

*We're Connecting**Chemistry***

*DELIVERING
SERVICE
EXCELLENCE*

INTERIM REPORT
JANUARY – JUNE 2017

KEY FINANCIAL FIGURES AT A GLANCE

CONSOLIDATED INCOME STATEMENT

		Q2 2017	Q2 2016
Sales	EUR m	3,001.4	2,664.0
Gross profit	EUR m	641.3	603.6
Operating EBITDA	EUR m	219.8	215.8
Operating EBITDA/gross profit	%	34.3	35.8
Profit after tax	EUR m	106.8	102.1
Earnings per share	EUR	0.69	0.66

CONSOLIDATED BALANCE SHEET

		Jun. 30, 2017	Dec. 31, 2016
Total assets	EUR m	7,210.3	7,287.0
Equity	EUR m	2,900.8	2,959.2
Working capital	EUR m	1,521.1	1,354.6
Net financial liabilities	EUR m	1,719.3	1,681.9

CONSOLIDATED CASH FLOW

		Q2 2017	Q2 2016
Net cash provided by operating activities	EUR m	48.1	115.0
Investments in non-current assets (capex)	EUR m	-27.3	-26.5
Free cash flow	EUR m	122.5	164.7

KEY DATA ON THE BRENNTAG SHARES

		Jun. 30, 2017	Dec. 31, 2016
Share price	EUR	50.68	52.80
No. of shares (unweighted)		154,500,000	154,500,000
Market capitalization	EUR m	7,830	8,158

COMPANY PROFILE

Brenntag is the global market leader in chemical distribution. The company manages complex supply chains for both chemical manufacturers and users, provides them with easier market access to thousands of products and services, and thus forms a global network delivering outstanding local execution.

Brenntag is therefore the preferred and most effective 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 – true to our brand identity: “ConnectingChemistry”.

Brenntag operates a global network spanning more than 550 locations in 74 countries. With its global workforce of about 15,000 employees, the company generated sales of EUR 10.5 billion in 2016.

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DEAR SHAREHOLDERS, DEAR LADIES AND GENTLEMEN,

The second quarter of 2017 showed Brenntag's gross profit on an encouraging trajectory again. On a constant currency basis, we posted an increase of 5.2% to EUR 641.3 million.

This growth was driven primarily by our North America region, which achieved a clear increase in operating gross profit for the second consecutive quarter. Here, we are currently experiencing a very dynamic environment and strong demand for our products and services. In the EMEA region, operating gross profit showed a solid increase commensurate with the economic environment. Growth in the Asia Pacific region is also positive, but was held in check by weak demand in some countries and product lines. Here, the acquisitions in particular made a positive contribution. Conditions in the Latin America region remain difficult, as expected, but we were able to generate operating gross profit broadly on a par with the prior-year figure.

On this basis, we achieved Group operating EBITDA of EUR 219.8 million, a slight increase on the prior-year period. While we are very pleased with the contribution from the North America region, operating EBITDA in the EMEA region in particular fell short of our expectations.

In the second quarter of 2017, we signed an agreement to acquire the business of Wellstar Group. Wellstar distributes specialty chemicals in China and is an excellent complement and addition to our existing business in the country, where we entered the market in 2011. We will initially gain a 51% interest in the group, with the remainder scheduled to be acquired in 2021.

In July, Brenntag published what is already its fourth sustainability report. Our transparent reporting helps us to develop our sustainability strategy in a targeted manner with a view to achieving measurable progress. For the first time, we also report consolidated annual data on group-wide energy consumption and the associated CO₂ emissions. Global data collection enables us to better manage the important issues of energy consumption and CO₂ emissions as well as to identify the potential for savings within the Group.

Over recent years of weaker macroeconomic demand, we have launched a range of initiatives in our EMEA region aimed at enabling us to manage the business and capture growth with a more European focus. These measures have already yielded results. Nevertheless, we see further opportunities to increase supply chain efficiency and will accelerate these changes. We expect this to generate savings of approximately EUR 8 million a year. The special costs associated with implementing the programme will amount to approximately EUR 25 million and arise in the second half of this year.

With the results for the second quarter, we have also given a more precise outlook for operating EBITDA: for 2017, we expect a figure in the EUR 820 to 850 million range. Our estimate implies an improvement in growth in the second half of 2017 and is based on the positive impetus we are currently seeing. The stated range is before one-time effects and assumes that exchange rates remain largely unchanged.

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

Mülheim an der Ruhr, August 8, 2017



STEVEN HOLLAND
Chief Executive Officer

BRENNTAG ON THE STOCK MARKET

SHARE PRICE PERFORMANCE

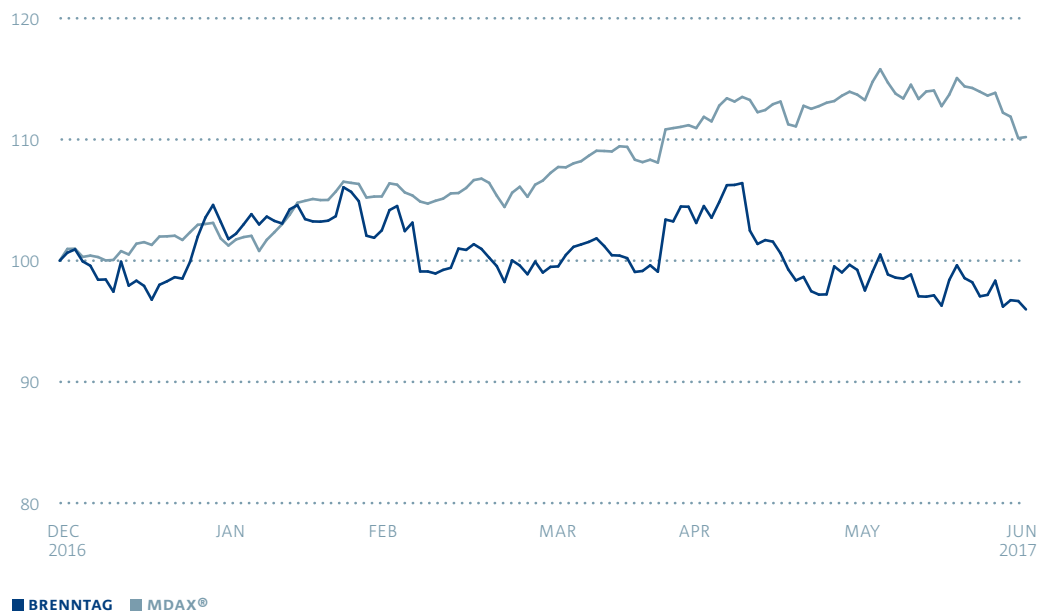
Equity markets around the globe were stable to positive in the second quarter of 2017. The positive sentiment in the USA continued, with no major or unexpected events impacting the market. In Europe, the elections in France were closely watched by the capital markets and the pro-European outcome was viewed positively.

The European Central Bank continued its capital market-friendly corporate bond purchase programme, albeit at reduced levels from April onwards. On the currency market, the euro strengthened against the US dollar and oil prices weakened during the quarter.

In this environment, Germany's leading index, the DAX®, rose by more than 7% in the first half of 2017 to close at 12,325 points. The MDAX® showed a similar performance, gaining 10% to close at 24,452 points. Brenntag shares closed the reporting period at EUR 50.68, a decrease of 4.0% compared with the 2016 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 June 2017. The average number of Brenntag shares traded daily on Xetra® in the first half of 2017 was approximately 278,000 compared with around 320,000 shares in the first half of 2016.

A.01 BRENNTAG SHARE PRICE PERFORMANCE (INDEXED)



SHAREHOLDER STRUCTURE

As at August 1, 2017, 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:

A.02 SHAREHOLDER STRUCTURE

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

A.03 KEY DATA ON THE BRENNTAG SHARES

		Dec. 31, 2016	Jun. 30, 2017
Share price (Xetra® closing price)	EUR	52.80	50.68
Market capitalization	EUR m	8,158	7,830
Primary stock exchange			Xetra®
Indices		MDAX®, MSCI, Stoxx Europe 600	
ISIN/WKN/trading symbol		DE000A1DAH0/A1DAH/BNR	

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).

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

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

GROUP INTERIM MANAGEMENT REPORT

for the period from January 1 to June 30, 2017

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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 also on high diversity across suppliers, customers and industries and its 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 various 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 & 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 as well as 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 June 30, 2017 include Brenntag AG, 30 (Dec. 31, 2016: 31) domestic and 188 (Dec. 31, 2016: 191) foreign consolidated subsidiaries including structured entities. Five (Dec. 31, 2016: five) associates have been accounted for using the equity method.

SEGMENTS AND LOCATIONS

The Brenntag Group is managed by the geographically structured segments EMEA (Europe, Middle East & Africa), North America, Latin America and Asia Pacific. In addition, all other segments cover the central functions for the entire Group and the operations of Brenntag International Chemicals, which buys and sells chemicals in bulk on an international scale without regional boundaries.

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

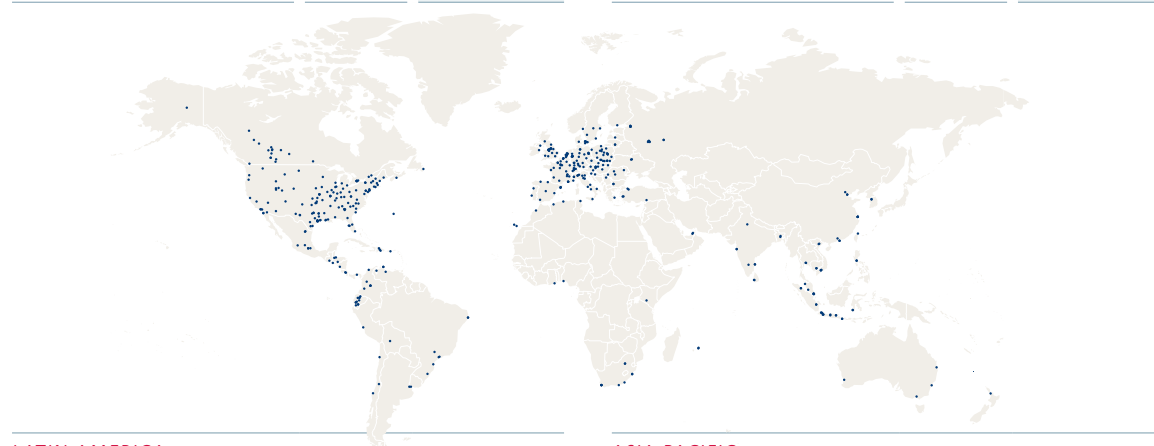
B.01 GLOBAL NETWORK OF THE BRENNTAG GROUP

NORTH AMERICA

		H1 2017
External sales	EUR m	2,257.7
Operating gross profit	EUR m	552.7
Operating EBITDA	EUR m	195.2
Employees ¹⁾		4,695

EMEA

		H1 2017
External sales	EUR m	2,550.6
Operating gross profit	EUR m	559.0
Operating EBITDA	EUR m	189.7
Employees ¹⁾		6,745



LATIN AMERICA

		H1 2017
External sales	EUR m	414.4
Operating gross profit	EUR m	87.8
Operating EBITDA	EUR m	18.9
Employees ¹⁾		1,471

ASIA PACIFIC

		H1 2017
External sales	EUR m	569.9
Operating gross profit	EUR m	97.2
Operating EBITDA	EUR m	33.8
Employees ¹⁾		1,935

Figures exclude all other segments, which, in addition to various holding companies, comprise the international activities of Brenntag International Chemicals.

