ASSETS

in EUR m	Note	Mar. 31, 2018	Dec. 31, 2017
Current assets			
Cash and cash equivalents		489.1	518.0
Trade receivables		1,834.9	1,672.7
Other receivables		166.2	145.1
Other financial assets		13.4	20.9
Current tax assets		41.5	37.7
Inventories		1,076.3	1,043.6
		3,621.4	**3,438.0**
Assets held for sale	6.)	52.2	52.4
		3,673.6	**3,490.4**
Non-current assets			
Property, plant and equipment		928.6	946.4
Intangible assets		2,696.9	2,746.7
Equity-accounted investments		22.4	21.6
Other receivables		20.8	21.1
Other financial assets		12.6	7.6
Deferred tax assets		50.5	51.0
		3,731.8	3,794.4
Total assets		**7,405.4**	**7,284.8**

LIABILITIES AND EQUITY

in EUR m	Note	Mar. 31, 2018	Dec. 31, 2017
Current liabilities			
Trade payables		1,267.9	1,205.8
Financial liabilities	7.)	600.7	569.8
Other liabilities		410.8	398.3
Other provisions	8.)	87.7	117.4
Current tax liabilities		42.0	29.9
		2,409.1	**2,321.2**
Liabilities associated with assets held for sale	6.)	16.6	17.0
		2,425.7	**2,338.2**
Non-current liabilities			
Financial liabilities	7.)	1,486.3	1,520.1
Other liabilities		1.1	1.3
Other provisions	8.)	104.9	107.0
Provisions for pensions and other post-employment benefits	9.)	150.8	155.9
Liabilities relating to acquisition of non-controlling interests	10.)	13.8	13.5
Deferred tax liabilities		164.4	163.1
		1,921.3	**1,960.9**
Equity			
Subscribed capital		154.5	154.5
Additional paid-in capital		1,491.4	1,491.4
Retained earnings		1,477.5	1,363.4
Accumulated other comprehensive income		−77.4	−36.1
Equity attributable to shareholders of Brenntag AG		**3,046.0**	**2,973.2**
Equity attributable to non-controlling interests	11.)	12.4	12.5
		3,058.4	2,985.7
Total liabilities and equity		**7,405.4**	**7,284.8**

C.03 CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR m	Subscribed capital	Additional paid-in capital	Retained earnings
Dec. 31, 2016	**154.5**	**1,491.4**	**1,168.5**
Transfers	–	–	–
Profit after tax	–	–	94.5
Other comprehensive income, net of tax	–	–	4.1
Total comprehensive income for the period	**–**	**–**	**98.6**
Mar. 31, 2017	**154.5**	**1,491.4**	**1,267.1**

Dec. 31, 2017	**154.5**	**1,491.4**	**1,363.4**
Initial application of IFRS 15 at Jan. 1, 2018	–	–	6.0
Initial application of IFRS 9 at Jan. 1, 2018	–	–	−0.6
Jan. 1, 2018 after initial application of IFRS 15 and IFRS 9	**154.5**	**1,491.4**	**1,368.8**
Profit after tax	–	–	105.6
Other comprehensive income, net of tax	–	–	3.1
Total comprehensive income for the period	**–**	**–**	**108.7**
Mar. 31, 2018	**154.5**	**1,491.4**	**1,477.5**

Exchange rate differences	Net investment hedge reserve	Cash flow hedge reserve	Deferred taxes relating to cash flow hedge reserve	Equity attributable to shareholders of Brenntag AG	Equity attributable to non-controlling interests	Equity
140.3	**−6.4**	**1.9**	**−0.7**	**2,949.5**	**9.7**	**2,959.2**
−6.4	6.4	–	–	–	–	–
–	–	–	–	94.5	0.2	94.7
−2.1	–	−1.9	0.7	0.8	−0.1	0.7
−2.1	**–**	**−1.9**	**0.7**	**95.3**	**0.1**	**95.4**
131.8	**–**	**–**	**–**	**3,044.8**	**9.8**	**3,054.6**

C.04 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / MAR. 31, 2017

−36.1	**–**	**–**	**–**	**2,973.2**	**12.5**	**2,985.7**
–	–	–	–	6.0	–	6.0
–	–	–	–	−0.6	–	−0.6
−36.1	**–**	**–**	**–**	**2,978.6**	**12.5**	**2,991.1**
–	–	–	–	105.6	0.4	106.0
−41.3	–	–	–	−38.2	−0.5	−38.7
−41.3	**–**	**–**	**–**	**67.4**	**−0.1**	**67.3**
−77.4	**–**	**–**	**–**	**3,046.0**	**12.4**	**3,058.4**

