

Press Release

Mülheim/Ruhr, November 9, 2016

Brenntag demonstrates strong earnings resiliency in the third quarter of 2016 and forecasts solid results for the full year

- **Gross profit*** rises by 4.1% (as reported) to 593.9 million EUR
- **Operating EBITDA**** up slightly (+0.4% as reported) on the prior-year figure to 205.2 million EUR
- **Business performance** in the regions affected by a mixed macroeconomic environment; acquisitions make important contributions to earnings
- **Profit after tax** comes to 93.4 million EUR and earnings per share reach 0.60 EUR
- **Outlook for 2016:** *Guidance range* for operating EBITDA** narrowed to 800-820 million EUR (compared to 807 million EUR in 2015)

Brenntag (WKN A1DAHH), the global market leader in chemical distribution, provided stable earnings in the third quarter of 2016. Business performance in the Group's regions was affected by a number of divergent factors, with the trends seen in the earlier quarters of 2016 continuing. While the EMEA and especially Asia Pacific regions posted growth in the existing business, the North America and Latin America regions were impacted by the persistently challenging economic environment. Against this background, Brenntag Group is adjusting the upper end of its guidance for operating EBITDA**, setting a more precise range of between 800 and 820 million EUR.

In the third quarter of 2016, Brenntag's **sales** were up slightly on the prior-year figure to 2,619.2 million EUR (+0.4% as reported). The Brenntag Group's key performance indicator **gross profit*** climbed to 593.9 million EUR, an increase of 4.1% as reported, or 5.5% on a constant currency basis. **Operating EBITDA**** came to 205.2 million EUR, a year-on-year increase of 2.0% on a constant currency basis (+0.4% as reported). The growth was impacted by continued weak demand in the oil & gas business in North America and the

persistently difficult situation in some Latin American countries. This was offset by the positive trend in the EMEA and especially Asia Pacific regions and the positive contribution from the acquisitions.

At 93.4 million EUR in the third quarter of 2016, **profit after tax** was roughly on a par with the 94.7 million EUR posted in the prior-year quarter. This translates into earnings per share attributable to Brenntag shareholders of 0.60 EUR.

Having reached 190.1 million EUR, free cash flow was at a very high level again in the third quarter of 2016 (prior-year period: 191.0 million EUR).

Steven Holland, Chief Executive Officer of Brenntag AG, said, "Business performance in the third quarter of 2016 was affected by the somewhat mixed macroeconomic environment. We saw solid growth in EMEA and Asia Pacific and continuing weak industrial demand in North America. Markets in Latin America remain challenging, particularly in Brazil and Venezuela. Overall, global economic performance remained subdued and there was no impetus to growth. We have therefore adjusted the upper end of our guidance for 2016 operating EBITDA in line with this situation. We are retaining the lower end, as we firmly believe that Brenntag will remain on its successful path over 2016 as a whole."

EMEA posts further growth

Brenntag EMEA (Europe, Middle East & Africa) achieved operating gross profit* of 261.3 million EUR in the third quarter of 2016, a rise of 2.4% (+5.3% on a constant currency basis). Operating EBITDA** came to 88.2 million EUR, an increase of 1.1% on the prior-year quarter (+4.6% on a constant currency basis). The encouraging results are attributable to both the development of the existing business and the successful integration of the acquisitions.

Business in North America impacted by weak environment

In the third quarter of 2016, Brenntag North America was again adversely impacted by the weak macroeconomic environment and weak demand from customers in the oil & gas sector. Business in this area stabilized, however,

albeit at low level. The declines in the existing business were offset by the positive contributions from the acquisitions. The region generated operating gross profit* of 254.7 million EUR, a rise of 5.7% (+6.2% on a constant currency basis). Operating EBITDA** increased slightly by 0.6% year on year (+1.0% on a constant currency basis) to 96.3 million EUR.

Challenging environment weighs on results in Latin America

As expected, third-quarter results in Latin America were again severely impacted by the loss of earnings in Venezuela due to the collapse of the economy. In addition, the difficult economic situation in Brazil is weighing increasingly on Brenntag's business, as a result of which it was unable to match the good results achieved in the prior-year quarter. Operating gross profit* was down by 17.4% (-18.7% on a constant currency basis) to 41.7 million EUR. The region generated operating EBITDA** of 9.4 million EUR, a decrease of 39.0% (-40.1% on a constant currency basis).

Asia Pacific demonstrates another excellent quarter

In the third quarter of 2016, the Asia Pacific region delivered encouraging double-digit rates of growth in the existing business, plus positive contributions from the acquisitions. Operating gross profit* rose by 34.9% year on year (+36.3% on a constant currency basis) to 46.4 million EUR. Operating EBITDA* also increased significantly, climbing by 38.0% (+38.3% on a constant currency basis) to 16.7 million EUR.