¹⁾ The number of employees is calculated as the number of employees on the basis of full-time equivalents at the reporting date.

VISION, OBJECTIVES AND STRATEGY

ConnectingChemistry

Our philosophy “ConnectingChemistry” describes our company’s purpose, value creation 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.

2020 VISION

Our “2020 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.

OBJECTIVES AND STRATEGY

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. On the basis of our entrepreneurial culture, our operational excellence and our resilient business model, we strive to steadily increase operating gross profit, 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 are continuously working worldwide with particular emphasis on commercial excellence – that is to say, our effectiveness and efficiency in procurement, sales and marketing – including by leveraging the opportunities arising from digitalization. Our points of focus 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.

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 counting on the industry's long-term potential in combination with our excellent capabilities and our supplier and customer network and are increasingly exploiting our global expertise and position in order to promote 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 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 remain 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 our 2016 Annual Report.

REPORT ON ECONOMIC POSITION

ECONOMIC ENVIRONMENT

Forecasts for the global economy remained positive in the second quarter of 2017. This is reflected in the Global Manufacturing Purchasing Managers' Index (PMI), which stood at 52.6 in June, a reading above the 50 neutral mark. Global industrial production grew by 3.4% year on year in the first two months of the second quarter of 2017.

Europe continued to record stable economic growth overall. Industrial production rose by 2.7% year on year in the first two months of the second quarter of 2017.

US industrial production remained on an upward growth trend in the second quarter of 2017, with clear rates of increase posted compared with previous quarters. Industrial production improved by 1.9% year on year in the second quarter of 2017. After several consecutive quarters of year-on-year contraction in industrial production, the growth observed since the beginning of the year, and particularly in the second quarter of 2017, represents quite a dynamic.

By contrast, economic conditions in Latin America remained difficult. Overall, Latin American industrial production contracted by 1.1% year on year in the first two months of the second quarter of 2017.

In the economies of Asia, and in China in particular, the stable growth momentum continued into the second quarter of 2017. Industrial production across the region as a whole grew by around 5.4% year on year in the first two months of the second quarter of 2017.

BUSINESS PERFORMANCE

MAJOR EVENTS IMPACTING ON BUSINESS IN Q2 2017

At the end of June, Brenntag announced that it would acquire in two steps 100% of the shares in specialty chemical distributor Wellstar Enterprises (Hong Kong) Company Limited, Hong Kong and its three Chinese subsidiaries (jointly "Wellstar Group"). Brenntag will gain a majority interest of 51% in 2017, with the second tranche of 49% scheduled to be acquired in 2021. Wellstar Group specializes in the distribution of specialty pigments, resins and additives and enables Brenntag to expand its market position in China's specialty chemicals segment. In 2016, the business generated sales of almost EUR 27.6 million.

On June 30, 2017, Brenntag sold its shares in Holanda Venezuela to a local investor due to the rising economic and political tensions in Venezuela.

STATEMENT BY THE BOARD OF MANAGEMENT ON BUSINESS PERFORMANCE

In an economic environment that continued to be marked by recovery, the Brenntag Group achieved an increase in operating gross profit on an as reported as well as on a constant currency basis. This predominantly volume-driven increase consisted of moderate organic growth, i.e. growth in the existing business, and the contribution from the acquirees, particularly NOCO, USA and WARREN CHEM SPECIALITIES (PTY) LTD, South Africa, which were acquired and consolidated for the first time in the fourth quarter of 2016. Due to the favourable trend in exchange rates, the rate of growth at actual exchange rates was slightly higher than the growth at constant fx rates.

The inclusion of the acquisitions and the fact that the growth in operating gross profit was mainly volume-driven resulted in a noticeable rise in operating expenses. EBITDA for the second quarter of 2017 showed only a slight increase on the prior-year period on a constant currency basis.

The very encouraging performance in North America is particularly worthy of note. For the first time since the beginning of 2015, we recorded clear organic growth. These clear increases in the results achieved by the existing business, were supported additionally by the positive contribution from the acquisitions. The EMEA region delivered results slightly below those for the prior-year quarter. The Latin America segment continued to be impacted by weak demand in countries such as Argentina, while Brazil stabilized. Business performance in the Asia Pacific region slowed during the second quarter of 2017, due especially to a weaker performance in certain product lines.

Average working capital in the second quarter of 2017 was up on the prior-year level due to the significant rise in sales. Annualized working capital turnover, on the other hand, showed no deterioration and was almost on a par with the prior-year figure.

Capital expenditure on property, plant and equipment was on a par with the prior-year figure in the second quarter of 2017. We continue to make appropriate investment both in our existing infrastructure and in growth projects.

Overall, operating EBITDA and the development of working capital and capital expenditure resulted in a free cash flow that was lower year on year. This was due mainly to the increase in chemical prices and the resulting rise in working capital.

Business performance in the second quarter of 2017 was marked by strong growth in the North America region, where the business has seen an increase in underlying demand. Overall, the Group achieved slight earnings growth in the second quarter.

RESULTS OF OPERATIONS

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

B.02 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

in EUR m	Q2 2017	Q2 2016	Change		
			abs.	in %	in % (fx adj.) ¹⁾
Sales	3,001.4	2,664.0	337.4	12.7	11.5
Operating gross profit	656.5	617.4	39.1	6.3	5.3
Operating expenses	-436.7	-401.6	-35.1	8.7	7.7
Operating EBITDA	219.8	215.8	4.0	1.9	0.8
Depreciation of property, plant and equipment	-29.2	-28.4	-0.8	2.8	2.8
EBITA	190.6	187.4	3.2	1.7	0.5
Amortization of intangible assets	-11.7	-12.0	0.3	-2.5	-4.8
Net finance costs	-23.1	-19.4	-3.7	19.1	-
Profit before tax	155.8	156.0	-0.2	-0.1	-
Income tax expense	-49.0	-53.9	4.9	-9.1	-
Profit after tax	106.8	102.1	4.7	4.6	-

in EUR m	H1 2017	H1 2016	Change		
			abs.	in %	in % (fx adj.) ¹⁾
Sales	5,974.7	5,244.1	730.6	13.9	12.1
Operating gross profit	1,304.2	1,217.8	86.4	7.1	5.5
Operating expenses	-882.8	-809.9	-72.9	9.0	7.4
Operating EBITDA	421.4	407.9	13.5	3.3	1.7
Depreciation of property, plant and equipment	-58.1	-57.2	-0.9	1.6	0.9
EBITA	363.3	350.7	12.6	3.6	1.8
Amortization of intangible assets	-23.3	-24.2	0.9	-3.7	-5.7
Net finance costs	-45.9	-69.1	23.2	-33.6	-
Profit before tax	294.1	257.4	36.7	14.3	-
Income tax expense	-92.6	-89.3	-3.3	3.7	-
Profit after tax	201.5	168.1	33.4	19.9	-

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

SALES AND VOLUMES

Whereas for manufacturing companies, sales play a key role, for us as a chemical distributor, operating gross profit is a more important factor for increasing our enterprise value over the long term. The Brenntag Group generated sales of EUR 3,001.4 million in the second quarter of 2017, a year-on-year increase of 12.7%. This sales growth of 11.5% on a constant currency basis is due to both a higher average sales price per unit and higher volumes and was driven primarily by the existing business.

Sales for the first half of 2017 were also well up on the prior-year figure (13.9%). On a constant currency basis, they rose by 12.1%.

OPERATING GROSS PROFIT

The Brenntag Group generated operating gross profit of EUR 656.5 million in the second quarter of 2017, an increase of 6.3%, or 5.3% on a constant currency basis, due mainly to higher volumes. The growth in operating gross profit is attributable to the performance from the business in the EMEA, North America and Asia Pacific segments. This was also supported by a positive contribution from the acquirees, particularly NOCO, USA and WARREN CHEM SPECIALITIES (PTY) LTD, South Africa, which were acquired and consolidated for the first time in the fourth quarter of 2016. At the same time, Latin America generated operating gross profit close to the previous year's level.

Operating gross profit for the first half of 2017 was up by 7.1%, or 5.5% on a constant currency basis.

OPERATING EXPENSES

The Brenntag Group's operating expenses amounted to EUR 436.7 million in the second quarter of 2017, a rise of 8.7% year on year, or 7.7% on a constant currency basis. In addition to the inclusion of the acquisitions, this was partly due to volume growth in the existing business, which led to additional costs, particularly personnel, rent and transport costs.

In the first half of 2017, the Brenntag Group's operating expenses increased by 9.0% and, on a constant currency basis, by 7.4%.

OPERATING EBITDA

The Brenntag Group achieved operating EBITDA of EUR 219.8 million overall in the second quarter of 2017, an increase of 1.9% on the prior-year period. This represents earnings growth of 0.8% on a constant currency basis and was driven primarily by encouraging earnings growth in North America.

In the first half of 2017, the Brenntag Group achieved operating EBITDA of EUR 421.4 million, a rise of 3.3%. On a constant currency basis, this represents growth of 1.7% compared with the first half of 2016.

DEPRECIATION, AMORTIZATION AND NET FINANCE COSTS

Depreciation of property, plant and equipment and amortization of intangible assets amounted to EUR 40.9 million in the second quarter of 2017, with depreciation of property, plant and equipment accounting for EUR 29.2 million of this amount and amortization of intangible assets for EUR 11.7 million. Compared with the second quarter of 2016, we recorded a slight increase in total depreciation and amortization of EUR 0.5 million.

In the first half of 2017, depreciation of property, plant and equipment and amortization of intangible assets amounted to EUR 81.4 million (H1 2016: EUR 81.4 million).

Net finance costs amounted to EUR 23.1 million in the second quarter of 2017 (Q2 2016: EUR 19.4 million). Net interest expense, which is a component of net finance costs, was on a par with the prior-year period at EUR 20.5 million. The change in net finance costs is due especially to exchange rate losses in the second quarter of 2017 compared with exchange rate gains in the second quarter of 2016.

The clear improvement in net finance costs in the first half of 2017 to EUR 45.9 million (H1 2016: EUR 69.1 million) is primarily attributable to the changes made by the Venezuelan government to the official exchange rate mechanism and the resulting foreign exchange losses of EUR 27.1 million in February 2016.

PROFIT BEFORE TAX

Profit before tax amounted to EUR 155.8 million in the second quarter of 2017 (Q2 2016: EUR 156.0 million) and EUR 294.1 million in the first half of 2017 (H1 2016: EUR 257.4 million). The lower profit before tax in the first half of 2016 was mainly the result of foreign exchange losses in Venezuela.

INCOME TAXES AND PROFIT AFTER TAX

Income tax expense declined by EUR 4.9 million year on year to EUR 49.0 million in the second quarter of 2017 (Q2 2016: EUR 53.9 million).