C.05 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / Mar. 31, 2018

CONSOLIDATED CASH FLOW STATEMENT

in EUR m	Note	**Jan. 1– Mar. 31, 2018**	Jan. 1– Mar. 31, 2017
	12.)		
Profit after tax		**106.0**	**94.7**
Depreciation and amortization		40.4	40.5
Income tax expense		41.0	43.6
Income taxes paid		−32.9	−29.7
Net interest expense		20.5	24.8
Interest paid (netted against interest received)		−8.3	−15.6
Changes in provisions		−31.1	46.4
Changes in current assets and liabilities			
Inventories		−50.2	−50.6
Receivables		−205.6	−240.1
Liabilities		106.6	157.5
Non-cash change in liabilities relating to acquisition of non-controlling interests		0.2	0.3
Other non-cash items and reclassifications		1.2	3.9
Net cash used in / provided by operating activities		**−12.2**	**75.7**
Proceeds from the disposal of intangible assets and property, plant and equipment		3.9	1.8
Payments to acquire consolidated subsidiaries and other business units		−0.2	−27.3
Payments to acquire intangible assets and property, plant and equipment		−34.5	−25.6
Net cash used in investing activities		**−30.8**	**−51.1**
Proceeds from borrowings		21.9	116.6
Repayments of borrowings		−4.3	−232.9
Net cash provided by / used in financing activities		**17.6**	**−116.3**
Change in cash and cash equivalents		**−25.4**	**−91.7**
Effect of exchange rate changes on cash and cash equivalents		−3.8	−3.7
Reclassification into assets held for sale		0.3	–
Cash and cash equivalents at beginning of period		518.0	601.9
Cash and cash equivalents at end of period		**489.1**	**506.5**

C.06 CONSOLIDATED CASH FLOW STATEMENT

CONDENSED NOTES

Key Financial Figures by Segment

for the period from January 1 to March 31

in EUR m		EMEA[4]	North America	Latin America	Asia Pacific	All other segments	Consoli-dation	**Group**
External sales within the meaning of IFRS 15	**2018**	**1,343.5**	**1,067.3**	**185.9**	**284.8**	**93.7**	**–**	**2,975.2**
	2017	1,254.7	1,129.8	210.1	285.5	93.2	–	2,973.3
	Change in %	7.1	−5.5	−11.5	−0.2	0.5	–	0.1
	fx adjusted change in %	8.4	8.6	2.5	9.7	0.5	–	7.9
Inter-segment sales	**2018**	**2.8**	**2.4**	**–**	**–**	**–**	**−5.2**	**–**
	2017	2.5	2.5	–	–	0.4	−5.4	–
Operating gross profit[1]	**2018**	**289.5**	**257.6**	**37.9**	**48.9**	**3.7**	**–**	**637.6**
	2017	279.0	272.5	43.7	48.3	4.2	–	647.7
	Change in %	3.8	−5.5	−13.3	1.2	−11.9	–	−1.6
	fx adjusted change in %	5.0	8.7	0.5	11.6	−11.9	–	6.6
Gross profit	**2018**	**–**	**–**	**–**	**–**	**–**	**–**	**622.9**
	2017	–	–	–	–	–	–	631.8
	Change in %	–	–	–	–	–	–	−1.4
	fx adjusted change in %	–	–	–	–	–	–	6.7
Operating EBITDA[2] (segment result)	**2018**	**101.4**	**88.1**	**8.1**	**17.4**	**−8.4**	**–**	**206.6**
	2017	96.0	88.6	9.2	17.0	−9.0	–	201.8
	Change in %	5.6	−0.6	−12.0	2.4	−6.7	–	2.4
	fx adjusted change in %	6.8	13.1	0.0	11.5	−6.7	–	10.2
Investments in non-current assets (capex)[3]	**2018**	**9.8**	**11.1**	**0.7**	**3.6**	**1.9**	**–**	**27.1**
	2017	10.0	8.5	0.7	0.8	0.1	–	20.1

C.07 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8

[1] External sales less cost of materials.
[2] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items.
For a list of special items, please see table B 03 in the Group Interim Management Report.
[3] Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.
[4] Europe, Middle East & Africa.

