ConnectingChemistry

BRENNTAG

AGILITY TO PERFORM

INTERIM REPORT
JANUARY – SEPTEMBER 2019

KEY FINANCIAL FIGURES AT A GLANCE

CONSOLIDATED INCOME STATEMENT

		Q3 2019	Q3 2018
Sales	EUR m	3,254.3	3,221.8
Operating gross profit	EUR m	722.2	678.0
Operating EBITDA	EUR m	262.8	224.5
Operating EBITDA / operating gross profit	%	36.4	33.1
Profit after tax	EUR m	128.4	110.5
Earnings per share	EUR	0.83	0.72

CONSOLIDATED BALANCE SHEET

		Sep. 30, 2019	Dec. 31, 2018
Total assets	EUR m	8,656.6	7,694.5
Equity	EUR m	3,507.9	3,301.2
Working capital	EUR m	1,881.0	1,807.0
Net financial liabilities	EUR m	2,169.6	1,761.9

CONSOLIDATED CASH FLOW

		Q3 2019	Q3 2018
Net cash provided by operating activities	EUR m	289.5	123.5
Investments in non-current assets (capex)	EUR m	−50.4	−39.6
Free cash flow	EUR m	245.9	150.4

KEY DATA ON THE BRENNTAG SHARES

		Sep. 30, 2019	Dec. 31, 2018
Share price	EUR	44.40	37.70
No. of shares (unweighted)		154,500,000	154,500,000
Market capitalization	EUR m	6,860	5,825
Free float	%	100.0	100.0

COMPANY PROFILE

Brenntag is the **global market leader** in chemical and ingredients distribution.
It connects its suppliers and customers in successful partnerships.

Its more than **17,000 employees** provide tailor-made application, marketing and supply chain solutions. Technical application and formulation support, market, industry and regulatory expertise as well as digital tools are just some of the services we provide to achieve an excellent customer experience.

The full-line portfolio comprises specialty and industrial chemicals and ingredients of a world-class supplier base.

Building on its long-standing experience, unmatched global reach and local excellence, Brenntag works alongside its partners to make their business more successful. Brenntag is committed to contributing towards greater sustainability in its own business and the industries it serves and to achieving profitable growth.

Headquartered in Essen and with regional headquarters in Philadelphia, Houston and Singapore, Brenntag operates a unique global network with more than 580 locations in 76 countries. In 2018, the company generated sales of EUR 12.6 billion.

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

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CEO LETTER

Dear shareholders,

In the third quarter of 2019, Brenntag reported stable results in what remains a difficult macroeconomic environment. The Group reported operating gross profit of EUR 722.2 million, an increase of 3.9% on a constant currency basis, and operating EBITDA of EUR 262.8 million, a rise of 13.9% on a constant currency basis. Excluding the effects from the initial application of the new financial reporting standard on lease accounting the operating EBITDA was on last year's level.

The trends we already saw the past months continued in the reporting period with challenging economic conditions in our large regions EMEA and North America. Here we saw an underlying weakness in demand in the industrial sector and stable to growing performance in some life science sectors such as food and nutrition. The Latin American results were impacted by high volatility and challenging macroeconomic environment in many countries across the region. In contrast the region Asia Pacific continued its positive development with growth in our operating business as well as from our acquisitions. Overall, we saw a continued slowing of the economic environment. Nevertheless, our diversified product range, markets and geographical locations help us keep our results stable under these circumstances.

Also over the past months we followed our proven acquisition strategy and signed or closed further acquisitions in North America, Latin America and the Middle East and Africa. As the chemical distribution market remains highly fragmented, we expect to acquire further targets towards the end of the year.

During the reporting period we announced our plan to change the company's legal form from a German stock corporation (Aktiengesellschaft, AG) to a European company form (Societas Europaea, SE), which is a legal form that stands for modern and international companies and which is well recognized internationally. It is intended to submit the conversion into an SE to the Brenntag General Shareholders' Meeting for approval at its ordinary meeting in June 2020.

Against the background of current developments, political uncertainties and macroeconomic forecasts we remain cautious for the rest of the year. Currently, we don't expect any improvement of the economic conditions which would bring a significant increase in demand for the rest of the year.

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

Essen, November 5, 2019

STEVEN HOLLAND
CHIEF EXECUTIVE OFFICER

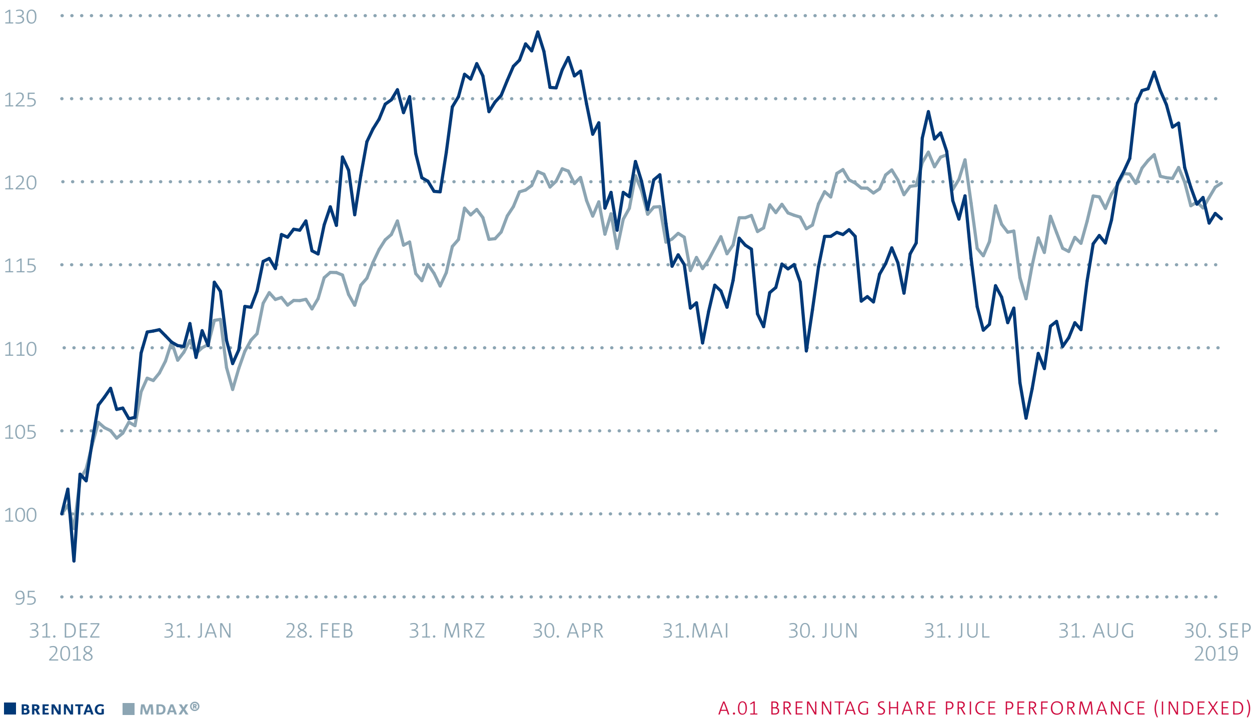
BRENNTAG ON THE STOCK MARKET

SHARE PRICE PERFORMANCE

During the third quarter of 2019, global capital markets continued to show volatile movements triggered by US-China trade discussions and weakening macroeconomic growth in many regions around the world. Meanwhile, the uncertainty caused by the negotiations around Brexit continues to have an impact on market sentiment as well.

Germany's leading index, the DAX®, closed the third quarter of 2019 at 12,428 points, up 17.7% on the end of 2018. The MDAX® finished up 19.9% at 25,887 points. Brenntag shares closed the reporting period at EUR 44.40, an increase of 17.8% compared with the 2018 closing price.

According to Deutsche Börse AG's ranking, Brenntag AG ranked 33rd among all listed companies in Germany by market capitalization at the end of September 2019. The average number of Brenntag shares traded daily on Xetra® in the first nine months of 2019 was approximately 343,000.



A.01 BRENNTAG SHARE PRICE PERFORMANCE (INDEXED)

SHAREHOLDER STRUCTURE

As at November 1, 2019, notification had been received from the following shareholders under Section 21, para. 1 of the German Securities Trading Act (WpHG) that their share of the voting rights now exceeds the 3% or 5% threshold:

Shareholder	Interest in %	Date of notification
BlackRock	>5	Oct. 10, 2019
MFS Investment Management	>5	Jul. 3, 2012
Burgundy Asset Management	>3	Oct. 16, 2018
Columbia Threadneedle	>3	Jul. 25, 2019
Flossbach von Storch AG	>3	Dec. 21, 2018
Wellington Management Group	>3	Oct. 1, 2019

A.02 SHAREHOLDER STRUCTURE

		Dec. 31, 2018	Sep. 30, 2019
Price (Xetra® closing price)	EUR	37.70	44.40
Market capitalization	EUR m	5,825	6,860
Primary stock exchange		Xetra®	
Indices		MDAX®, MSCI, STOXX EUROPE 600	
ISIN/WKN/trading symbol		DE000A1DAHH0/A1DAHH/BNR	

A.03 KEY DATA ON THE BRENNTAG SHARES

CREDITOR RELATIONS

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

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

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

GROUP INTERIM MANAGEMENT REPORT

FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2019

GROUP OVERVIEW

Business Activities and Group Structure

BUSINESS ACTIVITIES

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

Connecting chemical manufacturers (our suppliers) and chemical users (our customers), Brenntag provides complete distribution solutions rather than just chemical products. Brenntag purchases large-scale quantities of industrial and specialty chemicals and ingredients from a large number of suppliers, enabling the company to achieve economies of scale and offer a full-line range of products and value-added services to around 195,000 customers. Brenntag is the strategic partner and service provider for manufacturers of industrial and specialty chemicals and ingredients at the one end and chemical and ingredients users at the other end of the value chain. Brenntag's role in the value chain is also expressed in our brand identity "ConnectingChemistry".

Brenntag stores the products it purchases in its distribution facilities, packs them into quantities the customers require and delivers them, typically in less-than-truckloads. Brenntag's customers worldwide are active in diverse end-market industries such as adhesives, paints, oil and gas, food, water treatment, personal care and pharmaceuticals. In order to be able to react quickly to the market and customers' and suppliers' requirements, Brenntag manages its business through its geographically structured segments in EMEA (Europe, Middle East & Africa), North America, Latin America and Asia Pacific. Brenntag offers a broad product range comprising more than 10,000 chemicals and ingredients 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 chemical and ingredients 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 AND SEGMENTS

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

For details of the scope of consolidation, please refer to the notes to the interim consolidated financial statements as at September 30, 2019.

Objectives and Strategy

ConnectingChemistry

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

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

VISION, OBJECTIVES AND STRATEGY

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

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

Our goal here is to be the preferred distributor of industrial and specialty chemicals and ingredients for our customers and suppliers and, at the same time, the industry leader in safety, growth and profitability. We pursue this goal through 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. Our close ties with local cultures and markets enable us to serve our customers and suppliers in a way that meets their individual needs.

In addition, we continue to seek acquisition opportunities that support our strategy. Our strategic focus here 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 and ingredients in these regions. In the established markets of Western Europe and North America, our acquisition strategy focuses on steadily optimizing our product and service portfolio as well as our national and international distribution networks.

Steadily improving profitability

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

Strategic initiatives

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

Our global safety initiative, for example, concentrates in particular on establishing an outstanding safety culture and introducing globally harmonized and consistently high safety standards.

Under our growth strategy, we focus the company on attractive and promising business segments. In order to leverage more of the above-average growth opportunities in the life science segment, we have amalgamated our global capabilities in food within the organizational unit Brenntag Food & Nutrition. This enables us to better meet our business partners' existing and future needs at local and global level on the basis of our broad portfolio of specialty and standard ingredients and our specific expertise. We have other focus industries, such as personal care, pharmaceuticals, water treatment and material science, which we serve by providing technical sales support in particular. In the high-volume chemicals segment and in the oil and gas industry, we offer integrated supply chain solutions geared to achieving maximum efficiency and customer-centric business solutions. As a source of future growth, we are also looking to digital concepts and technologies that are customer- and supplier-oriented. We have combined these activities in our subsidiary DigiB. Further regional initiatives focus on growing the customer-specific mixing and blending business by providing value-added services.

In order to also offer our business partners the best service in the industry, we continuously focus worldwide on commercial excellence, that is to say, our effectiveness and efficiency in procurement, sales and marketing. Our points of emphasis include systematically expanding business with regional, pan-regional and global key account customers, for which our broad product offering and extensive geographic network provide unrivalled service capabilities. In addition, we will continue to actively realize the potential that arises as a result of chemical producers outsourcing supply chain and commercial activities.

In addition to our growth initiatives, we continue to improve our operational excellence, in particular by optimizing our site network and IT systems, 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. The focus here is on the continuing development of our employees and, in particular on targeted succession planning.

SUSTAINABILITY

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

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

We are committed to the principles of responsible care and responsible distribution as well as the principles of the UN Global Compact. We are also a member of "Together for Sustainability", an industry initiative that aims to enhance sustainability across the entire chemical supply chain. Detailed information on our sustainability management is provided in our latest sustainability report and in the "Health, Safety and Environmental Protection, Quality Management" chapter of the 2018 Annual Report.

Financial Management System

The financial management system of the Brenntag Group enables us to measure attainment of our strategic objectives. It is based on the key performance indicators operating gross profit, operating EBITDA and free cash flow and their growth. We also measure return on capital and working capital turnover and set strict requirements for the performance of investment projects and acquisitions.