Income tax expense for the first half of 2017 increased by EUR 3.3 million compared with the prior-year period to EUR 92.6 million (H1 2016: EUR 89.3 million) due to the rise in profit before tax.

Profit after tax stood at EUR 106.8 million in the second quarter of 2017 (Q2 2016: EUR 102.1 million) and EUR 201.5 million in the first half of 2017 (H1 2016: EUR 168.1 million).

BUSINESS PERFORMANCE IN THE SEGMENTS

B.03 BUSINESS PERFORMANCE IN THE SEGMENTS

Q2 2017 in EUR m	Brenntag Group	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	3,001.4	1,295.9	1,127.9	204.3	284.4	88.9
Operating gross profit	656.5	280.0	280.2	44.1	48.9	3.3
Operating expenses	-436.7	-186.1	-173.6	-34.4	-32.1	-10.5
Operating EBITDA	219.8	93.9	106.6	9.7	16.8	-7.2

H1 2017 in EUR m	Brenntag Group	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	5,974.7	2,550.6	2,257.7	414.4	569.9	182.1
Operating gross profit	1,304.2	559.0	552.7	87.8	97.2	7.5
Operating expenses	-882.8	-369.3	-357.5	-68.9	-63.4	-23.7
Operating EBITDA	421.4	189.7	195.2	18.9	33.8	-16.2

EMEA (EUROPE, MIDDLE EAST & AFRICA)

B.04 BUSINESS PERFORMANCE IN THE SEGMENTS / EMEA

in EUR m	Q2 2017	Q2 2016	Change		
			abs.	in %	in % (fx adj.)
External sales	1,295.9	1,206.3	89.6	7.4	7.9
Operating gross profit	280.0	278.8	1.2	0.4	1.2
Operating expenses	-186.1	-178.3	-7.8	4.4	5.1
Operating EBITDA	93.9	100.5	-6.6	-6.6	-5.9

in EUR m	H1 2017	H1 2016	Change		
			abs.	in %	in % (fx adj.)
External sales	2,550.6	2,360.5	190.1	8.1	8.6
Operating gross profit	559.0	546.4	12.6	2.3	3.1
Operating expenses	-369.3	-357.6	-11.7	3.3	4.2
Operating EBITDA	189.7	188.8	0.9	0.5	1.1

External sales and volumes

The EMEA segment generated external sales of EUR 1,295.9 million in the second quarter of 2017, a rise of 7.4% compared with the prior-year period. On a constant currency basis, external sales were 7.9% higher. The growth is due predominantly to higher average sales prices.

External sales for the first half of 2017 increased by 8.1% year on year. On a constant currency basis, they were up by 8.6%.

Operating gross profit

The operating gross profit generated by the companies in the EMEA segment climbed by 0.4% year on year to EUR 280.0 million in the second quarter of 2017. This represents growth of 1.2% on a constant currency basis and is due primarily to the inclusion of several smaller acquirees, particularly WARREN CHEM SPECIALITIES (PTY) LTD in South Africa.

In the first half of the year, operating gross profit in the EMEA segment climbed by 2.3% compared with the same period of 2016, or by 3.1% on a constant currency basis.

Operating expenses

The EMEA segment posted operating expenses of EUR 186.1 million in the second quarter of 2017. This represents a moderate rise of 4.4% compared with the second quarter of 2016, or 5.1% on a constant currency basis, and is due primarily to higher personnel costs as well as to higher transport costs.

In the first half of 2017, operating expenses increased by 3.3% and, on a constant currency basis, by 4.2%.

Operating EBITDA

The companies in the EMEA segment achieved operating EBITDA of EUR 93.9 million in the second quarter of 2017, a decline of 6.6% and, on a constant currency basis, 5.9%. While a number of countries performed well, some business divisions in Scandinavia in particular saw falls in demand. Earnings performance was also affected by the Easter holidays, which fell in the second quarter this year. Nevertheless, the result did not meet our expectations.

Operating EBITDA for the first half of 2017 climbed by 0.5% (1.1% on a constant currency basis).

NORTH AMERICA

B.05 BUSINESS PERFORMANCE IN THE SEGMENTS / NORTH AMERICA

in EUR m	Q2 2017	Q2 2016	Change		
			abs.	in %	in % (fx adj.)
External sales	1,127.9	935.1	192.8	20.6	18.0
Operating gross profit	280.2	246.3	33.9	13.8	11.2
Operating expenses	-173.6	-153.1	-20.5	13.4	11.0
Operating EBITDA	106.6	93.2	13.4	14.4	11.6

in EUR m	H1 2017	H1 2016	Change		
			abs.	in %	in % (fx adj.)
External sales	2,257.7	1,876.4	381.3	20.3	16.8
Operating gross profit	552.7	490.5	62.2	12.7	9.4
Operating expenses	-357.5	-312.7	-44.8	14.3	10.9
Operating EBITDA	195.2	177.8	17.4	9.8	6.7

External sales and volumes

The North America segment generated external sales of EUR 1,127.9 million in the second quarter of 2017. This rise of 20.6% compared with the second quarter of 2016, or 18.0% on a constant currency basis, is attributable to a combination of price increases and significant volume growth. This volume growth was observed throughout the North America region and in a broad set of customer industries.

In the first half of 2017, external sales in the North America segment were therefore up by 20.3%, or 16.8% on a constant currency basis.

Operating gross profit

The operating gross profit generated by the North American companies rose by 13.8% year on year to EUR 280.2 million in the second quarter of 2017. This represents growth of 11.2% on a constant currency basis and is based mainly on higher volumes. The growth was driven predominantly by an increase in the existing business. The acquisitions also supported the increase in operating gross profit. This improvement reflects our efforts to improve earnings in the business and also comes against a background of an improved macroeconomic environment, as described in the respective section.

Operating gross profit for the first half of 2017 increased by 12.7%, or 9.4% on a constant currency basis.

Operating expenses

Operating expenses in the North America segment amounted to EUR 173.6 million in the second quarter of 2017, a year-on-year increase of 13.4% (11.0% on a constant currency basis). In addition to much higher volumes in the existing business, the rise is partly due to the acquisition-driven growth. Personnel, rent and transport expenses in particular were higher.

Operating expenses for the first half of 2017 showed a year-on-year increase of 14.3%, or 10.9% on a constant currency basis.

Operating EBITDA

The North American companies achieved operating EBITDA of EUR 106.6 million in the second quarter of 2017, a rise of 14.4% compared with the second quarter of 2016. This increase of 11.6% on a constant currency basis is due primarily to very encouraging growth in the existing business. The inclusion of the acquirees – particularly NOCO, which was acquired and consolidated for the first time in the fourth quarter of 2016 – also made a larger-than-expected positive contribution.

In the first half of 2017, operating EBITDA in the North America segment rose by 9.8% overall compared with the prior-year period; on a constant currency basis, it climbed by 6.7%.

LATIN AMERICA

B.06 BUSINESS PERFORMANCE IN THE SEGMENTS/LATIN AMERICA

in EUR m	Q2 2017	Q2 2016	Change		
			abs.	in %	in % (fx adj.)
External sales	204.3	193.5	10.8	5.6	0.8
Operating gross profit	44.1	42.9	1.2	2.8	-1.7
Operating expenses	-34.4	-31.5	-2.9	9.2	4.2
Operating EBITDA	9.7	11.4	-1.7	-14.9	-18.2

in EUR m	H1 2017	H1 2016	Change		
			abs.	in %	in % (fx adj.)
External sales	414.4	385.3	29.1	7.6	-
Operating gross profit	87.8	86.5	1.3	1.5	-5.4
Operating expenses	-68.9	-62.7	-6.2	9.9	2.7
Operating EBITDA	18.9	23.8	-4.9	-20.6	-26.5

External sales and volumes

The Latin America segment generated external sales of EUR 204.3 million in the second quarter of 2017 and thus posted a rise of 5.6%, or 0.8% on a constant currency basis. Volumes were roughly on a par with the prior-year period.

In the first half of 2017, external sales in the Latin America segment climbed by 7.6%. On a constant currency basis, external sales were on a par with the prior-year figure.

Operating gross profit

The operating gross profit achieved by the Latin American companies in the second quarter of 2017 amounted to EUR 44.1 million. Compared with the prior-year period, operating gross profit therefore rose by 2.8% thanks to more favourable exchange rates; on a constant currency basis, it showed a slight decline of 1.7%. The still-difficult economic situation in Argentina continued to have a negative impact on our business during the second quarter of 2017, while Brazil showed a stabilizing trend.

In the first half of 2017, operating gross profit in the Latin America segment rose by 1.5%. On a constant currency basis, this represents a decrease of 5.4%.

Operating expenses

Operating expenses in the Latin America segment amounted to EUR 34.4 million in the second quarter of 2017, an increase of 9.2% on the prior-year period. This was primarily attributable to the fact that local currencies were stronger against the euro than in the previous year, as a result of which the rise was just 4.2% on a constant currency basis.

In the first half of 2017, operating expenses in the Latin America segment rose by 9.9% year on year, or 2.7% on a constant currency basis.

Operating EBITDA

The Latin American companies posted operating EBITDA of EUR 9.7 million overall in the second quarter of 2017, a decrease of 14.9% on the prior-year period. On a constant currency basis, operating EBITDA dropped by 18.2%, due in part to the aforementioned difficult economic situation in Argentina, while Brazil stabilized. Overall in Latin America, we continued to see industrial production decline in the second quarter of 2017.

In the first half of the year, operating EBITDA in the Latin America segment declined by 20.6% overall, or 26.5% on a constant currency basis.

ASIA PACIFIC

B.07 BUSINESS PERFORMANCE IN THE SEGMENTS / ASIA PACIFIC

in EUR m	Q2 2017	Q2 2016	Change		
			abs.	in %	in % (fx adj.)
External sales	284.4	247.8	36.6	14.8	13.3
Operating gross profit	48.9	45.6	3.3	7.2	6.0
Operating expenses	-32.1	-28.3	-3.8	13.4	12.1
Operating EBITDA	16.8	17.3	-0.5	-2.9	-4.0

in EUR m	H1 2017	H1 2016	Change		
			abs.	in %	in % (fx adj.)
External sales	569.9	481.9	88.0	18.3	15.8
Operating gross profit	97.2	87.5	9.7	11.1	9.0
Operating expenses	-63.4	-55.3	-8.1	14.6	12.4
Operating EBITDA	33.8	32.2	1.6	5.0	3.0

External sales and volumes

External sales in the Asia Pacific segment increased by 14.8% year on year to EUR 284.4 million in the second quarter of 2017. This represents sales growth of 13.3% on a constant currency basis and is due to both higher volumes and a much higher average sales price per unit.

External sales for the first half of 2017 rose by 18.3% year on year, or 15.8% on a constant currency basis.

Operating gross profit

The Asia Pacific segment generated operating gross profit of EUR 48.9 million in the second quarter of 2017, a rise of 7.2% compared with the prior-year period. On a constant currency basis, operating gross profit climbed by 6.0% due to an increase in volumes and higher operating gross profit per unit. The main contributors were the acquisitions made in 2016.

In the first half of 2017, the segment lifted operating gross profit by 11.1% year on year, or 9.0% on a constant currency basis.