Group Key Financial Figures

in EUR m	Jan. 1– Mar. 31, 2018	Jan. 1– Mar. 31, 2017
Operating EBITDA	**206.6**	**201.8**
Investments in non-current assets (capex)[1]	−27.1	−20.1
Change in working capital[2] [3]	−151.8	−155.8
Free cash flow	**27.7**	**25.9**

C.08 FREE CASH FLOW

[1] Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.
[2] Definition of working capital: trade receivables plus inventories less trade payables.
[3] Adjusted for exchange rate effects and acquisitions

in EUR m	Jan. 1– Mar. 31, 2018	Jan. 1– Mar. 31, 2017
Operating EBITDA (segment result)[1] [2]	**206.6**	**201.8**
Net expense from special items	−0.2	−0.2
EBITDA	**206.4**	**201.6**
Depreciation of property, plant and equipment	−28.2	−28.9
Impairment of property, plant and equipment	–	–
EBITA	**178.2**	**172.7**
Amortization of intangible assets[3]	−12.2	−11.6
Impairment of intangible assets	–	–
EBIT	**166.0**	**161.1**
Net finance costs	−19.0	−22.8
Profit before tax	**147.0**	**138.3**

C.09 RECONCILIATION OF OPERATING EBITDA TO PROFIT BEFORE TAX

[1] Operating EBITDA is calculated as EBITDA adjusted for special items. For a list of special items, please see table B.03 in the Group Interim Management Report.
[2] Operating EBITDA of the reportable segments (EMEA, North America, Latin America and Asia Pacific) amounts to EUR 215.0 million (Q1 2017: EUR 210.8 million) and operating EBITDA of all other segments to EUR −8.4 million (Q1 2017: EUR −9.0 million).
[3] This figure includes amortization of customer relationships in the amount of EUR 9.8 million (Q1 2017: EUR 9.1 million).

in EUR m	Jan. 1–Mar. 31, 2018	Jan. 1–Mar. 31, 2017
Operating gross profit	**637.6**	**647.7**
Production/mixing & blending costs	–14.7	–15.9
Gross profit	**622.9**	**631.8**

C.10 RECONCILIATION OF OPERATING GROSS PROFIT TO GROSS PROFIT

Consolidation Policies and Methods

STANDARDS APPLIED

These interim consolidated financial statements for the period from January 1 to March 31, 2018 have been prepared in accordance with the requirements of IAS 34 (Interim Financial Reporting). The Notes are presented in condensed form compared with the Notes to the consolidated financial statements as at December 31, 2017.

With the exception of the standards and interpretations that became effective on January 1, 2018, the same accounting policies have been applied as for the consolidated financial statements as at December 31, 2017.

The following revised and new standards issued by the International Accounting Standards Board (IASB) have been applied by the Brenntag Group for the first time:

- IFRS 15 (Revenue from Contracts with Customers)
- Clarifications to IFRS 15 (Revenue from Contracts with Customers)
- IFRS 9 (Financial Instruments)
- Amendments to IFRS 2 (Share-based Payment) regarding the classification and measurement of share-based payment transactions
- Annual Improvements (2014–2016 Cycle) amending IAS 28 (Investments in Associates and Joint Ventures)
- Amendments to IAS 40 (Investment Property) regarding transfers of investment property – not relevant to Brenntag
- IFRIC 22 (Foreign Currency Transactions and Advance Consideration)
- Amendments to IFRS 4 (Insurance Contracts) – not relevant to Brenntag

The new IFRS 15 (Revenue from Contracts with Customers) provides new rules on accounting for revenue and replaces IAS 18 (Revenue) and IAS 11 (Construction Contracts). Revenue is measured at the amount of consideration the entity expects to receive in exchange for the goods or services provided. The transfer of risks and rewards is no longer the sole deciding factor for recognizing revenue. Revenue is required to be recognized when the customer obtains control of the agreed goods or services and can obtain benefits from them. The new IFRS 15 provides a five-step model for recognizing revenue:

1. Identify the contract(s) with a customer
2. Identify the separate performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the separate performance obligations
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The clarifications to IFRS 15 (Revenue from Contracts with Customers) contain clarifying guidance in particular on the identification of performance obligations and assessment of whether they are separately identifiable, the classification of the entity as a principal or an agent and revenue from licences. They also provide practical expedients for entities on initial application.

