ConnectingChemistry

BRENNTAG

#1

GLOBAL MARKET LEADER

IN CHEMICAL DISTRIBUTION

ANNUAL REPORT 2015

SEGMENTS

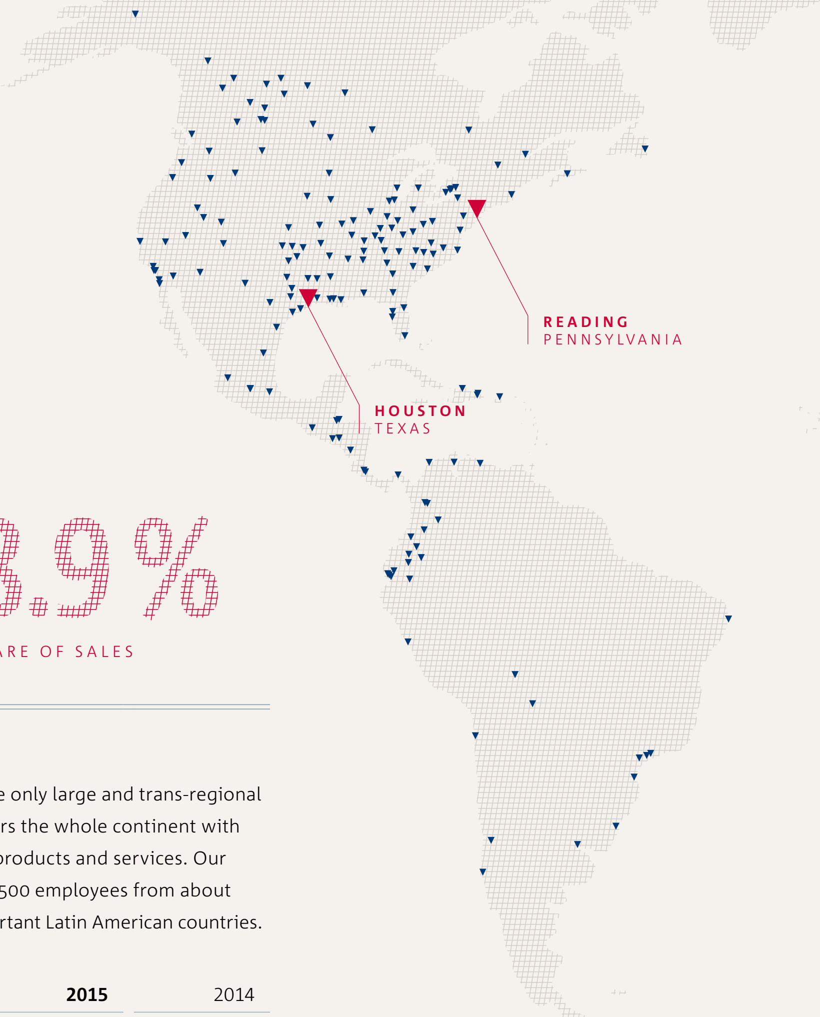
34.8%

SHARE OF SALES

NORTH AMERICA

Brenntag is one of the market leaders in North America. With about 180 distribution centres, we operate in all important industrial areas in the USA. More than 4,000 employees ensure that our customers in the region have all the products and services they need.

in EUR m	**2015**	2014
External sales	3,600.6	3,332.0
Operating gross profit	942.6	802.2
Operating expenses	−577.0	−478.6
Operating EBITDA	**365.6**	**323.6**



8.9%

SHARE OF SALES

LATIN AMERICA

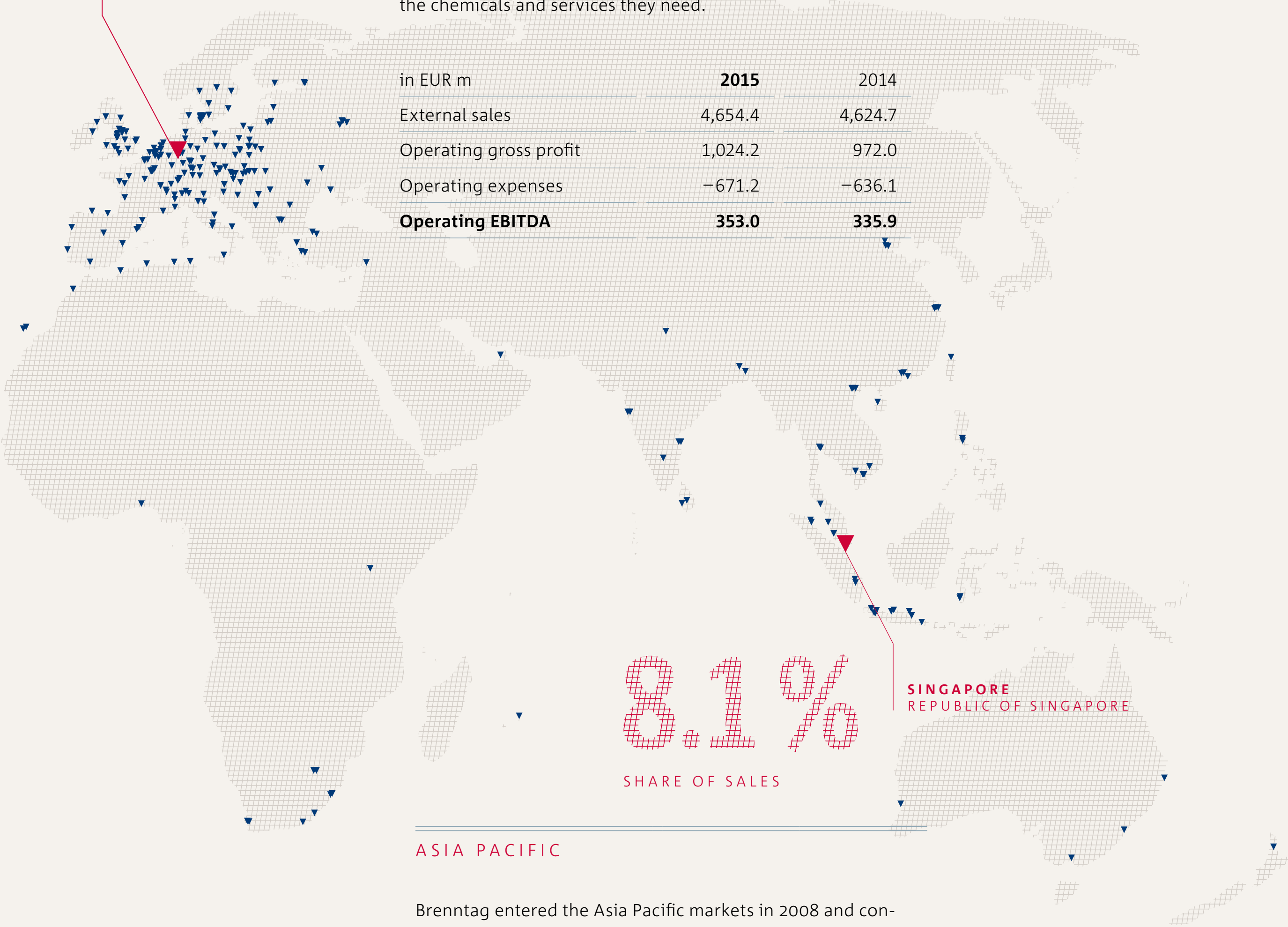
In Latin America, Brenntag is the only large and trans-regional chemical distributor which covers the whole continent with its broad portfolio of chemical products and services. Our customers are served by over 1,500 employees from about 70 locations in the 20 most important Latin American countries.

in EUR m	**2015**	2014
External sales	925.8	864.0
Operating gross profit	201.2	169.5
Operating expenses	−136.5	−122.7
Operating EBITDA	**64.7**	**46.8**

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

45.0 %

SHARE OF SALES



EMEA

Brenntag is the number one chemical distributor in Europe. The region operates a dense network of more than 210 distribution centres. From these locations, our workforce of more than 6,000 employees provides the Brenntag customers with the chemicals and services they need.

in EUR m	**2015**	2014
External sales	4,654.4	4,624.7
Operating gross profit	1,024.2	972.0
Operating expenses	−671.2	−636.1
Operating EBITDA	**353.0**	**335.9**

8.1 %

SHARE OF SALES

ASIA PACIFIC

Brenntag entered the Asia Pacific markets in 2008 and continuously expanded this network with several acquisitions over the years. Today we have established over 70 locations in 15 countries and a workforce of more than 1,800 employees which provides all our customers in this region with chemical products and services.

in EUR m	**2015**	2014
External sales	834.1	748.2
Operating gross profit	140.0	120.7
Operating expenses	−89.7	−79.5
Operating EBITDA	**50.3**	**41.2**

KEY FINANCIAL FIGURES AT A GLANCE

CONSOLIDATED INCOME STATEMENT		**2015**	2014	**Change in %**	**Change in % (fx adj.)**
Sales	EUR m	10,346.1	10,015.6	3.3	−4.6
Gross Profit	EUR m	2,266.0	2,027.5	11.8	2.4
Operating EBITDA	EUR m	807.4	726.7	11.1	0.7
Operating EBITDA / Gross Profit	%	35.6	35.8		
EBITDA	EUR m	807.4	726.9	11.1	0.7
Profit after tax	EUR m	368.1	339.7	8.4	
Earnings per share [1]	EUR	2.36	2.20	7.3	

CONSOLIDATED BALANCE SHEET		**Dec. 31, 2015**	Dec. 31, 2014
Total Assets	EUR m	6,976.2	6,215.0
Equity	EUR m	2,690.5	2,356.9
Working capital	EUR m	1,268.1	1,226.8
Net financial liabilities	EUR m	1,676.1	1,409.7

CONSOLIDATED CASH FLOW		**2015**	2014
Cash provided by operating activities	EUR m	593.7	369.7
Investments in non-current assets (Capex)	EUR m	−130.1	−104.8
Free cash flow	EUR m	764.3	521.6

KEY FIGURES BRENNTAG SHARE		**Dec. 31, 2015**	Dec. 31, 2014
Share price	EUR	48.28	46.51
No. of shares (unweighted) [1]		154,500,000	154,500,000
Market capitalization	EUR m	7,459	7,186
Free float	%	100	100

[1] As part of a stock split, the number of shares was increased in the third quarter of 2014 from 51.5 million to 154.5 million. The number of shares and the share prices have been retroactively adjusted to the stock split.

#1

Brenntag is the global market leader in chemical distribution, covering all major markets with its extensive product portfolio of both industrial and specialty chemicals. The broad variety of value-added services and a highly experienced management team completes the company profile.

Brenntag is its stakeholders' first choice because we create true value for all our partners.

- We are our CUSTOMERS' first choice because we deliver best-in-class service offerings.
- We are a RELIABLE and the preferred distributor because we have the most talented people in the industry.
- We are the number 1 for our SUPPLIERS, because we help them react flexibly to ever-changing market conditions.
- We have a strong FINANCIAL PROFILE guaranteeing maximum financial flexibility.
- We lead the way in the SPECIALTY CHEMICALS BUSINESS because we are committed to joint business development with our partners.
- We are present in all relevant MARKETS and combine global scale with local proximity.
- We are committed to EXCELLENCE in all our business activities and safety in particular.

We embrace the high level of responsibility that our leading position in chemical distribution entails by managing the business in a prudent way – now and in the future!

#1

COMPANY PROFILE

Brenntag is the global market leader in chemical distribution. The company manages complex supply chains for both chemical manufacturers and users by simplifying market access to thousands of products and services. It combines a global network with outstanding local execution.

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

Brenntag operates a global network spanning more than 530 locations in 74 countries. With its global workforce of more than 14,000 employees, the company generated sales of EUR 10.3 billion in 2015.

Content

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Mülheim an der Ruhr, March 15, 2016

DEAR SHAREHOLDERS,

2015 was a good financial year for Brenntag. We continued to grow and clearly exceeded our key performance indicators year on year. Above all, I am pleased to report that we also translated operating profit into a strong free cash flow that was 46.5 % higher than in the previous year, testifying to our attractive business model.

Sales in the financial year 2015 amounted to EUR 10,346.1 million, an increase of 3.3 % (as reported) on the previous year. Gross profit rose by 11.8 % to EUR 2,266.0 million. Operating EBITDA also improved in 2015: at EUR 807.4 million, it was up 11.1 % on the previous year.

2015 was also a year full of challenges, however, particularly in the second half. Brenntag's business was impacted by low demand from customers in the oil & gas industry, the weak global economic development and a lack of growth momentum in various countries, meaning that we were unable to fully meet our own high expectations in some areas despite the Group's positive overall performance.