Operating expenses

The operating expenses of the companies in the Asia Pacific segment rose by 13.4% year on year, or 12.1% on a constant currency basis, to EUR 32.1 million in the second quarter of 2017. The increase in costs is attributable to both the acquisitions and the existing business and relates in part to higher personnel and rent costs.

In the first half of 2017, operating expenses increased by 14.6% (12.4% on a constant currency basis) compared with the prior-year period.

Operating EBITDA

The companies in the Asia Pacific segment generated operating EBITDA of EUR 16.8 million in the first quarter of 2017 and thus fell 2.9% short of the high prior-year result. This represents a decline of 4.0% on a constant currency basis and is primarily the result of weakness in certain lines of business partly related to delays to public infrastructure projects, which was not fully offset by the positive trend in business in many other areas.

Operating EBITDA increased by 5.0% overall in the first half of 2017, or by 3.0% on a constant currency basis.

ALL OTHER SEGMENTS

B.08 BUSINESS PERFORMANCE IN THE SEGMENTS/ALL OTHER SEGMENTS

in EUR m	Q2 2017	Q2 2016	Change		
			abs.	in %	in % (fx adj.)
External sales	88.9	81.3	7.6	9.3	9.3
Operating gross profit	3.3	3.8	–0.5	–13.2	–13.2
Operating expenses	–10.5	–10.4	–0.1	1.0	1.0
Operating EBITDA	–7.2	–6.6	–0.6	9.1	9.1

in EUR m	H1 2017	H1 2016	Change		
			abs.	in %	in % (fx adj.)
External sales	182.1	140.0	42.1	30.1	30.1
Operating gross profit	7.5	6.9	0.6	8.7	8.7
Operating expenses	–23.7	–21.6	–2.1	9.7	9.7
Operating EBITDA	–16.2	–14.7	–1.5	10.2	10.2

In addition to various holding companies, all other segments contain the operations of Brenntag International Chemicals, which buys and sells chemicals in bulk on an international scale without regional boundaries.

In the second quarter of 2017, Brenntag International Chemicals GmbH, Mülheim an der Ruhr, almost matched the excellent operating EBITDA achieved in the prior-year period.

The operating expenses posted by the holding companies in the same period were up on the second quarter of 2016.

Overall, the operating EBITDA of all other segments dropped by EUR 0.6 million year on year to EUR –7.2 million in the second quarter of 2017.

Earnings for the first half of 2017 declined by EUR 1.5 million to EUR –16.2 million.

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 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. Total liabilities (excluding accrued interest and before offsetting of transaction costs) under the syndicated loan amounted to EUR 1,060.1 million as at June 30, 2017.

In January 2017, Brenntag took advantage of the very favourable capital market conditions for borrowers and refinanced the syndicated loan ahead of schedule. To do so, a new syndicated loan totalling the equivalent of EUR 1.7 billion was concluded with a consortium of international banks. In refinancing the loan, an amount of USD 150.0 million was repaid from available liquidity. The new loan runs until 2022. It is based on variable interest rates with margins depending on leverage, and is divided into different tranches with different currencies. In addition to fully drawn tranches, the loan agreement also contains two revolving credit facilities totalling EUR 940.0 million, which can be drawn down in various currencies. As at June 30, 2017, one of the two revolving credit facilities was fully drawn down in the amount of EUR 340.0 million. The second revolving credit facility in the amount of EUR 600.0 million was mostly unused at that date. While some of our subsidiaries are still direct borrowers under the loan, others obtain their financing from intra-Group loans.

In April 2013, parts of the floating-rate syndicated loan were hedged against interest rate risk using appropriate financial instruments. Following the expiry of some of those instruments, slightly more than 50% of the Brenntag Group's financial liabilities are currently hedged against the risk of interest rate increases.

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. It is guaranteed by Brenntag AG. If any of the events of default defined in the conditions of issue occurs, each holder of the Bond 2018 may terminate his bond and request that it be repaid immediately. Should the issuer not be able to meet its repayment obligations, the bondholders are entitled to call on the guarantee provided by Brenntag AG as security.

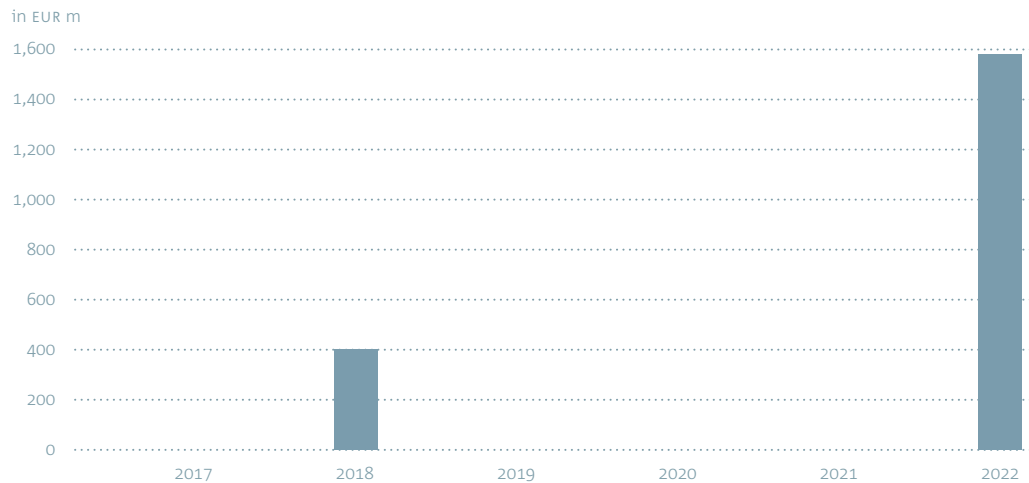
Furthermore, in November 2015, Brenntag Finance B.V. issued a bond with warrant units in the amount of USD 500.0 million maturing in December 2022. The bond (Bond (with Warrants) 2022) was issued at 92.7% of par and bears a coupon of 1.875% p.a. with interest payable semi-annually. It is guaranteed by Brenntag AG. 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. If a termination event as defined in the bond terms and conditions occurs, each holder of the Bond (with Warrants) 2022 may terminate his Bond (with

Warrants) 2022 and request that it be repaid immediately. Should the issuer not be able to meet its repayment obligations, the bondholders are entitled to call on the guarantee provided by Brenntag AG as security.

In addition to the three 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.

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 facility available to cover short-term liquidity requirements and for general corporate purposes.

B.09 MATURITY PROFILE OF OUR CREDIT PORTFOLIO¹⁾ AS AT JUNE 30, 2017



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

INVESTMENTS

In the first half of 2017, investments in property, plant and equipment and intangible assets (excluding additions from acquisitions) led to a total cash outflow of EUR 53.1 million (H1 2016: EUR 49.7 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 cash flow and/or 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

B.10 CASH FLOW

in EUR m	H1 2017	H1 2016
Net cash provided by operating activities	123.8	214.0
Net cash used in investing activities	-76.1	-92.4
thereof payments to acquire consolidated subsidiaries, other business units and other financial assets	(-34.9)	(-46.3)
thereof payments to acquire intangible assets and property, plant and equipment	(-53.1)	(-49.7)
thereof proceeds from divestments	(11.9)	(3.6)
Net cash used in financing activities	-254.7	-219.8
thereof dividends paid to Brenntag shareholders	(-162.2)	(-154.5)
thereof repayments of/proceeds from borrowings	(-91.5)	(-8.4)
thereof other financing activities	(-1.0)	(-56.9)
Change in cash and cash equivalents	-207.0	-98.2

Net cash provided by operating activities of EUR 123.8 million includes an inflow of EUR 47.8 million from the reimbursement of a fine paid in 2013. The reimbursement was added to provisions, as proceedings are still ongoing before the court of appeal and the amount of any fine ultimately imposed will depend on how those proceedings progress. The net cash inflow from operating activities was influenced by the rise in working capital of EUR 225.8 million.

Of the net cash of EUR 76.1 million used in investing activities, EUR 53.1 million comprised payments to acquire intangible assets and property, plant and equipment. Payments to acquire consolidated subsidiaries, other business units and other financial assets amounted to EUR 34.9 million and included, among other items, the purchase prices for the acquisition of all shares in specialist chemical services provider Petra Industries, Inc. based in Fairmont City, Illinois, USA and for the pipeline and chemical services division of Greene's Energy Group, LLC based in Houston, Texas, USA, which was acquired in an asset deal.

Net cash used in financing activities amounted to EUR 254.7 million. This includes a net amount of EUR 134.1 million repaid in refinancing the syndicated loan ahead of schedule.

FREE CASH FLOW

B.11 FREE CASH FLOW

in EUR m	H1 2017	H1 2016	Change	
			abs.	in %
Operating EBITDA	421.4	407.9	13.5	3.3
Investments in non-current assets (capex)	-47.4	-44.1	-3.3	7.5
Change in working capital	-225.8	-67.9	-157.9	232.5
Free cash flow	148.2	295.9	-147.7	-49.9

The Brenntag Group's free cash flow amounted to EUR 148.2 million in the first half of 2017, a decrease on the same period of 2016 (EUR 295.9 million).

This is due mainly to the increase in working capital. In the first half of the previous year, the rise in working capital was smaller due to lower prices on the chemical market.

As planned, capital expenditure to expand our infrastructure increased slightly and also contributed to the decrease in free cash flow. Operating EBITDA exceeded the prior-year figure, but failed to offset the decrease attributable to working capital and capital expenditure.

FINANCIAL AND ASSETS POSITION

B.12 FINANCIAL AND ASSETS POSITION

in EUR m	Jun. 30, 2017		Dec. 31, 2016	
	abs.	in %	abs.	in %
Assets				
Current assets	3,371.0	46.8	3,281.7	45.0
Cash and cash equivalents	380.5	5.3	601.9	8.3
Trade receivables	1,761.5	24.4	1,511.2	20.7
Other receivables and assets	221.7	3.1	205.8	2.8
Inventories	1,007.3	14.0	962.8	13.2
Non-current assets	3,839.3	53.2	4,005.3	55.0
Intangible assets ¹⁾	2,751.9	38.1	2,873.2	39.4
Other fixed assets	986.3	13.7	1,034.7	14.2
Receivables and other assets	101.1	1.4	97.4	1.4
Total assets	7,210.3	100.0	7,287.0	100.0
Liabilities and equity				
Current liabilities	1,937.1	26.9	1,714.6	23.5
Provisions	84.5	1.2	36.2	0.5
Trade payables	1,247.7	17.3	1,119.4	15.4
Financial liabilities	191.1	2.7	146.3	2.0
Miscellaneous liabilities	413.8	5.7	412.7	5.6
Equity and non-current liabilities	5,273.2	73.1	5,572.4	76.5
Equity	2,900.8	40.2	2,959.2	40.6
Non-current liabilities	2,372.4	32.9	2,613.2	35.9
Provisions	260.4	3.6	281.5	3.9
Financial liabilities	1,908.7	26.5	2,137.5	29.3
Miscellaneous liabilities	203.3	2.8	194.2	2.7
Total liabilities and equity	7,210.3	100.0	7,287.0	100.0

¹⁾ Of the intangible assets as at June 30, 2017, some EUR 1,253 million relates to goodwill and trademarks that were capitalized as part of the purchase price allocation performed on the acquisition of the Brenntag Group by funds advised by BC Partners Limited, Bain Capital, Ltd. and subsidiaries of Goldman Sachs International at the end of the third quarter of 2006 in addition to the relevant intangible assets already existing in the previous Group structure.