In examining the effects of IFRS 15 (Revenue from Contracts with Customers), the subsidiaries' different revenue streams were identified and analyzed using a questionnaire spanning the five-step model. Due to our business model (chemical distribution), most of our performance obligations are satisfied at a point in time. However, questions arose in particular with regard to the timing of recognition of revenue from services provided prior to and after the sale of chemicals. Applying the new standard did not have a material effect on the presentation of the Group's net assets, financial position and results of operations. As a result, Brenntag applied the modified retrospective method, under which prior-year figures are not adjusted. Effects in the amount of EUR 6.0 million were recognized directly in equity at January 1, 2018, increasing equity by that amount. Compared with the rules in effect under IAS 11, IAS 18 and the related interpretations prior to the introduction of IFRS 15, the balance sheet items affected changed as follows:

in EUR m	Jan. 1, 2018	**Mar. 31, 2018**
Trade receivables	3.2	3.5
Inventories	−0.6	−0.7
Other current liabilities	−5.5	−5.7
Current tax liabilities	0.7	0.8
Deferred tax liabilities	1.4	1.4
Exchange rate differences	–	−0.1
Retained earnings	**6.0**	**6.4**

C.11 EFFECTS OF IFRS 15 ON THE BALANCE SHEET

The effects on the income statement are shown in the table below:

in EUR m	Jan. 1–Mar. 31, 2018
Sales	0.7
Other operating income	−0.1
Cost of sales	−0.1
Income tax expense	−0.1
Profit after tax	**0.4**

C.12 EFFECTS OF IFRS 15 ON THE INCOME STATEMENT

IFRS 9 (Financial Instruments) sets out new rules on the accounting for and measurement of financial assets in particular. This includes the requirement to recognize both incurred losses (incurred loss model) and expected losses (expected loss model) in future when accounting for impairments of financial assets accounted for at amortized cost. IFRS 9 also introduces a new model for classifying financial assets. The rules governing hedge accounting have been completely revised. The aim of the new rules is to ensure that hedge accounting more closely reflects the entity's economic risk management.

In examining the effects of IFRS 9 (Financial Instruments), the new rules on the recognition of impairment losses on trade receivables were given particular attention. The effects of the new model for classifying financial assets were also investigated. Applying the new standard did not have a material effect on the presentation of the Group's net assets, financial position and results of operations. Effects of the initial application of the expected loss model in the amount of EUR 0.6 million were recognized directly in equity at January 1, 2018, reducing equity by that amount. Trade receivables decreased by EUR 0.8 million, while deferred tax assets increased by EUR 0.2 million. Compared with the incurred loss model, an additional impairment loss of EUR 0.1 million had to be recognized in the first quarter of 2018 as a result of applying the expected loss model.

The amendments to IFRS 2 (Share-based Payment) regarding the classification and measurement of share-based payment transactions contain clarifying guidance on the measurement of cash-settled share-based payments, the classification of share-based payments where amounts are withheld for tax obligations and the recognition of a modification that changes a share-based payment's classification from cash-settled to equity-settled. IFRIC 22 (Foreign Currency Transactions and Advance Consideration) clarifies which exchange rate to use for foreign currency transactions when payment is made or received in advance. The amendments to IFRS 2, IFRIC 22 and the annual improvements did not have a material effect on the presentation of the Group's net assets, financial position and results of operations.

Income taxes have been recognized on the basis of the latest estimate of the Group tax rate expected for financial year 2018.

SCOPE OF CONSOLIDATION

The table below shows the changes in the number of consolidated companies including structured entities:

	Dec. 31, 2017	Additions	Disposals	**Mar. 31, 2018**
Domestic consolidated companies	29	–	–	29
Foreign consolidated companies	184	–	3	181
Total consolidated companies	**213**	**–**	**3**	**210**

C.13 CHANGES IN SCOPE OF CONSOLIDATION

The disposals are the result of the liquidation of companies no longer operating.

Five (Dec. 31, 2017: five) associates are accounted for using the equity method.

BUSINESS COMBINATIONS IN ACCORDANCE WITH IFRS 3

As a result of measurement-period adjustments, goodwill from entities acquired in 2017 increased by a total of EUR 1.9 million.

CURRENCY TRANSLATION

The euro exchange rates of major currencies changed as follows:

	Closing rate		**Average rate**	
EUR 1 = currencies	**Mar. 31, 2018**	Dec. 31, 2017	**Jan. 1– Mar. 31, 2018**	Jan. 1– Mar. 31, 2017
Canadian dollar (CAD)	1.5895	1.5039	1.5540	1.4101
Swiss franc (CHF)	1.1779	1.1702	1.1653	1.0694
Chinese yuan renminbi (CNY)	7.7468	7.8044	7.8154	7.3353
Danish krone (DKK)	7.4530	7.4449	7.4467	7.4353
Pound sterling (GBP)	0.8749	0.8872	0.8834	0.8601
Polish zloty (PLN)	4.2106	4.1770	4.1792	4.3206
Swedish krona (SEK)	10.2843	9.8438	9.9712	9.5063
US dollar (USD)	1.2321	1.1993	1.2292	1.0648

C.14 EXCHANGE RATES OF MAJOR CURRENCIES

Consolidated Income Statement, Consolidated Balance Sheet and Consolidated Cash Flow Statement Disclosures

1.) INTEREST INCOME

Interest income in the amount of EUR 0.8 million (Q1 2017: EUR 0.9 million) is interest income from third parties.