In connection with the initial application of the new financial reporting standard on leases (IFRS 16), the Brenntag Group's financial management system was examined and, where necessary, adapted. This did not result in any changes to the key performance indicators used to measure the Group's financial performance with the exception of the definition for calculating free cash flow.

Free cash flow is now defined as follows:

	Operating EBITDA
–	other additions to property, plant and equipment/ intangible assets (capex)
+/–	changes in working capital
–	principal and interest payments on lease liabilities
=	free cash flow

Working capital is defined as trade receivables plus inventories less trade payables. On initial application of IFRS 16, cash outflows for principal payments on lease liabilities and interest payments incurred in this context are also deducted. Free cash flow is an important performance indicator for us, as it shows what level of cash is generated from operating activities and will therefore be available for growth through acquisitions as well as for lenders, shareholders and tax payments.

REPORT ON ECONOMIC POSITION

Economic Environment

The global economic slowdown intensified again in the third quarter of 2019, with Europe and Latin America remaining the weakest economic regions. The negative sentiment is also reflected in the Global Manufacturing Purchasing Managers' Index (PMI), which stood at 49.3 in July, the lowest reading for seven years, and at an only minimally better 49.7 in September. Overall, global industrial production grew by only around 0.6% year on year in the first two months of the third quarter of 2019.

Industrial production in Europe showed a relatively strong fall compared with the previous year, dropping by 1.5% in the first two months of the third quarter of 2019. While industrial production growth in the USA was still positive at 0.2% year on year in the third quarter of 2019, the rate of expansion fell far short of that in the first two quarters of this year and was below the 1%-mark for the first time in two years. Economic conditions in Latin America remained very challenging. Compared with the prior-year period, Latin American industrial production showed a significant contraction of approximately 5.7% in the first two months of the third quarter of 2019. Only in the economies of Asia, and in China in particular, is there still a positive business environment. The Chinese economy grew by around 4.7% year on year in the first two months of the third quarter of 2019. Industrial production in the other countries of Asia expanded by approximately 1.6% during the same period.

Business Performance

MAJOR EVENTS IMPACTING ON BUSINESS IN Q3 2019

In July 2019, Brenntag closed the acquisition of B&M Oil Company based in Tulsa, Oklahoma, USA. The acquiree generated sales of EUR 24.1 million in financial year 2018.

In July 2019, Brenntag acquired the chemical distribution business of the Desbro Group in Kenya and the United Arab Emirates. This was followed in September by the acquisition of the Desbro Group's chemical distribution business in Uganda. Based in Nairobi, Kenya, the company generated total sales of EUR 71.1 million in these regions in financial year 2018. In addition, we are in the process of acquiring Desbro's business in Tanzania.

Brenntag plans to change its legal form from a German stock corporation (Aktiengesellschaft, AG) to a European Company (Societas Europaea, SE). It is intended to submit the request for its conversion into an SE to the Brenntag General Shareholders' Meeting for approval at its ordinary meeting in June 2020.

In September 2019, the Supervisory Board of Brenntag AG announced the appointment of Dr Christian Kohlpaintner as the new CEO and a member of the Board of Management with effect from January 1, 2020. Christian Kohlpaintner will succeed the current CEO, Steven Holland, who will leave the Board of Management on December 31, 2019.

STATEMENT BY THE BOARD OF MANAGEMENT ON BUSINESS PERFORMANCE

The Brenntag Group generated operating EBITDA of EUR 262.8 million in the third quarter of 2019, an increase of 17.0% (on a constant currency basis: 13.9%) compared with the prior-year period. The earnings growth shown is mainly the result of the initial application of IFRS 16, the new financial reporting standard on lease accounting. Due to the application of this financial reporting standard, lease expenses are now mostly recognized below operating EBITDA as depreciation and interest expense.

After adjustment for the effect of the initial application of IFRS 16, and on a constant currency basis, the Group achieved a slight increase in earnings year on year. The third quarter of 2019 brought confirmation of the noticeable weakening towards the end of the second quarter. In a persistently difficult market environment in the EMEA region, particularly in the industrialized markets of central Europe, the EMEA segment did not quite match the earnings achieved in the third quarter of last year. In North America too, we face a difficult economic environment compared with the beginning of the year, also reflected in earnings performance in the segment, where operating EBITDA was up only slightly on the prior-year quarter. Against the background of a volatile overall environment, our Latin America segment did not match the earnings achieved in the prior-year quarter. In our Asia Pacific segment, on the other hand, we were able to increase earnings by a clear margin.

In the third quarter of 2019, working capital showed a much lower increase than in the prior-year period due in particular to the trend in chemical prices, with annualized working capital turnover down on the prior-year level.

As expected, capital expenditure in the third quarter of 2019 was up on the prior-year figure due to projects to expand our business operations. We make these investments to maintain our existing infrastructure and expand it through targeted growth projects, for example in areas such as our warehouse sites, technical equipment and transport logistics. We also increased capital expenditure in North America in light of the business opportunities arising from market consolidation there.

The outlined performance in operating EBITDA, working capital and capital expenditure in the first nine months of 2019 resulted in a free cash flow that was significantly higher year on year. This is attributable in particular to a lower increase in working capital compared with the first nine months of 2018.

Overall, we continue to face a difficult macroeconomic environment that is having a stronger impact on our results of operations than we expected at the beginning of the year. Although the results of operations in the third quarter of 2019 were slightly better than the performance in the second quarter, we are not satisfied with this earnings performance. In particular, our two large segments, EMEA and North America, were unable to increase their earnings year on year at operating level (excluding the effects of the initial application of IFRS 16 and on a constant currency basis). Following strong growth in the first half of the year, earnings in our Latin America segment fell in the third quarter of 2019. In our Asia Pacific segment, on the other hand, we posted sound operational growth in earnings, some of which was organic.

Results of Operations

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

			Change		
in EUR m	**Q3 2019**	**Q3 2018**	abs.	in %	in % (fx adj.)[1]
Sales	3,254.3	3,221.8	32.5	1.0	−1.4
Operating gross profit	722.2	678.0	44.2	6.5	3.9
Operating expenses	−459.4	−453.5	−5.9	1.3	−1.1
Operating EBITDA	**262.8**	**224.5**	**38.3**	**17.0**	**13.9**
Net income/expense from special items	9.2	−0.2	9.4	–	–
Depreciation of property, plant and equipment and right-of-use assets	−62.3	−30.2	−32.1	106.3	102.0
EBITA	209.7	194.1	15.6	8.0	5.6
Amortization of intangible assets	−12.5	−13.0	0.5	−3.8	−6.0
Net finance costs	−23.2	−27.8	4.6	−16.5	–
Profit before tax	174.0	153.3	20.7	13.5	–
Income tax expense	−45.6	−42.8	−2.8	6.5	–
Profit after tax	128.4	110.5	17.9	16.2	–

			Change		
in EUR m	**9M 2019**	**9M 2018**	abs.	in %	in % (fx adj.)
Sales	9,690.9	9,412.0	278.9	3.0	0.3
Operating gross profit	2,133.3	1,992.6	140.7	7.1	4.1
Operating expenses	−1,365.4	−1,330.2	−35.2	2.6	−0.1
Operating EBITDA	**767.9**	**662.4**	**105.5**	**15.9**	**12.7**
Net income/expense from special items	8.6	−1.7	10.3	–	–
Depreciation of property, plant and equipment and right-of-use assets	−179.8	−88.2	−91.6	103.9	98.7
EBITA	596.7	572.5	24.2	4.2	1.7
Amortization of intangible assets	−38.0	−37.3	−0.7	1.9	−0.8
Net finance costs	−73.0	−70.6	−2.4	3.4	–
Profit before tax	485.7	464.6	21.1	4.5	–
Income tax expense	−126.7	−129.8	3.1	−2.4	–
Profit after tax	359.0	334.8	24.2	7.2	–

B.01 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

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

Net income/expense from special items breaks down as follows:

in EUR m	Q3 2019	Q3 2018
Expenses in connection with the programme to increase efficiency in the EMEA segment	−0.3	−0.2
Refund of social security charges paid in previous years in Brazil	9.5	–
Net income / expense from special items	**9.2**	**−0.2**

in EUR m	9M 2019	9M 2018
Expenses in connection with the programme to increase efficiency in the EMEA segment	−0.6	−1.7
Subsequent purchase price adjustment for Biosector	−0.3	–
Refund of social security charges paid in previous years in Brazil	9.5	–
Net income / expense from special items	**8.6**	**−1.7**

B.02 NET INCOME / EXPENSE FROM SPECIAL ITEMS

The Brenntag Group generated **sales** of EUR 3,254.3 million in the third quarter of 2019, an increase of 1.0% compared with the prior-year period. This 1.4% decrease in sales on a constant currency basis is attributable to the fact that while volumes were higher, average sales prices per unit were lower. Sales for the first nine months of 2019 were up by 3.0% on the prior-year figure. On a constant currency basis, they showed a slight increase of 0.3%.

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 **operating gross profit** of EUR 722.2 million in the third quarter of 2019, a rise of 6.5% and, on a constant currency basis, 3.9%. With the exception of EMEA, all segments contributed to this performance at operating gross profit level. The growth in operating gross profit is mostly attributable to a positive contribution from our acquisitions. Operating gross profit for the first nine months of 2019 rose by 7.1%, or 4.1% on a constant currency basis.

The Brenntag Group's **operating expenses** amounted to EUR 459.4 million in the third quarter of 2019, an increase of 1.3% year on year, or a decrease of 1.1% on a constant currency basis. Our acquisitive growth led to additional costs, as did inflationary tendencies, affecting personnel costs in particular. The initial application of IFRS 16, on the other hand, resulted in a reduction in expenses due to the related reclassification of lease expenses into depreciation and interest expense. In the first nine months of 2019, the Brenntag Group's operating expenses increased by 2.6%. On a constant currency basis, operating expenses were on a par with the previous year.

The Brenntag Group achieved **operating EBITDA** of EUR 262.8 million overall in the third quarter of 2019, an increase of 17.0% on the prior-year figure. On a constant currency basis, this represents earnings growth of 13.9%. The earnings growth shown is mainly the result of the initial application of IFRS 16, the new financial reporting standard on lease accounting. At operating level after eliminating the effect of IFRS 16, the Group achieved a slight increase in earnings compared with the strong prior-year quarter on a constant currency basis. Our Asia Pacific segment in particular and our slight growth in North America contributed to this performance. In the first nine months of 2019, the Brenntag Group generated operating EBITDA of EUR 767.9 million, an increase of 15.9%. On a constant currency basis, this represents growth of 12.7% compared with the first nine months of 2018.

Depreciation of property, plant and equipment, depreciation of right-of-use assets and **amortization** of intangible assets amounted to EUR 74.8 million in the third quarter of 2019, with depreciation of property, plant and equipment and right-of-use assets accounting for EUR 62.3 million and amortization of intangible assets for EUR 12.5 million. The increase in depreciation of property, plant and equipment and right-of-use assets is mainly attributable to right-of-use assets recognized for the first time in 2019 in accordance with IFRS 16. Compared with the third quarter of 2018, we recorded an increase in total depreciation and amortization of EUR 31.6 million. In the first nine months of 2019, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets came to EUR 217.8 million (9M 2018: EUR 125.5 million).

Net finance costs amounted to EUR 23.2 million in the third quarter of 2019 (Q3 2018: EUR 27.8 million). The improvement in net finance costs is due mainly to lower expense arising on the translation of foreign currency receivables and liabilities as well as a positive one-time effect in connection with the aforementioned refunds of social security charges in Brazil on other net finance costs. The initial application of IFRS 16 had the opposite effect, as a result of which there was a slight change in the net interest expense component of net finance costs to EUR 21.9 million (Q3 2018: EUR 20.0 million). In the first nine months of 2019, net finance costs came to EUR 73.0 million (9M 2018: EUR 70.6 million). This figure includes EUR 67.3 million of net interest expense (9M 2018: EUR 63.0 million), which changed mainly as a result of the initial application of IFRS 16. Had IFRS 16 not been applied, net interest expense would have improved compared with the first nine months of 2018 due to the repayment in July 2018 of a bond at a relatively high rate of interest.

Income tax expense rose by EUR 2.8 million year on year to EUR 45.6 million in the third quarter of 2019. Income tax expense for the first nine months of 2019 declined by EUR 3.1 million compared with the prior-year period to EUR 126.7 million.

Profit after tax stood at EUR 128.4 million in the third quarter of 2019 (Q3 2018: EUR 110.5 million). In the first nine months of 2019, it rose by EUR 24.2 million year on year to EUR 359.0 million.

