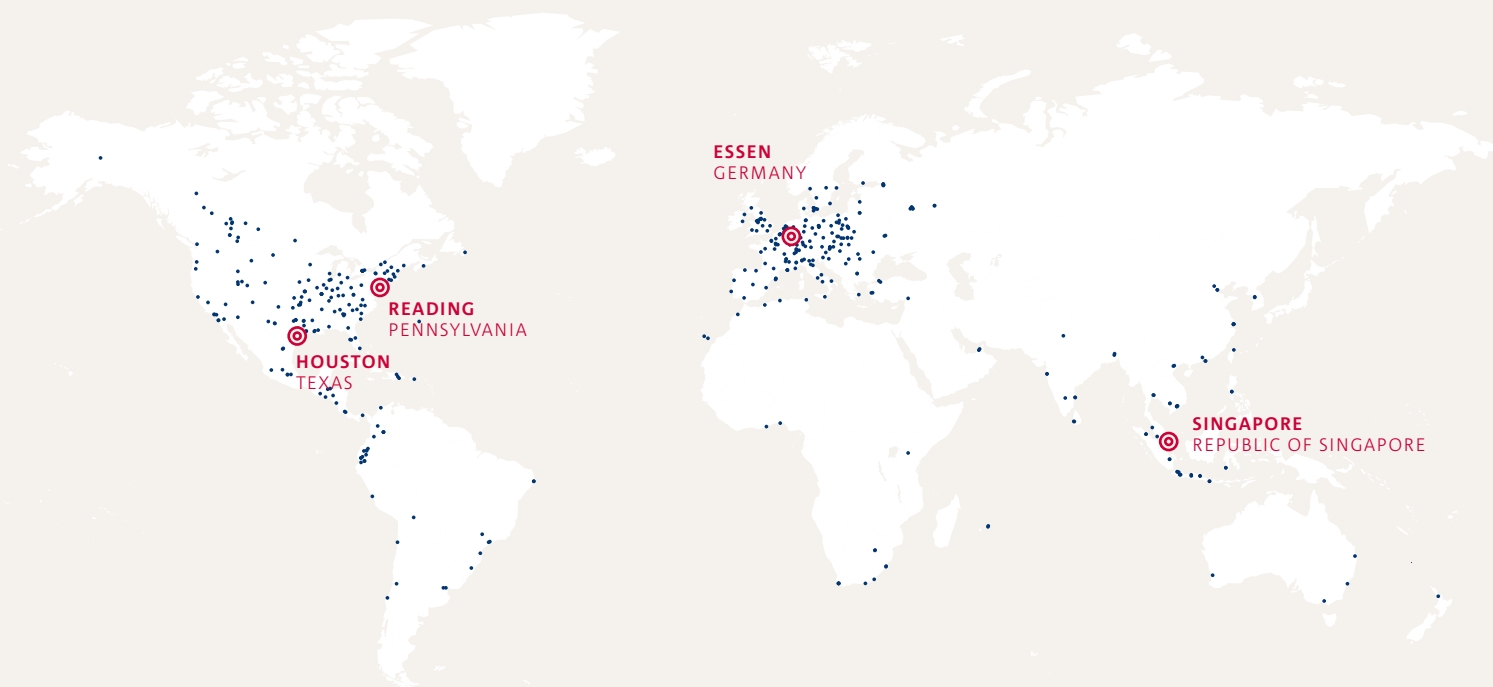


# ***AGILITY*** *TO* ***PERFORM***

2018 ANNUAL

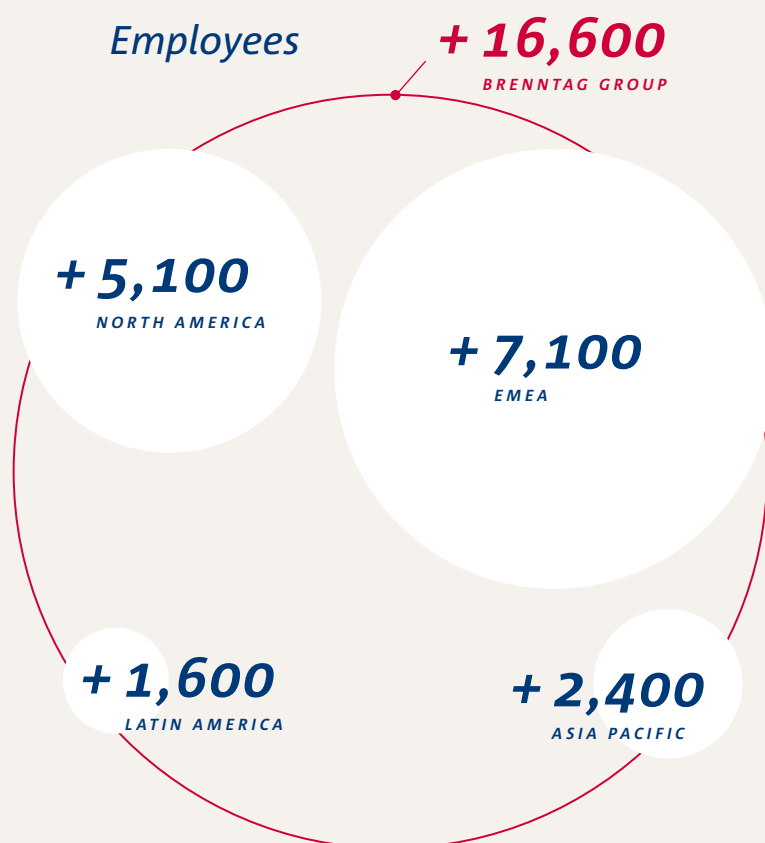
# COMPANY PROFILE



Brenntag is the **global market leader** in chemical distribution. The company manages complex supply chains for both chemical manufacturers and users by simplifying market access to **thousands of products and services**.

It combines a global network with outstanding local execution. Brenntag is therefore the industry's most effective and preferred channel to market for partners – really living its philosophy: **“ConnectingChemistry”**.

Brenntag operates a global network spanning more than 580 locations in 73 countries. With its global workforce of more than **16,600 employees**, the company generated sales of **EUR 12.6 billion** in 2018.





# *WHAT* **AGILITY** *MEANS FOR* **BRENNTAG**

To be agile means to be nimble, to be flexible. It also means to be deft, to energetically apply oneself to new things and to continuously adapt existing processes in line with current requirements. To think and act with an eye to the future. All these characteristics are a must in chemical distribution.

This is the approach we take here at Brenntag!

For many years, the company has demonstrated that it is resilient and flexible. Not only do we adapt to local conditions; we are also at the forefront of new trends. Our employees are our most important asset: they use our industry knowledge and business intelligence with the aim of sharing expertise with our stakeholders, thereby giving them an edge.

Nimbleness, flexibility, energy and a focus on the future are firmly ingrained in our corporate culture. For Brenntag and its partners!



# **LETTER** *FROM THE* **CEO**

*Dear Ladies and Gentlemen,*

This year, as in previous years, it is our pleasure to be able to give you an insight into the Brenntag Group by bringing you the 2018 Annual. With a number of successful acquisitions around the world, we have seen the Group grow its workforce of over 16,600 employees during the year

at more than 580 locations in 73 countries providing local and multinational services to our customers and suppliers.

*»The 2018 Annual is intended to give you an insight into our many initiatives, projects and topics which, like the pieces of a jigsaw puzzle, form a whole and will support business development at Brenntag over the long term.«*

This Annual reveals how our agility is a driver of our success, and we would like to take the opportunity to present to you a selection of the diverse activities and value-creating initiatives which can be seen throughout the company's operations.