Our North America region in particular was affected by the significant fall in the oil price, which reduced the activity levels of all customers in the oil & gas industry during the year. This was compounded by a noticeable slowdown in US industrial production in the second half of the year. Against this background, we are satisfied overall with the North America region's performance. Steps to reduce operational capacity in oil & gas were executed to react appropriately to the short and medium term challenges in the sector.

The Europe, Middle East & Africa (EMEA) region delivered a good earnings performance in 2015. Brenntag is on a stable footing in this large region and, despite weaker-than-expected economic growth, achieved a good set of results.

In the Latin America region, our past efforts and investments are now paying off. Here, Brenntag achieved efficiency improvements and posted very encouraging growth rates. We are very pleased with this performance, especially given the challenging conditions in a number of the larger economies in the region.

We can also strike an upbeat tone on the Asia Pacific region. Here, we achieved further improvements in efficiency and are very pleased overall with our earnings performance. This diversified region shows a mixed picture, with trends varying from country to country.

Growth and expansion of the business by acquisition remains a key part of our long term strategy. During the year we successfully executed ten acquisitions amounting to more than EUR 550 million enterprise value. The ten acquisitions in total strengthen and expand our product, market and customer portfolio as well as adding further operational capability in key regions.

Brenntag has long enjoyed an excellent reputation on the capital markets, and following an upgrade by the rating agency Moody's in March 2015 our creditworthiness has been rated investment grade by Moody's as well as Standard & Poor's. This is one of the reasons why we were able to successfully place a bond with warrant units in the amount of USD 500 million in November. Whilst this transaction was not only important for funding current and future acquisitions, it also means the Group has a more diversified financing structure and a more balanced maturity profile.

The Group continues to attract new investors and maintains the support of long standing shareholders. It goes without saying that we wish to pass on our positive business performance in 2015 to our shareholders. The Board of Management and Supervisory Board will therefore propose a dividend of EUR 1.00 per share to the General Shareholders' Meeting. This represents a 11.1% increase on the previous year.

Besides the key financial figures, however, there are many other aspects to our business that we address. Also with regard to sustainability, we aim to set standards in our industry and work both globally and locally to enhance sustainability within our own company and across the chemical industry supply chain. With this in mind, we maintain close dialogue with customers and suppliers and are committed to transparency. In 2015, for example, we published our second sustainability report, and we are the only chemicals distributor to date who has joined the industry initiative "Together for Sustainability".

This Annual Report presents our company as what it is – the number 1 in chemical distribution! The report shows how Brenntag defines, consolidates and extends its leading position.

All of this, of course, does not simply happen without the hard work, dedication and ambition of our worldwide organisation with over 14,000 employees in 74 countries.

On behalf of the entire Board of Management, I would like to take this opportunity to thank our employees for their considerable commitment and our shareholders, customers, suppliers and business partners for the trust they place in us and our strong working relationship.

Yours sincerely

Steven Holland
Chief Executive Officer

»We take the opportunity to share with you the many aspects of our market leadership – customers, suppliers and markets, efficiency, capabilities and financial strength.«

STEVEN HOLLAND
Chief Executive Officer

HIGHLIGHTS OF 2015

JANUARY

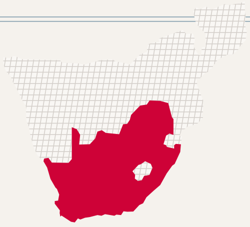
ConnectingChemistry

REINFORCEMENT OF BRAND IDENTITY THROUGH ”CONNECTING CHEMISTRY”

Brenntag announces the global roll-out of “ConnectingChemistry” as its key strap line to enhance its brand identity.

STEVEN HOLLAND’S TERM EXTENDED TO 2020

The Supervisory Board of Brenntag AG renews the contract of current Chief Executive Officer Steven Holland for five years until February 2020.



FEBRUARY

ACQUISITION OF LIONHEART CHEMICAL ENTERPRISES, SOUTH AFRICA

Brenntag acquires Lionheart Chemical Enterprises, a specialty chemicals distributor mainly operating in the food and beverage industry.

MARCH

INVESTMENT GRADE RATING FROM MOODY’S

The rating agency Moody’s assigns a “Baa3” rating, underlining Brenntag’s excellent creditworthiness. Brenntag is now rated investment grade by both Moody’s and Standard & Poor’s.

MAY

ACQUISITION OF QUIMICAS MEROÑO, SPAIN

Brenntag acquires Quimicas Meroño, S. L., a distributor of industrial chemicals providing additional growth opportunities especially in the food and oil & gas industries.

JUNE

EXPANSION OF THE BOARD OF MANAGEMENT

Brenntag expands its Board of Management to five members effective July 1, 2015. In addition to serving members Steven Holland, CEO, and Georg Müller, CFO, Brenntag managers Karsten Beckmann, Markus Klähn and Henri Nejade are appointed to the Board. William Fidler retires from the Board of Management when his contract expires.

BRENNTAG PAYS A HIGHER DIVIDEND

The General Shareholders’ Meeting resolves the distribution of a higher dividend than in the previous year, in the amount of EUR 0.90 per share (+3.8 %). The payout ratio amounts to 41.0 % of the net profit attributable to Brenntag shareholders.

SUPERVISORY BOARD ELECTIONS

The General Shareholders’ Meeting elects Stefanie Berlinger to the six-member Supervisory Board. She replaces Stephen Clark, who retires from the Board.

JULY

“TOGETHER FOR SUSTAINABILITY”

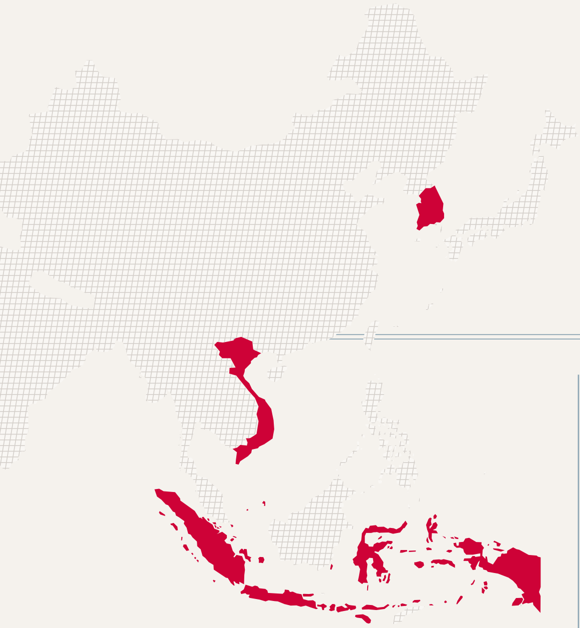
Brenntag becomes the first chemical distributor to join “Together for Sustainability“ (TfS). The aim of this initiative is to establish a standardized global programme for the responsible procurement of goods and services in the chemical industry.

AUGUST

2015 SUSTAINABILITY REPORT

Brenntag publishes its 2015 Sustainability Report which outlines among others Brenntag’s activities in the areas of safety, resource efficiency, supply chain responsibility and compliance. The report was prepared in accordance with the standards of the Global Reporting Initiative.

Highlights of 2015



SEPTEMBER

ACQUISITION OF TAT GROUP, REPUBLIC OF SINGAPORE

Brenntag announces the acquisition of TAT Group, a distributor of industrial chemicals. The acquisition is a significant complement and important investment in Brenntag's geographic and strategic position in the Asia Pacific region. Via its subsidiaries in Singapore, South Korea, Vietnam, Hong Kong and Indonesia, TAT offers its local and overseas customers a broad range of solvents and related products.

ACQUISITION OF PARKOTEKS KIMYA SAN.,TURKEY

Brenntag acquires Parkoteks Kimya San, a distribution company offering a wide range of specialty chemicals products with particular focus on the personal care industry.

OCTOBER

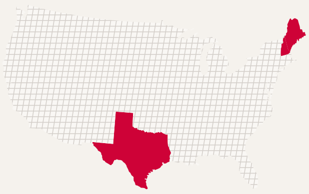
GROUND BREAKING FOR THE NEW BRENNTAG HEADQUARTERS

The construction of Brenntag's new headquarters gets under way with a ground breaking ceremony. The modern, sustainably designed global headquarters gradually taking shape in Essen is scheduled for completion by 2017.

NOVEMBER

ACQUISITION OF J.A.M. AND BERLIN-WINDWARD, USA

Brenntag announces the acquisition of the two US-based leading lubricants distributors J.A.M. Distributing Company and G.H. Berlin-Windward. Both companies distribute across the entire lubricant supply chain in a broad range of customer industries and build an excellent platform for further growth in this consolidating market.



500

MILLION US DOLLAR

SUCCESSFUL PLACEMENT OF A BOND WITH WARRANT UNITS

Brenntag successfully places a US dollar 500 million senior, unsecured bond with warrant units due 2022. The transaction is a highly attractive funding instrument with which Brenntag achieves an even more diversified financing structure and a balanced maturity profile.

DECEMBER

RELAUNCH OF CORPORATE WEBSITE – WWW.BRENNTAG.COM

Brenntag gives its corporate website a comprehensive overhaul in terms of content, technology and design. In addition, the website is optimized based on responsive web design.

ACQUISITION OF LEIS POLYTECHNIK POLYMERE WERKSTOFFE, GERMANY

Brenntag announces the acquisition of Leis Polytechnik polymere Werkstoffe GmbH specializing in the development, production and distribution of high-performance polymer compounds.

TOTAL AMOUNT INVESTED IN ACQUISITIONS IN 2015:

> EUR 550 million

#1 CUSTOMERS

IN CHEMICAL DISTRIBUTION QUALITY OF SERVICE IS KEY TO SUCCESS

BURJ KHALIFA

Standing at 829.8 metres, the Burj Khalifa in Dubai, United Arab Emirates, is the world's tallest building – followed by the Shanghai Tower, which is 632 metres high. The Burj Khalifa was inaugurated on January 4, 2010.

#1

The chemical distribution business is highly complex, comprising purchase, storage, logistics, sales and marketing as well as a variety of value-added services around the globe. Quality of service is the key to success in this market.

FOCUS ON SALES & MARKETING

Brenntag is the preferred partner for customers because we follow an unparalleled approach, enabling us to act flexibly and always meet the individual requirements of all our customers. As the number 1 in chemical distribution, Brenntag serves around 180,000 customers from more than 530 locations around the globe. Our world-class sales & marketing organization, which makes up more than one third of our global workforce of more than 14,000 employees, continuously and pro-actively approaches our customers, be it the smaller customer, mid-sized customers or even large corporations, which – like Brenntag – operate globally.

The nature of the smaller and mid-sized customers makes chemical distribution an extremely granular business. In general, these customers order chemical products in less-than-truck load quantities. These products make the customers' production processes run smoothly and without outages. The orders are often placed at short notice and delivery is expected and made within 48 hours. Brenntag is our customers' first choice, not only because of its unique, dense network, guaranteeing product availability and just-in-time delivery, but also because we place particular importance on regular customer visits by our sales representatives. This direct contact and continuous dialogue are highly appreciated by our customers and essential for establishing and strengthening long-standing relationships of trust.

Large corporations, our so-called 'global key account customers', value Brenntag's global presence as well as our ability to comply with ever increasing environmental, safety and compliance regulations, which differ from country to country. These key account customers also expect to be served in different countries or even on different continents with a large variety of products and value-added services to consistent standards.

#1

SERVICE MAKES THE DIFFERENCE

Chemical distribution serves customers from all different industries. To stay on top of this highly fragmented market and best serve customers' needs, a chemical distributor has to provide a wide range of service offerings of the highest quality.

»Our customers' requirements are as diverse as their businesses. Our pan-European approach supports our partners to manage their supply chain more efficiently.«

KARSTEN BECKMANN
Member of the Board of Management
Region EMEA (Europe, Middle East & Africa)
Global Accounts

This is where Brenntag's understanding of chemical distribution comes into play. For us, there is much more to the business than simply supplying chemicals to customers. We see ourselves as an integral part of the value chain, always striving to support our customers. As a full-line distributor, Brenntag offers a unique portfolio of both industrial and specialty chemicals and value-added services, leading to high customer retention. These service offerings vary in complexity – from simply providing a product, which is the customer's basic requirement of a reliable distributor, through filling chemicals in the container sizes needed by the customer to extensive technical support.

Brenntag, the global market leader, expertly handles this complex meshwork of supplier requirements, customer needs, relationship management and efficient logistics while always guaranteeing to meet the highest safety and quality standards.