BUSINESS PERFORMANCE IN THE SEGMENTS

Q3 2019 in EUR m	**Brenntag Group**	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	3,254.3	1,289.6	1,238.0	217.0	396.4	113.3
Operating gross profit	722.2	285.5	318.7	44.5	68.1	5.4
Operating expenses	−459.4	−182.3	−187.6	−31.9	−42.8	−14.8
Operating EBITDA	**262.8**	**103.2**	**131.1**	**12.6**	**25.3**	**−9.4**

9M 2019 in EUR m	**Brenntag Group**	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	9,690.9	3,976.6	3,634.2	638.9	1,134.1	307.1
Operating gross profit	2,133.3	866.0	924.5	131.9	196.1	14.8
Operating expenses	−1,365.4	−552.3	−553.6	−94.4	−123.8	−41.3
Operating EBITDA	**767.9**	**313.7**	**370.9**	**37.5**	**72.3**	**−26.5**

B.03 BUSINESS PERFORMANCE IN THE SEGMENTS

EMEA (Europe, Middle East & Africa)

			Change		
in EUR m	**Q3 2019**	**Q3 2018**	abs.	in %	in % (fx adj.)
External sales	1,289.6	1,326.9	−37.3	−2.8	−3.1
Operating gross profit	285.5	285.0	0.5	0.2	0.1
Operating expenses	−182.3	−189.1	6.8	−3.6	−3.5
Operating EBITDA	**103.2**	**95.9**	**7.3**	**7.6**	**7.3**

			Change		
in EUR m	**9M 2019**	**9M 2018**	abs.	in %	in % (fx adj.)
External sales	3,976.6	4,044.3	−67.7	−1.7	−1.4
Operating gross profit	866.0	868.0	−2.0	−0.2	0.1
Operating expenses	−552.3	−567.7	15.4	−2.7	−2.5
Operating EBITDA	**313.7**	**300.3**	**13.4**	**4.5**	**5.1**

B.04 BUSINESS PERFORMANCE IN THE SEGMENTS / EMEA

The EMEA segment generated **external sales** of EUR 1,289.6 million in the third quarter of 2019, a decrease of 2.8% compared with the prior-year period. On a constant currency basis, external sales were down by 3.1% on the prior-year figure. While we increased our volumes, this decrease is attributable to lower average sales prices. External sales for the first nine months of 2019 were down by 1.7% year on year. On a constant currency basis, the segment posted a decrease of 1.4%.

At EUR 285.5 million in the third quarter of 2019, the **operating gross profit** generated by the companies in the EMEA segment was in line with the prior-year figure on both an as reported and a constant currency basis despite the persistently difficult market environment. In the first nine months of 2019, operating gross profit in the EMEA segment showed a similar picture.

The EMEA segment posted **operating expenses** of EUR 182.3 million in the third quarter of 2019. This decrease of 3.6% year on year, or 3.5% on a constant currency basis, is attributable to the initial application of IFRS 16 and the lower lease expenses associated with this. Conversely, the EMEA segment recorded increases in transport and personnel costs. In the first nine months of 2019, operating expenses declined by 2.7% and, on a constant currency basis, by 2.5%.

The companies in the EMEA segment achieved **operating EBITDA** of EUR 103.2 million in the third quarter of 2019 and thus posted an increase of 7.6% compared with the prior-year period, or 7.3% on a constant currency basis. This increase is due to the initial application of IFRS 16. In the first nine months of 2019, operating EBITDA rose by 4.5% (5.1% on a constant currency basis).

North America

in EUR m	Q3 2019	Q3 2018	Change abs.	Change in %	Change in % (fx adj.)
External sales	1,238.0	1,211.9	26.1	2.2	−2.4
Operating gross profit	318.7	290.2	28.5	9.8	5.0
Operating expenses	−187.6	−178.3	−9.3	5.2	0.4
Operating EBITDA	**131.1**	**111.9**	**19.2**	**17.2**	**12.3**

in EUR m	9M 2019	9M 2018	Change abs.	Change in %	Change in % (fx adj.)
External sales	3,634.2	3,459.2	175.0	5.1	−0.9
Operating gross profit	924.5	829.2	95.3	11.5	5.2
Operating expenses	−553.6	−521.2	−32.4	6.2	0.2
Operating EBITDA	**370.9**	**308.0**	**62.9**	**20.4**	**13.7**

B.05 BUSINESS PERFORMANCE IN THE SEGMENTS / NORTH AMERICA

The North America segment generated **external sales** of EUR 1,238.0 million in the third quarter of 2019, a rise of 2.2% year on year. On a constant currency basis, the North American companies posted a 2.4% decrease in external sales despite higher volumes. This is attributable to a decline in average sales prices. External sales for the first nine months of 2019 rose by 5.1% compared with the prior-year period. On a constant currency basis, this represents a decrease of 0.9%.

The **operating gross profit** generated by the North American companies rose by 9.8% year on year to EUR 318.7 million in the third quarter of 2019. This rise of 5.0% on a constant currency basis was partly organic and strongly supported by the positive contribution from the acquisitions. For the first nine months of 2019, we posted an increase in operating gross profit of 11.5% compared with the same period of 2018. On a constant currency basis, we achieved growth of 5.2%.

At EUR 187.6 million in the third quarter of 2019, **operating expenses** in the North America segment were up by 5.2% on the prior-year period. On a constant currency basis, operating expenses increased by 0.4%. Higher expenses were incurred for personnel and maintenance in particular. In the first nine months of 2019, operating expenses rose by 6.2% year on year. On a constant currency basis, operating expenses stayed in line with the prior-year figure. In the North America segment too, the initial application of IFRS 16 had the effect of reducing costs.

The North American companies achieved **operating EBITDA** of EUR 131.1 million in the third quarter of 2019, a clear rise of 17.2% year on year, or 12.3% on a constant currency basis. This growth is due predominantly to our cost base being impacted by IFRS 16. In the first nine months of 2019, operating EBITDA rose by 20.4% overall. On a constant currency basis, the segment achieved an increase of 13.7%.

Latin America

			Change		
in EUR m	**Q3 2019**	**Q3 2018**	abs.	in %	in % (fx adj.)
External sales	217.0	213.4	3.6	1.7	−0.4
Operating gross profit	44.5	42.1	2.4	5.7	3.5
Operating expenses	−31.9	−30.9	−1.0	3.3	0.4
Operating EBITDA	**12.6**	**11.2**	**1.4**	**12.3**	**12.2**

			Change		
in EUR m	**9M 2019**	**9M 2018**	abs.	in %	in % (fx adj.)
External sales	638.9	594.7	44.2	7.4	4.7
Operating gross profit	131.9	120.7	11.2	9.3	6.4
Operating expenses	−94.4	−92.7	−1.7	1.9	−1.2
Operating EBITDA	**37.5**	**28.0**	**9.5**	**33.8**	**32.0**

B.06 BUSINESS PERFORMANCE IN THE SEGMENTS / LATIN AMERICA

The Latin America segment generated **external sales** of EUR 217.0 million in the third quarter of 2019, a rise of 1.7%. On a constant currency basis, this represents a decrease of 0.4% attributable to the fact that while volumes were higher, average sales prices per unit were lower. In the first nine months of 2019, external sales in the Latin America segment rose by 7.4%. On a constant currency basis, they climbed by 4.7% year on year.

The **operating gross profit** achieved by the Latin American companies in the third quarter of 2019 amounted to EUR 44.5 million. Compared with the prior-year period, operating gross profit was therefore up by 5.7%. On a constant currency basis, it rose by 3.5%. Despite a difficult market environment throughout the region with industrial production mostly in contraction, we were able to continue the growth trend from the first two quarters of 2019 and once again demonstrated our resilience. In the first nine months of 2019, operating gross profit in the Latin America segment increased by 9.3%. On a constant currency basis, it rose by 6.4%.

Operating expenses in the Latin America segment amounted to EUR 31.9 million in the third quarter of 2019, an increase of 3.3% on the prior-year figure. On a constant currency basis, operating expenses were up by 0.4%. This rise is attributable to inflation-driven increases in personnel expenses and a rise in transport costs. In the first nine months of 2019, operating expenses in the Latin America segment increased by 1.9% compared with the prior-year period. On a constant currency basis, they declined by 1.2%. As in the other segments, the initial application of IFRS 16 had the effect of reducing costs.

The Latin American companies posted **operating EBITDA** of EUR 12.6 million overall in the third quarter of 2019, an increase of 12.3% on the prior-year figure. On a constant currency basis, operating EBITDA rose by 12.2%. This performance was underpinned by lower operating expenses as a result of the initial application of IFRS 16. In the first nine months of 2019, operating EBITDA in the Latin America segment increased by 33.8% overall, or by 32.0% on a constant currency basis.

Asia Pacific

in EUR m	Q3 2019	Q3 2018	Change abs.	Change in %	Change in % (fx adj.)
External sales	396.4	372.9	23.5	6.3	2.2
Operating gross profit	68.1	57.5	10.6	18.4	13.6
Operating expenses	−42.8	−39.7	−3.1	7.8	3.9
Operating EBITDA	**25.3**	**17.8**	**7.5**	**42.1**	**34.9**

in EUR m	9M 2019	9M 2018	Change abs.	Change in %	Change in % (fx adj.)
External sales	1,134.1	1,009.4	124.7	12.4	8.5
Operating gross profit	196.1	163.6	32.5	19.9	15.4
Operating expenses	−123.8	−108.6	−15.2	14.0	9.9
Operating EBITDA	**72.3**	**55.0**	**17.3**	**31.5**	**26.0**

B.07 BUSINESS PERFORMANCE IN THE SEGMENTS / ASIA PACIFIC

External sales in the Asia Pacific segment rose by 6.3% year on year to EUR 396.4 million in the third quarter of 2019. On a constant currency basis, this represents sales growth of 2.2% due predominantly to a higher average sales price per unit. External sales for the first nine months of 2019 rose by 12.4% year on year, or 8.5% on a constant currency basis.

The Asia Pacific segment generated **operating gross profit** of EUR 68.1 million in the third quarter of 2019, a rise of 18.4% compared with the prior-year period. On a constant currency basis, operating gross profit climbed by 13.6%. In addition to some organic growth in the third quarter, the performance shown at operating gross profit level was also supported by the acquisition of Tee Hai closed in the second quarter of 2019. In the first nine months of 2019, the segment lifted operating gross profit by 19.9% year on year, or 15.4% on a constant currency basis.

The **operating expenses** of the companies in the Asia Pacific segment rose by 7.8% year on year, or 3.9% on a constant currency basis, to EUR 42.8 million in the third quarter of 2019. The rise in costs is attributable to the acquisition closed and relates in part to higher personnel, transport and maintenance costs. In the first nine months of 2019, operating expenses increased by 14.0% (9.9% on a constant currency basis) compared with the prior-year period.

The companies in the Asia Pacific segment generated **operating EBITDA** of EUR 25.3 million in the third quarter of 2019, exceeding earnings in the prior-year period by 42.1%. This rise of 34.9% on a constant currency basis is due in part to solid organic growth and was also supported by the aforementioned acquisition. The earnings performance was underpinned additionally by the lower operating expenses reported as a result of the initial application of IFRS 16. In the first nine months of 2019, operating EBITDA increased by 31.5% overall, or by 26.0% on a constant currency basis.

All other segments

			Change		
in EUR m	**Q3 2019**	**Q3 2018**	abs.	in %	in % (fx adj.)
External sales	113.3	96.7	16.6	17.2	17.2
Operating gross profit	5.4	3.2	2.2	68.8	68.8
Operating expenses	–14.8	–15.5	0.7	–4.5	–4.5
Operating EBITDA	**–9.4**	**–12.3**	**2.9**	**–23.6**	**–23.6**

			Change		
in EUR m	**9M 2019**	**9M 2018**	abs.	in %	in % (fx adj.)
External sales	307.1	304.4	2.7	0.9	0.9
Operating gross profit	14.8	11.1	3.7	33.3	33.3
Operating expenses	–41.3	–40.0	–1.3	3.3	3.3
Operating EBITDA	**–26.5**	**–28.9**	**2.4**	**–8.3**	**–8.3**

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

In the third quarter of 2019, BRENNTAG International Chemicals GmbH exceeded the operating EBITDA achieved in the prior-year period.

The operating expenses posted by the holding companies in the same period were down on the prior-year figure. This is due mainly to the positive impact of the initial application of IFRS 16. In addition, expenses arising from the implementation of strategic projects were lower than in the previous year.

The operating EBITDA of all other segments amounted to EUR –9.4 million overall in the third quarter of 2019, an improvement of EUR 2.9 million on the prior-year period. Earnings for the first nine months of 2019 improved by EUR 2.4 million to EUR –26.5 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 rate and currency risks are largely managed on a Group-wide basis. Derivative financial instruments are only used to hedge the above-mentioned risks from underlying transactions and not for speculative purposes. A Group-wide Finance Guideline ensures the implementation of these policies and standard processes throughout the Group.

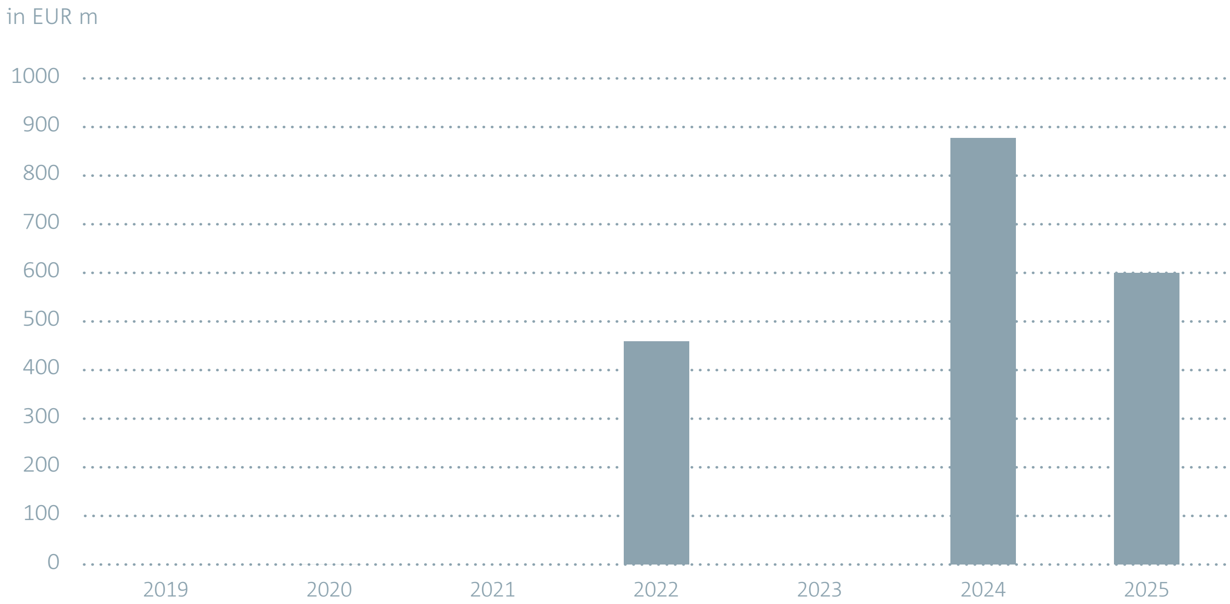
The most important component in the financing structure of Brenntag AG is the Group-wide syndicated loan agreement. The syndicated loan totalling the equivalent of almost EUR 1.5 billion has a term ending in January 2024. It is based on variable interest rates with margins depending on leverage, and is divided into different tranches with different currencies. Total liabilities (excluding accrued interest and before offsetting of transaction costs) under the syndicated loan amounted to EUR 877.6 million as at September 30, 2019. In addition to fully drawn tranches, the loan agreement also contains a revolving credit facility totalling EUR 600.0 million, which was mostly unused as at September 30, 2019. While some of our subsidiaries are direct borrowers under the loan, others obtain their financing from intra-Group loans. The syndicated loan is guaranteed by Brenntag AG.