2.) INTEREST EXPENSE

in EUR m	**Jan. 1– Mar. 31, 2018**	Jan. 1– Mar. 31, 2017
Interest expense on liabilities to third parties	−20.8	−26.4
Income from the fair value measurement of interest rate swaps	0.7	2.2
Net interest expense on defined benefit pension plans	−0.7	−0.7
Interest expense on other provisions	−0.3	−0.7
Interest expense on finance leases	−0.2	−0.1
Total	**−21.3**	**−25.7**

C.15 INTEREST EXPENSE

3.) CHANGE IN LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS RECOGNIZED IN PROFIT OR LOSS

in EUR m	**Jan. 1– Mar. 31, 2018**	Jan. 1– Mar. 31, 2017
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	0.1	–
Change in liabilities recognized in profit or loss arising from limited partners' rights to repayment of contributions	−0.3	−0.3
Total	**−0.2**	**−0.3**

C.16 CHANGE IN LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS RECOGNIZED IN PROFIT OR LOSS

For further information, please refer to Note 10.).

4.) INCOME TAX EXPENSE

Income tax expense comprises current tax expense of EUR 40.3 million (Q1 2017: current tax expense of EUR 41.5 million) and deferred tax expense of EUR 0.7 million (Q1 2017: deferred tax expense of EUR 2.1 million).

Tax expense for the first quarter of 2018 was calculated using the Group tax rate expected for financial year 2018. Any items of income and expense that cannot be planned with sufficient accuracy are disregarded when determining the expected Group tax rate and calculating tax expense.

	Jan. 1–Mar. 31, 2018			Jan. 1–Mar. 31, 2017		
in EUR m	Profit before tax	Tax rate in %	Income tax expense	Profit before tax	Tax rate in %	Income tax expense
excluding unplannable tax-neutral income / expenses	146.9	27.9	41.0	138.3	31.5	43.6
tax-neutral income / expenses that cannot be planned with sufficient accuracy	0.1	–	–	–	–	–
including unplannable tax-neutral income / expenses	147.0	27.9	41.0	138.3	31.5	43.6

C.17 PROFIT BEFORE TAX AFTER ELIMINATION OF UNPLANNABLE TAX-NEUTRAL INCOME / EXPENSES

The expected Group tax rate for financial year 2018 is 27.9%, 3.6 percentage points lower than the prior-year rate. The lower Group tax rate for financial year 2018 is mainly the result of the reduction in the federal corporate tax rate under the US tax reform with effect from 2018.

5.) EARNINGS PER SHARE

Earnings per share in the amount of EUR 0.68 (Q1 2017: EUR 0.61) are determined by dividing the share of profit after tax of EUR 105.6 million (Q1 2017: EUR 94.5 million) attributable to the shareholders of Brenntag AG by the average weighted number of shares in circulation.

The warrants from the bond (Bond (with Warrants) 2022) issued in November 2015 had no diluting effect as the average Brenntag share price is lower than the warrant strike price of EUR 72.7779. The diluted earnings per share are therefore the basic earnings per share.

The initial application of IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) at January 1, 2018 did not have a material effect on earnings per share.

6.) ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

Assets held for sale and associated liabilities contain the assets and liabilities of our Danish subsidiary Brenntag Biosector A/S, Ballerup, as Brenntag intends to sell the company within one year.

The assets and liabilities break down as follows:

in EUR m	**Mar. 31, 2018**	Dec. 31, 2017
Cash and cash equivalents	0.3	0.6
Trade receivables and other receivables	5.6	5.9
Inventories	3.3	3.0
Property, plant and equipment and intangible assets	43.0	42.9
Assets held for sale	**52.2**	**52.4**
Trade payables, other liabilities and provisions	14.7	15.3
Current tax liabilities and deferred tax liabilities	1.9	1.7
Liabilities associated with assets held for sale	**16.6**	**17.0**

C.18 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

7.) FINANCIAL LIABILITIES

in EUR m	**Mar. 31, 2018**	Dec. 31, 2017
Liabilities under syndicated loan	474.1	488.3
Other liabilities to banks	145.6	130.4
Bond 2018	415.0	409.2
Bond 2025	596.4	594.5
Bond (with Warrants) 2022	385.7	393.2
Finance lease liabilities	7.4	8.2
Derivative financial instruments	3.1	4.1
Other financial liabilities	59.7	62.0
Total	**2,087.0**	**2,089.9**
Cash and cash equivalents	489.1	518.0
Net financial liabilities	**1,597.9**	**1,571.9**