#1

FULL-LINE

PRODUCT PORTFOLIO

INDUSTRIAL CHEMICALS + SPECIALTY CHEMICALS

50 GLOBAL KEY ACCOUNTS

MAKE APPR. 10% OF BRENNTAG'S BUSINESS

≈180,000 CUSTOMERS

1 STOP-SHOP SOLUTION

GRANULAR BUSINESS

≈3.5 MILLION

LESS-THAN-TRUCKLOAD DELIVERIES PER YEAR

VALUE ADDED SERVICES

MIXING & BLENDING

INDIVIDUAL LABELING

REFILLING

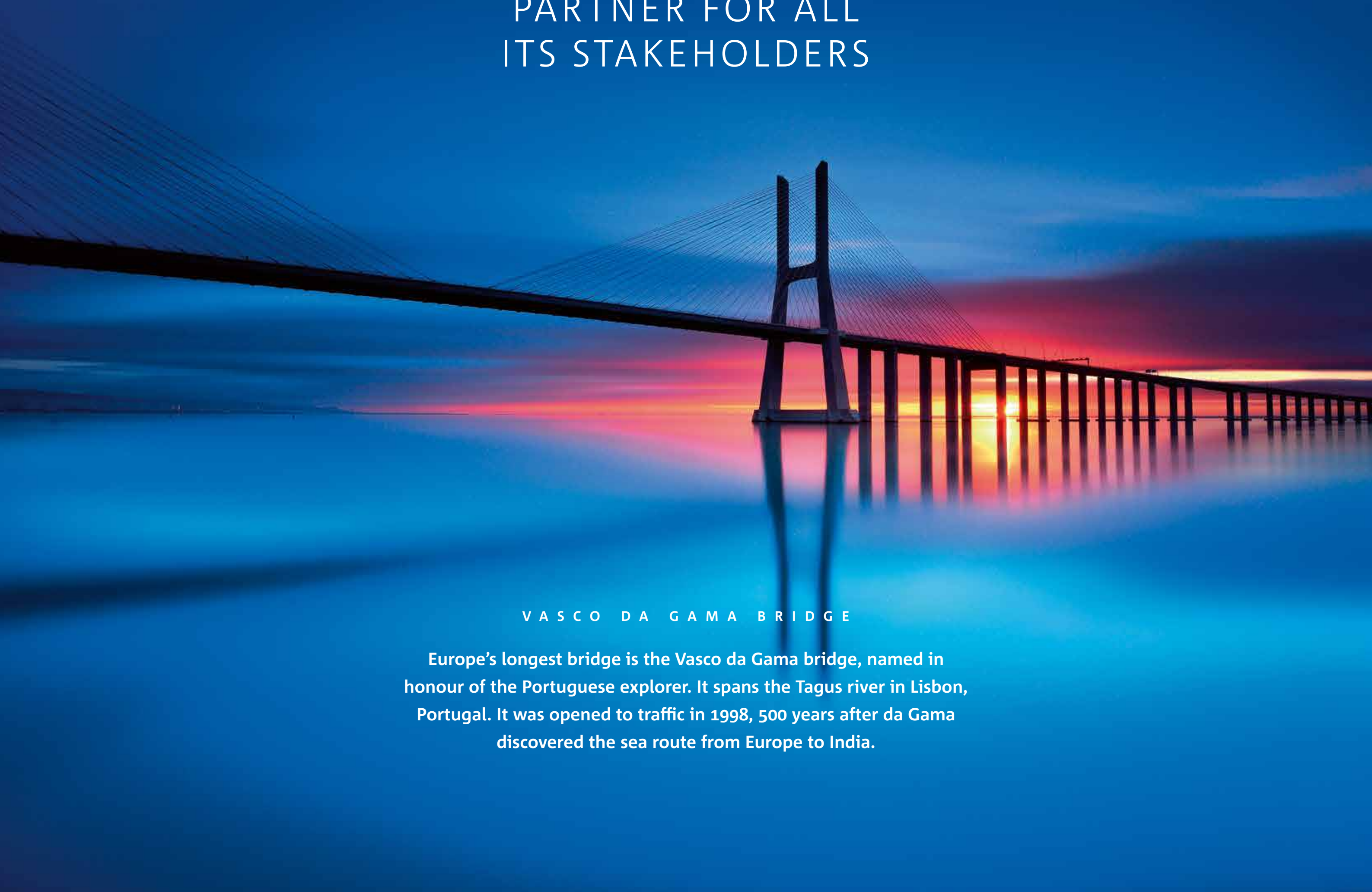
PRODUCT AVAILABILITY

COMPLEXITY

#1

RELIABILITY

BRENNTAG IS A RELIABLE PARTNER FOR ALL ITS STAKEHOLDERS



VASCO DA GAMA BRIDGE

Europe's longest bridge is the Vasco da Gama bridge, named in honour of the Portuguese explorer. It spans the Tagus river in Lisbon, Portugal. It was opened to traffic in 1998, 500 years after da Gama discovered the sea route from Europe to India.

#1

Our partners are entitled to expect reliability from the market leader in chemical distribution. Brenntag has proven its reliability in terms of safety, operational excellence, market knowledge and financial track record – and will continue to do so in the future!

CONNECTING CHEMISTRY ON ALL LEVELS

Successful chemical distributors act as a direct link between chemical manufacturers and end customers. For Brenntag, chemical distribution is a people business. Our employees are the cornerstone of the company's success. Most of Brenntag's employees are in direct contact with suppliers and customers, be it as a sales or customer service representative, a marketing or product manager or a technical expert in a specific customer industry. Our partners rely on our experts' experience and advice resulting in long-standing, trusting and value-creating relationships. Our employees at all levels know the chemical distribution market and its typical characteristics – and are always one step ahead of our customers' and suppliers' needs.

EXPANSION OF BRENNTAG'S BOARD OF MANAGEMENT

The global market leader is led by a highly experienced Board of Management, combining decades of relevant expertise gained both outside and within the Brenntag Group. Brenntag manages the business regionally, holding leading market positions in Europe, North America, Latin America and the Asia Pacific region. This is reflected in the composition of the Board of Management, which was extended in 2015 in order to maximize the company's full global growth potential and focus even more on the strategic development of the Group.

SUSTAINABILITY – COMMITMENT WITHIN THE VALUE CHAIN

In order to take the increasing importance of sustainability into account, chemical distributors have to factor environmental and social aspects into their business activities and consider the impact of these activities. Therefore, sustainability means striking an appropriate balance between business, ecology and social issues and reconciling the different priorities. Brenntag has acquired a leading position in the field of sustainability in the chemical distribution industry. We embrace the high level of responsibility that our leading position in the market entails. Sustainability is a fundamental part of our business model and guides Brenntag's activities.

#1

»Brenntag has a leading position in chemical distribution. We are fully aware of the responsibility we have towards all our stakeholders. We attach great importance to acting diligently in all our business activities and simultaneously always strive to create true value for our partners.«

STEVEN HOLLAND
Chief Executive Officer

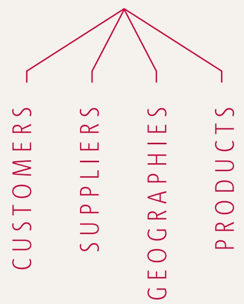
The company focuses on sustainability topics associated with Brenntag's day-to-day business and its portfolio of services: safety, efficient use of resources, supply chain responsibility, compliance and our relationship with our employees and society at large. We take up the challenge of continuously improving on our performance in these areas on an international level. By optimizing standards and processes within our corporate structures and providing our employees with suitable trainings, we constantly develop our sustainability strategy, thus reconciling the different aspects of our business activities.

PROVEN STRENGTHS
OF THE BUSINESS MODEL

The Brenntag business model has proven its resilience along many axes. It is highly diversified with regard to customers, suppliers, industries, products and geographic coverage. The company is independent of any of these parameters and, as a full-line chemical distributor of both industrial and specialty chemicals, Brenntag is well positioned to react flexibly to changing market conditions. However, we do not rest on our laurels but continuously strive to improve our business performance.

#1

HIGH DIVERSIFICATION



TOP 10 PRODUCTS ACCOUNT FOR LESS THAN

20%

OF GROSS PROFIT

TOP 10 CUSTOMERS ACCOUNT FOR APPR.

5%

OF SALES

EXPERIENCED

MANAGEMENT TEAM

LTIR

(LOST TIME INJURY RATE)

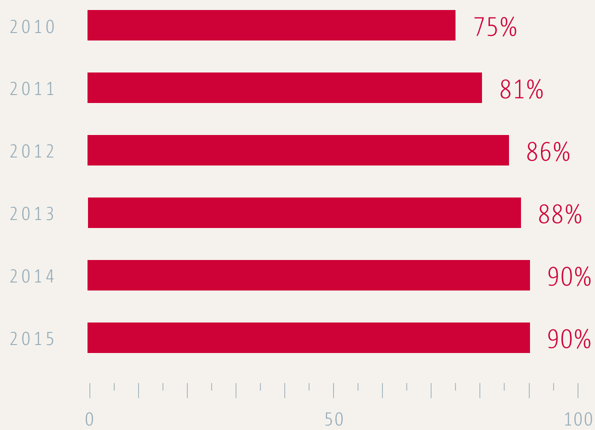
DECREASED

FROM 4.6 IN 2010

TO 1.6 IN 2015

QUALITY MANAGEMENT

LOCATIONS WITH ISO 9001 CERTIFICATIONS



INITIATIVES

RESPONSIBLE CARE & RESPONSIBLE DISTRIBUTION

#1

SUPPLIERS

BRENNTAG IS THE FIRST CHOICE FOR CHEMICAL SUPPLIERS WORLDWIDE

MSC OSCAR

The largest container ships in the world are a family of ships operated by the Mediterranean Shipping Company. The MSC Oscar, MSC Zoe, MSC Oliver, MSC Maya and MSC Sveva are each 395.4 metres long and were named in 2015.

#1

Consolidation is a highly important topic in chemical distribution and is driven by various factors. Particularly chemical manufacturers, our suppliers, aim to reduce the number of their business partners. As a well-known brand in chemical distribution, Brenntag plays a decisive role in this process.

CONSOLIDATION IS DRIVEN BY SUPPLIERS

Brenntag is the link between chemical manufacturers and end customers. The company acts as the extended arm of chemical manufacturers, the suppliers. Chemical manufacturers aim to reduce the number of chemical distributors they work with. Brenntag is a reliable distributor with an excellent reputation and proven ability to penetrate markets. Therefore, suppliers consistently choose our company as their preferred channel-to-market partner. Brenntag does business with all global chemical manufacturers, in total several thousand suppliers.

SUPPLIER RELATIONSHIP MANAGEMENT IS PARAMOUNT

Brenntag plays a key role in the chemical distribution value chain and has to adapt to the individual requirements of its business partners. Cooperation with our suppliers is a collaborative and dynamic process designed to introduce different products to various markets and unfold each product's full potential while taking the different market conditions into account.

To make cooperation as efficient as possible, Brenntag has set up a stewardship process with suppliers. The different steps of this process include defining a vision and strategy, setting priorities, designing a planning concept, conducting business reviews and setting up and controlling budgets. The strategy varies, depending on the country in which the product is to be launched and the individual local market requirements. While some suppliers provide dedicated marketing plans, others draw on Brenntag's business intelligence. With every single one of our numerous custo-

#1

mer visits we gain valuable information which helps us to develop and grow our partners' business even more effectively. Given the different economic circumstances in each country, Brenntag's market knowledge and quality standards on all levels have become a major asset to our suppliers.

»Supplier relationships are one of the key differentiators for distributors. For Brenntag, extending trusting relationships plays a pivotal role. Close and constant dialogue intensifies the important relationship with these stakeholders.«

MARKUS KLÄHN
Member of the Board of Management
Region North America

ONGOING OUTSOURCING TREND

Outsourcing is an ongoing trend in the chemical distribution market. Although chemical manufacturers in general focus on the bulk-quantity business, some still serve customers ordering smaller quantities. This business is becoming more and more inefficient and unprofitable for chemical manufacturers. Therefore, they aim to hand over the less-than-truckload volumes to chemical distributors. Thanks to its long-standing and value-creating relationships with chemical manufacturers around the world, and as a well-known brand in chemical distribution, Brenntag is predestined to benefit from this trend, now and in the future.

#1

WIN-WIN SITUATION

PRODUCER 1
PRODUCER 2
PRODUCER 3
PRODUCER 4
PRODUCER 5
PRODUCER 6

FULL-LINE DISTRIBUTOR

BRENNTAG

ONE-STOP-SHOP SOLUTION

CUSTOMER 1
CUSTOMER 2
CUSTOMER 3
CUSTOMER 4
CUSTOMER 5
CUSTOMER 6

TOP 10 SUPPLIERS MAKE LESS THAN

30%

OF PURCHASE VALUE

VALUE CREATING RELATIONSHIPS WITH

SEVERAL THOUSAND

SUPPLIERS

MARKETING ARM

FOR SUPPLIERS

STANDARDIZED PROCESS FOR SUPPLIER RELATIONSHIP MANAGEMENT

#1 FINANCIALS

SUPERIOR FINANCIAL PROFILE REINFORCES BRENNTAG'S OUTSTANDING POSITION IN CHEMICAL DISTRIBUTION

NEW YORK STOCK EXCHANGE

With a market capitalization of around US dollar 20 trillion, the New York Stock Exchange (NYSE) is by far the world's largest stock exchange. The trading floor is located at 11 Wall Street – an address that has become a synonym for the world's financial and investment community.