In September 2017, Brenntag Finance B.V. issued a EUR 600 million bond (Bond 2025) maturing in 2025 and bearing a coupon of 1.125% with interest paid annually. Furthermore, in November 2015, Brenntag Finance B.V. issued a bond with warrant units in the amount of USD 500.0 million maturing in December 2022. The bond (Bond (with Warrants) 2022) was issued at 92.7% of par and bears a coupon of 1.875% p.a. with interest payable semi-annually. The interest expense from the Bond (with Warrants) 2022 comprises the aforementioned interest payments and the ongoing amortization of the discount. The discount (7.3% or USD 36.5 million) is the warrant premium on the warrants issued together with the Bond (with Warrants) 2022 to purchase Brenntag AG shares. Each of the bonds issued by Brenntag Finance B.V. is guaranteed by Brenntag AG.

In addition to the three above-mentioned refinancing instruments, some of our companies make use of credit lines with local banks in consultation with the Group management. Due to the two fixed-rate bonds, almost 50% of the Brenntag Group's financial liabilities are currently hedged against the risk of interest rate increases.

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

MATURITY PROFILE OF OUR CREDIT PORTFOLIO[1] AS AT SEPTEMBER 30, 2019 IN EUR M



B.09 MATURITY PROFILE OF OUR CREDIT PORTFOLIO

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

INVESTMENTS

In the first nine months of 2019, investments in property, plant and equipment and intangible assets (excluding additions from acquisitions) led to a total cash outflow of EUR 126.1 million (9M 2018: EUR 113.7 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.

One notable example among a vast number of investments is a project in China entailing an investment volume of EUR 5.5 million in the first nine months of 2019. This project involves the construction of a site in Cangzhou, China to replace our old location in Tianjin. We had to sell the site in Tianjin, as the authorities decided on a new land-use plan that disallows any business handling dangerous goods. Construction work is expected to be completed by the end of 2020.

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

LIQUIDITY

Cash flow

in EUR m	9M 2019	9M 2018
Net cash provided by operating activities	**595.3**	**184.0**
Net cash used in investing activities	**−235.1**	**−285.7**
of which payments to acquire consolidated subsidiaries, other business units and other financial assets	−117.5	−178.1
of which payments to acquire intangible assets and property, plant and equipment	−126.1	−113.7
of which proceeds from divestments	8.5	6.1
Net cash used in financing activities	**−315.6**	**−64.7**
of which dividends paid to Brenntag shareholders	−185.4	−170.0
of which repayments of / proceeds from borrowings	−129.2	106.3
of which other financing activities	−1.0	−1.0
Change in cash and cash equivalents	**44.6**	**−166.4**

B.10 CASH FLOW

Net cash provided by operating activities of EUR 595.3 million was influenced by the changes in working capital. In the prior-year period, working capital showed a clear increase.

Of the net cash of EUR 235.1 million used in investing activities, EUR 126.1 million comprised payments to acquire intangible assets and property, plant and equipment. Payments to acquire consolidated subsidiaries, other business units and other financial assets primarily included the purchase prices for 51% of the shares in Singapore-based TEE HAI CHEM PTE LTD, the lubricants division of Reeder Distributors, Inc. in Fort Worth, Texas, USA, the chemical distribution business of the Desbro Group in Kenya, Uganda and the United Arab Emirates, and the business operations of New England Resins & Pigments Corporation (NERP) headquartered in Woburn, Massachusetts, USA.

Net cash used in financing activities amounted to EUR 315.6 million and was mainly the result of the EUR 185.4 million dividend payment to Brenntag shareholders. In addition, lease liabilities repaid accounted for an outflow of EUR 80.8 million and bank loans taken out and repaid for a net outflow of EUR 33.1 million.

Free cash flow

			Change	
in EUR m	9M 2019	9M 2018	abs.	in %
Operating EBITDA	767.9	662.4	105.5	15.9
Investments in non-current assets (capex)	−121.0	−104.7	−16.3	15.6
Change in working capital	33.2	−231.7	264.9	−114.3
Principal and interest payments on lease liabilities[1]	−88.8	–	–	–
Free cash flow	**591.3**	**326.0**	**265.3**	**81.4**

B.11 FREE CASH FLOW

[1] On initial application of IFRS 16 at January 1, 2019, cash outflows for principal payments on lease liabilities and interest payments incurred in this context are deducted. In the prior-year figures, lease payments were still included in operating EBITDA through rental and lease expenses.

The Brenntag Group's free cash flow amounted to EUR 591.3 million in the first nine months of 2019, a significant increase on the same period of 2018 (EUR 326.0 million).

The initial application of IFRS 16 was taken into account in determining free cash flow. The strong growth is due mainly to an inflow of working capital as a result of lower chemical prices. In the prior-year period, working capital showed a clear rise. In addition, the increase in operating EBITDA including principal and interest payments on lease liabilities from the initial application of IFRS 16 offset the slight increase in capital expenditure to expand our infrastructure.

Financial and Assets Position

	Sep. 30, 2019		Dec. 31, 2018	
in EUR m	abs.	in %	abs.	in %
Assets				
Current assets	**3,964.1**	**45.8**	**3,664.1**	**47.6**
Cash and cash equivalents	446.1	5.2	393.8	5.1
Trade receivables	1,935.9	22.4	1,843.0	24.0
Other receivables and assets	301.5	3.5	231.5	3.0
Inventories	1,280.6	14.7	1,195.8	15.5
Non-current assets	**4,692.5**	**54.2**	**4,030.4**	**52.4**
Intangible assets	3,055.7	35.3	2,902.9	37.7
Other non-current assets	1,532.8	17.7	1,045.3	13.6
Receivables and other assets	104.0	1.2	82.2	1.1
Total assets	**8,656.6**	**100.0**	**7,694.5**	**100.0**
Liabilities and equity				
Current liabilities	**2,239.6**	**25.9**	**1,993.6**	**25.9**
Provisions	96.8	1.1	95.2	1.2
Trade payables	1,334.9	15.4	1,231.8	16.0
Financial liabilities	355.2	4.1	256.1	3.3
Miscellaneous liabilities	452.7	5.3	410.5	5.4
Equity and non-current liabilities	**6,417.0**	**74.1**	**5,700.9**	**74.1**
Equity	3,507.9	40.5	3,301.2	42.9
Non-current liabilities	2,909.1	33.6	2,399.7	31.2
Provisions	299.6	3.5	272.7	3.5
Financial liabilities	2,260.4	26.1	1,899.6	24.7
Miscellaneous liabilities	349.1	4.0	227.4	3.0
Total liabilities and equity	**8,656.6**	**100.0**	**7,694.5**	**100.0**

B.12 FINANCIAL AND ASSETS POSITION

As at September 30, 2019, total assets had increased by EUR 962.1 million compared with the end of the previous year to EUR 8,656.6 million (Dec. 31, 2018: EUR 7,694.5 million).

Cash and cash equivalents rose by 13.3% compared with the 2018 year-end figure to EUR 446.1 million (Dec. 31, 2018: EUR 393.8 million). The main items set against the net cash inflow from operating activities and increased borrowings were the dividend payment by Brenntag AG in the amount of EUR 185.4 million and the net cash outflow from investing activities.

The three components of working capital changed as follows in the reporting period:

- Trade receivables increased by 5.0% in the reporting period to EUR 1,935.9 million (Dec. 31, 2018: EUR 1,843.0 million).
- Inventories increased by 7.1% in the reporting period to EUR 1,280.6 million (Dec. 31, 2018: EUR 1,195.8 million).
- With the opposite effect on working capital, trade payables increased by 8.4% to EUR 1,334.9 million (Dec. 31, 2018: EUR 1,231.8 million).

Adjusted for exchange rate effects and acquisitions, working capital fell by a total of EUR 33.2 million compared with December 31, 2018. This fall is attributable to lower chemical prices. At 6.9 in the reporting period, annualized working capital turnover[1)] was lower than at the end of 2018 (7.3).

The Brenntag Group's intangible and other non-current assets increased by EUR 640.3 million compared with the end of the previous year to EUR 4,588.5 million (Dec. 31, 2018: EUR 3,948.2 million). The increase is mainly attributable to the fact that, due to the initial application of IFRS 16, leases are generally required to be recognized in the balance sheet in the form of a right-of-use asset. Acquisitions (EUR 174.6 million), investments in non-current assets (EUR 121.0 million) and exchange rate effects (EUR 127.9 million) also contributed to the rise. This was partly offset by depreciation and amortization (EUR 218.2 million).

Current financial liabilities increased by EUR 99.1 million to EUR 355.2 million in total (Dec. 31, 2018: EUR 256.1 million). Non-current financial liabilities rose by 19.0% compared with the end of the previous year to EUR 2,260.4 million (Dec. 31, 2018: EUR 1,899.6 million). The increase in current and non-current financial liabilities is due to the initial application of IFRS 16, under which a corresponding lease liability is required to be recognized in the balance sheet for a right-of-use asset.

Current and non-current provisions amounted to a total of EUR 396.4 million (Dec. 31, 2018: EUR 367.9 million) and included pension provisions in the amount of EUR 178.3 million (Dec. 31, 2018: EUR 153.0 million). This rise is due to the change in the discount rates applied.

[1)] Ratio of annual sales to average working capital; annual sales are defined as sales for the first nine months extrapolated to the full year (sales for the first nine months divided by three and multiplied by four); average working capital for the first nine months is defined as the average of working capital at the beginning of the year and at the end of the first, second and third quarters.

EMPLOYEES

As at September 30, 2019, Brenntag had a total of 17,030 employees worldwide. The total number of employees is determined on the basis of headcount, i.e. part-time employees are fully included.

Headcount	Sep. 30, 2019		Dec. 31, 2018	
	abs.	in %	abs.	in %
EMEA	7,273	42.7	7,162	43.1
North America	5,330	31.3	5,174	31.1
Latin America	1,646	9.7	1,610	9.7
Asia Pacific	2,585	15.2	2,486	15.0
All other segments	196	1.1	184	1.1
Brenntag Group	**17,030**	**100.0**	**16,616**	**100.0**

B.13 EMPLOYEES PER SEGMENT

REPORT ON EXPECTED DEVELOPMENTS

Oxford Economics forecasts that the global economy, measured in terms of GDP, will continue to grow only at a moderate pace in 2019. The third quarter of this year saw the macroeconomic environment weaken further, with industrial production dropping by 1.5% in Europe and showing only a weak increase of 0.2% in North America. The growth outlook has softened in recent months due to the greater uncertainty over the future course of international trade relations. Weighted by the sales generated by Brenntag in the individual countries, this results in a forecast average GDP growth rate of 2.1% in 2019.

Although we achieved a slight year-on-year increase in earnings in the third quarter of 2019 (at operating level after eliminating the effect of IFRS 16), we face a persistently difficult macroeconomic environment. As a result of this challenging market environment and the more severe deterioration in the growth outlook for the coming months, we decided on July 16, 2019 to revise our growth forecast for our key performance indicator, operating EBITDA, to between 0% and 4% for full-year 2019. In light of the current market environment and, in particular, due to the earnings performance in the last four months we expect a growth of the operating EBITDA around the lower end of the forecast range. As before, the forecast takes into account the contributions from acquisitions and is also based on the IFRSs applied in 2018.

In light of the weak macroeconomic environment in Europe, the forecast increase in operating EBITDA in our EMEA segment is likely to be below the growth at Group level. The forecast increase in operating EBITDA in our North America segment is similar to that at Group level. In our Latin America and Asia Pacific segments, the planned growth in operating EBITDA is above that at Group level. The growth in operating gross profit forecast for the Brenntag Group is above the expected increase in operating EBITDA. The North America segment in particular will contribute to the increase in the Group's operating gross profit. In light of the outlined macroeconomic environment in Europe, we predict slightly lower growth for the EMEA segment compared with North America. The growth rate in the North America segment is broadly in line with the Group average and the growth rate in the EMEA segment below the Group average. In the Latin America and Asia Pacific segments, the planned growth in operating gross profit is above the Group average.

As of financial year 2019, the Group is applying the new IFRS 16 on lease accounting. In this context, a high proportion of what were previously rental and lease expenses are recognized as depreciation and interest. The above growth forecasts for operating EBITDA do not yet reflect this transition. Based on current knowledge, reported operating EBITDA will increase by around EUR 100 million as a result of the transition to IFRS 16. The effect on profit after tax will be minor. Based on the aforementioned assumptions and current exchange rates, the forecast given translates into operating EBITDA in the area of EUR 995 million after the transition to IFRS 16.