As at June 30, 2017, total assets had decreased by EUR 76.7 million compared with the end of the previous year to EUR 7,210.3 million (Dec. 31, 2016: EUR 7,287.0 million).

Cash and cash equivalents were down year on year to EUR 380.5 million (Dec. 31, 2016: EUR 601.9 million) mainly as a result of the dividend payment by Brenntag AG in the amount of EUR 162.2 million.

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 16.6% in the reporting period to EUR 1,761.5 million (Dec. 31, 2016: EUR 1,511.2 million).
- Inventories increased by 4.6% in the reporting period to EUR 1,007.3 million (Dec. 31, 2016: EUR 962.8 million).
- With the opposite effect on working capital, trade payables increased by 11.5% to EUR 1,247.7 million (Dec. 31, 2016: EUR 1,119.4 million).

Adjusted for exchange rate effects and acquisitions, working capital rose by a total of EUR 225.8 million compared with December 31, 2016. This rise is due to a strong increase in prices on the chemical market. At 8.2 in the reporting period, annualized working capital turnover¹⁾ was up slightly on the prior-year period (8.1).

The Brenntag Group's intangible and other non-current assets declined by EUR 169.7 million year on year to EUR 3,738.2 million (Dec. 31, 2016: EUR 3,907.9 million). The decline is mainly the result of exchange rate effects (EUR 160.5 million) and depreciation and amortization (EUR 81.0 million). This was partly offset by additions from acquisitions (EUR 33.3 million) and investments in non-current assets (EUR 47.5 million).

Current financial liabilities increased by EUR 44.8 million to EUR 191.1 million in total (Dec. 31, 2016: EUR 146.3 million). Current financial liabilities consist mostly of temporary local loans taken out by Brenntag companies. Non-current financial liabilities declined by 10.7% year on year to EUR 1,908.7 million (Dec. 31, 2016: EUR 2,137.5 million). This decline in non-current financial liabilities is due in particular to the repayment of EUR 134.1 million in refinancing the syndicated loan ahead of schedule in January 2017. Current and non-current provisions amounted to a total of EUR 344.9 million (Dec. 31, 2016: EUR 317.7 million). This figure included pension provisions in the amount of EUR 148.3 million (Dec. 31, 2016: EUR 160.2 million).

As at June 30, 2017, the equity of the Brenntag Group totalled EUR 2,900.8 million (Dec. 31, 2016: EUR 2,959.2 million).

¹⁾ Ratio of annual sales to average working capital; annual sales are defined as sales for the first half extrapolated to the full year (first-half sales multiplied by two); average working capital for the first half is defined as the average of working capital at the beginning of the year and at the end of the first and second quarters.

EMPLOYEES

As at June 30, 2017, Brenntag had 14,984 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.

B.13 EMPLOYEES PER SEGMENT

	Jun. 30, 2017		Dec. 31, 2016	
	abs.	in %	abs.	in %
Full-time equivalents (FTEs)				
EMEA	6,745	45.0	6,688	45.1
North America	4,695	31.4	4,602	31.0
Latin America	1,471	9.8	1,482	10.0
Asia Pacific	1,935	12.9	1,921	13.0
All other segments	138	0.9	133	0.9
Brenntag Group	14,984	100.0	14,826	100.0

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 2017. 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. The rate of expansion in North America, on the other hand, will likely be higher than in the previous year. In Latin America, the market environment is expected to remain volatile and the economic trend highly uncertain, especially in Brazil. Weighted by the sales generated by Brenntag in the individual countries, this results in a forecast average growth rate of 2.6%.

Against this background, we currently expect the following Group and segment performance in financial year 2017 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 due predominantly to higher volumes in the existing business. All regions are expected to support this performance. Operating EBITDA is also forecast to grow at a meaningful rate, with the EMEA, North America and Asia Pacific segments contributing to this growth. Overall, we expect the Brenntag Group's operating EBITDA before special items to be between EUR 820 million and EUR 850 million for 2017 as a whole. We currently anticipate special costs amounting to about EUR 25 million

over the further course of the year and arising in the EMEA segment in particular. The aforementioned forecast for 2017 as a whole is before these special items. In addition, the forecast is based on the assumption that, over the remaining period to year-end, the exchange rate of the various currencies to the euro will remain around the current rate.

For the **EMEA segment**, we forecast meaningful increases in operating gross profit, attributable to both higher volumes and higher operating gross profit per unit. We are focusing on the life science business among others and also planning to expand in high-growth regions such as Africa and the Middle East. We expect to be able to translate the growth in operating gross profit into moderate growth in operating EBITDA before special items. We constantly review the performance of our business in order to increase efficiency. We have now decided to accelerate this process and expect savings towards the end of this year. As a result of this programme, we will incur special costs of about EUR 25 million, mostly this year.

In the **North America segment**, we are reiterating our guidance of a meaningful rise in operating gross profit in light of the positive trend. This is based in part on the planned expansion of the business in the food and water treatment industry as well as of the lubricants business and on further recovery in the oil & gas sector. We therefore also expect meaningful growth in operating EBITDA.

In the **Latin America segment**, despite the significant decline in the first half of 2017, we predict that we are generally well positioned to capture future growth, even as macroeconomic conditions remain volatile. In particular, we are planning to expand our product portfolio in food and feed as well as in the agriculture industry. We therefore expect moderate growth in operating gross profit and operating EBITDA that is likely to be moderately lower year on year.

For the **Asia Pacific segment**, we predict a significant increase in operating gross profit, particularly in light of the positive economic momentum. This is attributable to higher volumes in our existing business, but also to the contribution from the acquisitions carried out in 2016. In addition, we are planning to expand our geographical presence and accelerate growth in the industrial chemical business. We therefore also predict a significant increase in operating EBITDA.

Given the planned growth in business volume, we expect average **working capital** to show a significant increase compared with 2016. We will continue to focus on customer and supplier relationship management and work continuously to improve our warehouse logistics. As a result, we expect to be able to accelerate the working capital turnover achieved in 2016.

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 2017. We expect capital expenditure to increase to over EUR 150 million, primarily as a result of projects to expand our business operations.

Given the continued rise in chemical prices so far this year and assuming stable prices going forward, we no longer expect an increase in **free cash flow** for 2017 as a whole compared with financial year 2016. Future free cash flow performance depends to a certain extent on the price trend during the rest of the year due to the impact on working capital. We fully 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.

As a global company, Brenntag has to comply with the country-specific tax and customs regulations in each jurisdiction. In this context, risks could result primarily from current and future tax audits of our German and foreign subsidiaries. Specifically, Brenntag is presently examining to what extent the German customs authorities' current review of the tax on spirits and energy gives rise to particular risks. Brenntag is cooperating with the customs authorities. It is not yet possible to make a definitive assessment as to potential tax exposures. Based on the information to date, Brenntag does not expect a significant amount of tax to be incurred. Only in isolated cases is the assessment likely to differ; this risk has been reflected in the balance sheet by recognizing a provision.

The decision issued by the French Competition Authority in 2013 in relation to the allocation of customers and coordination of prices was set aside by a court of appeal due to procedural errors at Brenntag's request in February of this year. Brenntag has received repayment of the fine in the amount of EUR 47.8 million, but the court of appeal has not yet made any decisions on the merits of the case. In the proceedings ongoing before the court of appeal, it will be decided to what extent a fine will be imposed. An appeal has been lodged against this decision by the court of appeal with the aim of definitively reversing the fine ruling. Regarding the investigation also ongoing at the French Competition Authority concerning whether BRENNTAG SA has illegally made use of its market position, a decision by the Authority is still pending. The Authority has stated that it believes that Brenntag has breached duties to cooperate in this investigation. A fine may be imposed. Brenntag believes that all legal obligations were fulfilled.

In the first half of 2017, there were otherwise no significant changes in the opportunities and risks for the Brenntag Group described in detail in the 2016 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 June 30, 2017

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CONSOLIDATED INCOME STATEMENT

C.01 CONSOLIDATED INCOME STATEMENT

in EUR m	Note	Jan. 1, – Jun. 30, 2017	Jan. 1, – Jun. 30, 2016	Apr. 1, – Jun. 30, 2017	Apr. 1, – Jun. 30, 2016
Sales		5,974.7	5,244.1	3,001.4	2,664.0
Cost of sales		–4,701.6	–4,053.9	–2,360.1	–2,060.4
Gross profit		1,273.1	1,190.2	641.3	603.6
Selling expenses		–849.5	–780.5	–423.5	–388.1
Administrative expenses		–95.6	–90.9	–47.3	–44.6
Other operating income		18.5	14.7	11.2	8.1
Other operating expenses		–6.5	–7.0	–2.8	–3.6
Operating profit		340.0	326.5	178.9	175.4
Share of profit or loss of equity-accounted investments		2.1	1.4	1.1	1.0
Interest income	1.)	1.4	1.4	0.5	0.3
Interest expense	2.)	–46.7	–43.5	–21.0	–22.1
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	3.)	–0.5	–1.6	–0.2	–0.4
Other net finance costs	4.)	–2.2	–26.8	–3.5	1.8
Net finance costs		–45.9	–69.1	–23.1	–19.4
Profit before tax		294.1	257.4	155.8	156.0
Income tax expense	5.)	–92.6	–89.3	–49.0	–53.9
Profit after tax		201.5	168.1	106.8	102.1
Attributable to:					
Shareholders of Brenntag AG		201.2	167.4	106.7	101.5
Non-controlling interests		0.3	0.7	0.1	0.6
Basic earnings per share in euro	6.)	1.30	1.08	0.69	0.66
Diluted earnings per share in euro	6.)	1.30	1.08	0.69	0.66

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

C.02 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR m	Note	Jan. 1, – Jun. 30, 2017	Jan. 1, – Jun. 30, 2016	Apr. 1, – Jun. 30, 2017	Apr. 1, – Jun. 30, 2016
Profit after tax		201.5	168.1	106.8	102.1
Remeasurements of defined benefit pension plans	9.)	11.8	–46.6	5.9	–16.9
Deferred tax relating to remeasurements of defined benefit pension plans	9.)	–3.4	12.4	–1.6	4.1
Items that will not be reclassified to profit or loss		8.4	–34.2	4.3	–12.8
Change in exchange rate differences on translation of consolidated companies recognized in other comprehensive income		–101.7	–1.3	–99.2	34.9
Exchange rate differences reclassified to profit or loss		–2.6	–	–2.6	–
Change in exchange rate differences on translation of equity-accounted investments		–0.6	0.4	–0.9	0.6
Change in net investment hedge reserve		–	2.2	–	–0.1
Change in cash flow hedge reserve		–1.9	–5.4	–	–1.0
Deferred tax relating to change in cash flow hedge reserve		0.7	2.1	–	0.5
Items that may be reclassified subsequently to profit or loss		–106.1	–2.0	–102.7	34.9
Other comprehensive income, net of tax		–97.7	–36.2	–98.4	22.1
Total comprehensive income		103.8	131.9	8.4	124.2
Attributable to:					
Shareholders of Brenntag AG		104.1	132.9	8.8	123.5
Non-controlling interests		–0.3	–1.0	–0.4	0.7