#1

Many chemical distributors are simply not able to set up a strong and diversified financial profile due to their sheer lack of size. On the other hand, Brenntag as the market leader, has a balanced and resilient financial profile that makes it easier to run the business and strengthens the trust of our partners.

PROVEN FINANCIAL TRACK RECORD

Brenntag has proven its resilience in many ways, also on the financial side, thereby always supporting the strategic pillars of both organic and acquisitive growth. The company has consistently improved its earnings performance. The important key performance indicators, EBITDA and gross profit, have shown average growth of 6.2% and 6.7% since the company was floated in 2010. At the same time, the Group has generated a significant free cash flow year by year.

STRONG CREDIT RATING FROM INTERNATIONALLY RECOGNIZED RATING AGENCIES

The two internationally recognized credit rating agencies, Moody's and Standard & Poor's, have assigned Brenntag an investment grade rating. The investment grade rating from both agencies indicates high creditworthiness and differentiates Brenntag from its major competitors. It is also further recognition of Brenntag's well-established position in connecting chemistry for suppliers and customers and our standing in the equity and debt capital markets. The rating lowers funding risks and enables us to use a broader spectrum of funding instruments.

#1

»Our financial flexibility supports our strategy of organic and acquisitive growth. Brenntag's outstanding financial strength and our vigilant way of managing the business together form the backbone of the company's long-term development and future success.«

GEORG MÜLLER
Chief Financial Officer

SUSTAINABLE CASH FLOW GENERATION PROVIDES FLEXIBILITY

Our ability to consistently generate a significant cash flow places us in the comfortable position of being able to use the funds flexibly according to the company's financial requirements.

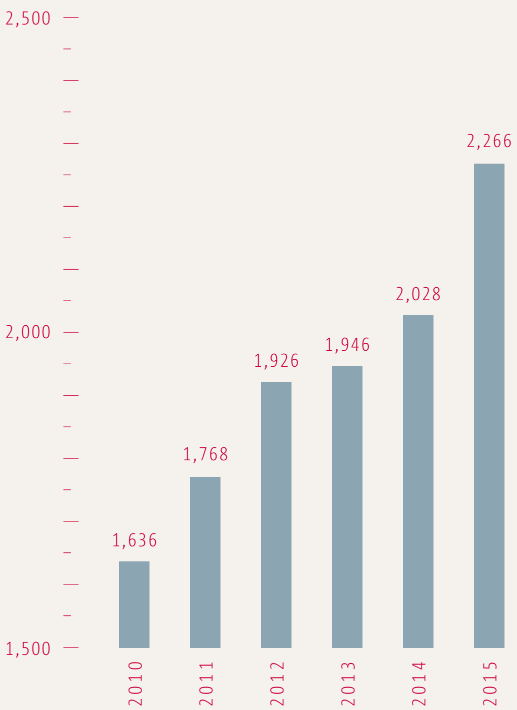
On the one hand, it is our declared objective to pay our shareholders an attractive dividend of 30 % to 45 % of Brenntag's net income. With this dividend, we would like our shareholders to participate directly in the company's economic success. Since the IPO in 2010, we have managed to increase the dividend payment from year to year and we would like to continue to do so going forward.

On the other hand, growing the business through acquisitions remains a significant strategic focus for Brenntag. Having cash funds available is one of the prerequisites for executing further acquisitions. The local management in the regions and our highly experienced Corporate Mergers & Acquisitions team continually pinpoint potential targets and perform thorough due diligences for every single transaction. Our acquisition track record is quite astounding: since 2010 we have executed acquisitions for about EUR 220 million on average each year and among others successfully entered the strategically important markets of South East Asia, China, Australia and the Middle East.

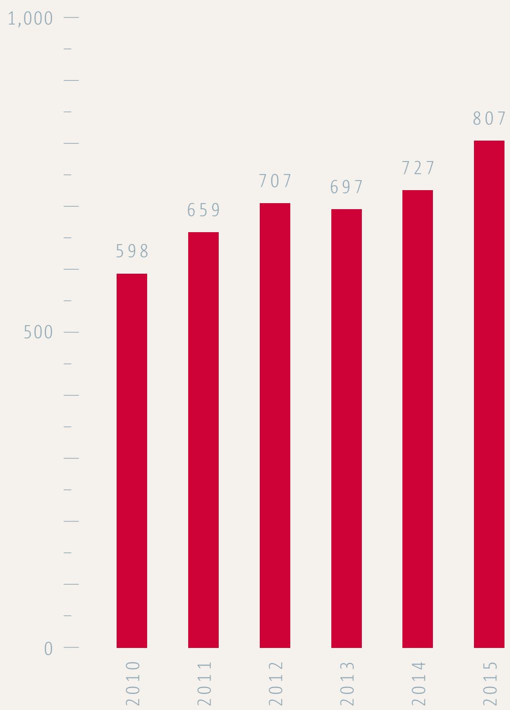
#1

CONTINUOUSLY INCREASING CASH FLOW GENERATION

GROSS PROFIT
IN EUR M



EBITDA
IN EUR M



INDUSTRY LEADING CONVERSION RATIO
[EBITDA / GROSS PROFIT]

BALANCED MATURITY PROFILE OF FINANCIAL DEBT

DIVIDEND PROPOSAL

42.3 %

PAYOUT RATIO OF NET INCOME FOR 2015

#1

SPECIALTY CHEMICALS

BRENNTAG IS THE LARGEST SPECIALTY CHEMICALS DISTRIBUTOR WORLDWIDE

EIXO MONUMENTAL

The Monumental Axis is at the heart of Brasília's cityscape. The street has been featured in the Guinness Book of Records as having the widest central reservation of a dual carriageway in the world.

#1

Brenntag benefits from being a full-line distributor of both industrial and specialty chemicals by efficiently using the same infrastructure for both types of products. The company realizes its full potential by focusing on expanding its successful specialty chemicals business.

BRAND REPUTATION SUPPORTS SUCCESS

In the specialty chemicals business, relationships of trust and long-term engagement with suppliers are decisive. Brenntag has continuously worked on establishing and intensifying these connections and provides an unrivalled channel to market. Therefore, the company is the preferred marketing arm of chemical manufacturers throughout the world.

Our commitment to developing business jointly with our partners is the basis for success. As Brenntag cooperates with the best specialty chemicals suppliers and delivers top-quality products, the company creates true value for its customers in the specialty chemicals business. For them, working with Brenntag not only means accessing our broad technical expertise but also our extensive market, industry and product know-how.

UNPARALLELED MARKET ACCESS

Brenntag's strategy for specialty chemicals is geared to industry focus and superior customer service. Our highly educated industry experts are always at the heart of each specific customer industry, continuously identifying country-specific market characteristics. They visit our partners and then, in a structured project management process, develop solutions tailor-made to each customer's unique and specific needs. By delivering such individual solutions, we actively help our customers adapt to rapidly changing trends in their end markets.

#1

»Brenntag is the number one in the specialty chemicals business for good reason. Particularly in this field, Brenntag connects suppliers and customers by promoting innovation in the diverse and rapidly changing markets while guaranteeing the highest quality and safety standards at the same time.«

STEVEN HOLLAND
Chief Executive Officer

HIGH-TECH APPLICATION CENTRES

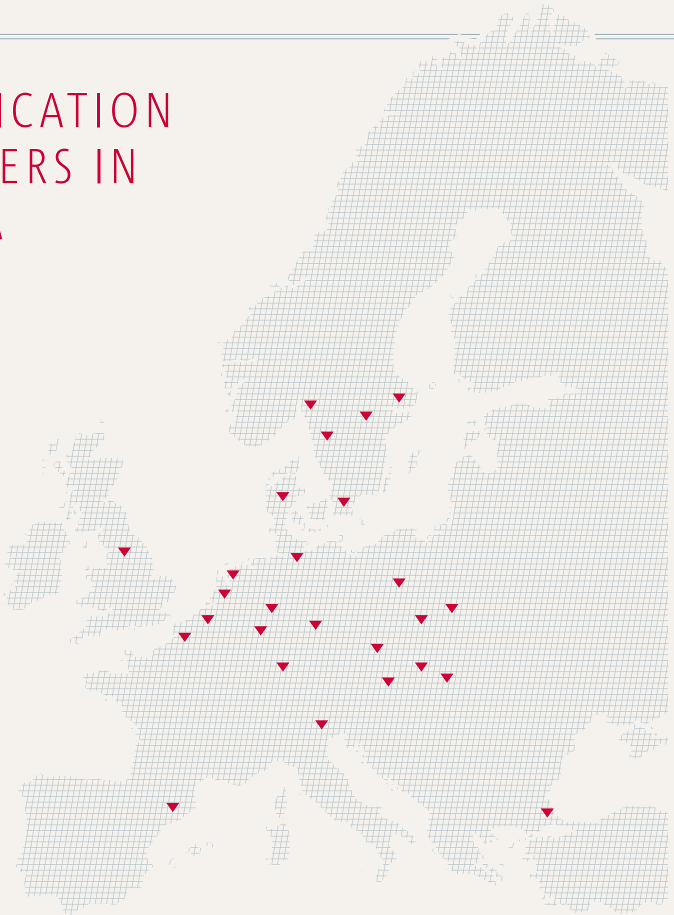
Brenntag has a global network of application centres equipped with the latest technology. By testing ingredients and additives in these in-house facilities, our industry experts provide formulation guidance to achieve cost optimization and flexibility. We also actively transfer knowledge by organizing events that include technical trainings, innovation workshops and customer seminars. Last but not least, this infrastructure supports our commitment to comply fully with ever-growing quality requirements and standards. We understand the need for full documentation and provide accompanying quality and safety certificates for each product.

#1

EMEA REGION

105,000	64,900	228,000	27
ACTIVE CUSTOMERS	CUSTOMERS IN THE SPECIALTY CHEMICALS BUSINESS	TOTAL CONTACTS WITH OUR CUSTOMERS IN 2015	LOCATIONS WITH APPLICATION CENTERS IN EMEA