Our highly diversified and resilient business model requires us to be flexible and innovative in order to meet customers' needs, which means many of our activities are also very distinct and take into account local requirements and conditions. At Brenntag and in the chemical distribution industry as a whole, there is increasing demand for new products and services which requires the utmost flexibility – from each of our employees, every day! We place our partners' wishes front and centre, and as a global company we continue to adapt to individual requirements and local conditions.

To be successful we remain highly demanding of ourselves as a company but also as individuals in terms of putting safety and sustainability at the forefront of our daily activities.

The 2018 Annual is intended to give you an insight into our many initiatives, projects and topics which, like the pieces of a jigsaw puzzle, form a whole and will support business development at Brenntag over the long term.

Best wishes



**STEVEN HOLLAND**  
CHIEF EXECUTIVE OFFICER

# **STEP CHANGE EXPANSION *IN* INDIA**

As the global market leader in chemicals and ingredients distribution, Brenntag is present at more than 580 locations in 73 countries worldwide. Despite the broad footprint in each of our four regions, EMEA (Europe, Middle East & Africa), North America, Latin America and Asia Pacific, Brenntag continues to look for growth opportunities in enhancing its resilient business model based on complete geographic coverage, a wide product and service portfolio and high diversification across suppliers, customers and industries. This continuous improvement process and growth mindset allows Brenntag to strengthen its value proposition and role as the strategic partner and service provider for manufacturers of industrial and specialty chemicals at the one end and end users at the other end of the value chain.

In 2018 Brenntag successfully acquired a majority stake in Raj Petro Specialities Pvt. Ltd. in India which distributes own-blended brands of petroleum-related products to a diverse range of industries in India and other countries in Asia Pacific, the Middle East and Africa. This acquisition allows Brenntag to make a significant step into the high-potential Indian market.



**+500**

**EMPLOYEES  
IN INDIA**

Figures for Raj Petro  
Specialities Pvt. Ltd., India





**+70**  
YEARS OF  
EXPERIENCE



Raj also produces own brand formulations in its facilities in Chennai.

Raj Petro Specialities was a family-owned business that was founded back in 1942. With strategically important locations in Chennai and Silvassa as well as a number of warehouses, sites and sales offices across the country, it covers the entire Indian subcontinent. Raj Petro Specialities offers a strong market presence and a broad range of products and services spanning the full spectrum of petroleum specialty chemicals. The product offering complements the Brenntag product portfolio and is divided into three groups:

**Specialty petroleum products** – Products such as electrical transformer insulating oils for power and energy supply, liquid paraffins, petroleum jellies, gels for a variety of industries such as personal care, pharmaceuticals and food and nutrition, specialized waxes for rubber and other industries.

**Process oils and industrial oils** – Specifically formulated products such as mineral oils, process oils and formulated distillates which are used in a broad range of industries including rubber, ink, lubricants and textiles. Raj Petro Specialities offers these oils in a number of different grades and viscosities, always complying with international standards for product quality.

**+700**  
PRODUCTS



**Lubricants** are used in almost every customer industry, as industrial oils, greases, high-performance metalworking lubricants and premium automotive lubricants, as well as in foodsafe quality grades in the food and nutrition, pharmaceuticals and personal care segments. All these lubricants deliver higher productivity and ultimately lead to cost savings in the customers' production processes.

While producing and distributing own-brand formulations, which are the leading brands in their segments supported by a strong in-house Product Innovation and Research & Development team, Raj also offers value-added services such as customized formulations, individual packaging and mixing and blending as per customer requirements and specifications.



The advantages for both Brenntag and Raj are manifold! On the one hand, Brenntag can expand its chemical distribution business by entering a high-growth, new and extremely large market in India. On the other, Raj is able to leverage Brenntag's dense global network and commercial infrastructure to distribute its products also in other countries within the Brenntag regions Asia Pacific, EMEA, North America and Latin America.



## Acquisition provides mutual benefits

Mehul U. Nanavati is one of the founding family members and is responsible for Raj's international business: "The cooperation with Brenntag provides great opportunities for our company within India, within the Brenntag Asia Pacific region but also on an international level. We have clearly defined strategic goals. We aim to use not only Brenntag's logistics network but also the sales organization and application experts to deeper engage with international key accounts and expand our business into countries that are new for us. On the other hand, Raj's mixing and blending facilities are key for Brenntag. For example, with our state-of-the-art tank farm strategically located at the Chennai harbour, Brenntag is able to significantly expand its product portfolio in the Indian market."

Chemical distribution is a very granular business with market characteristics that differ from country to country. The Indian chemical distribution market also has its own market conditions, and knowledge of local requirements, customer and supplier behaviour and cultural differences is key to success in this country. The acquisition of Raj Petro Specialities has therefore been structured as a joint venture. Brenntag gained a majority stake in a first tranche and will gain the second tranche for the remaining minority stake after a period of five years. This enables Brenntag to benefit from our Indian colleagues' extensive knowledge of local conditions and country-specific requirements. The Raj management, meanwhile, aims to scale the company up internationally by cooperating with a strategic partner like Brenntag.

Simply put, the combined network, capabilities and knowledge will lead to the expansion of our product and service offerings in this exciting country and beyond.

~190<sub>m</sub> EUR  
SALES IN 2017

Mehul U. Nanavati is Senior Director International Business. With Brenntag's help, he aims to expand Raj's business into other countries worldwide.



# 3 QUESTIONS TO THE CEO

**HARISH METHIL**  
CEO, RAJ PETRO  
SPECIALITIES PVT. LTD.

## 1 How would you describe Raj Petro Specialities' position in the Indian chemicals market?

**Harish:** Raj has a very diversified portfolio, which gives the company a unique position in the market. Having started the business in the manufacturing and marketing of industrial oils, it later extended the portfolio to include other products such as petrolatum, industrial wax and automotive lubricants.

## 2 What are the main opportunities and challenges in this market?

**Harish:** India is one of the fastest growing economies and so has a direct correlation to the segment we operate in. The rural electrification plan by the Government of India, industrial growth, the growing need in the personal care industry for quality products, the improved performance of tyre manufacturers and their ability to export out of India provide significant growth opportunities.



With regards to challenges, I definitely see any challenge also as an opportunity! At the moment, we are focusing on Raj's integration into the Brenntag Group. It is not widely known that also within India there are different cultures, languages and habits. Nevertheless, we can certainly benefit from economies of scale and will work on standardizing processes.

## 3 How can Raj benefit from a strategic partnership with Brenntag in this joint venture?

**Harish:** For Raj, Brenntag is a strong, globally active strategic partner. From Raj's perspective, what would take the business to the next level is our ability to bring in international standards, business practices and access to global markets. We believe Brenntag brings this to the table and it is already evident in a short period that there is progress on both fronts.

Chemical distribution is a business where personal relationships with partners, customers and suppliers play a major role. Brenntag regards its employees as the Group's most valuable asset. The tasks they perform are as diverse as the products and services we offer worldwide. We present some of these employees to you in this Annual.