The current market environment points to stable or falling chemical prices worldwide compared with price increases in the two previous financial years. Assuming that exchange rates remain stable, we do not therefore expect a further increase in working capital in financial year 2019. In addition, we will focus to an even greater extent on customer and supplier relationship management and improving our warehouse logistics; over the medium term, we expect this to improve working capital turnover.

We are planning to make investments in property, plant and equipment of approximately EUR 220 million in 2019, primarily for projects to expand our business operations. This figure already includes a portion of the additional investment programme in light of the market consolidation under way in North America. The capital expenditure originally planned at two new sites in China has been delayed slightly as a result of regulatory approval processes. Investing activities in China therefore account for a smaller portion than originally assumed. The cash inflows from the sale of the existing sites will also be pushed back as a result of the delays and in 2019 will amount to approximately EUR 5 million (originally EUR 25 million).

Overall, we anticipate that free cash flow in 2019 will show a significant increase on the prior-year figure, assuming that exchange rates remain stable. This will enable us to continue our acquisition strategy and dividend policy and maintain liquidity at an adequate level.

REPORT ON OPPORTUNITIES AND RISKS

Our strategy is geared to steadily improving the efficiency and underlying profitability of our business. The Brenntag Group companies are exposed to a number of risks arising from their business activities in the field of chemical distribution and related areas. At the same time, these business activities also give rise to numerous opportunities to safeguard and nurture the company's competitiveness and growth.

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

In the first nine months of 2019, there were no significant changes in the opportunities and risks for the Brenntag Group described in detail in the 2018 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

AS AT SEPTEMBER 30, 2019

CONSOLIDATED INCOME STATEMENT

in EUR m	Note	Jan. 1– Sep. 30, 2019	Jan. 1– Sep. 30, 2018	Jul. 1– Sep. 30, 2019	Jul. 1– Sep. 30, 2018
Sales		9,690.9	9,412.0	3,254.3	3,221.8
Cost of sales		−7,612.9	−7,468.8	−2,552.9	−2,562.6
Gross profit		**2,078.0**	**1,943.2**	**701.4**	**659.2**
Selling expenses		−1,377.0	−1,277.9	−462.3	−432.7
Administrative expenses		−156.0	−143.0	−46.4	−47.8
Other operating income		26.3	21.8	9.2	5.2
Impairment losses on trade receivables and other receivables		−4.1	−2.6	−1.8	−1.0
Other operating expenses		−8.5	−6.3	−2.9	−1.8
Operating profit		**558.7**	**535.2**	**197.2**	**181.1**
Share of profit or loss of equity-accounted investments		1.3	0.8	0.3	−0.6
Interest income		2.9	2.2	0.9	0.7
Interest expense	1.)	−70.2	−65.2	−22.8	−20.7
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	2.)	−4.9	−2.1	−2.8	−0.8
Other net finance costs		−2.1	−6.3	1.2	−6.4
Net finance costs		**−73.0**	**−70.6**	**−23.2**	**−27.8**
Profit before tax		**485.7**	**464.6**	**174.0**	**153.3**
Income tax expense	3.)	−126.7	−129.8	−45.6	−42.8
Profit after tax		**359.0**	**334.8**	**128.4**	**110.5**
Attributable to:					
Shareholders of Brenntag AG		357.0	334.5	127.7	111.1
Non-controlling interests		2.0	0.3	0.7	−0.6
Basic earnings per share in euro	**4.)**	**2.31**	**2.17**	**0.83**	**0.72**
Diluted earnings per share in euro	**4.)**	**2.31**	**2.17**	**0.83**	**0.72**

C.01 CONSOLIDATED INCOME STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR m	Note	Jan. 1– Sep. 30, 2019	Jan. 1– Sep. 30, 2018	Jul. 1– Sep. 30, 2019	Jul. 1– Sep. 30, 2018
Profit after tax		**359.0**	**334.8**	**128.4**	**110.5**
Remeasurements of defined benefit pension plans	8.)	−19.6	12.6	−4.9	7.6
Deferred tax relating to remeasurements of defined benefit pension plans	8.)	6.1	−3.2	2.5	−2.0
Items that will not be reclassified to profit or loss		**−13.5**	**9.4**	**−2.4**	**5.6**
Change in exchange rate differences on translation of consolidated companies		99.6	9.5	72.6	−0.1
Change in exchange rate differences on translation of equity-accounted investments		0.1	−1.4	−0.3	−0.2
Change in net investment hedge reserve		−1.7	1.2	−1.8	1.2
Items that may be reclassified subsequently to profit or loss		**98.0**	**9.3**	**70.5**	**0.9**
Other comprehensive income, net of tax		**84.5**	**18.7**	**68.1**	**6.5**
Total comprehensive income		**443.5**	**353.5**	**196.5**	**117.0**
Attributable to:					
Shareholders of Brenntag AG		439.5	354.2	193.6	118.7
Non-controlling interests		4.0	−0.7	2.9	−1.7

C.02 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED BALANCE SHEET

ASSETS

in EUR m	Note	Sep. 30, 2019	Dec. 31, 2018
Current assets			
Cash and cash equivalents		446.1	393.8
Trade receivables		1,935.9	1,843.0
Other receivables		222.4	176.3
Other financial assets		13.0	7.9
Current tax assets		62.3	41.5
Inventories		1,280.6	1,195.8
		3,960.3	**3,658.3**
Assets held for sale	5.)	3.8	5.8
		3,964.1	**3,664.1**
Non-current assets			
Property, plant and equipment		1,128.9	1,027.1
Intangible assets		3,055.7	2,902.9
Right-of-use assets		385.2	–
Equity-accounted investments		18.7	18.2
Other receivables		19.0	22.3
Other financial assets		21.0	9.6
Deferred tax assets		64.0	50.3
		4,692.5	**4,030.4**
Total assets		**8,656.6**	**7,694.5**

LIABILITIES AND EQUITY

in EUR m	Note	Sep. 30, 2019	Dec. 31, 2018
Current liabilities			
Trade payables		1,334.9	1,231.8
Financial liabilities	6.)	258.2	256.1
Lease liabilities		97.0	–
Other liabilities		399.9	375.1
Other provisions	7.)	96.8	95.2
Liabilities relating to acquisition of non-controlling interests		–	1.6
Current tax liabilities		52.8	33.5
		2,239.6	**1,993.3**
Liabilities associated with assets held for sale	5.)	–	0.3
		2,239.6	**1,993.6**
Non-current liabilities			
Financial liabilities	6.)	1,965.0	1,899.6
Lease liabilities		295.4	–
Other liabilities		3.8	0.6
Other provisions	7.)	121.3	119.7
Provisions for pensions and other post-employment benefits	8.)	178.3	153.0
Liabilities relating to acquisition of non-controlling interests	9.)	142.3	44.9
Deferred tax liabilities		203.0	181.9
		2,909.1	**2,399.7**
Equity			
Subscribed capital		154.5	154.5
Additional paid-in capital		1,491.4	1,491.4
Retained earnings		1,706.5	1,640.1
Accumulated other comprehensive income		86.5	−9.5
Equity attributable to shareholders of Brenntag AG		3,438.9	3,276.5
Equity attributable to non-controlling interests	10.)	69.0	24.7
		3,507.9	**3,301.2**
Total liabilities and equity		**8,656.6**	**7,694.5**

C.03 CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR m	Subscribed capital	Additional paid-in capital	Retained earnings
Dec. 31, 2017	**154.5**	**1,491.4**	**1,363.4**
Initial application of IFRS 15 at Jan. 1, 2018	–	–	6.0
Initial application of IFRS 9 at Jan. 1, 2018	–	–	−0.6
Jan. 1, 2018 after initial application of IFRS 15 and IFRS 9	**154.5**	**1,491.4**	**1,368.8**
Dividends	–	–	−170.0
Business combinations	–	–	−23.8
Profit after tax	–	–	334.5
Other comprehensive income, net of tax	–	–	9.4
Total comprehensive income for the period	**–**	**–**	**343.9**
Sep. 30, 2018	**154.5**	**1,491.4**	**1,518.9**

Dec. 31, 2018	**154.5**	**1,491.4**	**1,640.1**
Dividends	–	–	−185.4
Business combinations	–	–	−91.7
Profit after tax	–	–	357.0
Other comprehensive income, net of tax	–	–	−13.5
Total comprehensive income for the period	**–**	**–**	**343.5**
Sep. 30, 2019	**154.5**	**1,491.4**	**1,706.5**

Exchange rate differences	Net investment hedge reserve	Cash flow hedge reserve	Deferred tax relating to cash flow hedge reserve	Equity attributable to shareholders of Brenntag AG	Equity attributable to non-controlling interests	**Equity**
−36.1	**–**	**–**	**–**	**2,973.2**	**12.5**	**2,985.7**
–	–	–	–	6.0	–	6.0
–	–	–	–	−0.6	–	−0.6
−36.1	**–**	**–**	**–**	**2,978.6**	**12.5**	**2,991.1**
–	–	–	–	−170.0	–	−170.0
–	–	–	–	−23.8	14.1	−9.7
–	–	–	–	334.5	0.3	334.8
9.1	1.2	–	–	19.7	−1.0	18.7
9.1	**1.2**	**–**	**–**	**354.2**	**−0.7**	**353.5**
−27.0	**1.2**	**–**	**–**	**3,139.0**	**25.9**	**3,164.9**

C.04 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / SEP. 30, 2018

−9.4	**−0.1**	**–**	**–**	**3,276.5**	**24.7**	**3,301.2**
–	–	–	–	−185.4	–	−185.4
–	–	–	–	−91.7	40.3	−51.4
–	–	–	–	357.0	2.0	359.0
97.7	−1.7	–	–	82.5	2.0	84.5
97.7	**−1.7**	**–**	**–**	**439.5**	**4.0**	**443.5**
88.3	**−1.8**	**–**	**–**	**3,438.9**	**69.0**	**3,507.9**

C.05 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / SEP. 30, 2019

CONSOLIDATED CASH FLOW STATEMENT

in EUR m	Note	Jan. 1– Sep. 30, 2019	Jan. 1– Sep. 30, 2018	Jul. 1– Sep. 30, 2019	Jul. 1– Sep. 30, 2018
	11.)				
Profit after tax		**359.0**	**334.8**	**128.4**	**110.5**
Depreciation and amortization		217.8	125.5	74.8	43.2
Income tax expense		126.7	129.8	45.6	42.8
Income taxes paid		−127.2	−122.3	−37.1	−38.5
Net interest expense		67.3	63.0	21.9	20.0
Interest paid (netted against interest received)		−55.3	−64.3	−21.9	−42.7
Dividends received		1.0	1.1	0.6	0.5
Changes in provisions		−1.8	−24.1	1.3	3.8
Changes in current assets and liabilities					
Inventories		−12.6	−126.0	6.1	−24.2
Receivables		−59.5	−225.0	56.5	48.1
Liabilities		82.9	80.6	11.2	−58.5
Non-cash change in liabilities relating to acquisition of non-controlling interests		4.9	2.1	2.8	0.8
Other non-cash items and reclassifications		−7.9	8.8	−0.7	17.7
Net cash provided by operating activities		**595.3**	**184.0**	**289.5**	**123.5**
Proceeds from the disposal of intangible assets and property, plant and equipment		8.5	5.9	2.5	1.0
Proceeds from the disposal of other financial assets		–	0.2	–	–
Payments to acquire consolidated subsidiaries and other business units		−117.4	−178.1	−24.2	−108.9
Payments to acquire other financial assets		−0.1	–	–	–
Payments to acquire intangible assets and property, plant and equipment		−126.1	−113.7	−51.9	−41.2
Net cash used in investing activities		**−235.1**	**−285.7**	**−73.6**	**−149.1**
Dividends paid to Brenntag shareholders		−185.4	−170.0	–	–
Profits distributed to non-controlling interests		−1.0	−1.0	–	–
Proceeds from borrowings		95.9	518.2	2.2	444.9
Repayments of borrowings		−225.1	−411.9	−130.1	−400.6
Net cash used in financing activities		**−315.6**	**−64.7**	**−127.9**	**44.3**
Change in cash and cash equivalents		**44.6**	**−166.4**	**88.0**	**18.7**
Effect of exchange rate changes on cash and cash equivalents		7.7	−4.9	5.9	−5.0
Reclassification into assets held for sale		–	0.4	–	0.6
Cash and cash equivalents at beginning of period		393.8	518.0	352.2	332.8
Cash and cash equivalents at end of period		**446.1**	**347.1**	**446.1**	**347.1**