APPLICATION CENTERS IN EMEA



HIGHLY TECHNICALLY TRAINED SALES FORCE

REGULAR

TECHNICAL TRAININGS

INNOVATION WORKSHOPS

AND

SEMINARS

FOR CUSTOMERS & SUPPLIERS

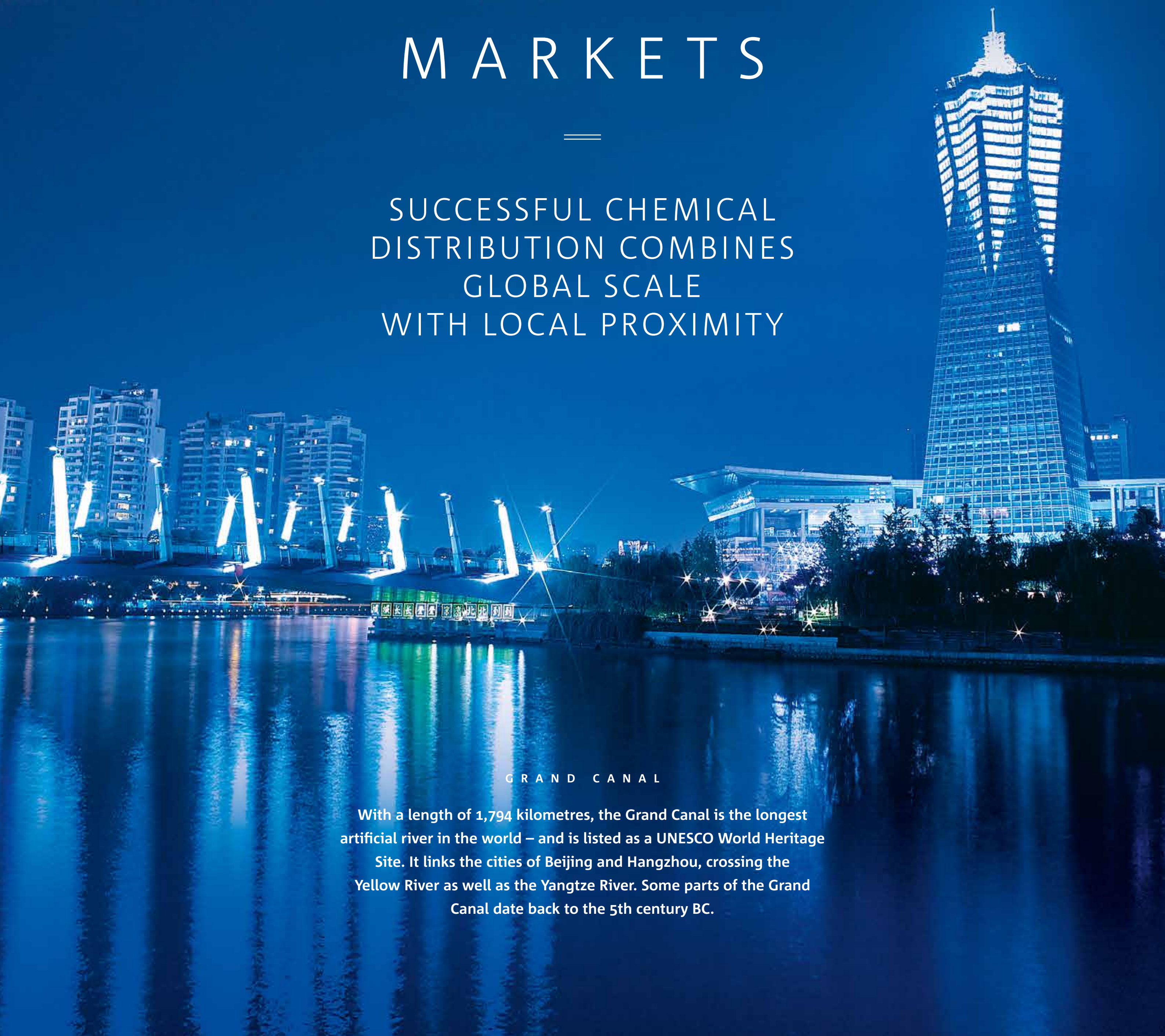
SPECIALTIES SELLING PROCESS IN ASIA PACIFIC

PRODUCT IDENTIFICATION ▸ FORMULA IDENTIFICATION ▸ PRODUCT DEVELOPMENT PROCESS ▸ SUPPLY ▸ DELIVERY

#1

MARKETS

SUCCESSFUL CHEMICAL DISTRIBUTION COMBINES GLOBAL SCALE WITH LOCAL PROXIMITY



GRAND CANAL

With a length of 1,794 kilometres, the Grand Canal is the longest artificial river in the world – and is listed as a UNESCO World Heritage Site. It links the cities of Beijing and Hangzhou, crossing the Yellow River as well as the Yangtze River. Some parts of the Grand Canal date back to the 5th century BC.

#1

Global demand for chemical products is constantly rising – and the customer industries served by chemical distributors can be found everywhere in daily life. Brenntag's outstanding ability to identify individual market trends and efficiently place products on the market provides a crucial competitive advantage.

THE BEAUTY OF BEING A FULL-LINE CHEMICAL DISTRIBUTOR

The chemical distribution industry comprises more than 10,000 players, from pure industrial to pure specialty chemical distributors. Brenntag is a full-line chemical distributor, offering a wide range of products. But besides its product portfolio, the company also leads in value-added services. For Brenntag, being a full-line chemical distributor of both industrial and specialty chemicals is the superior business model. The company is the first choice as a one-stop shop for its customers and helps its suppliers reduce complexity in distributor management. All business partners benefit from the broader know-how, the shared infrastructure and the cross-selling potential.

FLEXIBILITY AS ONE OF THE KEY STRENGTHS

Flexibility is one of the key strengths of successful chemical distributors. By combining global reach with in-depth knowledge of local market conditions and the ability to adapt to different cultures and individual needs, Brenntag is the preferred partner for customers and suppliers alike. The world market leader drives the business regionally in EMEA, North America, Latin America and Asia Pacific and always strives to be one step ahead of current developments. We operate a dense global network not only allowing us to provide sophisticated logistics solutions but also serving as a platform for transferring knowledge and establishing best practices in our workforce.

#1

CREATING VALUE BY SHARING
BUSINESS INTELLIGENCE

Brenntag makes several thousand customer visits a week and several million less-than-truckload deliveries a year worldwide. We continuously strive to better understand our customers' and suppliers' needs. By using our business intelligence, our partners also benefit from the knowledge we gain. For our suppliers, we provide detailed market potential analyses for the launch of new products and we also know the individual requirements of our customers. Thanks to this close relationship with our partners, Brenntag is always right at the heart of any specific customer industry in the particular region.

»Asia Pacific is a region with diverse characteristics when it comes to people, cultures, market conditions and developments. But it also has the largest growth potential in the mid- to long-term. Having established a robust platform in the past years, we gladly take up the challenge of making our partners even more successful in their local markets.«

HENRI NEJADE
Member of the Board of Management
Region Asia Pacific, Global Sourcing

#1

HIGHLY FRAGMENTED MARKET WITH >10,000 DISTRIBUTORS GLOBALLY

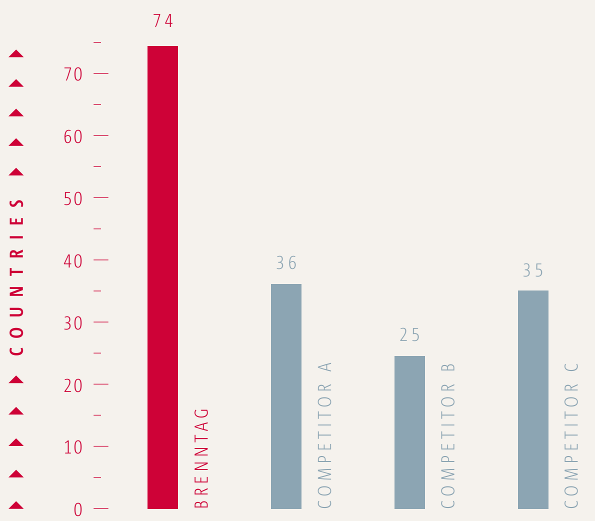
≈6%

GLOBAL MARKET SHARE

> 1/3 OF AROUND 14,000 PEOPLE ARE SALES & MARKETING

TRULY GLOBAL FOOTPRINT

[COMPARISON WITH COMPETITORS]



MARKET CONSOLIDATION | BUSINESS INTELLIGENCE

PRESENT IN ALL END MARKETS

ACES
[ADHESIVES, COATINGS, ELASTOMERS, SEALANTS]

CHEMICAL PROCESSING

CLEANING & DETERGENTS

FOOD

OIL & GAS

PERSONAL CARE

PHARMACEUTICALS

POLYMERS

FEED

WATER TREATMENT

AND MANY OTHERS

>530

LOCATIONS

#1

EXCELLENCE

THE UNIQUE NATURE OF THE GLOBAL MARKET LEADER IN CHEMICAL DISTRIBUTION

MOUNT EVEREST

At 8,848 metres, Mount Everest is the highest mountain on earth. It is part of the Mahalangur Himal, the highest mountain range in the world, and soars above Nepal and Tibet where it is also known as Sagarmāthā and Chomolungma.

#1

Chemical distribution is a profitable business. However, if a company is to actively shape the business landscape of this industry, it has to be capable of bringing much more than the sheer distribution of chemicals to the table.

SAFETY FIRST

Brenntag's market leadership is not just based on pure economic indicators. Health, safety and environmental protection are of key importance to Brenntag. Safety comes first and takes precedence over all other aspects of our business. The company is bound by the highest standards and adopts policies which, in many countries, far exceed statutory requirements. We focus on establishing an outstanding safety culture throughout our global operations and strive for zero accidents and incidents worldwide. Our main priority is to ensure the protection of our people, our partners and our communities.

LIVING VALUES

We have defined core values which underpin our unique market positioning, distinguishing us from our competitors. They are the cornerstone of all our employees' conduct and they are deeply embedded in our corporate culture. In keeping with Brenntag's leading position in the industry, our employees at every level are encouraged to be leaders in their roles and take ownership of their work. At Brenntag entrepreneurial thinking and a strict customer-oriented approach come just as naturally to us as team effort and the development of innovative ideas.

EXCELLENCE IN EXECUTION

As an industry expert with a professional organization, we have proven our excellence in being an integral part of the chemical distribution value chain and in playing an important part in the consolidation of the market.

#1

Brenntag demonstrates its reliable expertise in day-to-day-business at every location around the globe. We not only serve our customers and suppliers in the most reliable way but also manage to streamline our logistics processes despite the granularity of the business and the high and diverse safety standards in every country. Moreover, our strict cost management across all regions together with constant cash flow generation ensures that the Group is well positioned to benefit from the growth opportunities in the market.

Alongside organic growth, one of the pillars of our strategy is mergers and acquisitions. We have a long and successful track record of acquisitions. Since 2010 alone, we have executed more than 30 transactions. All targets have run through an extensive and thorough due diligence process and have been integrated smoothly into the Group. We regard ourselves as the first choice for all sellers given our reputation and track record as a reliable partner in a mergers and acquisition process. While we already have a truly global footprint, we are constantly working on a number of potential targets, always striving for the continuous improvement of our portfolio.

»Brenntag has proven its excellence in execution in many ways. We have professionalized the dynamic interplay of our global organization and our knowledge of local characteristics. By concentrating on our core competence – chemical distribution – we continue to be the number 1 in this market.«

STEVEN HOLLAND
Chief Executive Officer

#1

MERGERS & ACQUISITIONS

>30

TRANSACTIONS
SINCE 2010

TOTAL ACQUISITION
VOLUME SINCE 2010

≈1.3

EUR BILLION

ACQUISITION SPEND

≈220

EUR MILLION ON
AVERAGE PER YEAR
SINCE 2010

SINCE

2008

SET UP OF FULL LINE
DISTRIBUTION IN
ASIA PACIFIC WITH

1,800

PEOPLE IN
15 COUNTRIES

EXCELLENCE IN EXECUTION

BEST-IN-CLASS SERVICES | TAILOR-MADE-SOLUTIONS
LOGISTICS | MERGERS & ACQUISITIONS
FINANCIAL TRANSACTIONS
BEST-IN-CLASS PROFITABILITY

A

TO OUR SHAREHOLDERS

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Content

BRENNTAG ON THE STOCK MARKET

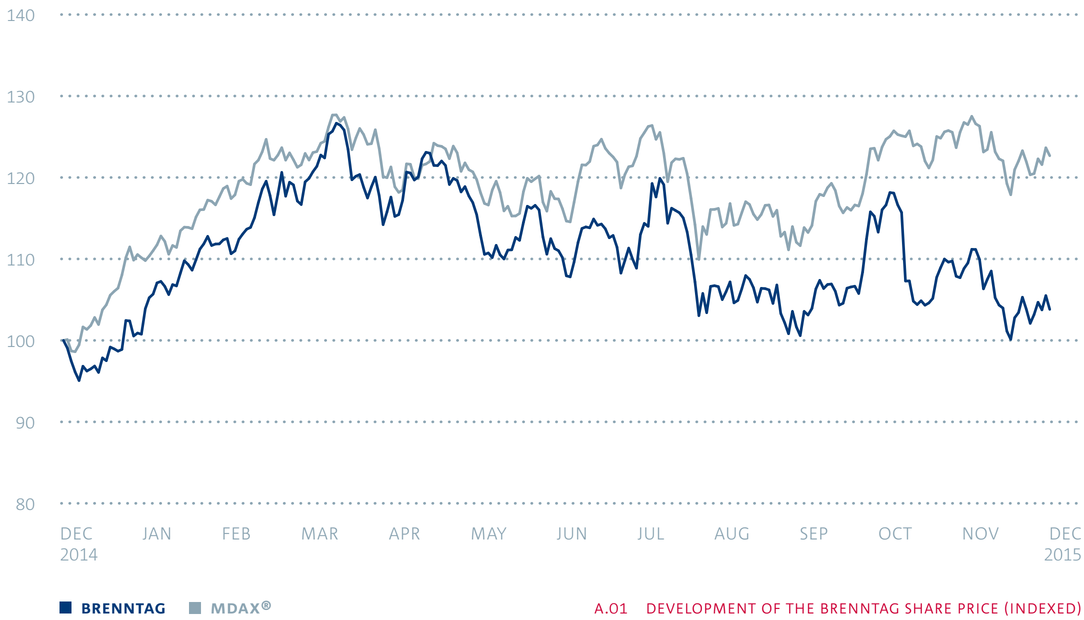
DEVELOPMENT OF THE SHARE PRICE

In the first half of 2015 the stock markets saw a positive trend. Uncertainties and political conflicts in parts of Europe and in some emerging economies faded more and more into the background in course of the first six months of the year. This positive trend on the stock markets in Europe was also supported by the European Central Bank's expansionary monetary policy, the continuing low interest rate level and the devaluation of the euro against the US dollar. However, from mid-August stock prices decreased due to fears of an economic slowdown of the Chinese economy, a new crisis in the emerging markets and ongoing geopolitical conflicts. The European Central Bank's continued capital-market-friendly policy, a lower oil price and a euro which remained weak against the US dollar did not serve as sufficient stimulus to completely offset the increasing sense of uncertainty. Only towards the end of the year did share prices see a recovering trend.