CONSOLIDATED BALANCE SHEET

ASSETS

in EUR m	Note	Jun. 30, 2017	Dec. 31, 2016
Current assets			
Cash and cash equivalents		380.5	601.9
Trade receivables		1,761.5	1,511.2
Other receivables		146.6	145.4
Other financial assets		16.4	18.6
Current tax assets		58.7	41.8
Inventories		1,007.3	962.8
		3,371.0	3,281.7
Non-current assets			
Property, plant and equipment		962.1	1,009.1
Intangible assets		2,751.9	2,873.2
Equity-accounted investments		24.2	25.6
Other receivables		25.6	25.1
Other financial assets		14.1	14.4
Deferred tax assets		61.4	57.9
		3,839.3	4,005.3
Total assets		7,210.3	7,287.0

C.03 CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY

in EUR m	Note	Jun. 30, 2017	Dec. 31, 2016
Current liabilities			
Trade payables		1,247.7	1,119.4
Financial liabilities	7.)	191.1	146.3
Other liabilities		372.4	376.2
Other provisions	8.)	84.5	36.2
Current tax liabilities	10.)	41.4	36.5
		1,937.1	1,714.6
Non-current liabilities			
Financial liabilities	7.)	1,908.7	2,137.5
Other liabilities		1.6	2.0
Other provisions	8.)	112.1	121.3
Provisions for pensions and other post-employment benefits	9.)	148.3	160.2
Liabilities relating to acquisition of non-controlling interests	10.)	5.0	5.5
Deferred tax liabilities		196.7	186.7
		2,372.4	2,613.2
Equity			
Subscribed capital		154.5	154.5
Additional paid-in capital		1,491.4	1,491.4
Retained earnings		1,215.9	1,168.5
Accumulated other comprehensive income		29.6	135.1
Equity attributable to shareholders of Brenntag AG		2,891.4	2,949.5
Equity attributable to non-controlling interests	11.)	9.4	9.7
		2,900.8	2,959.2
Total liabilities and equity		7,210.3	7,287.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR m	Subscribed capital	Additional paid-in capital	Retained earnings
Dec. 31, 2015	154.5	1,491.4	938.0
Dividends	–	–	–154.5
Business combinations	–	–	–
Transactions with owners	–	–	30.4
Profit after tax	–	–	167.4
Other comprehensive income, net of tax	–	–	–34.2
Total comprehensive income for the period	–	–	133.2
Jun. 30, 2016	154.5	1,491.4	947.1
Dec. 31, 2016	154.5	1,491.4	1,168.5
Dividends	–	–	–162.2
Transfers	–	–	–
Profit after tax	–	–	201.2
Other comprehensive income, net of tax	–	–	8.4
Total comprehensive income for the period	–	–	209.6
Jun. 30, 2017	154.5	1,491.4	1,215.9

C.04 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / JUN. 30, 2016

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	Non-controlling interests	Equity
70.3	-8.6	1.2	-0.4	2,646.4	44.1	2,690.5
-	-	-	-	-154.5	-	-154.5
-	-	-	-	-	0.1	0.1
5.8	-	-	-	36.2	-36.2	-
-	-	-	-	167.4	0.7	168.1
0.8	2.2	-5.4	2.1	-34.5	-1.7	-36.2
0.8	2.2	-5.4	2.1	132.9	-1.0	131.9
76.9	-6.4	-4.2	1.7	2,661.0	7.0	2,668.0

C.05 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / JUN. 30, 2017

140.3	-6.4	1.9	-0.7	2,949.5	9.7	2,959.2
-	-	-	-	-162.2	-	-162.2
-6.4	6.4	-	-	-	-	-
-	-	-	-	201.2	0.3	201.5
-104.3	-	-1.9	0.7	-97.1	-0.6	-97.7
-104.3	-	-1.9	0.7	104.1	-0.3	103.8
29.6	-	-	-	2,891.4	9.4	2,900.8

CONSOLIDATED CASH FLOW STATEMENT

C.06 CONSOLIDATED CASH FLOW STATEMENT

in EUR m	Note	Jan. 1, – Jun. 30, 2017	Jan. 1, – Jun. 30, 2016	Apr. 1, – Jun. 30, 2017	Apr. 1, – Jun. 30, 2016
	12.)				
Profit after tax		201.5	168.1	106.8	102.1
Depreciation and amortization		81.4	81.4	40.9	40.4
Income tax expense		92.6	89.3	49.0	53.9
Income taxes paid		–102.7	–89.0	–73.0	–45.2
Net interest expense		45.3	42.1	20.5	21.8
Interest paid (netted against interest received)		–29.4	–23.6	–13.8	–16.2
Dividends received		2.8	2.1	2.8	2.1
Changes in provisions		45.3	–3.5	–1.1	–3.7
Changes in current assets and liabilities					
Inventories		–89.7	8.8	–39.1	–0.9
Receivables		–323.7	–180.9	–83.6	–62.2
Liabilities		188.0	86.1	30.5	30.9
Non-cash change in liabilities relating to acquisition of non-controlling interests		0.5	1.6	0.2	0.4
Other non-cash items and reclassifications		11.9	31.5	8.0	–8.4
Net cash provided by operating activities		123.8	214.0	48.1	115.0
Proceeds from the disposal of intangible assets and property, plant and equipment		11.9	3.6	10.1	1.2
Payments to acquire consolidated subsidiaries and other business units		–34.9	–46.1	–7.6	–15.0
Payments to acquire other financial assets		–	–0.2	–	–
Payments to acquire intangible assets and property, plant and equipment		–53.1	–49.7	–27.5	–25.7
Net cash used in investing activities		–76.1	–92.4	–25.0	–39.5
Dividends paid to Brenntag shareholders		–162.2	–154.5	–162.2	–154.5
Profits distributed to non-controlling interests		–1.0	–1.0	–1.0	–1.0
Repayments of liabilities relating to acquisition of non-controlling interests		–	–55.9	–	–41.4
Proceeds from borrowings		142.2	31.7	25.6	14.3
Repayments of borrowings		–233.7	–40.1	–0.8	–16.4
Net cash used in financing activities		–254.7	–219.8	–138.4	–199.0
Change in cash and cash equivalents		–207.0	–98.2	–115.3	–123.5
Effect of exchange rate changes on cash and cash equivalents		–14.4	–17.5	–10.7	6.7
Cash and cash equivalents at beginning of period		601.9	579.1	506.5	580.2
Cash and cash equivalents at end of period		380.5	463.4	380.5	463.4

CONDENSED NOTES

KEY FINANCIAL FIGURES BY SEGMENT

for the period from January 1 to June 30

C.07 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8

in EUR m		EMEA ⁴⁾	North America	Latin America	Asia Pacific	All other segments	Consolidation	Group
	2017	2,550.6	2,257.7	414.4	569.9	182.1	–	5,974.7
External sales	2016	2,360.5	1,876.4	385.3	481.9	140.0	–	5,244.1
	Change in %	8.1	20.3	7.6	18.3	30.1	–	13.9
	fx adjusted change in %	8.6	16.8	–	15.8	30.1	–	12.1
Inter-segment sales	2017	5.4	5.7	–	–	0.6	–11.7	–
	2016	4.0	5.9	1.4	–0.1	0.1	–11.3	–
Operating gross profit ¹⁾	2017	559.0	552.7	87.8	97.2	7.5	–	1,304.2
	2016	546.4	490.5	86.5	87.5	6.9	–	1,217.8
	Change in %	2.3	12.7	1.5	11.1	8.7	–	7.1
	fx adjusted change in %	3.1	9.4	–5.4	9.0	8.7	–	5.5
Gross profit	2017	–	–	–	–	–	–	1,273.1
	2016	–	–	–	–	–	–	1,190.2
	Change in %	–	–	–	–	–	–	7.0
	fx adjusted change in %	–	–	–	–	–	–	5.4
Operating EBITDA ²⁾ (segment result)	2017	189.7	195.2	18.9	33.8	–16.2	–	421.4
	2016	188.8	177.8	23.8	32.2	–14.7	–	407.9
	Change in %	0.5	9.8	–20.6	5.0	10.2	–	3.3
	fx adjusted change in %	1.1	6.7	–26.5	3.0	10.2	–	1.7
Investments in non-current assets (capex) ³⁾	2017	22.3	18.7	3.1	2.5	0.8	–	47.4
	2016	20.1	17.1	3.0	3.8	0.1	–	44.1

¹⁾ External sales less cost of materials.

²⁾ Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges. These are certain costs charged between holding companies and operating companies. At Group level they net to zero. Operating EBITDA therefore corresponds to EBITDA at Group level.

³⁾ Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.

⁴⁾ Europe, Middle East & Africa.

KEY FINANCIAL FIGURES BY SEGMENT

for the period from April 1 to June 30

C.08 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8

in EUR m		EMEA ⁴⁾	North America	Latin America	Asia Pacific	All other segments	Consolidation	Group
	2017	1,295.9	1,127.9	204.3	284.4	88.9	–	3,001.4
External sales	2016	1,206.3	935.1	193.5	247.8	81.3	–	2,664.0
	Change in %	7.4	20.6	5.6	14.8	9.3	–	12.7
	fx adjusted change in %	7.9	18.0	0.8	13.3	9.3	–	11.5
Inter-segment sales	2017	2.9	3.2	–	–	0.2	–6.3	–
	2016	1.9	2.7	1.3	–	–	–5.9	–
Operating gross profit ¹⁾	2017	280.0	280.2	44.1	48.9	3.3	–	656.5
	2016	278.8	246.3	42.9	45.6	3.8	–	617.4
	Change in %	0.4	13.8	2.8	7.2	–13.2	–	6.3
	fx adjusted change in %	1.2	11.2	–1.7	6.0	–13.2	–	5.3
Gross profit	2017	–	–	–	–	–	–	641.3
	2016	–	–	–	–	–	–	603.6
	Change in %	–	–	–	–	–	–	6.2
	fx adjusted change in %	–	–	–	–	–	–	5.2
Operating EBITDA ²⁾ (segment result)	2017	93.9	106.6	9.7	16.8	–7.2	–	219.8
	2016	100.5	93.2	11.4	17.3	–6.6	–	215.8
	Change in %	–6.6	14.4	–14.9	–2.9	9.1	–	1.9
	fx adjusted change in %	–5.9	11.6	–18.2	–4.0	9.1	–	0.8
Investments in non-current assets (capex) ³⁾	2017	12.3	10.2	2.4	1.7	0.7	–	27.3
	2016	12.3	10.2	1.7	2.2	0.1	–	26.5

¹⁾ External sales less cost of materials.

²⁾ Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges. These are certain costs charged between holding companies and operating companies. At Group level they net to zero. Operating EBITDA therefore corresponds to EBITDA at Group level.