C.06 CONSOLIDATED CASH FLOW STATEMENT

CONDENSED NOTES

Key Financial Figures by Segment

for the period from January 1 to September 30

in EUR m		EMEA[4]	North America	Latin America	Asia Pacific	All other segments	Consoli-dation	**Group**
External sales within the meaning of IFRS 15	**2019**	**3,976.6**	**3,634.2**	**638.9**	**1,134.1**	**307.1**	**–**	**9,690.9**
	2018	4,044.3	3,459.2	594.7	1,009.4	304.4	–	9,412.0
	Change in %	−1.7	5.1	7.4	12.4	0.9	–	3.0
	fx adjusted change in %	−1.4	−0.9	4.7	8.5	0.9	–	0.3
Inter-segment sales	**2019**	**6.6**	**4.8**	**0.1**	**0.1**	**0.1**	**−11.7**	**–**
	2018	10.2	7.2	0.1	–	0.2	−17.7	–
Operating gross profit[1]	**2019**	**866.0**	**924.5**	**131.9**	**196.1**	**14.8**	**–**	**2.133.3**
	2018	868.0	829.2	120.7	163.6	11.1	–	1.992.6
	Change in %	−0.2	11.5	9.3	19.9	33.3	–	7.1
	fx adjusted change in %	0.1	5.2	6.4	15.4	33.3	–	4.1
Gross profit	**2019**	**–**	**–**	**–**	**–**	**–**	**–**	**2.078.2**
	2018	–	–	–	–	–	–	1.943.2
	Change in %	–	–	–	–	–	–	6.9
	fx adjusted change in %	–	–	–	–	–	–	4.0
Operating EBITDA[2] (segment result)	**2019**	**313.7**	**370.9**	**37.5**	**72.3**	**−26.5**	**–**	**767.9**
	2018	300.3	308.0	28.0	55.0	−28.9	–	662.4
	Change in %	4.5	20.4	33.8	31.5	−8.3	–	15.9
	fx adjusted change in %	5.1	13.7	32.0	26.0	−8.3	–	12.7
Investments in non-current assets (capex)[3]	**2019**	**52.1**	**42.5**	**4.2**	**12.5**	**9.7**	**–**	**121.0**
	2018	47.1	37.7	4.1	7.3	8.5	–	104.7

C.07 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8 FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30

[1] External sales less cost of materials.
[2] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items. For a list of special items, please see table B.02 in the Group Interim Management Report.
[3] Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.
[4] Europe, Middle East & Africa.

for the period from July 1 to September 30

in EUR m		EMEA[4]	North America	Latin America	Asia Pacific	All other segments	Consoli-dation	**Group**
External sales within the meaning of IFRS 15	**2019**	**1,289.6**	**1,238.0**	**217.0**	**396.4**	**113.3**	**–**	**3,254.3**
	2018	1,326.9	1,211.9	213.4	372.9	96.7	–	3,221.8
	Change in %	−2.8	2.2	1.7	6.3	17.2	–	1.0
	fx adjusted change in %	−3.1	−2.4	−0.4	2.2	17.2	–	−1.4
Inter-segment sales	**2019**	**2.5**	**1.1**	**–**	**0.1**	**–**	**−3.7**	**–**
	2018	4.7	2.2	0.1	−0.1	0.2	−7.1	–
Operating gross profit[1]	**2019**	**285.5**	**318.7**	**44.5**	**68.1**	**5.4**	**–**	**722.2**
	2018	285.0	290.2	42.1	57.5	3.2	–	678.0
	Change in %	0.2	9.8	5.7	18.4	68.8	–	6.5
	fx adjusted change in %	0.1	5.0	3.5	13.6	68.8	–	3.9
Gross profit	**2019**	**–**	**–**	**–**	**–**	**–**	**–**	**701.4**
	2018	–	–	–	–	–	–	659.2
	Change in %	–	–	–	–	–	–	6.4
	fx adjusted change in %	–	–	–	–	–	–	3.8
Operating EBITDA[2] (segment result)	**2019**	**103.2**	**131.1**	**12.6**	**25.3**	**−9.4**	**–**	**262.8**
	2018	95.9	111.9	11.2	17.8	−12.3	–	224.5
	Change in %	7.6	17.2	12.3	42.1	−23.6	–	17.0
	fx adjusted change in %	7.3	12.3	12.2	34.9	−23.6	–	13.9
Investments in non-current assets (capex)[3]	**2019**	**21.7**	**17.2**	**2.0**	**6.0**	**3.5**	**–**	**50.4**
	2018	19.3	12.7	1.9	2.2	3.5	–	39.6

C.08 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8 FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30

[1] External sales less cost of materials.
[2] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items. For a list of special items, please see table B.02 in the Group Interim Management Report.
[3] Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.
[4] Europe, Middle East & Africa.

Group Key Financial Figures

in EUR m	Jan. 1– Sep. 30, 2019	Jan. 1– Sep. 30, 2018	Jul. 1– Sep. 30, 2019	Jul. 1– Sep. 30, 2018
Operating EBITDA	767.9	662.4	262.8	224.5
Investments in non-current assets (capex)[1]	−121.0	−104.7	−50.4	−39.6
Change in working capital[2][3]	33.2	−231.7	64.9	−34.5
Principal and interest payments on lease liabilities[4]	−88.8	–	−31.4	–
Free cash flow	**591.3**	**326.0**	**245.9**	**150.4**

C.09 FREE CASH FLOW

[1] Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.
[2] Definition of working capital: trade receivables plus inventories less trade payables.
[3] Adjusted for exchange rate effects and acquisitions.
[4] On initial application of IFRS 16 at January 1, 2019, cash outflows for principal payments on lease liabilities and interest payments incurred in this context are deducted. In the prior-year figures, lease payments were still included in operating EBITDA through rental and lease expenses.

in EUR m	Jan. 1– Sep. 30, 2019	Jan. 1– Sep. 30, 2018	Jul. 1– Sep. 30, 2019	Jul. 1– Sep. 30, 2018
Operating EBITDA (segment result)[1]	**767.9**	**662.4**	**262.8**	**224.5**
Net income/expense from special items	8.6	−1.7	9.2	−0.2
(of which expenses in connection with the programme to increase efficiency in the EMEA segment)	(−0.6)	(−1.7)	(−0.3)	(−0.2)
(of which subsequent purchase price adjustment for Biosector)	(−0.3)	(–)	(–)	(–)
(of which refund of social security charges paid in previous years in Brazil)	(9.5)	(–)	(9.5)	(–)
EBITDA	**776.5**	**660.7**	**272.0**	**224.3**
Depreciation of property, plant and equipment and right-of-use assets	−179.7	−88.2	−62.3	−30.2
Impairment of property, plant and equipment and right-of-use assets	−0.1	–	–	–
EBITA	**596.7**	**572.5**	**209.7**	**194.1**
Amortization of intangible assets[2]	−38.0	−37.3	−12.5	−13.0
EBIT	**558.7**	**535.2**	**197.2**	**181.1**
Net finance costs	−73.0	−70.6	−23.2	−27.8
Profit before tax	**485.7**	**464.6**	**174.0**	**153.3**

C.10 RECONCILIATION OF OPERATING EBITDA TO PROFIT BEFORE TAX

[1] Operating EBITDA is calculated as EBITDA adjusted for special items. For a list of special items, please see table B.02 in the Group Interim Management Report. Operating EBITDA of the reportable segments (EMEA, North America, Latin America and Asia Pacific) amounts to EUR 794.4 million (9M 2018: EUR 691.3 million) and operating EBITDA of all other segments to EUR −26.5 million (9M 2018: EUR −28.9 million).
[2] This figure includes amortization of customer relationships in the amount of EUR 28.6 million (9M 2018: EUR 30.4 million).

in EUR m	Jan. 1– Sep. 30, 2019	Jan. 1– Sep. 30, 2018	Jul. 1– Sep. 30, 2019	Jul. 1– Sep. 30, 2018
Operating gross profit	**2,133.3**	**1,992.6**	**722.2**	**678.0**
Production/mixing & blending costs	−55.3	−49.4	−20.8	−18.8
Gross profit	**2,078.0**	**1,943.2**	**701.4**	**659.2**

C.11 RECONCILIATION OF OPERATING GROSS PROFIT TO GROSS PROFIT

Consolidation Policies and Methods

STANDARDS APPLIED AND EFFECTS OF IFRS 16

These interim consolidated financial statements for the period from January 1 to September 30, 2019 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, 2018.

With the exception of the standards and interpretations that became effective on January 1, 2019, the same accounting policies have been applied as for the consolidated financial statements as at December 31, 2018.

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

- IFRS 16 (Leases)
- Amendments to IFRS 9 (Financial Instruments) regarding the measurement of financial instruments that may contain prepayment features with negative compensation
- Amendments to IAS 28 regarding long-term interests in associates and joint ventures
- IFRIC 23 (Uncertainty over Income Tax Treatments)
- Amendments to IAS 19 (Employee Benefits) regarding plan amendment, curtailment or settlement
- Annual Improvements (2015–2017 Cycle)

Under the new rules in IFRS 16 (Leases), which are effective from January 1, 2019, lessees are generally required to recognize leases in the balance sheet in the form of a right-of-use asset and a corresponding lease liability. In the income statement, leases are in these cases presented as a financing transaction, i.e. the right-of-use asset usually has to be depreciated on a straight-line basis and the lease liability adjusted using the effective interest method. For short-term leases with a term of less than one year and leases for which the underlying asset is of low value, there is an option to continue to recognize the lease as an expense in EBITDA. Brenntag exercises this option accordingly.

Brenntag has introduced a Group-wide software solution into which it has entered the leases required to be recognized so that, in a next step, they can be consistently measured and quantified. In doing so, all contractual lease payments to the lessor are included in the measurement. Lease payments are not separated into payments for lease components and payments for non-lease components (e.g. payments for maintenance or servicing costs). When recognizing extension and purchase options, judgements need to be made. Lease payments from extension periods and exercise prices of purchase options are included in the measurement if the option is reasonably certain to be exercised.

The modified retrospective method was applied to transition to IFRS 16. Under this method, prior-year figures are not adjusted. The present value of the future lease payments discounted using the incremental borrowing rates at January 1, 2019 was stated as the carrying amount of the lease liabilities. The weighted average of the incremental borrowing rates at January 1, 2019 is 3.16%. The incremental borrowing rates were determined on the basis of a base rate plus a risk premium. The base rates in major currencies and countries were derived from interest rate swaps (if available) or government bond yields for a period of up to twenty years. For countries or currencies for which there were no reliable data available on which to base the determination, the euro base rate was adjusted to reflect a country risk premium.

The carrying amount of the right-of-use assets is the carrying amount of the lease liability adjusted for any prepayments and accrued lease payments recognized as at December 31, 2018.

The leases at Brenntag relate mainly to warehouse and office space, vehicles and other plant and equipment. Leases are entered into for fixed terms of more than one year to 70 years in limited cases, but may also contain extension options. The effects on the balance sheet of the initial application of IFRS 16 (Leases) at January 1, 2019 are shown in the table below:

in EUR m	Jan. 1, 2019
Current lease liabilities	86.0
Non-current lease liabilities	270.5
Lease liabilities	**356.5**
Prepayments and accruals	−4.6
Right-of-use assets	**351.9**
(of which right-of-use assets – land and buildings)	(214.0)
(of which right-of-use assets – vehicles)	(113.4)
(of which other right-of-use assets)	(24.5)

C.12 EFFECTS OF IFRS 16 ON THE BALANCE SHEET AT JAN. 1, 2019

In addition, rights of use created by finance leases under IAS 17 and until December 31, 2018 presented as property, plant and equipment were reclassified into the right-of-use assets now presented separately (Jan. 1, 2019: EUR 7.8 million). The balance sheet as at January 1, 2019 is subsequently as follows:

ASSETS

in EUR m	Note	Dec. 31, 2018	IFRS 16	Jan. 1, 2019
Current assets				
Cash and cash equivalents		393.8		393.8
Trade receivables		1,843.0		1,843.0
Other receivables		176.3		176.3
Other financial assets		7.9		7.9
Current tax assets		41.5		41.5
Inventories		1,195.8		1,195.8
		3,658.3		**3,658.3**
Assets held for sale	5.)	5.8		5.8
		3,664.1		**3,664.1**
Non-current assets				
Property, plant and equipment		1,027.1	−7.8	1,019.3
Intangible assets		2,902.9		2,902.9
Right-of-use assets		–	359.7	359.7
Equity-accounted investments		18.2		18.2
Other receivables		22.3	−1.3	21.0
Other financial assets		9.6		9.6
Deferred tax assets		50.3		50.3
		4,030.4	**350.6**	**4,381.0**
Total assets		**7,694.5**	**350.6**	**8,045.1**

LIABILITIES AND EQUITY

in EUR m	Note	Dec. 31, 2018	IFRS 16	Jan. 1, 2019
Current liabilities				
Trade payables		1,231.8		1,231.8
Financial liabilities	6.)	256.1	−1.7	254.4
Lease liabilities		–	87.7	87.7
Other liabilities		375.1	−5.9	369.2
Other provisions	7.)	95.2		95.2
Liabilities relating to acquisition of non-controlling interests		1.6		1.6
Current tax liabilities		33.5		33.5
		1,993.3	**80.1**	**2,073.4**
Liabilities associated with assets held for sale	5.)	0.3		0.3
		1,993.6	**80.1**	**2,073.7**
Non-current liabilities				
Financial liabilities	6.)	1,899.6	−5.2	1,894.4
Lease liabilities		–	275.7	275.7
Other liabilities		0.6		0.6
Other provisions	7.)	119.7		119.7
Provisions for pensions and other post-employment benefits	8.)	153.0		153.0
Liabilities relating to acquisition of non-controlling interests	9.)	44.9		44.9
Deferred tax liabilities		181.9		181.9
		2,399.7	**270.5**	**2,670.2**
Equity				
Subscribed capital		154.5		154.5
Additional paid-in capital		1,491.4		1,491.4
Retained earnings		1,640.1		1,640.1
Accumulated other comprehensive income		−9.5		−9.5
Equity attributable to shareholders of Brenntag AG		3,276.5		3,276.5
Equity attributable to non-controlling interests	10.)	24.7		24.7
		3,301.2		**3,301.2**
Total liabilities and equity		**7,694.5**	**350.6**	**8,045.1**

C.13 OPENING BALANCE SHEET AS AT JAN. 1, 2019 WITH IFRS 16 APPLIED

The obligations from future minimum lease payments for operating leases recognized in the consolidated financial statements for the period ended December 31, 2018 in the amount of EUR 389.7 million (discounted to Jan. 1, 2019: EUR 357.2 million) include minimum lease payments for short-term leases with a term of less than one year and leases for which the underlying asset is of low value. Payments for non-lease components and lease payments for extension periods, on the other hand, are not included. As a result, obligations from minimum lease payments for operating leases differ from the lease liabilities recognized on initial application of IFRS 16 at January 1, 2019.