Similar trends could also be seen in Germany. Both DAX® and MDAX® were not able to maintain their all-time highs of the first half of 2015 but still closed on a higher level compared to previous year's end.

The DAX® closing level at the end of 2015 of 10,743 points represented an increase of 9.6% since the beginning of the year and the MDAX® increased by 22.7% to a level of 20,774 points. The Brenntag share closed at EUR 48.28, up 3.8% from the beginning of the year. According to the ranking list of Deutsche Börse AG, Brenntag AG ranked 32nd among all listed companies in Germany in terms of market capitalization at the end of 2015. The average number of Brenntag shares traded on Xetra® each day in 2015 was approximately 285,000 compared with around 270,000 in the prior-year period.

DEVELOPMENT OF THE BRENNTAG SHARE PRICE (INDEXED)



A.01 DEVELOPMENT OF THE BRENNTAG SHARE PRICE (INDEXED)

BRENNTAG IN DIALOGUE WITH THE CAPITAL MARKET

Our Investor Relations activities aim at a fair communication policy which is characterized by equal treatment of all stakeholders. Through openness and transparency, we want to raise awareness for our share as an attractive investment and further increase Brenntag's standing in the capital market. We communicate our company's business performance and strategy both continuously and reliably. This further strengthens the investors' trust in Brenntag and enables us to achieve a sustainably fair valuation of our share on the capital market.

Further information at www.brenntag.com under Investor Relations

In 2015, we again attached significant importance to personal contact with the capital market participants. The Board of Management and the Investor Relations team were in constant dialogue with investors and analysts worldwide. We discussed the company's business performance in detail in numerous one-on-one and group meetings at road shows, investor conferences and on other occasions like our capital markets day and the Annual General Shareholders' Meeting. In addition to the above-mentioned activities, the Board of Management and the Investor Relations team regularly provided investors, analysts and private shareholders with information on Brenntag AG in numerous phone calls.

We provide comprehensive and up-to-date information on the Brenntag share and the bonds on the website at www.brenntag.com under Investor Relations.

Brenntag AG
Corporate Finance & Investor Relations
Phone:
+ 49 (0) 208 7828 7653
E-mail:
IR@brenntag.de

In the coming year, we will continue to present the company at numerous road shows and capital market events. You will find the latest list of dates in our financial calendar on the Brenntag website under Investor Relations.

SHAREHOLDER STRUCTURE

As of March 1, 2016 notifications had been received, in accordance with Section 21, para. 1 of the German Securities Trading Act (WpHG), from the following shareholders that their percentage of the voting rights now exceeds the 3 % or 5 % threshold:

The notifications are available at www.brenntag.com/voting_rights_announcements

SHAREHOLDER STRUCTURE

Shareholder		Proportion in %	Date of notification
BlackRock		>5	June 26, 2015
Threadneedle		>5	July 23, 2012
Sun Life / MFS		>5	July 3, 2012
Oppenheimer Funds, Inc.		>3	Dec. 7, 2015
Norges Bank		>3	Dec. 2, 2015
Allianz Global Investors		>3	Feb. 25, 2014

A.02 SHAREHOLDER STRUCTURE

Below you will find the most important information on the Brenntag share:

KEY FIGURES AND MASTER DATA ON THE BRENNTAG SHARE

		IPO Mar. 29, 2010	Dec. 31, 2014	**Dec. 31, 2015**
No. of shares (unweighted)[1)]		154,500,000	154,500,000	154,500,000
Price (Xetra® closing price)[1)]		16.67	46.51	48.28
Free float	%	29.03	100.00	100.00
Free float market capitalization	EUR m	748	7,186	7,459
Most important stock exchange				Xetra®
Indices				MDAX®, MSCI, STOXX EUROPE 600
ISIN/WKN/trading symbol				DE000A1DAHH0/A1DAHH/BNR

A.03 KEY FIGURES AND MASTER DATA ON THE BRENNTAG SHARE

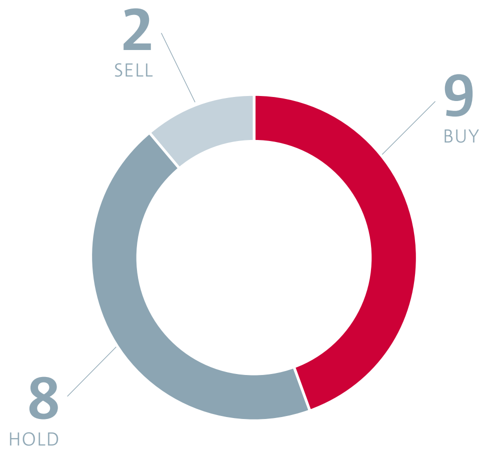
[1)] As part of a stock split, the number of shares was increased in the third quarter of 2014 from 51.5 million to 154.5 million. The number of shares and the share prices have been retroactively adjusted to the stock split.

ANALYSTS' OPINIONS

Current analysts' opinions at www.brenntag.com/analysts_opinions

Currently (as of March 1, 2016) 19 banks regularly publish research reports on the latest development of our company and give recommendations. Nine analysts give a buy recommendation for the Brenntag share, eight recommend holding the share and two are advising to sell. Many analysts value Brenntag highly as a growth stock with strong cash flow generation.

ANALYSTS' OPINIONS



A.04 ANALYSTS' OPINIONS

CREDITOR RELATIONS

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

On November 25, 2015, Brenntag successfully finalized the placement of a senior, unsecured bond with warrant units due 2022 with a final issue size of USD 500 million and a coupon of 1.875% per annum. The offering was placed with institutional investors and was significantly over-subscribed. The warrants provide for the option to acquire ordinary registered no-par-value shares of Brenntag AG against payment of the initial exercise price which was fixed at EUR 72.93, representing a 45% premium on the prevailing share price on the launch day. The bond with warrant units matures after 7 years.

On July 19, 2011, Brenntag Finance B.V., Amsterdam, Netherlands, an indirectly held 100% subsidiary of Brenntag AG, issued a corporate bond with a volume of EUR 400 million. The seven-year bond bears a coupon of 5.50%. The issue price was at 99.321% of the nominal value.

Below you will find the most important information on the bonds of the Brenntag Group:

KEY FIGURES AND MASTER DATA ON THE BONDS OF THE BRENNTAG GROUP

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

A.05 KEY FIGURES AND MASTER DATA ON THE BONDS OF THE BRENNTAG GROUP

GENERAL SHAREHOLDERS' MEETING

The 2015 Annual General Shareholders' Meeting of Brenntag AG was held in Düsseldorf on June 9. Based on the Board of Management's report on the development of the company in the 2014 financial year and the future strategy of the Group as well as the general discussion, the shareholders present were able to gain a comprehensive picture of Brenntag AG. 51.07% of the share capital of 154,500,000 shares was represented.

A key item on the agenda of the General Shareholders' Meeting was the elections to the Supervisory Board. The shareholders voted to renew the positions of existing members Stefan Zuschke, Dr Thomas Ludwig, Prof. Dr Edgar Fluri, Doreen Nowotne and Dr Andreas Rittstieg. Stefanie Berlinger was elected to the six-member Supervisory Board for the first time. She replaces Stephen Clark, who retired from the committee at the end of the General Shareholders' Meeting.

The Annual General Shareholders' Meeting approved the distribution of a dividend of EUR 0.90 (previous year: EUR 0.87) per share. The payout ratio was 41.0% of the profit after tax attributable to shareholders of Brenntag AG for 2014.

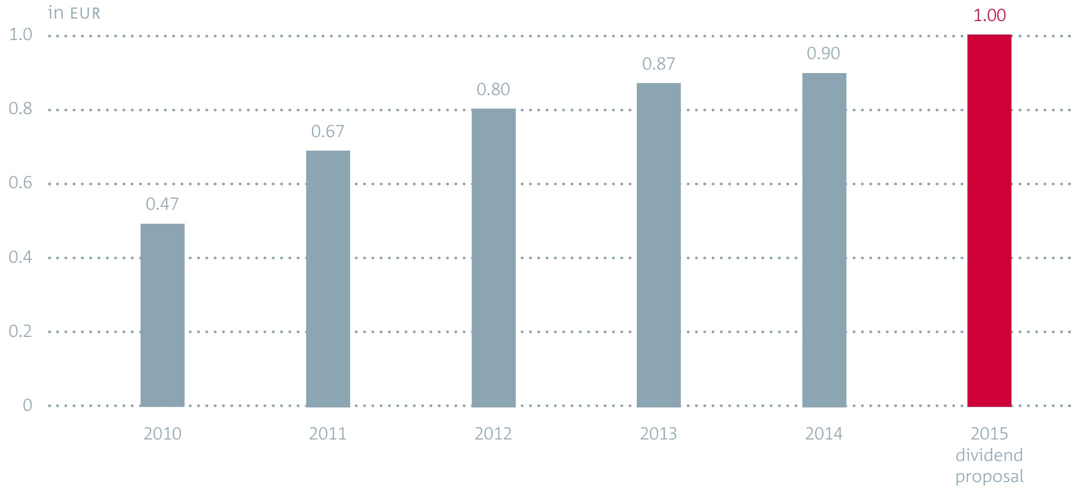
ATTRACTIVE DIVIDEND PROPOSAL FOR 2015

EUR **1.00**
dividend proposal
2015

It is Brenntag's declared policy to pay an annual dividend of 30% to 45% of its consolidated profit after tax attributable to shareholders of Brenntag AG. The Board of Management and Supervisory Board will recommend to shareholders at the General Shareholders' Meeting to pay a dividend of EUR 1.00 per share. The payout ratio on the basis of the consolidated profit after tax attributable to shareholders of Brenntag AG for the year would therefore be 42.3%. With this payout ratio we would like our shareholders to directly participate in the positive cash flow development of the company.

Investors strongly participate in the success of our business:

DIVIDEND PAYMENT



A.06 DIVIDEND PAYMENT

REPORT OF THE SUPERVISORY BOARD

STEFAN ZUSCHKE
Chairman

Dear Shareholders,

Brenntag increased earnings again in 2015, even though the economic upturn and growth impetus expected in some regions and industries were much weaker than forecast or failed to materialize at all. This positive trend testifies to Brenntag's fundamentally correct, growth-oriented and forward-looking positioning and the systematic implementation of its strategy by the company's management.

COMPOSITION OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

There were changes in the composition of both the Board of Management and the Supervisory Board of Brenntag AG in the reporting period.

On January 5, 2015, the Supervisory Board resolved to extend the contract of current CEO Steven Holland by five years until February 29, 2020. On May 28, 2015, the Supervisory Board passed a resolution to expand the Board of Management from three to five members with effect from July 1, 2015. Karsten Beckmann, Markus Klähn and Henri Nejade were appointed to the Board of Management to serve alongside the current members, CEO Steven Holland and CFO Georg Müller. The three long-standing, experienced Brenntag managers bring additional industry and functional expertise and, in particular, further international and regional experience and knowledge to the Board of Management. Its expansion enables the company's overall growth potential to be increased and an even greater focus to be placed on the Group's strategic development both globally and in the different regions. William Fidler stepped down from the Board of Management of Brenntag AG and entered retirement when his contract expired on June 30, 2015. The Supervisory Board expresses its sincere thanks to William Fidler for his decades-long commitment to Brenntag, during which he contributed in various functions substantially to the company's global success.

On June 9, 2015, the Supervisory Board was freshly elected at the Annual General Shareholders' Meeting of Brenntag AG. The terms of office of existing members Stefan Zuschke, Dr Thomas Ludwig, Prof. Dr Edgar Fluri, Doreen Nowotne and Dr Andreas Rittstieg were extended. Stefanie Berlinger was newly elected to the six-member Supervisory Board. She succeeds Stephen Clark, who stepped down from the Board at the close of the 2015 General Shareholders' Meeting. The Supervisory Board would like to thank Stephen Clark on behalf of Brenntag for his outstanding achievements and exceptional commitment over almost four decades. At its meeting on June 9, 2015, the newly constituted Supervisory Board re-elected Stefan Zuschke as Chairman, Dr Thomas Ludwig as Deputy Chairman and the members of the Supervisory Board's standing committees.

COOPERATION BETWEEN THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

In financial year 2015, the Supervisory Board of Brenntag AG performed the duties assigned to it by law, by the company's Articles of Association and by its rules of procedure with great diligence. The members of the Supervisory Board regularly advised the Board of Management in its management of the company and monitored its activities. The Board of Management provided the Supervisory Board with timely and comprehensive information, in both written and verbal form, on the course of business, earnings, corporate planning, strategic further development and the Group's current position. The Supervisory Board was also kept abreast of Brenntag AG's risk position, including risk management, deviations from plan, and compliance matters. Furthermore, the Chairman of the Supervisory Board and the Chairman of the Board of Management regularly exchanged information. The Supervisory Board was therefore able to discuss the company's strategic direction and business transactions of key importance with the Board of Management and to vote on them. Further information on the duties of the Supervisory Board can be found in the Corporate Governance Report.