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

C.09 FREE CASH FLOW

in EUR m	Jan. 1, – Jun. 30, 2017	Jan. 1, – Jun. 30, 2016	Apr. 1, – Jun. 30, 2017	Apr. 1, – Jun. 30, 2016
Operating EBITDA	421.4	407.9	219.8	215.8
Investments in non-current assets (capex) ¹⁾	–47.4	–44.1	–27.3	–26.5
Change in working capital ²⁾³⁾	–225.8	–67.9	–70.0	–24.6
Free cash flow	148.2	295.9	122.5	164.7

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.

C.10 RECONCILIATION OF OPERATING EBITDA TO PROFIT BEFORE TAX

in EUR m	Jan. 1, – Jun. 30, 2017	Jan. 1, – Jun. 30, 2016	Apr. 1, – Jun. 30, 2017	Apr. 1, – Jun. 30, 2016
Operating EBITDA (segment result)¹⁾²⁾	421.4	407.9	219.8	215.8
Depreciation of property, plant and equipment	–57.7	–57.2	–28.8	–28.4
Impairment of property, plant and equipment	–0.4	–	–0.4	–
EBITA	363.3	350.7	190.6	187.4
Amortization of intangible assets ³⁾	–23.3	–24.2	–11.7	–12.0
Impairment of intangible assets	–	–	–	–
EBIT	340.0	326.5	178.9	175.4
Net finance costs	–45.9	–69.1	–23.1	–19.4
Profit before tax	294.1	257.4	155.8	156.0

¹⁾ At Group level, operating EBITDA corresponds to EBITDA.

²⁾ Operating EBITDA of the reportable segments (EMEA, North America, Latin America and Asia Pacific) amounts to EUR 437.6 million (H1 2016: EUR 422.6 million) and operating EBITDA of all other segments to EUR –16.2 million (H1 2016: EUR –14.7 million).

³⁾ This figure includes amortization of customer relationships in the amount of EUR 18.5 million (H1 2016: EUR 18.4 million).

C.11 RECONCILIATION OF OPERATING GROSS PROFIT TO GROSS PROFIT

in EUR m	Jan. 1, – Jun. 30, 2017	Jan. 1, – Jun. 30, 2016	Apr. 1, – Jun. 30, 2017	Apr. 1, – Jun. 30, 2016
Operating gross profit	1,304.2	1,217.8	656.5	617.4
Production/mixing & blending costs	–31.1	–27.6	–15.2	–13.8
Gross profit	1,273.1	1,190.2	641.3	603.6

CONSOLIDATION POLICIES AND METHODS

STANDARDS APPLIED

These interim consolidated financial statements for the period from January 1 to June 30, 2017 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, 2016.

The same accounting policies have been applied as for the consolidated financial statements as at December 31, 2016.

Income taxes have been recognized on the basis of the latest estimate of the Group tax rate expected for financial year 2017.

Brenntag has not yet completed its examination of the effects of accounting standards IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments), both of which are effective as of January 1, 2018. Based on the current status of preparations for the application of these standards, Brenntag does not expect any material effect on the Group's net assets, financial position and results of operations. Consequently, Brenntag does not expect to present adjusted figures for financial year 2017 together with next year's reports. However, this assessment based on the current status of preparations is not yet final.

SCOPE OF CONSOLIDATION

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

C.12 CHANGES IN SCOPE OF CONSOLIDATION

	Dec. 31, 2016	Additions	Disposals	Jun. 30, 2017
Domestic consolidated companies	32	–	1	31
Foreign consolidated companies	191	4	7	188
Total consolidated companies	223	4	8	219

The additions relate to entities acquired in business combinations under IFRS 3 and entities established. The disposals are the result of mergers and the sale of our three Venezuelan subsidiaries Holanda Venezuela, C.A., Valencia, Quimicos Barcelona, C.A., Caracas and Inversiones HCI-Chemcentral de Venezuela, C.A., Caracas. The sale does not have any material effect on the Group's net assets, financial position and results of operations.

Five (Dec. 31, 2016: five) associates are accounted for using the equity method.

BUSINESS COMBINATIONS IN ACCORDANCE WITH IFRS 3

In February 2017, we expanded our portfolio of mixing and blending services in North America by acquiring 100% of the shares in Petra Industries, Inc. based in Fairmont City, Illinois, USA.

Also in February 2017, Brenntag extended the existing product and service portfolio for the oil and gas industry in the USA by acquiring the pipeline and chemical services division of Greene's Energy Group, LLC based in Houston, Texas.

Purchase prices, net assets and goodwill relating to the acquisitions carried out in 2017 break down as follows:

C.13 NET ASSETS ACQUIRED

in EUR m	Provisional fair value
Purchase price	27.6
of which consideration contingent on earnings targets	–
Assets	
Cash and cash equivalents	0.2
Trade receivables, other financial assets and other receivables	1.2
Other current assets	0.4
Non-current assets	16.7
Liabilities	
Current liabilities	0.8
Non-current liabilities	3.0
Net assets	14.7
Goodwill	12.9
of which deductible for tax purposes	2.3

Assets acquired and liabilities assumed in business combinations are normally recognized at their fair value at the date of acquisition. The multi-period excess earnings method was used to measure customer relationships.

Measurement of the assets acquired and liabilities assumed (among others customer relationships and deferred taxes) has not yet been completed for reasons of time. There are no material differences between the gross amount and carrying amount of the receivables. The main factors determining the goodwill are the above-mentioned reasons for the acquisitions where not included in other assets (e.g. customer relationships and similar rights).

Acquisition-related costs in the amount of EUR 1.6 million were recognized under other operating expenses.

Since their acquisition by Brenntag, the businesses acquired in 2017 have generated sales of EUR 11.1 million and profit after tax of EUR 0.3 million.

If the above-mentioned business combinations had taken place with effect from January 1, 2017, sales of about EUR 5,977 million would have been reported for the Brenntag Group in the reporting period. Profit after tax would have been about EUR 202 million.

As a result of measurement-period adjustments and subsequent acquisition costs, goodwill from entities acquired in 2016 increased by a total of EUR 9.4 million.

CURRENCY TRANSLATION

The euro exchange rates of major currencies changed as follows:

C.14 EXCHANGE RATES OF MAJOR CURRENCIES

	Closing rate		Average rate	
	Jun. 30, 2017	Dec. 31, 2016	Jan. 1 – Jun. 30, 2017	Jan. 1 – Jun. 30, 2016
EUR 1 = currencies				
Canadian dollar (CAD)	1.4785	1.4188	1.4453	1.4844
Swiss franc (CHF)	1.0930	1.0739	1.0766	1.0960
Chinese yuan renminbi (CNY)	7.7385	7.3202	7.4448	7.2965
Danish krone (DKK)	7.4366	7.4344	7.4368	7.4497
Pound sterling (GBP)	0.8793	0.8562	0.8606	0.7788
Polish zloty (PLN)	4.2259	4.4103	4.2690	4.3688
Swedish krona (SEK)	9.6398	9.5525	9.5968	9.3019
US dollar (USD)	1.1412	1.0541	1.0830	1.1159

CONSOLIDATED INCOME STATEMENT, CONSOLIDATED BALANCE SHEET AND CONSOLIDATED CASH FLOW STATEMENT DISCLOSURES

1.) INTEREST INCOME

Interest income in the amount of EUR 1.4 million (H1 2016: EUR 1.4 million) is interest income from third parties.

2.) INTEREST EXPENSE

C.15 INTEREST EXPENSE

in EUR m	Jan. 1 – Jun. 30, 2017	Jan. 1 – Jun. 30, 2016
Interest expense on liabilities to third parties	–46.1	–39.3
Income/expense from the fair value measurement of interest rate swaps	1.9	–1.4
Net interest expense on defined benefit pension plans	–1.3	–1.7
Interest expense on other provisions	–0.9	–0.8
Interest expense on finance leases	–0.3	–0.3
Total	–46.7	–43.5

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

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

in EUR m	Jan. 1 – Jun. 30, 2017	Jan. 1 – Jun. 30, 2016
Unwinding of discounting of liabilities relating to acquisition of non-controlling interests	–	–1.4
Final purchase price adjustment for the acquisition of Zhong Yung	–	0.4
Change in liabilities recognized in profit or loss arising from limited partners' rights to repayment of contributions	–0.5	–0.6
Total	–0.5	–1.6

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

4.) OTHER NET FINANCE COSTS

In the previous year, other net finance costs comprised foreign exchange losses of EUR 27.1 million resulting from the devaluation of the Venezuelan currency, the bolivar.

5.) INCOME TAX EXPENSE

Income tax expense comprises current tax expense of EUR 88.1 million (H1 2016: current tax expense of EUR 87.9 million) and deferred tax expense of EUR 4.5 million (H1 2016: deferred tax expense of EUR 1.4 million).

Tax expense for the second quarter of 2017 was calculated using the Group tax rate expected for financial year 2017. Some 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 for the reporting period.

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

in EUR m	Jan. 1 – Jun. 30, 2017			Jan. 1 – Jun. 30, 2016		
	Profit before tax	Tax rate in%	Income tax expense	Profit before tax	Tax rate in%	Income tax expense
excluding unplannable tax-neutral income/expenses	294.1	31.5	92.6	259.0	34.5	89.3
tax-neutral income/expenses that cannot be planned with sufficient accuracy	–	–	–	–1.6	–	–
including unplannable tax-neutral income/expenses	294.1	31.5	92.6	257.4	34.7	89.3

The expected Group tax rate for financial year 2017 is 31.5%, 3.0 percentage points lower than the prior-year rate. The higher Group tax rate for financial year 2016 was due mainly to foreign exchange losses in Venezuela, which are disregarded for tax purposes.

6.) EARNINGS PER SHARE

Earnings per share in the amount of EUR 1.30 (H1 2016: EUR 1.08) are determined by dividing the share of profit after tax of EUR 201.2 million (H1 2016: EUR 167.4 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.

7.) FINANCIAL LIABILITIES

C.18 DETERMINATION OF NET FINANCIAL LIABILITIES

in EUR m	Jun. 30, 2017	Dec. 31, 2016
Liabilities under syndicated loan	1,057.1	1,249.0
Other liabilities to banks	155.3	116.4
Bond 2018	419.5	407.9
Bond (with Warrants) 2022	410.8	442.1
Finance lease liabilities	9.8	11.5
Derivative financial instruments	2.6	1.8
Other financial liabilities	44.7	55.1
Total	2,099.8	2,283.8
Cash and cash equivalents	380.5	601.9
Net financial liabilities	1,719.3	1,681.9

8.) OTHER PROVISIONS

Other provisions break down as follows:

C.19 OTHER PROVISIONS

in EUR m	Jun. 30, 2017	Dec. 31, 2016
Environmental provisions	94.7	102.2
Provisions for personnel expenses	19.1	19.6
Miscellaneous provisions	82.8	35.7
Total	196.6	157.5

Due to procedural errors, Brenntag was reimbursed a fine paid in 2013 in the amount of EUR 47.8 million. No findings have yet been made in the matter, however. Proceedings are still ongoing before the court of appeal and the amount of any fine ultimately imposed will depend on how those proceedings progress. The reimbursement was therefore added to provisions and resulted mainly in the rise in miscellaneous provisions from EUR 35.7 million to EUR 82.8 million.