## PEOPLE AT BRENNTAG

**CHRISTIAN MENÉNDEZ**  
MAINTENANCE RESPONSIBLE

**Christian Menéndez joined Brenntag two years ago and is responsible for the maintenance at Brenntag's plant at Llanera (Asturias), in the north of Spain.**

### **What are your responsibilities and main tasks?**

My main responsibility is to keep all the equipment, packaging and installations in perfect conditions, so that they perform to the highest standards of productivity and safety that we require for the development of the daily tasks in operations. I have to talk to suppliers of services, machinery and spare parts for the plant and also to companies which provide materials for plant maintenance and explain to them that in the chemical industry it is particularly important that the products they supply fulfill the highest standards of quality and safety. I have the best materials and keep them in the best condition. My most important task is to prevent any failure, breakdown or default that could entail a risk to the general safety of the plant, to the individual safety of my colleagues and to the safety of the equipment and the products at the plant. By ensuring failsafe operations, I ultimately contribute to customer satisfaction and to Brenntag's economic progress.

### **What does Brenntag mean to you as an employer?**

For a young person, to work in an international company such as Brenntag means a lot. It opens a world of possibilities and the guarantee that you are in the place where things are being done in the right way, with the best standards. Here, I can talk with my colleagues and supervisors in the same familiar and close way, with ease and transparency. And the best of all is that they really listen to you and value your ideas and opinions.

*»Working for Brenntag opens up a world of possibilities.«*





# REPOSITIONING OF THE **FOOD & NUTRITION** UNIT

As the global market leader in specialty and industrial chemicals as well as ingredients distribution, Brenntag is highly diversified and active essentially in every customer industry. One key customer industry in this portfolio is the food and nutrition industry. This is marked by rapidly changing trends, different dynamics in the various regions of the world, complex ingredients and products and sophisticated application technology. With its new Food & Nutrition unit, Brenntag has placed special focus on this line of business so that it can better serve customers and suppliers in this industry going forward.



Brenntag has had excellent access to customers and suppliers in the food and nutrition industry for many years. With a team of more than 750 employees in 73 countries, our experts serve a diverse array of customer requests and develop intelligent solutions and innovative approaches at our 28 application and development centres.

Since the end of 2018, a new global management structure and a dedicated food and nutrition brand have been raising the profile of the Food & Nutrition unit among our partners, as what many do not realize is that Brenntag is not just the world's leading chemical distributor with an integrated business model; we are also the largest distributor of specialty, functional and commodity ingredients!

### So how do our experts help our partners?

Brenntag positions itself as the preferred service partner to suppliers of ingredients on the one hand and develops individual, tailored solutions for its customers on the other.

Because of the rapid and constant changes in the food and nutrition industry, such as megatrends, population growth and people's increasing life expectancy, distributors need to remain responsive to these individual needs. Our Food & Nutrition team does not just move with these trends; rather, we spot them early on and advise our partners on future developments. The new organizational structure enables decisions to be made more swiftly and expertise to be shared around the globe. Our Food & Nutrition employees are thus able to address customer and supplier requirements in an even more targeted manner. This benefits our partners and Brenntag at the same time.

Through our teams of application engineers and sales and marketing staff, we offer local markets expertise combined with leading sales capabilities and efficient infrastructure. In addition, Brenntag Food & Nutrition has undertaken to comply with safety, quality and regulatory requirements and at all times upholds Brenntag's commitment to sustainability.



Individually developed formulas for our customers.



### Pastries done differently

Veganism is on the rise. Statistics showed a 140% spike in global demand for plant-based foods, with the sector being valued at around USD 5 billion.

Brenntag North America's Food & Nutrition team assisted a large US pastry manufacturer to reformulate its gluten-free pastry recipe to cater for vegans. The particular challenge was to find a plant-based alternative to egg.

The Brenntag application specialists provided a solution immediately: alpha-Cyclodextrin! Produced from starch by enzymatic conversion, alpha-Cyclodextrin is a soluble dietary fibre that performs many important roles when used as a food ingredient. Not only is it an effective emulsifier and foaming agent – much like egg – but it can also mask unpleasant flavours and aromas, and even reduce cholesterol.

Our product development team suggested a variety of formulas, which the company's R&D team carried out at their facilities. Our commercial team acted as a mutual point of contact to guarantee a smooth communication and information flow. And in fact, one formulation in particular had performed exceptionally well. As a result, the company was able to start manufacturing its proposed gluten-free, vegan pastry and could quickly respond to the needs of customers who want to be vegan. But that was not all: with the price of eggs fluctuating, the plant-based formulation is also more cost-effective for the Brenntag customer.

*»This is a good example of a win-win situation for our customers and for Brenntag. With this order and thanks to the dedicated efforts of our application specialists and the sales team, we were able to use our competency for this new customer!«*

**LARRY DAVIS**  
VICE PRESIDENT FOOD & NUTRITION,  
NORTH AMERICA



# PEOPLE AT BRENNTAG

**MARGARET CHUA**

VICE PRESIDENT FOOD & NUTRITION, ASIA PACIFIC

As Vice President Food & Nutrition in Singapore and with more than 26 years' experience in the food industry, Margaret plays a key role in delivering the Food & Nutrition business's strategies in the Asia Pacific region.



**As part of your job, you must spend a lot of time around food. What is it about food that you love so much?**

**Margaret:** Food serves a lot of different needs for a lot of different types of people around the world. Food that tastes good makes you feel good. It brings us together in so many ways. And through food, we can experience the flavors and textures of different cultures.

**How does this passion for food translate to the services Brenntag Food & Nutrition provides?**

**Margaret:** Our teams make every effort to understand the needs of customers as well as consumers with regard to flavors, texture, culture and current trends, and are focused on delivering services that are tailored to meet those requirements. We always like to put both customers and consumers at the heart of our business.

**What makes Brenntag's services unique in the universe of food?**

**Margaret:** Our passionate, committed and competent people! Brenntag not only provides a reliable supply chain as a distributor, we also continue to stay relevant in the food industry through constant investment in technology, regulatory compliance, innovation, marketing and sales. We are proud of our dedicated technicians in ten food application and development centres across Asia who help our customers resolve issues and formulate new and innovative concepts into great-tasting prototypes. This capability and expertise enables customers to minimize the time and money they themselves spend on research and development, enhancing our reputation and ultimately helping to increase our market share and drive growth.

**What are your specific ambitions for the Food & Nutrition business in Asia Pacific?**

**Margaret:** We continue to drive the strategic growth path by strengthening and developing our organic business and by geographic expansion through mergers and acquisitions. With more than 50% of the world's population currently residing in Asia, our teams here have a fantastic opportunity to capture growth from the shift in consumer focus and drive for healthy, natural, nutritional wellness and more sustainable food choices.





Application experts in our Food & Nutrition application centres in Asia share their knowledge with Food & Nutrition colleagues around the globe.

#### How exactly do you do this?

**Margaret:** We continue to boost cooperation and strengthen ties with colleagues in Asia and other Brenntag Food & Nutrition teams around the world. Sharing our knowledge, experience and resources gives us all a stronger platform on which to deliver value to our strategic customers and suppliers, accelerating our growth as a global company. There is an African proverb that I like to use: *"If you want to go fast, go alone. If you want to go far, go together."* Together, we will succeed!

#### How can Brenntag Food & Nutrition help to bring the future to the table?

**Margaret:** Due to a number of factors – a general rise in disposable income, improved knowledge thanks to things like the internet and the expanding presence of TV, and an increase in urbanization – the needs of consumers in Asia are changing rapidly. In today's market, there is a demand for food products that are sustainable, convenient, nutritious, transparent, traceable and safe. Brenntag Food & Nutrition is committed to staying ahead of the curve in understanding these needs, putting ourselves in the best possible position to deliver the kind of foods that people want.