C.19 DETERMINATION OF NET FINANCIAL LIABILITIES

8.) OTHER PROVISIONS

Other provisions break down as follows:

in EUR m	**Mar. 31, 2018**	Dec. 31, 2017
Environmental provisions	86.8	89.2
Provisions for personnel expenses	24.1	24.5
Miscellaneous provisions	81.7	110.7
Total	**192.6**	**224.4**

C.20 OTHER PROVISIONS

9.) PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

In the interim consolidated financial statements as at March 31, 2018, the present value of pension obligations was determined using a discount rate of 1.7% (Dec. 31, 2017: 1.7%) in Germany and the other countries of the euro zone, 0.8% (Dec. 31, 2017: 0.6%) in Switzerland and 3.8% (Dec. 31, 2017: 3.6%) in Canada.

Due to the remeasurement of defined benefit plans, provisions for pensions and other post-employment benefits decreased by an amount of EUR 4.1 million recognized directly in retained earnings. This is the result of the increase in the discount rate in Switzerland and Canada. Net of deferred taxes, actuarial losses recognized in other comprehensive income consequently decreased by EUR 3.1 million.

10.) LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

Liabilities relating to the acquisition of non-controlling interests break down as follows:

in EUR m	**Mar. 31, 2018**	Dec. 31, 2017
Liabilities relating to acquisition of non-controlling interests	11.7	11.8
Liabilities arising from limited partners’ rights to repayment of contributions	2.1	1.7
Total	**13.8**	**13.5**

C.21 LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

11.) EQUITY

Non-controlling interests comprise the shares of non-Group shareholders in the equity of consolidated entities. The non-controlling interests changed as follows:

in EUR m	Subscribed capital, retained earnings and additional paid-in capital	Exchange rate differences	**Non-controlling interests**
Dec. 31, 2016	**9.4**	**0.3**	**9.7**
Transactions with owners	0.2	–	0.2
Profit after tax	0.2	–	0.2
Other comprehensive income, net of tax	–	−0.3	−0.3
Total comprehensive income for the period	**0.2**	**−0.3**	**−0.1**
Mar. 31, 2017	**9.8**	**–**	**9.8**

C.22 CHANGE IN NON-CONTROLLING INTERESTS / MAR. 31, 2017

in EUR m	Subscribed capital, retained earnings and additional paid-in capital	Exchange rate differences	**Non-controlling interests**
Dec. 31, 2017	**13.7**	**−1.2**	**12.5**
Profit after tax	0.4	–	0.4
Other comprehensive income, net of tax	–	−0.5	−0.5
Total comprehensive income for the period	**0.4**	**−0.5**	**−0.1**
Mar. 31, 2018	**14.1**	**−1.7**	**12.4**

C.23 CHANGE IN NON-CONTROLLING INTERESTS / MAR. 31, 2018

12.) CONSOLIDATED CASH FLOW STATEMENT DISCLOSURES

Net cash used in operating activities was influenced by cash outflows attributable to the rise in working capital of EUR 151.8 million. The rise in working capital resulted from changes in inventories, gross trade receivables and trade payables as well as from valuation allowances on trade receivables and inventories as follows:

in EUR m	**Jan. 1– Mar. 31, 2018**	Jan. 1– Mar. 31, 2017
Increase in inventories	−50.2	−50.6
Increase in gross trade receivables	−181.2	−232.7
Increase in trade payables	77.5	128.9
Increase/decrease in valuation allowances on trade receivables and on inventories[1]	2.1	−1.4
Change in working capital[2]	**−151.8**	**−155.8**

C.24 CHANGE IN WORKING CAPITAL

[1] Presented within other non-cash items.
[2] Adjusted for exchange rate effects and acquisitions.

At 7.5 in the reporting period, annualized working capital turnover[1] was lower than at the end of 2017 (7.9).

The initial application of IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) at January 1, 2018 did not have a material effect on the consolidated cash flow statement.

13.) Legal proceedings and disputes

In connection with the investigation into whether BRENNTAG SA illegally made use of its market position, a provision of EUR 30.0 million was recognized in December 2017 for a fine imposed by the French Competition Authority and the amount paid in April 2018.

[1] Ratio of annual sales to average working capital; annual sales are defined as sales for the first quarter extrapolated to the full year (quarterly sales multiplied by four); average working capital for the first quarter is defined as the average of working capital at the beginning of the year and at the end of the first quarter.