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

In the interim consolidated financial statements as at June 30, 2017, the present value of pension obligations was determined using a discount rate of 1.9% (Dec. 31, 2016: 1.6%) in Germany and the other countries of the euro zone, 0.7% (Dec. 31, 2016: 0.6%) in Switzerland and 4.0% (Dec. 31, 2016: 4.0%) in Canada.

Due to the remeasurement of defined benefit plans, provisions for pensions and other post-employment benefits decreased by an amount of EUR 11.8 million recognized directly in retained earnings. This is mainly the result of the increase in the discount rate in the euro zone. Net of deferred taxes, actuarial losses recognized in other comprehensive income consequently decreased by EUR 8.4 million.

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

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

C.20 LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

in EUR m	Jun. 30, 2017	Dec. 31, 2016
Liabilities relating to acquisition of non-controlling interests	3.7	3.7
Liabilities arising from limited partners' rights to repayment of contributions	1.3	1.8
Total	5.0	5.5

11.) EQUITY

As proposed by the Board of Management and the Supervisory Board, the ordinary General Shareholders' Meeting of Brenntag AG on June 8, 2017 passed a resolution to pay a dividend of EUR 162,225,000.00. Based on 154.5 million shares, that is a dividend of EUR 1.05 per no-par value share entitled to a dividend.

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

C.21 CHANGE IN NON-CONTROLLING INTERESTS/JUN. 30, 2016

in EUR m	Subscribed capital, retained earnings and additional paid-in capital	Exchange rate differences	Non-controlling interests
Dec. 31, 2015	36.6	7.5	44.1
Business combinations	0.1	–	0.1
Transactions with owners	–30.4	–5.8	–36.2
Profit after tax	0.7	–	0.7
Other comprehensive income, net of tax	–	–1.7	–1.7
Total comprehensive income for the period	0.7	–1.7	–1.0
Jun. 30, 2016	7.0	–	7.0

C.22 CHANGE IN NON-CONTROLLING INTERESTS/JUN. 30, 2017

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
Profit after tax	0.3	–	0.3
Other comprehensive income, net of tax	–	–0.6	–0.6
Total comprehensive income for the period	0.3	–0.6	–0.3
Jun. 30, 2017	9.7	–0.3	9.4

12.) CONSOLIDATED CASH FLOW STATEMENT DISCLOSURES

Net cash provided by operating activities of EUR 123.8 million includes an inflow of EUR 47.8 million from the reimbursement of a fine paid in 2013. The reimbursement was added to provisions, as proceedings are still ongoing before the court of appeal and the amount of any fine ultimately imposed will depend on how those proceedings progress.

Net cash provided by operating activities was influenced by cash outflows attributable to the rise in working capital of EUR 225.8 million. The increase 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:

C.23 CHANGE IN WORKING CAPITAL

in EUR m	Jan. 1, – Jun. 30, 2017	Jan. 1, – Jun. 30, 2016
Increase/decrease in inventories	–89.7	8.8
Increase in gross trade receivables	–315.3	–156.7
Increase in trade payables	174.9	81.8
Valuation allowances on trade receivables and on inventories ¹⁾	4.3	–1.8
Change in working capital²⁾	–225.8	–67.9

¹⁾ Presented within other non-cash items.

²⁾ Adjusted for exchange rate effects and acquisitions.

At 8.2 in the reporting period, annualized working capital turnover¹⁾ was up slightly on the prior-year period (8.1).

13.) LEGAL PROCEEDINGS AND DISPUTES

The decision issued by the French Competition Authority in 2013 in relation to the allocation of customers and coordination of prices was set aside by a court of appeal due to procedural errors at Brenntag's request in February of this year. Brenntag has received repayment of the fine in the amount of EUR 47.8 million, but the court of appeal has not yet made any decisions on the merits of the case. In the proceedings ongoing before the court of appeal, it will be decided to what extent a fine will be imposed. An appeal has been lodged against this decision by the court of appeal with the aim of definitively reversing the fine ruling. Regarding the investigation also ongoing at the French Competition Authority concerning whether BRENNTAG SA has illegally made use of its market position, a decision by the Authority is still pending. The Authority has stated that it believes that Brenntag has breached duties to cooperate in this investigation. A fine may be imposed. Brenntag believes that all legal obligations were fulfilled.

¹⁾ Ratio of annual sales to average working capital; annual sales are defined as sales for the first half extrapolated to the full year (first-half sales multiplied by two); average working capital for the first half is defined as the average of working capital at the beginning of the year and at the end of the first and second quarters.

14.) REPORTING OF FINANCIAL INSTRUMENTS

The classification of the financial assets recognized in the balance sheet according to the measurement categories under IAS 39 is shown in the table below:

C.24 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / JUN. 30, 2017

in EUR m						
Measurement in the balance sheet:	At amortized cost	At fair value			Jun. 30, 2017	
	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
Classification of financial assets:						
Cash and cash equivalents	380.5	–	–	–	380.5	380.5
Trade receivables	1,761.5	–	–	–	1,761.5	1,761.5
Other receivables	84.4	–	–	–	84.4	84.4
Other financial assets	22.1	7.2	1.2	–	30.5	30.5
Total	2,248.5	7.2	1.2	–	2,256.9	2,256.9

C.25 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / DEC. 31, 2016

in EUR m						
Measurement in the balance sheet:	At amortized cost	At fair value			Dec. 31, 2016	
	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
Classification of financial assets:						
Cash and cash equivalents	601.9	–	–	–	601.9	601.9
Trade receivables	1,511.2	–	–	–	1,511.2	1,511.2
Other receivables	89.6	–	–	–	89.6	89.6
Other financial assets	26.0	3.9	1.2	1.9	33.0	33.0
Total	2,228.7	3.9	1.2	1.9	2,235.7	2,235.7

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 87.8 million (Dec. 31, 2016: EUR 80.9 million) are not financial assets within the meaning of IFRS 7. They are mainly receivables from value-added tax and other taxes, prepaid expenses and prepayments.

The classification of the financial liabilities recognized in the balance sheet according to the measurement categories under IAS 39 is shown in the table below:

C.26 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / JUN. 30, 2017

in EUR m							
Measurement in the balance sheet:	At amortized cost		At fair value			Jun. 30, 2017	
	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
Classification of financial liabilities:							
Trade payables	1,247.7	–	–	–	–	1,247.7	1,247.7
Other liabilities	173.3	–	–	–	–	173.3	173.3
Liabilities relating to acquisition of non-controlling interests	5.0	–	–	–	–	5.0	5.0
Financial liabilities	2,087.4	–	2.6	–	9.8	2,099.8	2,110.1
Total	3,513.4	–	2.6	–	9.8	3,525.8	3,536.1

C.27 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / DEC. 31, 2016

in EUR m							
Measurement in the balance sheet:	At amortized cost		At fair value			Dec. 31, 2016	
	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
Classification of financial liabilities:							
Trade payables	1,119.4	–	–	–	–	1,119.4	1,119.4
Other liabilities	185.8	–	–	–	–	185.8	185.8
Liabilities relating to acquisition of non-controlling interests	5.5	–	–	–	–	5.5	5.5
Financial liabilities	2,270.5	–	1.8	–	11.5	2,283.8	2,329.2
Total	3,581.2	–	1.8	–	11.5	3,594.5	3,639.9

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 a recognized company valuation model. The company valuation model is 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 200.7 million (Dec. 31, 2016: EUR 192.4 million) are not financial liabilities within the meaning of 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:

C.28 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / JUN. 30, 2017

in EUR m				
Hierarchy level	Level 1	Level 2	Level 3	Jun. 30, 2017
Financial assets at fair value through profit or loss	–	7.2	–	7.2
Financial liabilities at fair value through profit or loss	–	2.6	–	2.6
Available-for-sale financial assets	1.2	–	–	1.2

C.29 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / DEC. 31, 2016

in EUR m				
Hierarchy level	Level 1	Level 2	Level 3	Dec. 31, 2016
Financial assets at fair value through profit or loss	–	3.9	–	3.9
Derivatives designated in hedge accounting with a positive fair value	–	1.9	–	1.9
Financial liabilities at fair value through profit or loss	–	1.8	–	1.8
Available-for-sale financial assets	1.2	–	–	1.2

15.) EVENTS AFTER THE REPORTING PERIOD

At the beginning of August, Brenntag acquired 51% of the shares in specialty chemical distributor Wellstar Enterprises (Hong Kong) Company Limited, Hong Kong and its three Chinese subsidiaries (jointly “Wellstar Group”). It is scheduled to purchase the remaining 49% of the shares in 2021.

Wellstar Group specializes in the distribution of specialty pigments, resins and additives and enables Brenntag to expand its market position in China's specialty chemicals segment.

The purchase price, net assets and goodwill break down as follows:

C.30 NET ASSETS ACQUIRED OF WELLSTAR GROUP

in EUR m	Provisional fair value
Purchase price	9.7
of which consideration contingent on earnings targets	–
Assets	
Cash and cash equivalents	2.0
Trade receivables, other financial assets and other receivables	5.9
Other current assets	7.5
Non-current assets	0.1
Liabilities	
Current liabilities	2.4
Non-current liabilities	6.7
Net assets	6.4
of which Brenntag's share (51%)	3.3
Goodwill	6.4
of which deductible for tax purposes	–

Assets acquired and liabilities assumed in business combinations are normally recognized at their fair value at the date of acquisition.

Measurement of the assets acquired and liabilities assumed has not yet been completed for reasons of time. The value of the customer list has not yet been determined. There are no material differences between the gross amount and carrying amount of the receivables. The main factors determining the goodwill are the above-mentioned reasons for the acquisition where not included in other assets.

We constantly review the performance of our business in order to increase efficiency. We have now decided to accelerate this process in the EMEA segment and expect savings towards the end of this year. As a result of this programme, we will incur special costs of about EUR 25 million, mostly this year.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group in the remaining months of the financial year.

Mülheim an der Ruhr, August 8, 2017

Brenntag AG

BOARD OF MANAGEMENT

Steven Holland

Karsten Beckmann

Markus Klähn

Georg Müller

Henri Nejade

REVIEW REPORT

To Brenntag AG, Mülheim an der Ruhr

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 June 30, 2017 which are part of the half-year financial report pursuant to § (Article) 37w 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, August 8, 2017

PricewaterhouseCoopers
Wirtschaftsprüfungsgesellschaft

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Wirtschaftsprüfer
(German Public Auditor)

sgd. ppa. Frank Schemann
Wirtschaftsprüfer
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INFORMATION ON THE INTERIM REPORT

This translation is only a convenience translation. In case 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 conform them to future events or developments.

FINANCIAL CALENDAR 2017

SEP 18

2017

Goldman Sachs/Berenberg
German Corp. Conference
Munich



SEP 19

2017

Baader Investment Conference
Munich



SEP 28

2017

JP Morgan Milan Investor Forum
Milano



NOV 8

2017

Publication of
Q3 2017 results



DEC 4-5

2017

Berenberg European Conference
London



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