#### What kind of food do you personally like the most?

**Margaret:** It is very hard for me to pick just one dish! Throughout my life, I have tried to embrace and love the cultural diversity of food, and I have lots of favourite dishes from around the world – everything from Indian paneer tikka masala to French cod. It really depends on how I feel at the time.

*»We are proud of our dedicated technicians in ten food application and development centres across Asia who help our customers resolve issues and formulate new and innovative concepts into great-tasting prototypes, ready for evaluation by our customers.«*

AGILITY TO PERFORM  
BROAD RANGE OF VALUE-ADDED SERVICES







## *BROAD RANGE OF* **VALUE-ADDED SERVICES**

Value-added services are a key component in the chemicals and ingredients distribution value chain. In between buying large quantities of chemicals from chemical producers and breaking them down into smaller quantities and packaging units which it then sells to the end customer, Brenntag provides a broad range of value-added services that streamline our customers' production process and provide efficiency gains. The services that chemical distributors offer their customers and suppliers set them apart from the competition.

Chemical distribution is a very granular business and so are our customers' requirements. Customers ask for individual services to suit their business model and production process. Value-added services are multifaceted. As global market leader, Brenntag leads the way with the value-added services we offer our partners. Those that we provide include, among others, filling, labelling, barcoding, palletizing, batch tracing, inventory management, drum-return service, mixing and blending, micronizing, technical support, application advice, documentation as well as support with regard to complying with regulatory standards and much more.

Here are some examples of the value-added services Brenntag provides to its partners.

# MICRONIZATION

Following its acquisition, ACU PHARMA und CHEMIE GmbH is part of the Brenntag Group, adding a specialist in micronization to the Brenntag Group's portfolio of services. For 20 years, ACU has specialized in high-quality micronization and milling.

The core business of this Brenntag entity is micronizing solid materials, that is to say producing high-quality powders and fine powders for customers in a number of different industries, such as food, chemicals, pharmaceuticals and cosmetics. On behalf of its customers,

the company micronizes preservatives, for instance, which are used in a wide variety of products in the food and pharmaceuticals sectors. Ultra-fine grinding, or micronization, improves physical product attributes, such as the speed at which a pharmaceutical begins to act in the body. Quality, cleanliness and absolute care during the manufacturing process are, of course, always of the utmost importance.

Christian Korr is Managing Director and leads a team of around 30 employees, who currently have five modern, technically sophisticated milling systems at their disposal as well as mixing, sieving and filling systems. "The basis of our services is a unique quality model for ultra-fine grinding. This is achieved, firstly, by deploying systems technology with an uncompromising focus on quality and cleanliness and, secondly, through a likewise carefully-executed production model. Each system has isolated areas and often individual locks for materials and personnel."



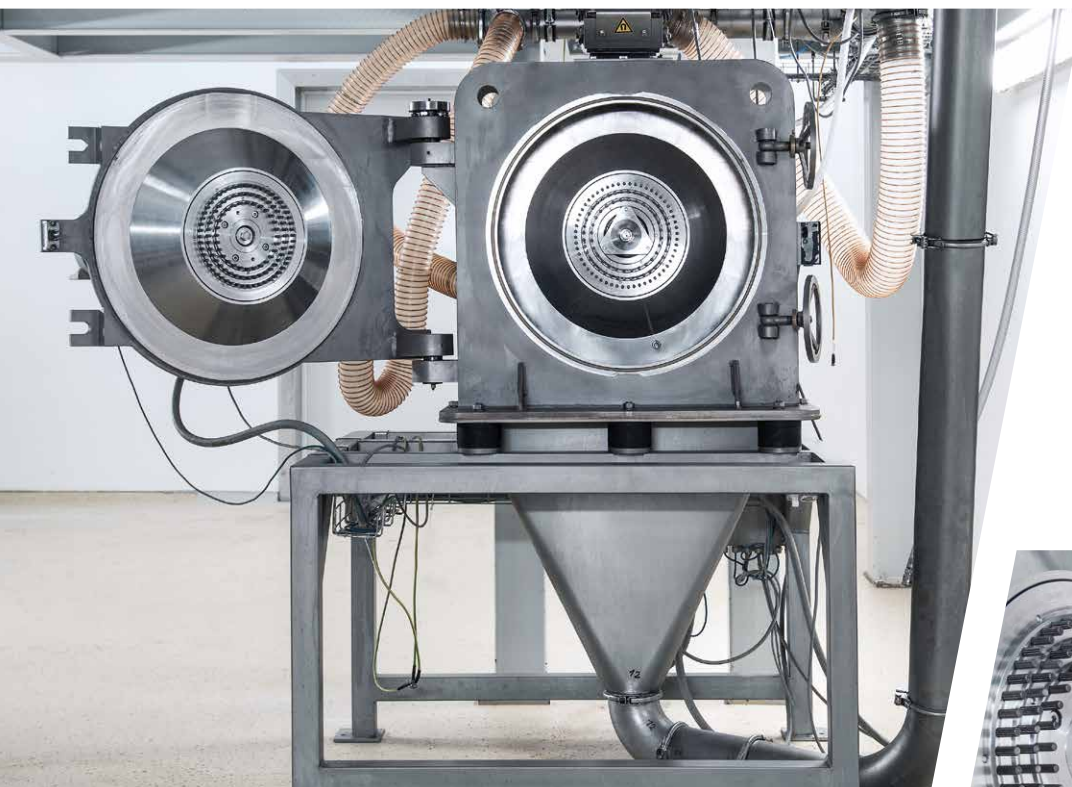


Sophisticated milling technology  
with menu-based process control.



Working relationships with customers are long-term and collaborative. An entire year may pass between a large-scale project's initiation and its implementation. Micronizing products is a complex process. Projects are developed together with the customer in line with their requirements and systems specifically prepared for each customer. The team has to offer and implement non-standardized processes swiftly and reliably. This requires adaptability and drive. Our aim is to always find the best solution for the customer, and in the best-case scenario that means increasing efficiency and reducing costs. This flexibility pays off: customers usually stay loyal to us for many years!

*»The basis of our services is a unique quality model for ultra-fine grinding.«*



Reaching ultimate quality for chemical products with a pin mill.