In all cases, the Supervisory Board approved the resolutions proposed by the Board of Management after examining and discussing them extensively. Please refer to the following chapter, "Topics addressed in the Supervisory Board meetings", for details.

The Supervisory Board held four ordinary and three extraordinary meetings in the reporting period. All members of the Supervisory Board attended each of the ordinary meetings. Two Supervisory Board members in each case sent apologies for their absence from two extraordinary meetings, while one Supervisory Board member sent apologies for being absent from the third extraordinary meeting.

TOPICS ADDRESSED IN THE SUPERVISORY BOARD MEETINGS

The main item on the agenda at the ordinary meeting on March 16, 2015 was the 2014 consolidated financial statements of Brenntag AG. Following detailed explanations from the Board of Management and the appointed auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, and after thorough discussion, the Supervisory Board approved the consolidated financial statements of Brenntag AG for financial year 2014 as well as the annual financial statements of Brenntag AG and thereby adopted the 2014 annual financial statements. At the meeting, the Board of Management also reported on the course of business in the first few months of 2015. One point of focus here was the development in the North American oil & gas segment and in Brazil and Mexico. In addition, the Supervisory Board was briefed on specific risks in selected countries and dealt with the status report on current and planned acquisitions as well as on the integration of the companies acquired in financial year 2014. Planned refinancing measures and the agenda for the 2015 General Shareholders' Meeting were further topics covered at the meeting. Lastly, the Supervisory Board approved the signing of the lease for Brenntag's new corporate headquarters in Essen.

The next ordinary meeting took place on June 9, 2015 after the 2015 General Shareholders' Meeting. The Board of Management provided the Supervisory Board with detailed information on the current financial situation of the Group as a whole and the four regions. The possible impact on Brenntag of the crisis in Greece and the sustained low oil price were also discussed. Other items on the agenda included an overview of planned acquisitions, the global human resources organization, the planned refinancing by means of a bond with warrant units and the statutory quota for women on supervisory and management boards that is required to be observed by listed companies. In addition, the Supervisory Board approved the proposed division of responsibilities on the extended Board of Management of Brenntag AG as of July 1, 2015.

At the ordinary meeting on September 10, 2015, the Global Human Resources Director newly appointed in April 2015 presented the next steps in the development of the global HR strategy and provided an overview of the principal HR projects. At the meeting, the Supervisory Board turned its attention to the implementation of the German Act to Promote Equal Participation of Women and Men in Management Positions in the Private and Public Sector (FührposGleichberG) and adopted targets for the percentage of women on Brenntag AG's corporate bodies, according to which the current quota of 33.3% on the Supervisory Board and 0% on the Board of Management are to be retained until June 30, 2017. Another point of focus was the discussion on planned acquisitions. At the meeting, the Supervisory Board approved the acquisition of Turkish distribution company Parkoteks Kimya San., which focuses on the distribution of specialty chemicals in the personal care sector. In addition, the Board of Management explained the current business situation, provided information on the budget planning process for financial year 2016 and gave an overview of investor relations activities.

On September 16, 2015, an extraordinary meeting was held by teleconference. This was due to the planned acquisition of TAT Group, a Singapore-based distributor of industrial chemicals. Following a detailed explanation of the strategic objectives of this acquisition and the firm's business model, the Supervisory Board approved the transaction.

In an extraordinary meeting also held by teleconference on October 21, 2015, the members of the Supervisory Board turned their attention to the planned acquisition of G.H. Berlin-Windward Inc. headquartered in Manchester, New Hampshire. The company holds a strong position in the distribution market for lubricants in the northeast USA. After thorough discussion with the Board of Management, the Supervisory Board approved the acquisition.

On November 4, 2015, the Supervisory Board came together in another teleconference and, following a detailed explanation of the reasons and arrangements by the Board of Management, approved the acquisition of J.A.M. Distributing Company, LLC, headquartered in Houston, Texas. The US company is a leading distributor of lubricants on the Gulf Coast and in northern Texas.

In the last meeting of the reporting period on December 17, 2015, the members of the Supervisory Board discussed the projected results for financial year 2015, the budget planning for 2016 and the mid-term strategy of the Brenntag Group. Also the impact of digitalisation on the business operations of Brenntag Group was discussed. The Chairman reported on the Supervisory Board efficiency review that was conducted in the reporting period. Other agenda items included current acquisition projects and the Board of Management's explanation of the Group's acquisition strategy. The Board of Management also reported on current HR projects. Following detailed discussion, the Supervisory Board approved the purchase of a distribution site to be set up in Dongguang (southern China) in order to expand the business of Zhong Yung, the acquisition of German company Leis Polytechnik polymere Werkstoffe GmbH and a Group guarantee for ExxonMobil.

After thorough examination and consultation, the Supervisory Board resolved to submit the declaration of conformity with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG), which was signed jointly by the chairmen of the Board of Management and the Supervisory Board on the same day.

SUPERVISORY BOARD COMMITTEE ACTIVITIES

In financial year 2015, the Supervisory Board of Brenntag AG once again had two committees: the Audit Committee and the Presiding and Nomination Committee. The chairmen reported in detail on the current work of the committees in the Supervisory Board meetings. In addition, a "Convertible / Warrant-linked Bond Committee" was set up in the reporting period.

Until the close of the General Shareholders' Meeting on June 9, 2015, the members of the Audit Committee were Prof. Dr Edgar Fluri (Chairman), Doreen Nowotne and Stephen Clark. The latter stepped down from the Supervisory Board on June 9, 2015. He is followed by Stefanie Berlinger. In the reporting period, the Audit Committee held four meetings, during which it dealt with the following core topics: the audit of the consolidated financial statements and the annual financial statements of Brenntag AG for 2014, monitoring by Corporate Internal Audit, the effectiveness of the internal control system and the further development of compliance monitoring activities. The work of the auditors was also addressed and a decision taken on the proposal regarding the election of the auditor for the new financial year and for the respective quarterly results. Other topics included the Group-wide treasury organization, information on the German Act Implementing EMIR (European Market Infrastructure Regulation) and legal changes related to the German Statutory Auditor Supervision Reform Act (APAReG) and the German Statutory Audit Reform Act (AReG).

The Presiding and Nomination Committee, composed of Stefan Zuschke (Chairman), Dr Thomas Ludwig and Dr Andreas Rittstieg, met twice in the reporting period; in addition, two teleconferences were held to prepare personnel decisions. On March 16, 2015, the Committee agreed on a recommendation to the Supervisory Board to submit to the General Shareholders' Meeting on June 9, 2015 a specific motion regarding the candidates for election to the Supervisory Board. On May 28, 2015, following detailed discussion of the medium- and long-term succession plans, the Committee passed a resolution on the appointment and the signing of the employment contracts of Board of Management members Karsten Beckmann, Markus Klähn and Henri Nejade, and prepared a resolution in this regard for the Supervisory Board.

On June 29, 2015, the Supervisory Board appointed a "Convertible / Warrant-linked Bond" Committee, composed of Stefan Zuschke (Chairman), Stefanie Berlinger and Doreen Nowotne, by circular resolution. This Committee is authorized to pass all the Supervisory Board resolutions necessary in connection with the issue of a convertible / warrant-linked bond. On November 25, 2015, the Committee came together for two teleconferences, during which it passed the necessary resolutions approving the issue of the bond with warrant units maturing in 2022 and the final terms of the issue.

GERMAN CORPORATE GOVERNANCE CODE

The Supervisory Board of Brenntag AG regularly discusses a wide variety of corporate governance requirements and principles and their implementation within the company. In line with the requirements of the German Corporate Governance Code, the Supervisory Board informs the General Shareholders' Meeting of any conflicts of interest that have arisen among Supervisory Board members. The Supervisory Board was not made aware of any such conflicts of interest in the entire reporting period.

On December 17, 2015, the Supervisory Board and the Board of Management jointly submitted a new declaration of conformity, according to which Brenntag AG complies and plans to continue to comply with the recommendations of the Government Commission "German Corporate Governance Code" as amended on May 5, 2015, published by the Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger), in each case with the exception of the recommendation in number 4.2.3, para. 3 and number 5.4.1, para. 2 of the Code. The exceptions are declared for the following reasons: Brenntag AG generally follows the recommendation in number 4.2.3, para. 3. However, two members of the Board of Management have pension awards based on contractually specified defined contribution plans that do not aim to achieve a specific level of provision. With regard to pension awards, therefore, the Supervisory Board does not refer to a targeted level of provision.

Furthermore, the Supervisory Board does not set a regular limit on length of membership of the Supervisory Board, as recommended in number 5.4.1, para. 2 of the Code. A regular limit on length of membership of the Supervisory Board does not take into account the advantages which individual members' experience brings and which are, if at all possible, to be retained.

In the new declaration of conformity, the Board of Management and Supervisory Board also declare that, since its last declaration of conformity dated December 15, 2014, Brenntag AG has complied in the reporting period with all recommendations of the German Corporate Governance Code, as amended on June 24, 2014, with the exception of the recommendation in number 4.2.3, para. 3 of the Code. Details on corporate governance in the company can be found in the Corporate Governance Report.

EXAMINATION AND ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS, APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS, PROPOSAL FOR THE APPROPRIATION OF PROFIT

The annual financial statements of Brenntag AG for the year ended December 31, 2015 and the combined Group management report and management report of Brenntag AG were prepared by the Board of Management in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG), and the consolidated financial statements, pursuant to Section 315a of the German Commercial Code, in accordance with the principles of the International Financial Reporting Standards (IFRSs) as adopted in the EU.

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, the auditors elected by the General Shareholders' Meeting and appointed by the Supervisory Board, audited and issued unqualified auditors' reports on the annual financial statements of Brenntag AG, the combined Group management report and management report of Brenntag AG and the consolidated financial statements.

The annual financial statements of Brenntag AG, the consolidated financial statements and the combined Group management report and management report of Brenntag AG as well as the auditors' audit reports were available to all members of the Supervisory Board in good time ahead of the Audit Committee meeting on March 4, 2016 and the Supervisory Board meeting on the financial statements on March 14, 2016. The financial statement documents were discussed in detail on the Audit Committee and in the Supervisory Board's meeting on the financial statements, in both cases in the presence of the auditors, who gave a report.

The Supervisory Board endorses the findings of the audit. Following the preliminary examination by the Audit Committee and the Supervisory Board's own review during its meeting on March 14, 2016, there were no objections to be raised. The Supervisory Board approved the above-mentioned financial statements prepared by the Board of Management. The annual financial statements were thus adopted on March 14, 2016. We concur with the Board of Management's proposal to use the distributable profit to pay a dividend of EUR 1.00 per dividend-bearing no-par-value share.

The Supervisory Board expresses its thanks and appreciation to the Brenntag Board of Management and all employees for their dedicated work in financial year 2015.

On behalf of the Supervisory Board

Stefan Zuschke
Chairman
Mülheim an der Ruhr, March 2016

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

Corporate governance is the good and responsible management and monitoring of a company. In this chapter, which also makes reference to the Remuneration Report, the Board of Management and the Supervisory Board of Brenntag AG report in detail, in accordance with number 3.10 of the German Corporate Governance Code in the version dated May 5, 2015 (hereinafter referred to as "Code"), on the principles of responsible corporate governance at Brenntag.

COMMITMENT TO RESPONSIBLE CORPORATE GOVERNANCE

Brenntag has always attached great importance to responsible and prudent corporate governance. As in the previous year, the Board of Management and the Supervisory Board thoroughly examined the requirements of the Code and their fulfilment in this reporting period. On the basis of these deliberations, the Board of Management and Supervisory Board issued, on December 17, 2015, the declaration of conformity with the recommendations of the Code, made in accordance with Section 161, para. 1 of the German Stock Corporation Act. The exact wording of the declaration of conformity is given in the chapter "Corporate Governance Statement" and is also posted on the Brenntag AG website, where declarations of previous years will remain accessible as well. If there are any changes in the handling of the recommendations of the Code, the declaration of conformity will be updated during the year and posted in its amended form on the website of Brenntag AG.

In the reporting year, the Government Commission "German Corporate Governance Code" resolved not only editorial but also material changes to the Code which particularly underline the increasing importance of the Supervisory Board's role. The amended version was published in the Federal Gazette (Bundesanzeiger) on June 12, 2015.