Outlook for 2016

For 2016 as a whole, Brenntag sets a more precise guidance range for operating EBITDA**. In light of its earnings performance in the first nine months of this year and assuming that global macroeconomic growth remains at a low level, it is adjusting the upper end of its guidance for operating EBITDA**. The forecast range is now between 800 and 820 million EUR, assuming that exchange rates remain largely unchanged. This compares to an operating EBITDA** of 807 million EUR in 2015.

Consolidated Income Statement		Q3 2016	Q3 2015	Δ as reported	Δ adjusted for exchange rate effects
Sales	in EUR m	2,619.2	2,607.5	0.4%	1.6%
Gross profit*	in EUR m	593.9	570.5	4.1%	5.5%
Operating EBITDA**	in EUR m	205.2	204.4	0.4%	2.0%
Operating EBITDA** / Gross profit*	%	34.6	35.8		
EBITDA	in EUR m	205.2	204.4	0.4%	2.0%
Profit before tax	in EUR m	141.3	140.9	0.3%	-
Profit after tax	in EUR m	93.4	94.7	-1.4%	-
<i>Attributable to Brenntag shareholders</i>		93.4	93.9	-0.5%	-
Earnings per share	EUR	0.60	0.61	-1.6%	-

Consolidated Balance Sheet		Sep. 30, 2016	Dec. 31, 2015
Total assets	in EUR m	7,025.3	6,976.2
Equity	in EUR m	2,752.8	2,690.5
Working capital	in EUR m	1,311.0	1,268.1
Net financial liabilities	in EUR m	1,604.0	1,676.1

Consolidated Cash Flow		Q3 2016	Q3 2015
Cash provided by operating activities	in EUR m	180.0	166.9
Investments in non-current assets (Capex)	in EUR m	26.2	25.3
Free cash flow	in EUR m	190.1	191.0

EMEA		Q3 2016	Q3 2015	Δ as reported	Δ adjusted for exchange rate effects
Sales	in EUR m	1,133.2	1,171.1	-3.2%	-0.9%
Operating gross profit*	in EUR m	261.3	255.1	2.4%	5.3%
Operating EBITDA**	in EUR m	88.2	87.2	1.1%	4.6%

North America		Q3 2016	Q3 2015	Δ as reported	Δ adjusted for exchange rate effects
Sales	in EUR m	957.4	908.1	5.4%	5.9%
Operating gross profit*	in EUR m	254.7	240.9	5.7%	6.2%
Operating EBITDA**	in EUR m	96.3	95.7	0.6%	1.0%

Latin America		Q3 2016	Q3 2015	Δ as reported	Δ adjusted for exchange rate effects
Sales	in EUR m	198.2	234.2	-15.4%	-16.7%
Operating gross profit*	in EUR m	41.7	50.5	-17.4%	-18.7%
Operating EBITDA**	in EUR m	9.4	15.4	-39.0%	-40.1%

Asia Pacific		Q3 2016	Q3 2015	Δ as reported	Δ adjusted for exchange rate effects
Sales	in EUR m	249.5	203.5	22.6%	23.8%
Operating gross profit*	in EUR m	46.4	34.4	34.9%	36.3%
Operating EBITDA**	in EUR m	16.7	12.1	38.0%	38.3%

*Brenntag reports operating gross profit at segment level but gross profit at Group level. Operating gross profit is defined as sales less the cost of sales. Gross profit is defined as operating gross profit less production/mixing & blending costs.

**The segments are primarily controlled on the basis of operating EBITDA. This is the operating profit as recorded in the consolidated income statement plus amortization of intangible assets as well as depreciation of property, plant and equipment and investment property, adjusted for the following items:

- Transaction costs: Costs connected with restructuring and refinancing under company law. They are eliminated for purposes of management reporting to permit proper presentation of the operating performance and comparability on segment level.
- Holding charges: Certain costs charged between holding companies and operating companies. On Group level they net to zero.

About Brenntag:

Brenntag, the global market leader in chemical distribution, covers all major markets with its extensive product and service portfolio. Headquartered in Mülheim an der Ruhr, Germany, the company operates a global network with more than 530 locations in 74 countries. In 2015, the company, which has a global workforce of more than 14,000 employees, generated sales of EUR 10.3 billion (USD 11.5 billion). Brenntag connects chemical manufacturers and chemical users. The company supports its customers and suppliers with tailor-made distribution solutions for industrial and specialty chemicals. With over 10,000 products and a world-class supplier base, Brenntag offers one-stop-shop solutions to around 180,000 customers. This includes specific application technology, an extensive technical support and value-added services such as just-in-time delivery, product mixing, formulation, repackaging, inventory management and drum return handling. Long-standing experience and local excellence in the individual countries characterize the global market leader for chemical distribution.

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