### Top quality comes as standard in production

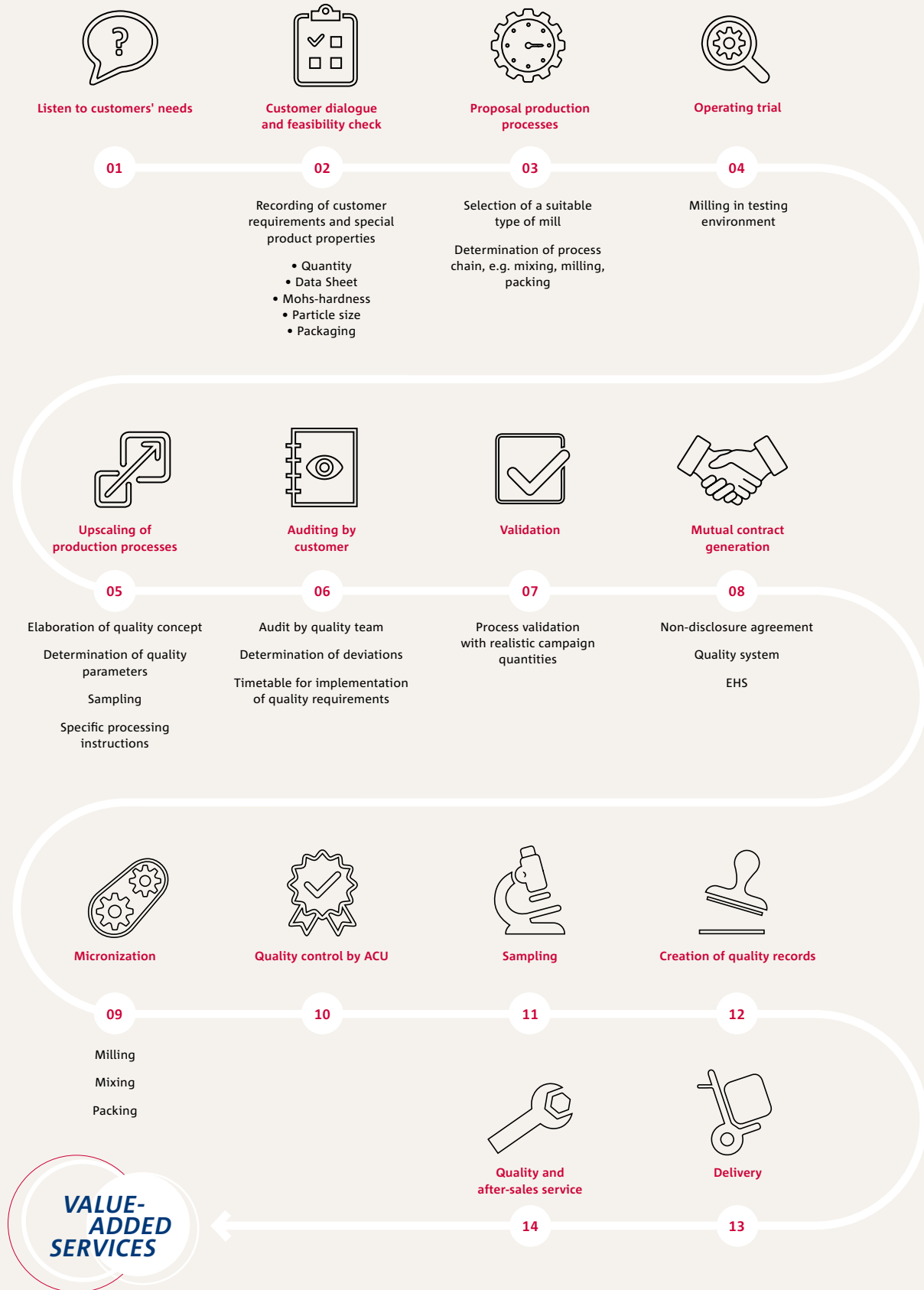
“The services we offer our customers are diverse: we assist them when capacity is tight or take over entire stages of production on a long-term basis. The customer’s decision to have micronization carried out by ACU always results in efficiency gains and often eliminates the need for fresh investment in their own systems or further maintenance. We adapt to the customer’s specific requirements and assist the customer by providing our expertise from new product development through to the production of the powders. In doing so, safety and end-to-end quality management are always afforded top priority,” explains Christian.

As the production process is complex and quality requirements are stringent, the customer usually conducts an audit at ACU before the actual micronizing process begins. A quality process with different steps is therefore devised for each customer individually. These processes are agreed with the customer’s quality team, established as set procedure for the partnership and officially audited.

ACU is an agile service provider able to adapt swiftly and flexibly to diverse customer requirements and offer top-quality products. At the same time, the company benefits from the Brenntag Group’s sales capabilities and infrastructure. Just one example of how the global market leader in chemical distribution provides tailored solutions for its customers.



## Milling and micronizing sales process







# **COSMETICS** *ARE OUR* **PASSION**

Brenntag Cosmetics is part of our Life Science segment in EMEA. Brenntag Cosmetics develops innovative solutions for its customers and suppliers in the cosmetics industry and provides both high-quality specialty offerings and basic raw materials for the sector. For many years, our sales representatives and application engineers have been renowned for their professionalism and expertise. In our superbly-equipped application centres, we develop tailor-made formulations and concepts for new products in a high-growth market where new trends are always emerging.

Our customers and suppliers benefit from our strong presence in every European market, our local expertise and our extensive value-added services covering a diverse range of products and applications.

Lena Hansen, a member of the Brenntag Cosmetics team in the German-speaking countries (Germany, Austria and Switzerland), works in our new, state-of-the-art application centre at Group headquarters in Essen, Germany.

“Our portfolio encompasses a number of different services. As well as developing and adapting formulations, we also offer to undertake more technically complex tasks, such as rheology measurements, stability tests and determining physicochemical parameters. Basically, though, our primary objective is to make life easier for our customers and suppliers. This is why we also prepare formulation booklets,” explains Lena.

The formulation booklets contain tailor-made solutions for our customers and formulations that are geared to current trends and best combine the raw materials that Brenntag offers.



### Applications

- Skin and hair care
- Sun care
- Personal hygiene and body cleansing
- Colour cosmetics
- Dental and oral care



In our state-of-the-art application centers the team can, among others, test the rheological behavior and the viscosity of cosmetics.

For example, on behalf of a well-known cosmetics manufacturer, the Cosmetics team is currently developing a face cream and a body lotion that are to be sold on the Asian market. Due to local conditions and because they will be transported to Asia, the products must have certain features; more specifically, they must feature temperature stability and comply with regulatory requirements at their destination.

What is more, the same customer now wishes to work with us to develop various nature-based products – a strong trend in the cosmetics industry. In this case too, Brenntag offers a number of suitable raw materials.

Work is already under way on a new edition of the formulation booklet. This time, the topics are

- “Green products” – nature-based products
- “Waterless” – a megatrend in the cosmetics industry
- “Less is more” – products that contain fewer ingredients but are more effective
- “Multifunctional” – products that have multiple properties, e.g. they are both moisturising and sun protective

“The formulation booklet is very well received among our customers, as we supply readymade formulations for a wide variety of products. Besides receiving technical application support and advice during manufacturing, customers can also buy most of the necessary ingredients directly from us – it is a one-stop shop! This makes the production process quicker and easier, and customers always have a central point of contact to address any queries. We are pleased that the number of customers using this service is constantly growing,” says Lena.

### Products and ingredients

- Surfactants
- Emulsifiers
- Emollients
- Waxes
- Preservatives
- Silicones
- Complexing agents
- Actives



# CosVivet



But that is by no means all! For cosmetics manufacturers in the EMEA region, Brenntag recently launched its own product brand by the name of CosVivet.

CosVivet includes only high-quality, safe cosmetics raw materials that are quality assessed and rated as excellent by the Brenntag application engineers in our application centres.

Brenntag is starting out with a small range of waxes, but plans to launch further new product lines in the future. The benefits for our customers are obvious: they

CosVivet products only include high-quality cosmetics raw materials.

can always rely on the raw materials being of a consistently high standard of quality and the products being available. And once again, Brenntag is demonstrating that it can do much more than just distribution: we aim to strengthen the close working relationship with our partners and continuously expand our services.



*»Basically, though, our primary objective is to make life easier for our customers and suppliers. This is why we also prepare formulation booklets.«*

# **BLENDING, PACKAGING & TERMINAL SERVICES**

Petra Industries is one of the numerous acquisitions Brenntag has undertaken in recent years and an excellent example of both our acquisition strategy and our ambition to continuously expand our value-added services portfolio. Before Brenntag acquired the company, we already had a long-standing relationship of trust with Petra: Petra has blended and packaged various products for the Brenntag region Mid-South in the United States for 15 years.

Petra Industries, located in Fairmont City, Illinois, USA, was founded in 1994 and provides specialized liquid and dry blending, packaging and terminal services to various chemical industry customers in its certified facilities.