The effects on the income statement of the initial application of IFRS 16 are shown in the table below:

in EUR m	Jan. 1 – Sep. 30, 2019 before IFRS 16	IFRS 16	Jan. 1 – Sep. 30, 2019	Jul. 1– Sep. 30, 2019 before IFRS 16	IFRS 16	Jul. 1– Sep. 30, 2019
Operating EBITDA (segment result)	**681.8**	**86.1**	**767.9**	**232.4**	**30.4**	**262.8**
Net income from special items	8.6	–	8.6	9.2	–	9.2
EBITDA	**690.4**	**86.1**	**776.5**	**241.6**	**30.4**	**272.0**
Depreciation of property, plant and equipment and right-of-use assets	−99.0	−80.7	−179.7	−33.7	−28.6	−62.3
Impairment of property, plant and equipment and right-of-use assets	−0.1	–	−0.1	–	–	–
EBITA	**591.3**	**5.4**	**596.7**	**207.9**	**1.8**	**209.7**
Amortization of intangible assets	−38.0	–	−38.0	−12.5	–	−12.5
EBIT	**553.3**	**5.4**	**558.7**	**195.4**	**1.8**	**197.2**
Net finance costs	−64.3	−8.7	−73.0	−20.4	−2.8	−23.2
Profit before tax	**489.0**	**−3.3**	**485.7**	**175.0**	**−1.0**	**174.0**

C.14 RECONCILIATION OF OPERATING EBITDA TO PROFIT BEFORE TAX

The change in EBITDA is due to the fact that lease expense is no longer included for leases required to be recognized under IFRS 16. Conversely, depreciation of right-of-use assets and interest expense on leases are included. In addition to interest expense, net finance costs also reflect income and expenses arising on the translation of lease liabilities.

The table below shows the effect of the initial application of IFRS 16 on operating EBITDA broken down by segment:

	Jan. 1 – Sep. 30, 2019						
in EUR m	EMEA	North America	Latin America	Asia Pacific	All other segments	Consolidation	**Group**
Operating EBITDA before IFRS 16	283.5	331.4	30.2	66.0	−29.3	–	681.8
IFRS 16	30.2	39.5	7.3	6.3	2.8	–	86.1
Operating EBITDA after IFRS 16	313.7	370.9	37.5	72.3	−26.5	–	767.9

C.15 IFRS 16: EFFECT ON EBITDA BY SEGMENT IN 9M 2019

	Jul. 1 – Sep. 30, 2019						
in EUR m	EMEA	North America	Latin America	Asia Pacific	All other segments	Consolidation	**Group**
Operating EBITDA before IFRS 16	92.7	117.0	10.1	23.2	−10.6	–	232.4
IFRS 16	10.5	14.1	2.5	2.1	1.2	–	30.4
Operating EBITDA after IFRS 16	103.2	131.1	12.6	25.3	−9.4	–	262.8

C.16 IFRS 16: EFFECT ON EBITDA BY SEGMENT IN Q3 2019

Earnings per share for the period from January 1 to September 30, 2019 fell by 1.5 cents per share as a result of the initial application of IFRS 16.

In the cash flow statement following the transition to IFRS 16, lease payments made are included in cash used in financing activities as repayments of borrowings and in cash provided by operating activities as interest paid. Payments under short-term leases or leases of low-value assets are a component of cash flow from operating activities, as was the case previously. Overall in the period from January 1 to September 30, 2019, this results in a shift in cash outflows of EUR 78.5 million from operating activities and EUR 0.7 million from investing activities to cash outflows from financing activities.

As of January 1, 2019, leases are recognized as a right-of-use asset and a corresponding lease liability at the date on which the leased asset becomes available for use by the Group. Lease payments are separated into principal and interest components; right-of-use assets are depreciated on a straight-line basis over the shorter of their useful life and the term of the lease.

The amendments to IFRS 9 (Financial Instruments) regarding the measurement of financial instruments that may contain prepayment features with negative compensation (reasonable negative compensation) specify that such instruments may also be measured at amortized cost or at fair value through other comprehensive income.

The amendments to IAS 28 regarding long-term interests in associates and joint ventures clarify that the impairment requirements in IFRS 9 should be applied to long-term interests that, in substance, form part of the net investment in an equity-accounted entity but which are not themselves accounted for using the equity method (such as long-term loans).

Under IFRIC 23 (Uncertainty over Income Tax Treatments), an entity is required to reflect tax risks (e.g. the uncertainty arising when an item or circumstance is in dispute under tax law) if it is probable that the taxation authority will not accept the treatment applied by the entity to a particular tax-related item or circumstance in its tax calculation. In doing so, the entity always assumes that the taxation authority has full knowledge of all related information, i.e. a potential risk of discovery has no bearing on recognition or measurement. Measurement is based on the most likely amount or the expected value, depending on which method best depicts the existing risk.

The amendments to IAS 19 (Employee Benefits) regarding plan amendment, curtailment or settlement specify that, in the event of a plan amendment, curtailment or settlement, the net defined benefit liability should be remeasured using current actuarial assumptions. In accordance with the amendments, current service cost and net interest cost for the period after the amendment, curtailment or settlement are also determined on the basis of the updated actuarial assumptions. In addition, the remeasured net liability (taking into account the amended benefits as a result of the amendment, curtailment or settlement) is used to determine net interest cost after the amendment, curtailment or settlement.

The annual improvements to IFRSs contain a number of minor amendments to various standards that are intended to clarify the content of the standards and eliminate any existing inconsistencies.

Apart from the effects of the initial application of IFRS 16 (Leases) described above, the aforementioned revised standards and annual improvements to IFRSs do not have a material impact on the presentation of the Group's net assets, financial position and results of operations.

SCOPE OF CONSOLIDATION

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

	Dec. 31, 2018	Additions	Disposals	**Sep. 30, 2019**
Domestic consolidated companies	29	–	–	29
Foreign consolidated companies	186	6	4	188
Total consolidated companies	**215**	**6**	**4**	**217**

C.17 CHANGES IN SCOPE OF CONSOLIDATION

The additions relate to subsidiaries established and to acquisitions. The disposals are the result of a merger and the liquidation of three companies no longer operating.

Five (Dec. 31, 2018: five) associates are accounted for using the equity method.

BUSINESS COMBINATIONS IN ACCORDANCE WITH IFRS 3

In January 2019, Brenntag acquired the lubricants division of Reeder Distributors, Inc. based in Fort Worth, Texas, USA. The acquisition of Reeder Distributors' lubricants division complements Brenntag's lubricants business platform and expands it into an adjacent market.

In February 2019, Brenntag closed the acquisition of the business operations of New England Resins & Pigments Corporation (NERP) headquartered in Woburn, Massachusetts, USA. NERP allows Brenntag to expand its regional specialty chemical portfolio and bolsters its existing material science business and technical sales presence in New England and the adjacent states.

At the end of April 2019, Brenntag acquired 51% of the shares in TEE HAI CHEM PTE LTD (TEE HAI). The Singapore-based company is a strategic market leader in providing supply chain solutions for materials, chemicals and services for the life sciences, electronics manufacturing and research and diagnostics sectors in Singapore and Southeast Asia.

The product portfolio consists of raw materials, consumables and high-purity specialty chemicals. This is a great opportunity for Brenntag to foster growth into key markets, particularly pharmaceuticals and semiconductors. Other products include research and diagnostics chemicals, chemical delivery systems and maintenance, repair and operations supplies. TEE HAI also offers customizable supply chain solutions including external warehousing.

In addition, in early May 2019, Brenntag closed the acquisition of the business operations of Marlin Company, Inc. based in Lenoir, North Carolina, USA.

At the end of July 2019, Brenntag acquired the chemical distribution business of the Desbro Group in Kenya and the United Arab Emirates. This was followed in early September by the acquisition of the Desbro Group's chemical distribution business in Uganda.

The purchase price, net assets and goodwill relating to these entities break down as follows:

in EUR m	Tee Hai	Other entities	Provisional fair value
Purchase price	**59.8**	**70.5**	**130.3**
of which consideration contingent on earnings targets	–	–	–
Assets			
Cash and cash equivalents	8.4	0.2	8.6
Trade receivables, other financial assets and other receivables	24.4	4.8	29.2
Other current assets	22.6	16.1	38.7
Non-current assets	97.8	29.1	126.9
Liabilities			
Current liabilities	32.5	0.8	33.3
Non-current liabilities	42.3	1.6	43.9
Net assets	**78.4**	**47.8**	**126.2**
of which Brenntag's share	40.0	47.8	87.8
of which non-controlling interests (49% of Tee Hai)	38.4	–	–
Goodwill	**19.8**	**22.7**	**42.5**
of which deductible for tax purposes	–	18.1	18.1

C.18 NET ASSETS ACQUIRED IN 2019

Measurement of the assets acquired and liabilities assumed (among others customer relationships and deferred taxes) has not yet been completed for reasons of time. 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 1.2 million were recognized under other operating expenses.

Since their acquisition by Brenntag, the businesses acquired in financial year 2019 have generated sales of EUR 130.4 million and profit after tax of EUR 3.4 million.

If the above-mentioned business combinations had taken place with effect from January 1, 2019, sales of about EUR 9,805 million would have been reported for the Brenntag Group in the reporting period. Profit after tax would have been about EUR 363 million.

Measurement of the assets and liabilities of the 2018 acquiree RAJ PETRO SPECIALTIES PRIVATE LIMITED (Raj Petro) based in Mumbai, India has been completed.

The purchase price, net assets acquired and goodwill were adjusted as follows in the measurement period:

in EUR m	Provisional fair value	Adjustments	Final fair value
Purchase price	**54.7**	**−5.1**	**49.6**
of which consideration contingent on earnings targets	–	–	–
Assets			
Cash and cash equivalents	9.9	–	9.9
Trade receivables, other financial assets and other receivables	81.1	–	81.1
Other current assets	32.4	–	32.4
Non-current assets	19.5	9.0	28.5
Liabilities			
Current liabilities	107.9	−0.3	107.6
Non-current liabilities	5.0	3.9	8.9
Net assets	**30.0**	**5.4**	**35.4**
of which Brenntag's share	19.5	3.5	23.0
of which non-controlling interests (35% of Raj Petro)	10.5	1.9	12.4
Goodwill	**35.2**	**−8.6**	**26.6**
of which deductible for tax purposes	–	–	–

C.19 NET ASSETS ACQUIRED IN 2018 RAJ PETRO

Measurement of the assets and liabilities of the 2018 acquiree CCC Chemical Distribution Inc. based in Toronto, Canada has been completed.

The purchase price, net assets acquired and goodwill were adjusted as follows in the measurement period:

in EUR m	Provisional fair value	Adjustments	Final fair value
Purchase price	**88.8**	**–**	**88.8**
of which consideration contingent on earnings targets	–	–	–
Assets			
Cash and cash equivalents	–	–	–
Trade receivables, other financial assets and other receivables	17.9	0.2	18.1
Other current assets	14.4	−1.0	13.4
Non-current assets	39.4	2.2	41.6
Liabilities			
Current liabilities	12.4	1.9	14.3
Non-current liabilities	4.4	0.8	5.2
Contingent liabilities	1.3	–	1.3
Net assets	**53.6**	**−1.3**	**52.3**
Goodwill	**35.2**	**1.3**	**36.5**
of which deductible for tax purposes	–	–	–

C.20 NET ASSETS ACQUIRED IN 2018 CCC

CURRENCY TRANSLATION

The euro exchange rates of major currencies changed as follows:

	Closing rate		Average rate	
EUR 1 = currencies	Sep. 30, 2019	Dec. 31, 2018	Jan. 1– Sep. 30, 2019	Jan. 1– Sep. 30, 2018
Canadian dollar (CAD)	1.4426	1.5605	1.4935	1.5372
Swiss franc (CHF)	1.0847	1.1269	1.1179	1.1611
Chinese yuan renminbi (CNY)	7.7784	7.8751	7.7135	7.7789
Danish krone (DKK)	7.4662	7.4673	7.4644	7.4503
Pound sterling (GBP)	0.8857	0.8945	0.8835	0.8841
Polish zloty (PLN)	4.3782	4.3014	4.3011	4.2488
Swedish krona (SEK)	10.6958	10.2548	10.5679	10.2374
US dollar (USD)	1.0889	1.1450	1.1236	1.1942

C.21 EXCHANGE RATES OF MAJOR CURRENCIES

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

1.) INTEREST EXPENSE

in EUR m	Jan. 1 – Sep. 30, 2019	Jan. 1– Sep. 30, 2018
Interest expense on liabilities to third parties	−56.8	−62.6
Expense/income from the fair value measurement of interest rate swaps	−0.3	1.1
Net interest expense on defined benefit pension plans	−2.3	−2.1
Interest expense on other provisions	−1.5	−1.3
Interest expense on leases	−9.3	−0.3
Total	**−70.2**	**−65.2**

C.22 INTEREST EXPENSE

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

in EUR m	Jan. 1 – Sep. 30, 2019	Jan. 1 – Sep. 30, 2018
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	−4.3	−1.3
Change in liabilities recognized in profit or loss arising from limited partners' rights to repayment of contributions	−0.6	−0.8
Total	**−4.9**	**−2.1**

C.23 CHANGE IN LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS RECOGNIZED IN PROFIT OR LOSS

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

3.) INCOME TAX EXPENSE

Income tax expense comprises current tax expense of EUR 124.0 million (9M 2018: current tax expense of EUR 119.5 million) and deferred tax expense of EUR 2.7 million (9M 2018: deferred tax expense of EUR 10.3 million).

