

Press Release

Mülheim/Ruhr, August 10, 2016

Brenntag posts strong growth in Europe and Asia Pacific in the second quarter of 2016

- **Gross profit* rises by 3.1% (as reported) to 603.6 million EUR**
- **Operating EBITDA** on a par with the previous year at 215.8 million EUR (+0.2% as reported)**
- **EMEA (Europe, Middle East & Africa) and Asia Pacific regions see strong growth; challenging economic environment continues to weigh on growth in North and Latin America**
- **Profit after tax amounts to 102.1 million EUR and earnings per share to 0.66 EUR**
- **For 2016 as a whole, Brenntag forecasts an increase in its key performance indicators operating gross profit and operating EBITDA**. Group operating EBITDA** is expected to be between 800 and 840 million EUR**

Brenntag (WKN A1DAHH), the global market leader in chemicals distribution, posted a strong performance in the EMEA and Asia Pacific regions in the second quarter of 2016. Here, both operating gross profit* and operating EBITDA increased significantly. In the North and Latin America regions, business growth was impacted once again by the persistently challenging economic environment, particularly in the oil & gas sector. Overall, the Brenntag Group still expects to see an increase its key performance indicators operating gross profit and operating EBITDA** over 2016 as a whole.**

In the second quarter of 2016, Brenntag's **sales** decreased slightly on the prior-year quarter to 2,664.0 million EUR (-1.0% as reported). The key performance indicator **gross profit*** climbed to 603.6 million EUR, an increase of 3.1% as reported, or 6.3% on a constant currency basis. Overall, Brenntag generated second-quarter **operating EBITDA**** of 215.8 million EUR, a year-on-year rise of 3.3% on a constant currency basis (+0.2% as reported). The strong growth in the EMEA and Asia Pacific regions and the contributions from the acquisitions were offset by the declines in earnings due to sustained weak demand in North

America, above all from customers in the North American oil & gas business, and the persistently difficult situation in Venezuela.

Profit after tax was down slightly on the 108.1 million EUR posted in the prior-year quarter to 102.1 million EUR in the second quarter of 2016. This translates into earnings per share attributable to Brenntag shareholders of 0.66 EUR.

At 164.7 million EUR in the second quarter of 2016, free cash flow almost matched the high prior-year figure (167.1 million EUR).

Steven Holland, Chief Executive Officer of Brenntag AG, said, “The strong performance in the EMEA and Asia Pacific regions contributes significantly to offset the underlying weaknesses in North America and volatility in Latin America, demonstrating the Group’s resilience in difficult macroeconomic conditions.”

EMEA achieves strong growth in operating EBITDA

Brenntag EMEA (Europe, Middle East & Africa) lifted operating gross profit* to 278.8 million EUR in the second quarter of 2016, a solid increase of 5.7% (+8.3% on a constant currency basis). This upbeat performance was exceeded by operating EBITDA**: at 100.5 million EUR, this was 8.2% up on the prior-year figure (+11.2% on a constant currency basis). This is due primarily to the very encouraging growth in the existing business. Acquisitions also made a positive contribution.

Persistently challenging economic environment for business in North America

In the second quarter of 2016, the continued challenging economic environment once again had a negative impact on results in the North America region. Both sustained weak demand from customers in the oil & gas sector and the contraction in industrial production in the USA created headwinds. These were countered by the contributions from the most recent acquisitions. Brenntag North America’s operating gross profit* was on a par with the prior-year quarter at 246.3 million EUR (+1.0% as reported; +3.5% on a constant currency basis).

Operating EBITDA** was down by 5.3% (-3.1% on a constant currency basis) to 93.2 million EUR.