The value-added services Petra Industries offers include, among others:

## **1. Dry blending and packaging**

Petra Industries accommodates customers' needs by providing dry blending and packaging and processes several dry blends throughout the facility for many customers. Packaging is available from 0.23 pounds to a 3,000-pound super sack.



1. Dry blending and packaging





2. Liquid blending



3. Toll processing, transloading and terminal services

## 2. Liquid blending

Petra has helped customers by assisting in product development and propelling their products into the marketplace. Dedicated tanks, equipment and areas as well as skilled employees help ensure the highest quality standards in the blending process. Liquid blending can be packaged in pails, drums, totes and tankers. The liquid blends at Petra generally comply with international public health and safety standards, for example the products for the food and agriculture industry.

## 3. Toll processing, transloading and terminal services

Products can be packaged to customer specifications and shipped in any quantity. Bulk transloading from railcar to tanker, as well as transloading from railcar to dedicated tanks, allow customers options in fulfilling their chemical needs. On-site truck scales and modern loading bays make terminal services safe and convenient. All services are handled according to highest safety standards.

## 4. Liquid white room

Petra has the capability to unload from rail, truck, drums or totes in what is known as the White Room, where we can also repackage from pails to totes or into tanker trucks or railcars. The White Room is a distinctly separate area and provides a sanitary and tightly controlled environment. The state-of-the-art facility uses this controlled environment to handle different products for the food or pharmaceuticals industry.

The integration of Petra Industries' service offerings strengthens the mixing and blending business of Brenntag North America, particularly in liquid and dry food grade blending, which is a focus area within Brenntag's growth strategy.



4. Liquid white room

## PEOPLE AT BRENNTAG

### AARON BOOTH

ACCOUNT EXECUTIVE, BRENNTAG SOUTH WEST,  
NORTH AMERICA



*»Being a trusted adviser is key for connecting my customers.«*

The oil and gas industry is one of the most important customer industries for Brenntag, especially in our North America region. Aaron Booth works as a customer adviser in the oil and gas industry at Brenntag in Texas. The US state has large oil reserves and plays a significant role in this sector. Aaron maintains long-term partnerships with his customers and tends to see the working relationship as a team relationship and himself not just as an external adviser.

#### Why did you decide to work in the oil and gas industry?

**Aaron:** Most of the oil and gas folks enjoy the outdoors – they hunt, they fish. As I studied Environmental Biology, we had some common ground to start with as opposed to not having any common ground. So I just naturally gravitated towards that industry.

#### Is there a “typical day” at work for you?

**Aaron:** A typical day at work begins with a review of the customers I will be meeting for the day and key topics that will be discussed. As the day progresses I will handle a broad spectrum of challenges needing solutions. This can include logistical needs, product supply chain, technical product trouble shooting and sometimes safety recommendations to meet the customer’s needs. The oil and gas industry is very demanding, time-sensitive and forces you to come up with solutions safely and quickly.

#### What would you say is the best part of your job?

**Aaron:** The best part of my job is having the opportunity to be part of my customers’ success by facing challenges and opportunities together and finding solutions. At some point, I figured out that this wasn’t just about selling a product at a certain price. It’s about helping the customers’ overall needs, being the person they come to for advice, or any challenges they need solutions to.





**Take us with you on the road. What projects have you currently been working on?**

**Aaron:** For one customer, we currently blend five different custom blends that go into the stimulation and production side of the oil and gas industry. These opportunities were discovered by asking probing questions that revealed that the customer didn't have enough man power to handle the workload required to keep up with the demand. Now we are able to provide finished blends at attractive pricing and in addition we manage the customer's inventories of raw materials. In a nutshell: we make life easier for the customer.

**And what are the benefits to a customer of working with Brenntag?**

**Aaron:** I don't think it matters which industry you are in, Brenntag offers everything from A to Z. It's literally a one-stop shop with a huge buying presence, but you also have the local presence of individual branches with sales representatives that can offer that local support. We are truly vested in finding solutions for our customer's needs.



Aaron trusts in partnerships –  
with colleagues and customers.







# ***SUSTAINABILITY –*** *SAFETY & ENVIRONMENTAL PROTECTION*

Our business activities are based not only on purely financial indicators. Brenntag considers aspects of sustainability such as safety, environmental protection and health to be paramount. Safety is our top priority and always more important than all other aspects of our business. We are committed to complying with the highest standards and have put in place guidelines that take account of local circumstances. Our primary objective is to ensure that our employees, business partners and environment are protected. We aim to be the safest chemical distributor worldwide.





Safety takes top priority – in Chile and all over the globe at Brenntag.



With a view to achieving continuous improvements in the areas of quality, safety, health and the environment, we have tailored different programmes for each of our regions. The CASA\* Management System is the programme for our region Latin America.

### **CASA – much more than just a safety programme**

CASA addresses quality, safety, health and environmental matters and is used by Brenntag Latin America to document and measure performance in these areas. It is an integrated sustainability programme and was set up back in 2000. Throughout the region, we now have a well-connected team of CASA specialists who are closely involved in day-to-day business in each country and responsible for compliance with the highest health, safety and environmental (HSE) standards.

While CASA is about complying with formal standards such as DIN ISO certifications, for example, a more interpersonal aspect is at least as important, as CASA has long been part of our corporate culture: CASA defines how we conduct our business. As part of our strategy and risk management, it contributes to the success of the business and sets Brenntag apart from its competitors.

Our colleague Marco Riquelme is an example of the extent to which CASA is put into practice at Brenntag Latin America.

Marco Riquelme has been working at Brenntag Chile for more than two decades and is currently plant supervisor and head of the works fire brigade at the site in Santiago de Chile. As well as performing his operational role, he takes his responsibility for the safety of his team and environmental protection very seriously. Sustainability and adherence to sustainability principles are a cornerstone of his daily work.

\*The abbreviation CASA stands for quality (CALIDAD), safety and health (SEGURIDAD & SALUD) and environment (MEDIO AMBIENTE).

## Practising responsibility

Each morning, Marco's team kicks off the day together with what they call the CASA talk.

At the CASA talk, the team is focused as it goes in detail through the day's tasks. "I address the points that are going to be relevant for us today in terms of quality, safety and environmental protection. As plant supervisor, I put a lot of emphasis on implementing the CASA programme. It enables us to incorporate sustainability into our daily activities on an ongoing basis," explains Marco.

The meeting ends and it is time to get to work. On this particular morning, three tankers carrying flammable products will be arriving – and all at the same time. "We must ensure that we coordinate the unloading of the trucks properly," says Marco. While the first tanker is being unloaded, a staff member must lead the waiting trucks to the safe parking zone for flammables and check whether the drivers also have the proper personal protective equipment.

While his colleagues process the first trucks outside, Marco plans the rest of the day. "It's my job to monitor whether all the delivery requirements have been met and whether everything has been prepared. And I have to respond flexibly to any changes that arise during a shift," he says. He always has an eye on safety here.

The site in Santiago is the central warehouse facility for Brenntag Chile. The product portfolio ranges from flammable, toxic and corrosive products, which are delivered to the paint and mining industries for example, to food-grade products for the food, feed, agricultural and pharmaceutical industries.