14.) Reporting of financial instruments

IFRS 9 Financial Instruments, which was first applied at January 1, 2018, introduces a new model for classifying financial assets. As a result of migrating to this model, other financial assets of EUR 1.4 million (Dec. 31, 2017: EUR 1.4 million) that were previously measured at fair value through other comprehensive income will in future be measured at fair value through profit or loss. Cash and cash equivalents, trade receivables and other receivables will continue to be measured at amortized cost.

The classification and measurement of the financial assets recognized in the balance sheet are shown in the table below:

in EUR m	Mar. 31, 2018			
Classification of financial assets:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Cash and cash equivalents	489.1	–	489.1	489.1
Trade receivables	1,834.9	–	1,834.9	1,834.9
Other receivables	99.3	–	99.3	99.3
Other financial assets	19.8	6.2	26.0	26.0
Total	**2,443.1**	**6.2**	**2,449.3**	**2,449.3**

C.25 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / MAR. 31, 2018

[1] Financial assets at fair value through profit or loss.

in EUR m						
Measurement in the balance sheet:	At amortized cost	At fair value			Dec. 31, 2017	
Classification of financial assets:	Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Derivatives designated in hedge accounting	Total carrying amount	Fair value
Cash and cash equivalents	518.0	–	–	–	518.0	518.0
Trade receivables	1,672.7	–	–	–	1,672.7	1,672.7
Other receivables	95.7	–	–	–	95.7	95.7
Other financial assets	21.7	5.4	1.4	–	28.5	28.5
Total	**2,308.1**	**5.4**	**1.4**	**–**	**2,314.9**	**2,314.9**

C.26 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / DEC. 31, 2017

The majority of the financial assets measured at amortized cost have remaining terms of less than one year. Their carrying amounts at the reporting date approximate their fair values.

Of the other receivables recognized in the balance sheet, EUR 87.7 million (Dec. 31, 2017: EUR 70.4 million) are not financial assets as defined by IFRS 7. They are mainly receivables from value-added tax and other taxes, prepaid expenses and prepayments.

The classification and measurement of the financial liabilities recognized in the balance sheet are shown in the table below:

in EUR m	Mar. 31, 2018				
Classification of financial liabilities:	At amortized cost	FVTPL [1]	Carrying amount under IAS 17	Total carrying amount	Fair value
Trade payables	1,267.9	–	–	1,267.9	1,267.9
Other liabilities	189.9	–	–	189.9	189.9
Liabilities relating to acquisition of non-controlling interests	13.8	–	–	13.8	13.8
Financial liabilities	2,052.5	27.1	7.4	2,087.0	2,083.5
Total	**3,524.1**	**27.1**	**7.4**	**3,558.6**	**3,555.1**

C.27 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / MAR. 31, 2018

[1] Financial assets at fair value through profit or loss.

in EUR m							
Measurement in the balance sheet:	At amortized cost		At fair value			Dec. 31, 2017	
Classification of financial liabilities:	Not designated in hedge accounting	Designated in hedge accounting	Financial liabilities at fair value through profit or loss	Derivatives designated in hedge accounting	Carrying amount under IAS 17	Total carrying amount	Fair value
Trade payables	1,205.8	–	–	–	–	1,205.8	1,205.8
Other liabilities	181.6	–	–	–	–	181.6	181.6
Liabilities relating to acquisition of non-controlling interests	13.5	–	–	–	–	13.5	13.5
Financial liabilities	2,054.0	–	27.7	–	8.2	2,089.9	2,114.6
Total	**3,454.9**	**–**	**27.7**	**–**	**8.2**	**3,490.8**	**3,515.5**

C.28 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / DEC. 31, 2017

The majority of the trade payables and other liabilities measured at amortized cost have remaining terms of less than one year. Their carrying amounts at the reporting date therefore approximate their fair values. The fair values of the financial liabilities measured at amortized cost were mainly determined using quoted or market prices in an active market (Level 1 of the fair value hierarchy). The fair values of liabilities relating to the acquisition of non-controlling interests were determined on the basis of recognized company valuation models. The company valuation models are based on cash flow plans (Level 3 of the fair value hierarchy). The fair values of foreign exchange forwards and foreign exchange swaps are determined by comparing forward rates and discounted to present value (Level 2 of the fair value hierarchy). The fair values of interest rate swaps are determined by applying the discounted cash flow method on the basis of current interest curves, taking into account the non-performance risk (Level 2 of the fair value hierarchy).

Of the other liabilities recognized in the balance sheet, EUR 222.0 million (Dec. 31, 2017: EUR 217.4 million) are not financial liabilities as defined by IFRS 7. They are mainly liabilities from value-added tax and other taxes, as well as deferred income.