Tax expense for the first nine months of 2019 was calculated using the Group tax rate expected for financial year 2019. Any items of income and expense that cannot be planned with sufficient accuracy are disregarded when determining the expected Group tax rate and calculating tax expense.

	Jan. 1–Sep. 30, 2019			Jan. 1–Sep. 30, 2018		
in EUR m	Profit before tax	Tax rate in %	Income tax expense	Profit before tax	Tax rate in %	Income tax expense
excluding unplannable tax-neutral income/expenses	490.0	25.9	126.7	465.9	27.9	129.8
tax-neutral income/expenses that cannot be planned with sufficient accuracy	−4.3	–	–	−1.3	–	–
including unplannable tax-neutral income/expenses	485.7	26.1	126.7	464.6	27.9	129.8

C.24 PROFIT BEFORE TAX AFTER ELIMINATION OF UNPLANNABLE TAX-NEUTRAL INCOME/EXPENSES

The expected Group tax rate for financial year 2019 is 25.9%, 2.0 percentage points lower than the prior-year rate.

4.) EARNINGS PER SHARE

Earnings per share in the amount of EUR 2.31 (9M 2018: EUR 2.17) are determined by dividing the share of profit after tax of EUR 357.0 million (9M 2018: EUR 334.5 million) attributable to the shareholders of Brenntag AG by the average weighted number of shares in circulation.

The warrants from the bond (Bond (with Warrants) 2022) issued in November 2015 had no diluting effect as the average Brenntag share price is lower than the warrant strike price of EUR 72.5322. The diluted earnings per share are therefore the basic earnings per share.

The effects on earnings per share of the initial application of IFRS 16 (Leases) at January 1, 2019 are outlined in the section “Consolidation Policies and Methods/Standards applied”.

5.) ASSETS HELD FOR SALE

The assets held for sale comprise property, plant and equipment (EUR 3.8 million).

6.) FINANCIAL LIABILITIES

in EUR m	Sep. 30, 2019	Dec. 31, 2018
Liabilities under syndicated loan	877.7	849.4
Other liabilities to banks	251.2	238.0
Bond 2025	594.4	595.4
Bond (with Warrants) 2022	444.2	416.7
Finance lease liabilities[1]	–	6.9
Derivative financial instruments	6.7	5.5
Other financial liabilities	49.1	43.8
Total	**2,223.3**	**2,155.7**
Lease liabilities[1]	392.4	–
Cash and cash equivalents	−446.1	−393.8
Net financial liabilities	**2,169.6**	**1,761.9**

C.25 DETERMINATION OF NET FINANCIAL LIABILITIES

[1] As of 2019, finance lease liabilities under IAS 17 are reported together with lease liabilities under IFRS 16.

7.) OTHER PROVISIONS

Other provisions break down as follows:

in EUR m	Sep. 30, 2019	Dec. 31, 2018
Environmental provisions	94.7	92.7
Provisions for personnel expenses	28.3	27.4
Miscellaneous provisions	95.1	94.8
Total	**218.1**	**214.9**

C.26 OTHER PROVISIONS

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

In the interim consolidated financial statements as at September 30, 2019, the present value of pension obligations was determined using a discount rate of 0.7% (Dec. 31, 2018: 1.9%) in Germany and the other countries of the euro zone, 0.0% (Dec. 31, 2018: 0.8%) in Switzerland and 2.94% (Dec. 31, 2018: 3.8%) in Canada.

Due to the remeasurement of unfunded defined benefit plans, provisions for pensions and other post-employment benefits increased by an amount of EUR 19.6 million recognized directly in retained earnings. This is mainly the result of the reduction in the discount rate in the euro zone. Net of deferred taxes, actuarial losses recognized in other comprehensive income consequently increased by EUR 13.5 million.

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

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

in EUR m	Sep. 30, 2019	Dec. 31, 2018
Liabilities relating to acquisition of non-controlling interests	140.9	44.9
Liabilities arising from limited partners' rights to repayment of contributions	1.4	1.6
Total	**142.3**	**46.5**

C.27 LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

Liabilities relating to the acquisition of non-controlling interests increased by EUR 94.1 million due to the recognition of the liability relating to the acquisition of the remaining 49% of the shares in TEE HAI.

EUR 90.8 million of liabilities relating to the acquisition of non-controlling interests have been included in net investment hedge accounting. Exchange rate-related changes in the liabilities included in net investment hedge accounting are recognized within equity in the net investment hedge reserve.

10.) EQUITY

As proposed by the Board of Management and the Supervisory Board, the ordinary General Shareholders' Meeting of Brenntag AG on June 13, 2019 passed a resolution to pay a dividend of EUR 185,400,000.00. Based on 154.5 million shares, that is a dividend of EUR 1.20 per no-par value share entitled to a dividend.

Retained earnings declined by EUR 91.7 million due to the initial recognition of the liability relating to the acquisition of the remaining 49% of the shares in TEE HAI at the end of April 2019.

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

in EUR m	Subscribed capital, retained earnings and additional paid-in capital	Exchange rate differences	**Non-controlling interests**
Dec. 31, 2017	**13.7**	**−1.2**	**12.5**
Business combinations	14.1	–	14.1
Profit after tax	0.3	–	0.3
Other comprehensive income, net of tax	–	−1.0	−1.0
Total comprehensive income for the period	**0.3**	**−1.0**	**0.7**
Sep. 30, 2018	**28.1**	**−2.2**	**25.9**

C.28 CHANGE IN NON-CONTROLLING INTERESTS / SEP. 30, 2018

in EUR m	Subscribed capital, retained earnings and additional paid-in capital	Exchange rate differences	**Non-controlling interests**
Dec. 31, 2018	**25.6**	**−0.9**	**24.7**
Business combinations	40.3	–	40.3
Profit after tax	2.0	–	2.0
Other comprehensive income, net of tax	–	2.0	2.0
Total comprehensive income for the period	**2.0**	**2.0**	**4.0**
Sep. 30, 2019	**67.9**	**1.1**	**69.0**

C.29 CHANGE IN NON-CONTROLLING INTERESTS / SEP. 30, 2019

Non-controlling interests increased by EUR 38.4 million (49%) due to the acquisition of 51% of the shares in TEE HAI.

11.) CONSOLIDATED CASH FLOW STATEMENT DISCLOSURES

Net cash provided by operating activities of EUR 595.3 million was influenced by the decline in working capital of EUR 33.2 million. The decline in working capital resulted from changes in inventories, gross trade receivables and trade payables as well as from valuation allowances on trade receivables and inventories as follows:

in EUR m	Jan. 1– Sep. 30, 2019	Jan. 1– Sep. 30, 2018
Increase in inventories	−12.6	−126.0
Increase in gross trade receivables	−17.9	−189.8
Increase in trade payables	59.6	74.5
Increase in valuation allowances on trade receivables and on inventories[1]	4.1	9.6
Change in working capital[2]	**33.2**	**−231.7**

C.30 CHANGE IN WORKING CAPITAL

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

At 6.9 in the reporting period, annualized working capital turnover[1] was lower than at the end of 2018 (7.3).

The effects on the consolidated cash flow statement of the initial application of IFRS 16 (Leases) at January 1, 2019 are outlined in the section "Consolidation Policies and Methods/Standards applied".

[1] Ratio of annual sales to average working capital; annual sales are defined as sales for the first nine months extrapolated to the full year (sales for the first nine months divided by three and multiplied by four); average working capital for the first nine months is defined as the average of working capital at the beginning of the year and at the end of the first, second and third quarters.

12.) Reporting of financial instruments

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

in EUR m	Sep. 30, 2019			
Classification of financial assets:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Cash and cash equivalents	446.1	–	446.1	446.1
Trade receivables	1,935.9	–	1,935.9	1,935.9
Other receivables	119.2	–	119.2	119.2
Other financial assets	29.3	4.7	34.0	34.0
Total	**2,530.5**	**4.7**	**2,535.2**	**2,535.2**

C.31 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / SEP. 30, 2019

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

in EUR m	Dec. 31, 2018			
Classification of financial assets:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Cash and cash equivalents	393.8	–	393.8	393.8
Trade receivables	1,843.0	–	1,843.0	1,843.0
Other receivables	109.4	–	109.4	109.4
Other financial assets	11.3	6.2	17.5	17.5
Total	**2,357.5**	**6.2**	**2,363.7**	**2,363.7**

C.32 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / DEC. 31, 2018

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

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 122.2 million (Dec. 31, 2018: EUR 89.2 million) are not financial assets as defined by IFRS 7. They are mainly receivables from value-added tax and other taxes, prepaid expenses and prepayments.

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

in EUR m	Sep. 30, 2019			
Classification of financial liabilities:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Trade payables	1,334.9	–	1,334.9	1,334.9
Other liabilities	177.2	–	177.2	177.2
Liabilities relating to acquisition of non-controlling interests	142.3	–	142.3	143.4
Financial liabilities	2,207.5	15.8	2,223.3	2,256.0
Total	**3,771.1**	**15.8**	**3,877.7**	**3,911.5**

C.33 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / SEP. 30, 2019

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

in EUR m	Dec. 31, 2018				
Classification of financial liabilities:	At amortized cost	FVTPL[1]	Carrying amount under IAS 17	Total carrying amount	Fair value
Trade payables	1,231.8	–	–	1,231.8	1,231.8
Other liabilities	165.7	–	–	165.7	165.7
Liabilities relating to acquisition of non-controlling interests	46.5	–	–	46.5	46.3
Financial liabilities	2,123.8	25.0	6.9	2,155.7	2,133.6
Total	**3,567.8**	**25.0**	**6.9**	**3,599.7**	**3,577.4**

C.34 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / DEC. 31, 2018

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

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 bonds measured at amortized cost under financial liabilities were determined using quoted or market prices in an active market (Level 1 of the fair value hierarchy). The fair values of the other financial liabilities measured at amortized cost were determined using the discounted cash flow method on the basis of inputs observable on the market (Level 2 of the fair value hierarchy). The liabilities relating to the acquisition of non-controlling interests were determined on the basis of recognized company valuation models. The company valuation models are based on cash flow plans (Level 3 of the fair value hierarchy). The fair values of foreign exchange forwards and foreign exchange swaps are determined by comparing forward rates and discounted to present value (Level 2 of the fair value hierarchy). The fair values of interest rate swaps are determined by applying the discounted cash flow method on the basis of current interest curves, taking into account the non-performance risk (Level 2 of the fair value hierarchy).

Of the other liabilities recognized in the balance sheet, EUR 226.5 million (Dec. 31, 2018: EUR 210.0 million) are not financial liabilities as defined by IFRS 7. They are mainly liabilities to employees, liabilities from value-added tax and other taxes, as well as deferred income.

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

in EUR m				
Hierarchy level	Level 1	Level 2	Level 3	**Sep. 30, 2019**
Financial assets at fair value through profit or loss	1.5	3.2	–	**4.7**
Financial liabilities at fair value through profit or loss	–	6.7	9.1	**15.8**

C.35 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / SEP. 30, 2019

in EUR m				
Hierarchy level	Level 1	Level 2	Level 3	**Dec. 31, 2018**
Financial assets at fair value through profit or loss	1.5	4.7	–	**6.2**
Financial liabilities at fair value through profit or loss	–	5.5	19.5	**25.0**

C.36 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / DEC. 31, 2018

Liabilities resulting from contingent consideration arrangements of EUR 9.1 million (Dec. 31, 2018: EUR 19.5 million) relate to liabilities for contingent purchase prices payable in acquisitions. The amount of the contingent purchase price components is required to be recognized at fair value and is contingent on the acquiree meeting certain earnings targets (e.g. operating gross profit, EBITDA). The amount is limited in both the lower (EUR 0 million) and the upper (EUR 9.1 million) range.

Liabilities resulting from contingent consideration arrangements changed as follows:

in EUR m	**2019**	**2018**
Jan. 1	**19.5**	**23.6**
Adjustments in the measurement period (increase in goodwill)	–	–
Business combinations	–	3.4
Payments	−10.8	–
Exchange rate differences	0.4	0.1
Sep. 30	**9.1**	**27.1**

C.37 CHANGE IN LIABILITIES RESULTING FROM CONTINGENT CONSIDERATION ARRANGEMENTS

Essen, November 5, 2019

Brenntag AG

BOARD OF MANAGEMENT

Steven Holland | Karsten Beckmann | Markus Klähn

Georg Müller | Henri Nejade

REVIEW REPORT

To Brenntag AG, Essen

We have reviewed the condensed consolidated interim financial statements – comprising the consolidated income statement, consolidaded statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and selected explanatory notes – and the interim group management report of Brenntag AG, Essen, for the period from January 1 to September 30, 2019, which are part of the quarterly financial report pursuant to § (Article) 115 WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs 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 Board of Management. 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 Standards 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 IFRSs 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 IFRSs 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, November 5, 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thomas Tandetzki	ppa. Reza Bigdeli
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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

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

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

FINANCIAL CALENDAR

NOV 28

2019
Deutsche Bank Business Services, Leisure and Transport Conference, London

DEC 3–4

2019
Berenberg European Conference, London

JAN 13–14

2020
Commerzbank German Investment Seminar, New York

JAN 21

2020
KeplerCheuvreux German Corporate Conference, Frankfurt

MAR 4

2020
Annual Report 2019

JUN 10

2020
General Shareholders' Meeting, Essen

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