## Environmental Protection

**The 3R principle (reduce, reuse, recycle) applies:**

- Avoid and reduce waste
- Separate and recycle pallets, cardboard, plastic, glass and paper
- Clean and reuse barrels and other packing drums
- Reduce water consumption
- Reduce energy consumption

The flammable products represent a significant fire risk. In the event of contact, spillage or release, the corrosive chemicals and toxic substances pose a danger to people and the environment. Even food products are subject to strict storage and handling regulations. It is a high-risk and demanding work environment where safety and caution must be exercised at all times.

Every day, the employees handle these products and Marco is very aware of this: “Handling chemicals requires an enormous degree of responsibility. Even the smallest incident can have grave consequences. That is why it is so important for us to maintain occupational safety and ensure environmental protection at all times.”

But the CASA standards are not just an internal matter. They are also passed on to customers, because in Latin America, as is the case worldwide at Brenntag, the principle of “Safety first!” extends beyond the company’s own boundaries. For example, the sales manager coordinates customer visits to the Santiago site with the CASA team. Customers learn how to safely take delivery of, store and use the chemical products supplied by Brenntag. In addition, the Brenntag experts advise their customers on compliance issues, such as when there are regulatory requirements for a chemical product or a special handling permit.

Running an international group in a sustainable manner, defining values and developing a corporate culture that all employees will adhere to is a big job. The CASA programme in our Latin America region is just one example from around the Brenntag world of how it can work – to the mutual satisfaction of Brenntag employees and Brenntag customers.

# **DIGIB –** *THE DIGITAL JOURNEY CONTINUES*

By founding “DigiB”, our Brenntag subsidiary based in Amsterdam, we have combined and accelerated our digital activities and launched the Brenntag Group on its digital journey.

Tim Lewandowski, a founding member of this Brenntag entity, talks about the very beginnings and the recent progress made with the team in Amsterdam.

“I had the luck to be with DigiB from the very beginning – from the first steps in Berlin through to the present day in Amsterdam with a team now numbering around 50 colleagues. At first, our challenge was to develop a structure that supports a close connection to our Brenntag ‘mothership’ while retaining the ability to act as a start-up to create digital traction.”

DigiB is just the start of Brenntag’s digital journey. In chemical distribution, digital services will be an additional channel to market for market participants. Therefore, the company has already enlarged its digital team by setting up satellite offices in the Brenntag regions Asia Pacific and North America, ensuring continuous transfer of knowledge and expertise as well as global interaction. DigiB strives to think and act out of the box and to tread new paths.







Tim and his DigiB team members stay in close contact with Brenntag colleagues at Group headquarters in Essen and all over the world.

“DigiB went through various phases and we now focus on the motto LAUNCH & LEARN! We as a team professionalize the development of our digital tools which aim to support our teams across our business and strengthen existing and attract new business relationships. Just like a start-up, we focus on quick improvement and continuous steps forward.”

DigiB has been able to deploy a number of digital tools which improve business development and communication. On the one hand, we work on internal solutions which streamline processes and make our business quicker by reducing complexity. The team not only continuously develops and implements digital marketing projects with the goal of lead generation; it has also developed different technical tools to improve stock level management and optimize purchasing. One of these tools is our Internal Market Place, which will be launched across the Asia Pacific region in 2019. Externally, Brenntag Connect®, our customer portal, is very important.

Among other things, Brenntag Connect® provides order history, e-commerce functionality, quick and easy access to supporting documents such as safety data sheets and product specifications and opportunities for digital marketing. Step by step, it will enhance the service level we provide to our customers. After launching the tool within our life science business in the DACH region (Germany, Austria, Switzerland), the platform will also go live in our regions North America and Asia Pacific as well as in other European countries in the course of the year.

Our vision is to create a “digital footprint” by providing new digital solutions built on existing and new expertise which are required both internally and by external business partners.

Tim is proud to have been part of Brenntag’s digital family from the very beginning: “It is exciting to harvest the fruits of our efforts and to see how important thorough preparation and set-up are in order to be successful with digital solutions. From our very first steps in Berlin, I am now part of the deployment team for Brenntag Connect® and see our hard work starting to yield results!”



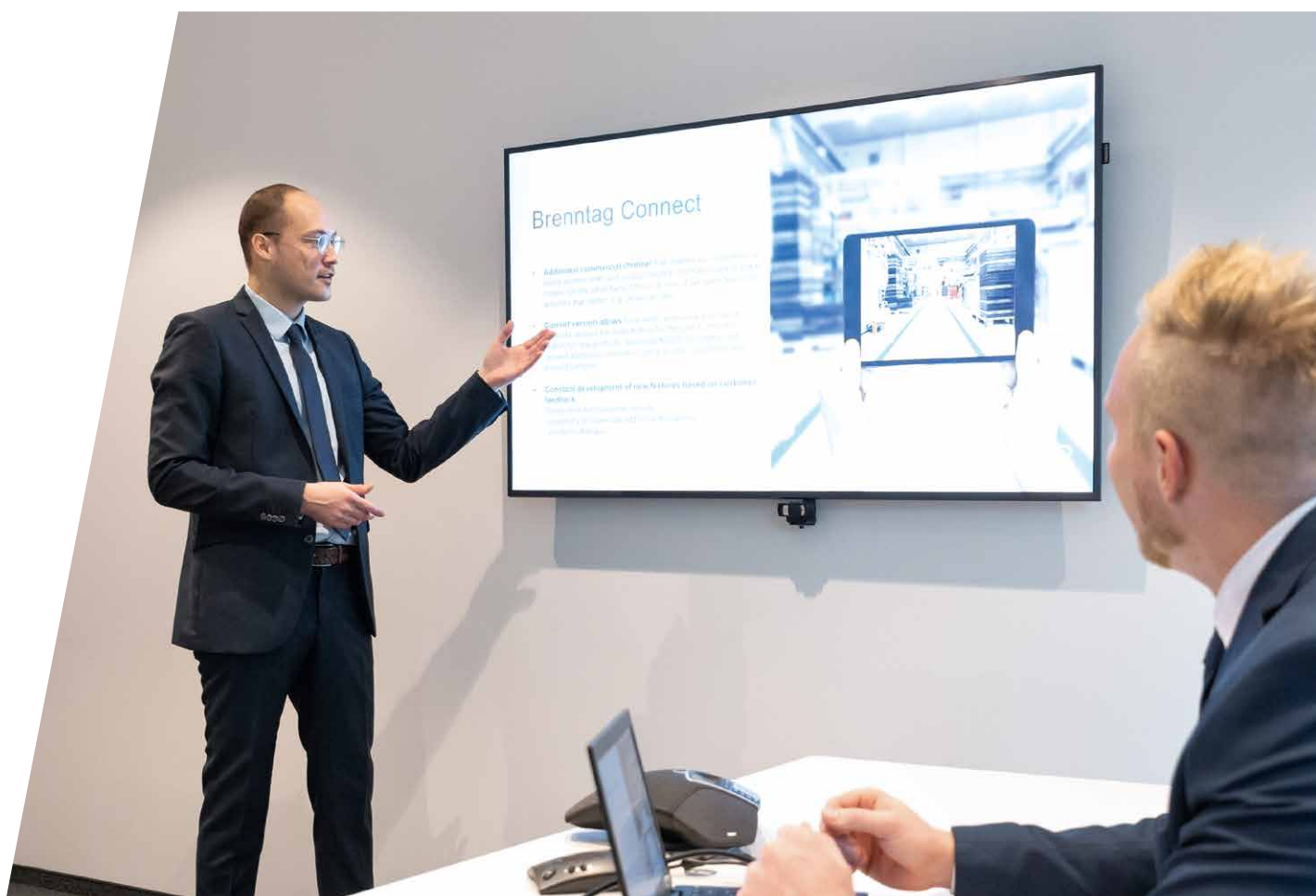
Tim not only focuses on optimal deployment and roll-out of the different tools; he also stays in close contact with Brenntag colleagues at headquarters in Essen. “We have to ensure that the importance of digitalization and the interest shown by Brenntag employees in recent years have a place to meet. My colleagues and I will ensure that we continue to engage and cooperate with all Brenntag business partners, train colleagues, support our teams in the different countries during the new digital tools’ deployment phase and gather fresh ideas for digital solutions,” says Tim.