The allocation of the financial assets and liabilities recognized in the balance sheet at fair value to the levels of the IFRS 13 fair value hierarchy is shown in the table below:

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	**Mar. 31, 2018**
Financial assets at fair value through profit or loss	1.4	4.8	–	6.2
Financial liabilities at fair value through profit or loss	–	3.1	24.0	27.1

C.29 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / MAR. 31, 2018

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	Dec. 31, 2017
Financial assets at fair value through profit or loss	–	5.4	–	5.4
Financial liabilities at fair value through profit or loss	–	4.1	23.6	27.7
Available-for-sale financial assets	1.4	–	–	1.4

C.30 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / MAR. 31, 2017

Financial liabilities at fair value through profit or loss of EUR 24.0 million (Dec. 31, 2017: EUR 23.6 million) relate to liabilities for contingent purchase prices payable in acquisitions (Level 3 of the fair value hierarchy). The amount of the contingent purchase price components is required to be recognized at fair value and is contingent on the acquiree meeting certain earnings targets (e.g. operating gross profit, EBITDA).

Liabilities resulting from contingent consideration arrangements changed as follows:

in EUR m	**2018**	2017
Jan. 1	23.6	9.3
Adjustments in the measurement period (increase in goodwill)	0.1	0.4
Exchange rate differences	0.3	0.3
Mar. 31.	**24.0**	**10.0**

C.31 CHANGE IN LIABILITIES RESULTING FROM CONTINGENT CONSIDERATION ARRANGEMENTS

15.) Events after the reporting period

In early May 2018, Brenntag acquired 65 % of the shares in Raj Petro Specialities Pvt. Ltd., India. Headquartered in Mumbai and Chennai, the company distributes its own-blended brands of petroleum-related products to a diverse range of customer industries in India and other countries in the Asia Pacific region as well as in Africa and the Middle East. Brenntag will purchase the remaining 35 % of the shares after a period of five years, with the option to extend that period by one to two years. The purchase price, net assets and goodwill break down as follows:

in Mio. EUR	Provisional fair value
Purchase price	**54.7**
of which consideration contingent on earnings targets	–
Assets	
Cash and cash equivalents	7.7
Trade receivables, other financial assets and other receivables	65.3
Other current assets	54.1
Non-current assets	19.0
Liabilities	
Current liabilities	94.6
Non-current liabilities	13.3
Net assets	**38.2**
of which Brenntag's share	24.8
of which non-controlling interests	13.4
Goodwill	**29.9**
of which deductible for tax purposes	–

C.32 NET ASSETS ACQUIRED AFTER THE BALANCE SHEET DATE

Measurement of the assets acquired and liabilities assumed (among others customer relationships, brands and deferred taxes) has not yet started for reasons of time. The main factors determining the goodwill are the above-mentioned reasons for the acquisition where not included in other assets (e.g. customer relationships, brands and similar rights). No share of the goodwill was recognized for non-controlling interests (partial goodwill method).

Essen, May 8, 2018

Brenntag AG

BOARD OF MANAGEMENT

Steven Holland   Karsten Beckmann   Markus Klähn

Georg Müller   Henri Nejade

REVIEW REPORT

To Brenntag AG, Essen

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, income statement and statement of comprehensive income, cash flow statement, statement of changes in equity and selected explanatory notes – and the interim group management report of Brenntag AG, Mülheim an der Ruhr, for the period from January 1 to March 31, 2018 which are part of the quarterly financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, May 8, 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Thomas Tandetzki
Wirtschaftsprüfer
(German Public Auditor)

sgd. ppa. Frank Schemann
Wirtschaftsprüfer
(German Public Auditor)

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A TO OUR SHAREHOLDERS

B MANAGEMENT REPORT

C CONSOLIDATED FINANCIAL STATEMENTS

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INFORMATION ON THE INTERIM REPORT

This translation is only a convenience translation. In the event of any differences, only the German version is binding.

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 AG 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 AG 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.

FINANCIAL CALENDAR 2018

JUN 6–7
2018
dbAccess Berlin Conference,
Berlin

JUN 20
2018
General Shareholders' Meeting,
Düsseldorf

JUN 25
2018
Goldman Sachs
Business Services Conference,
London

AUG 8
2018
Publication of
Q2 2018 results

AUG 29
2018
Commerzbank
Sector Conference,
Frankfurt

SEP 12
2018
UBS European
Support Services Conference,
London

NOV 7
2018
Publication of
Q3 2018 results

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