Venezuela continues to weigh on results in Latin America

Excluding Venezuela, which still faces a very difficult situation, the Latin America region posted in the second quarter of 2016 an increase in operating gross profit of 1.4% on a constant currency basis compared to the previous year. Including Venezuela, operating gross profit* of the region fell by 15.0% (-9.1% on a constant currency basis) to 42.9 million EUR. Operating EBITDA** was down by 29.2% on the prior-year quarter (-24.2% on a constant currency basis) to 11.4 million EUR.

Asia Pacific demonstrates sustainable growth

Brenntag Asia Pacific delivered another impressive performance, posting strong organic growth and benefitted from the successful integration of the acquired TAT Group. Operating gross profit* rose by 23.6% (+31.2% on a constant currency basis) to 45.6 million EUR in the second quarter of 2016. Operating EBITDA** also increased significantly: at 17.3 million EUR, it was 26.3% up on the prior-year figure (+33.1% on a constant currency basis).

Brenntag expects growth over 2016 as a whole

In light of its earnings performance in the first half of the year and assuming that global macroeconomic growth remains at a low level, Brenntag forecasts an increase in its key performance indicators operating gross profit and operating EBITDA** over 2016 as a whole. Based on current exchange rates, it predicts Group operating EBITDA** of between 800 and 840 million EUR.

Consolidated Income Statement		Q2 2016	Q2 2015	Δ as reported	Δ adjusted for exchange rate effects
Sales	in EUR m	2,664.0	2,691.4	-1.0%	2.0%
Gross profit*	in EUR m	603.6	585.3	3.1%	6.3%
Operating EBITDA**	in EUR m	215.8	215.4	0.2%	3.3%
Operating EBITDA** / Gross profit*	%	35.8	36.8		
EBITDA	in EUR m	215.8	215.4	0.2%	3.3%
Profit before tax	in EUR m	156.0	160.6	-2.9%	-
Profit after tax	in EUR m	102.1	108.1	-5.6%	-
<i>Attributable to Brenntag shareholders</i>		101.5	107.2	-5.3%	-
Earnings per share	EUR	0.66	0.69	-4.3%	-

Consolidated Balance Sheet		June 30, 2016	Dec. 31, 2015
Total assets	in EUR m	6,982.5	6,976.2
Equity	in EUR m	2,668.0	2,690.5
Working capital	in EUR m	1,326.6	1,268.1
Net financial liabilities	in EUR m	1,767.1	1,676.1

Consolidated Cash Flow		Q2 2016	Q2 2015
Cash provided by operating activities	in EUR m	115.0	106.6
Investments in non-current assets (Capex)	in EUR m	26.5	22.7
Free cash flow	in EUR m	164.7	167.1

Europe		Q2 2016	Q2 2015	Δ as reported	Δ adjusted for exchange rate effects
Sales	in EUR m	1,206.3	1,217.5	-0.9%	1.4%
Operating gross profit*	in EUR m	278.8	263.8	5.7%	8.3%
Operating EBITDA**	in EUR m	100.5	92.9	8.2%	11.2%

North America		Q2 2016	Q2 2015	Δ as reported	Δ adjusted for exchange rate effects
Sales	in EUR m	935.1	928.4	0.7%	3.4%
Operating gross profit*	in EUR m	246.3	243.9	1.0%	3.5%
Operating EBITDA**	in EUR m	93.2	98.4	-5.3%	-3.1%

Latin America		Q2 2016	Q2 2015	Δ as reported	Δ adjusted for exchange rate effects
Sales	in EUR m	193.5	230.8	-16.2%	-10.3%
Operating gross profit*	in EUR m	42.9	50.5	-15.0%	-9.1%
Operating EBITDA**	in EUR m	11.4	16.1	-29.2%	-24.2%

Asia Pacific		Q2 2016	Q2 2015	Δ as reported	Δ adjusted for exchange rate effects
Sales	in EUR m	247.8	218.8	13.3%	20.3%
Operating gross profit*	in EUR m	45.6	36.9	23.6%	31.2%
Operating EBITDA**	in EUR m	17.3	13.7	26.3%	33.1%

*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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