As part of this programme, the DigiB employees deliver regular training sessions, workshops, feedback loops and support during the deployment phase. They

also aim to spot ideas for future digital solutions, which will be shared with our digital teams in Amsterdam, North America or Singapore.

The overall goal of Brenntag’s digital efforts is to simplify processes and make them faster while maintaining quality and safety at all times – for Brenntag and its partners!

*»We have to ensure that the importance of digitalization and the interest shown by Brenntag employees in recent years have a place to meet.«*



# SEGMENTS

## 36.9%

SHARE OF SALES

### NORTH AMERICA

Brenntag is one of the market leaders in North America. With nearly 195 distribution centres, we operate in all the major industrial areas in the USA. More than 5,100 employees ensure that our customers in the region have all the products and services they need.

in EUR m	2018	2017
External sales	4,636.9	4,368.0
Operating gross profit	1,118.3	1,073.9
Operating expenses	-708.7	-688.9
<b>Operating EBITDA</b>	<b>409.6</b>	<b>385.0</b>

## 6.4%

SHARE OF SALES

### LATIN AMERICA

In Latin America, Brenntag is the only large trans-regional chemical distributor covering the entire continent with its broad portfolio of chemical products and services. Our customers are served by more than 1,600 employees from about 60 locations in the 18 most important Latin American countries.

in EUR m	2018	2017
External sales	807.8	819.2
Operating gross profit	163.1	172.5
Operating expenses	-123.2	-130.1
<b>Operating EBITDA</b>	<b>39.9</b>	<b>42.4</b>

Figures exclude all other segments, which combine various holding companies and the activities with regard to the digitalization of Brenntag (DigiB). The international operations of BRENNTAG International Chemicals are also included in all other segments.

# 42.5%

SHARE OF SALES

## EMEA

Brenntag is the number one chemical distributor in EMEA. The region operates a dense network of more than 225 distribution centres. From these locations, our workforce of more than 7,100 employees provides the Brenntag customers with the chemicals and services they need.

in EUR m	2018	2017
External sales	5,339.3	5,016.8
Operating gross profit	1,141.2	1,094.8
Operating expenses	–755.7	–729.2
<b>Operating EBITDA</b>	<b>385.5</b>	<b>365.6</b>

ESSEN  
GERMANY

SINGAPORE  
REPUBLIC OF SINGAPORE

# 11.0%

SHARE OF SALES

## ASIA PACIFIC

Brenntag entered the Asia Pacific markets in 2008 and continuously expanded this network with several acquisitions over the following years. Today, we have over 100 locations in 17 countries and a workforce of more than 2,400 employees supplying chemical products and services to all our customers in the region.

in EUR m	2018	2017
External sales	1,383.5	1,170.6
Operating gross profit	224.2	198.7
Operating expenses	–146.3	–125.0
<b>Operating EBITDA</b>	<b>77.9</b>	<b>73.7</b>

# KEY FINANCIAL FIGURES AT A GLANCE

## CONSOLIDATED INCOME STATEMENT

		2018	2017	Change in %	Change in % (fx adj.)
Sales	EUR m	12,550.0	11,743.3	6.9	10.2
Operating gross profit	EUR m	2,660.9	2,554.1	4.2	7.5
Operating EBITDA	EUR m	875.5	836.0	4.7	8.4
Operating EBITDA / operating gross profit	%	32.9	32.7		
Profit after tax	EUR m	462.3	362.0	27.7	
Earnings per share	EUR	2.98	2.34	27.4	

## CONSOLIDATED BALANCE SHEET

		Dec. 31, 2018	Dec. 31, 2017
Total assets	EUR m	7,694.5	7,284.8
Equity	EUR m	3,301.2	2,985.7
Working capital	EUR m	1,807.0	1,510.5
Net financial liabilities	EUR m	1,761.9	1,571.9

## CONSOLIDATED CASH FLOW

		2018	2017
Net cash provided by operating activities	EUR m	375.3	404.5
Investments in non-current assets (capex)	EUR m	-172.2	-148.1
Free cash flow	EUR m	525.2	440.3

## KEY DATA ON THE BRENNTAG SHARES

		Dec. 31, 2018	Dec. 31, 2017
Share price	EUR	37.70	52.77
No. of shares (unweighted)		154,500,000	154,500,000
Market capitalization	EUR m	5,825	8,153
Free float	%	100.00	100.00



# FIVE-YEAR OVERVIEW

## CONSOLIDATED INCOME STATEMENT

		2018	2017	2016	2015	2014
Sales	EUR m	12,550.0	11,743.3	10,498.4	10,346.1	10,015.6
Operating gross profit	EUR m	2,660.9	2,554.1	2,428.7	2,321.7	2,078.2
Operating EBITDA	EUR m	875.5	836.0	810.0	807.4	726.7
Operating EBITDA/operating gross profit	%	32.9	32.7	33.4	34.8	35.0
Profit after tax	EUR m	462.3	362.0	361.0	368.1	339.7
Earnings per share after stock split <sup>1)</sup>	EUR	2.98	2.34	2.33	2.36	2.20

## CONSOLIDATED BALANCE SHEET

		Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Total assets	EUR m	7,694.5	7,284.8	7,287.0	6,976.2	6,215.0
Equity	EUR m	3,301.2	2,985.7	2,959.2	2,690.5	2,356.9
Working capital	EUR m	1,807.0	1,510.5	1,354.6	1,268.1	1,226.8
Net financial liabilities	EUR m	1,761.9	1,571.9	1,681.9	1,676.1	1,409.7

## CONSOLIDATED CASH FLOW

		2018	2017	2016	2015	2014
Net cash provided by operating activities	EUR m	375.3	404.5	539.9	593.7	369.7
Investments in non-current assets (capex)	EUR m	-172.2	-148.1	-141.1	-130.1	-104.8
Free cash flow <sup>2)</sup>	EUR m	525.2	440.3	641.4	764.3	521.4

## KEY DATA ON THE BRENNTAG SHARES

		Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Share price	EUR	37.70	52.77	52.80	48.28	46.51
No. of shares (unweighted) <sup>1)</sup>		154,500,000	154,500,000	154,500,000	154,500,000	154,500,000
Market capitalization	EUR m	5,825	8,153	8,158	7,459	7,186
Free float	%	100.00	100.00	100.00	100.00	100.00

<sup>1)</sup> As part of a stock split, the number of shares was increased in the third quarter of 2014 from 51.5 million to 154.5 million.

The earnings per share, the share price and the number of shares have been retroactively adjusted in line with the stock split.

<sup>2)</sup> Calculation based on operating EBITDA.

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## INFORMATION ON THE ANNUAL

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

## INFORMATION ON ROUNDING

Due to commercial rounding, minor differences may occur when using rounded amounts or rounded percentages.

## DISCLAIMER

This Annual may contain forward-looking statements based on current assumptions and forecasts made by Brenntag AG and other information currently available to the company. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. Brenntag AG does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to adapt them in line with future events or developments.



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