Since its last declaration of conformity in December 2014, Brenntag AG has complied with the recommendations of the Code in the version dated June 24, 2014 with one exception and with the recommendations of the Code in the version dated May 5, 2015 with two exceptions, and also plans to comply in future with the recommendations of the Code in its latest version with two exceptions.

In the current declaration of conformity, an exception to number 4.2.3, para. 3 of the Code was declared regarding pension awards for Board of Management members as two members of the Board of Management have contractually specified defined contribution plans that do not aim to achieve a specific level of provision. Furthermore, the Supervisory Board has not set a regular limit on length of membership of the Supervisory Board. Therefore, an exception to number 5.4.1, para. 2 of the Code was declared.

COMPOSITION OF THE GOVERNING BODIES

As a company established in accordance with the German Stock Corporation Act, Brenntag AG has a two-tier management system, consisting of the Board of Management and the Supervisory Board.

COMPOSITION OF THE BOARD OF MANAGEMENT

The Board of Management of Brenntag AG is composed of five members. Steven Holland remains Chairman of the Board of Management.

COMPOSITION OF THE SUPERVISORY BOARD

The number of members of the Supervisory Board remained unchanged at six members in the reporting year. The terms of office of all the members of the Supervisory Board expired at the close of the General Shareholders' Meeting, which resolved on the formal discharge of the members of the Supervisory Board for financial year 2014. Therefore, new elections for the Supervisory Board were held at the General Shareholders' Meeting on June 9, 2015. Stephen Clark did not put himself up as a candidate for a further term of office. The other Supervisory Board members were re-elected. Stefanie Berlinger was elected as a new Supervisory Board member.

Members of the Supervisory Board www.brenntag.com/supervisory_board

In line with the recommendation in number 5.4.1, para. 2 in conjunction with number 5.4.2 of the Code, in December 2015 the Supervisory Board specified concrete objectives regarding its composition which, whilst considering the specifics of the company, take into account the company's international activities, potential conflicts of interest, the number of independent Supervisory Board members, diversity and an appropriate degree of female representation:

- At least 15% of the members of the Supervisory Board shall have relevant industry experience.
- At least 15% of the members of the Supervisory Board shall have particularly great experience gained abroad. This experience may also have been gained in other industries.
- At least 50% of the members of the Supervisory Board shall not hold offices at customers', suppliers' or lenders' of the company.
- At least 50% of the members of the Supervisory Board shall be independent within the meaning of number 5.4.2 of the German Corporate Governance Code.
- At least 33.3% of the seats on the Supervisory Board shall be filled by women with the appropriate qualifications by June 30, 2017.
- No member of the Supervisory Board shall continue to hold office beyond the close of the General Shareholders' Meeting following his/her 70th birthday.

As in the previous year, the Supervisory Board fully meets the objectives which it has set itself and complies with the requirements of the Code with the two declared exceptions regarding the level of pension award provision and the regular limit on length of membership of the Supervisory Board.

The composition of the Supervisory Board of Brenntag AG must be chosen in such a way that effective monitoring of and advice to the Board of Management are ensured. Therefore, members are to be chosen for their professional qualifications, their knowledge and their particular experience. Stephen Clark, member of the Supervisory Board of Brenntag AG until June 9, 2015, worked for Brenntag from 1981; from 2006 to 2011 as the Chairman of Brenntag's Board of Management and, from its IPO in 2010, as Chief Executive Officer of Brenntag AG. Stefan Zuschke and Doreen Nowotne have been advising Brenntag Management GmbH since 2006 and, following its conversion into a stock corporation, Brenntag AG, and therefore have special company and industry-specific knowledge. Dr Thomas Ludwig and Dr Andreas Rittstieg have been members of the Supervisory Board of Brenntag AG since Brenntag AG's IPO in 2010. Dr Thomas Ludwig has many years of experience in the industry. Dr Andreas Rittstieg has recognised expertise in the fields of Mergers & Acquisitions, company law and compliance. Through the election of the Swiss national, Prof. Dr Edgar Fluri, who has particularly great experience abroad, the company also documents its claim to internationality, also with regard to its supervisory functions. Stefanie Berlinger, elected to the Supervisory Board of Brenntag AG on June 9, 2015, has particularly great financial and capital market expertise. In line with the Supervisory Board's objectives, only one member of the Supervisory Board held office at customers', suppliers' or lenders' of the Company as at December 31, 2015.

Once again no specific objectives with regard to employee representatives have been set since the Supervisory Board of Brenntag AG has no employee representatives as members.

SHARES HELD BY THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

On December 31, 2015, no member of the Board of Management or the Supervisory Board held share packages of Brenntag AG or financial instruments relating to such shares, which in each case exceed 1% of the shares issued by Brenntag AG either directly or indirectly. At that date, the total number of shares held by all members of the Board of Management and Supervisory Board together also did not exceed 1% of the shares issued by the company.

AVOIDANCE OF CONFLICTS OF INTEREST ON THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

There were again no advisory or other service agreements and contracts for work between a member of the Supervisory Board and the company or the other consolidated subsidiaries in the reporting period 2015. There were no conflicts of interest of Board of Management or Supervisory Board members which are to be reported immediately to the Supervisory Board owing to the duty of loyalty to the company. Further relevant details can be found in the Report of the Supervisory Board. Further mandates held by the members of the Supervisory Board on supervisory boards to be established by law or on comparable domestic and foreign supervisory bodies of business enterprises are listed in detail in the chapter "Members of the Supervisory Board". In line with the recommendation of the Code (cf. number 5.4.5, para. 1), no member of the Board of Management has accepted more than a total of three supervisory board mandates in non-Group listed companies or in supervisory bodies of non-Group companies which make similar requirements.

REPORTABLE SECURITIES TRANSACTIONS OF BOARD OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

Pursuant to Section 15a of the German Securities Trading Act (WpHG), any persons working in a management capacity for an issuer of securities as well as related parties are obliged to report transactions involving Brenntag shares or related financial instruments if the value of the transactions which they have made in one calendar year reaches or exceeds EUR 5,000. In financial year 2015, seven transactions were reported to Brenntag AG, all of which were duly published and can also be accessed at any time on the website of Brenntag AG under the section "Financial News / Directors' Dealings".

MATERIAL AMENDMENTS TO THE GERMAN CORPORATE GOVERNANCE CODE

In the reporting year, not only editorial but also material changes were made to the Code which particularly underline the increasing importance of the Supervisory Board's role. When setting its objectives regarding composition, the Supervisory Board shall, in future, specify a regular limit on length of membership of the Supervisory Board. The Supervisory Board shall, in accordance with number 5.1.2 of the latest version of the Code, determine targets in terms of the share of women on the Board of Management and, in accordance with number 5.4.1., on the Supervisory Board and set deadlines for achieving the targets.

DECLARATION OF EXCEPTIONS TO THE GERMAN CORPORATE GOVERNANCE CODE

In accordance with number 4.2.3, para. 3 of the Code, for pension plans the Supervisory Board shall establish the level of provision aimed for in each case – also considering the length of time for which the individual has been a Board of Management member – and take into account the resulting annual and long-term expense for the company. In principle, the relevant agreements made with the members of the Board of Management meet these requirements. The exception to this recommendation declared in the 2014 declaration of conformity was declared in the current declaration of conformity for two members of the Board of Management who have defined contribution plans which do not aim to achieve a specific level of provision. With regard to pension awards, the Supervisory Board does not, therefore, refer to a targeted level of provision. From the company's point of view, this approach is even preferable to the approach of a defined benefit plan, as external risks and investment risks are not shifted to the Company.

In accordance with number 5.4.1, para. 2 of the Code, the Supervisory Board shall specify a regular limit on length of membership of the Supervisory Board. The Supervisory Board has not set such a limit as a regular limit on the length of membership of the Supervisory Board does not take into account the advantages of individual members' experience. An exception was therefore declared in the current declaration of conformity.

D&O INSURANCE DEDUCTIBLE

For details on the D&O insurance (Directors & Officers insurance, liability insurance against financial losses), we refer you to the information given in the chapter "Remuneration Report".

APPROPRIATE CONTROL AND RISK MANAGEMENT

Details on the internal Control and Risk Management in chapter "Report on Expected Developments, Opportunities and Risks"

An effective risk management and control system is a prerequisite for the Board of Management and Supervisory Board of Brenntag AG to ensure that opportunities and risks arising from the business activities of Brenntag AG and its subsidiaries are handled appropriately. One particular focus remains the financial risks, in particular the liquidity and credit default risks. Systematic risk management enables potential uncertainties to be identified and assessed at an early stage and risk positions to be optimized. The Board of Management reports regularly to the Supervisory Board on any existing risks and their development. The Audit Committee of the Supervisory Board is responsible for monitoring the accounting process, effectiveness and efficiency of the company's internal controls, risk management and the internal audit system. The Audit Committee's work is described in detail in the chapter "Audit Committee".

Brenntag AG's controlling, risk management and audit systems are continually refined and regularly adapted to changing conditions. Details on internal control and risk management system are to be found in the chapter "Description of the Internal Control/Risk Management System" in the combined management report.

TRANSPARENCY AND EQUAL TREATMENT THROUGH COMPREHENSIVE INFORMATION

Brenntag AG aims to ensure that communications with the capital market are as transparent as possible and that all market participants are treated equally. Hereby, it is ensured that all market participants receive information continuously, promptly and comprehensively. For Brenntag AG, close dialogue with its shareholders and potential investors is a matter of course. Various measures are implemented to ensure the aim of a fair communication policy is achieved. For example, Brenntag AG regularly informs investors about the current development of business and takes part in various investor conferences and road shows to ensure a continuous information exchange with capital market participants. Shareholders also have the opportunity to make contact with the Board of Management at the General Shareholders' Meeting. All relevant information is published on the Brenntag AG website in German and English, including, in particular, financial reports, investor presentations, financial news, ad-hoc news, the Articles of Association as well as details on the General Shareholders' Meeting and the financial calendar. The financial calendar contains important event and publication dates and is also published at the end of this annual report.

SHAREHOLDERS AND GENERAL SHAREHOLDERS' MEETING

As provided for by law and in the Articles of Association, the shareholders of Brenntag AG exercise their rights before or during the General Shareholders' Meeting and, in this respect, may also exercise their voting rights. Each share carries one vote in the General Shareholders' Meeting. The General Shareholders' Meeting resolves, among other things, on the appropriation of profit, the discharge of the Board of Management and of the Supervisory Board and on the election of the auditors. The Chairman of the Supervisory Board presides over the General Shareholders' Meeting. The ordinary General Shareholders' Meeting takes place once a year. Shareholders who are registered with the share register of the company and whose application for participation is received by the company or any other body designated in the notice of the respective General Shareholders' Meeting in good time before the General Shareholders' Meeting are entitled to participate in the General Shareholders' Meeting and exercise their voting rights. Shareholders may exercise their right to vote in the General Shareholders' Meeting either personally or through a representative of their choice, or by a company-appointed proxy acting on their instructions. As in the previous year, shareholders were offered the option of exercising their right to vote at the 2015 General Shareholders' Meeting in writing by postal vote, without appointing a person to represent them. It is also planned to offer the option of postal voting for the 2016 ordinary General Shareholders' Meeting. To provide information for the shareholders, Brenntag AG posts the annual report on the past financial year on its website promptly after the Supervisory Board meeting at which the annual financial statements are adopted. As in the previous year, notice of the 2016 ordinary General Shareholders' Meeting will be given at least 36 days before the date on which it is to be held. The invitation to attend will include a list of items on the agenda as well as an explanation of conditions for attendance and the rights of the shareholders. All documents and information on the forthcoming ordinary General Shareholders' Meeting are also available in good time for downloading from the website of Brenntag AG. After the General Shareholders' Meeting, Brenntag AG also publishes attendance and the results of votes on the Internet.

ACCOUNTING AND FINANCIAL STATEMENT AUDITING

The consolidated financial statements of Brenntag AG are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The financial statements of Brenntag AG, on which the dividend payment is based, are drawn up in accordance with the German Commercial Code and the German Stock Corporation Act. For the 2015 financial year, it was again agreed with the financial statement auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, that the Chairman of the Audit Committee would be informed immediately of any possible grounds for exclusion or bias arising during the audit insofar as they are not immediately eliminated, and that the auditors would report immediately on any findings or occurrences during the audit which have a significant bearing on the duties of the Supervisory Board. It was also agreed that the auditors would inform the Supervisory Board or make a note in the audit report of any facts ascertained during their examination that conflict with the declaration of conformity with the recommendations known of the Government Commission "German Corporate Governance Code"; this declaration was issued by the Board of Management and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act.

DECLARATION ON CORPORATE GOVERNANCE

DECLARATION OF CONFORMITY WITH THE RECOMMENDATIONS OF THE GOVERNMENT COMMISSION "GERMAN CORPORATE GOVERNANCE CODE"

On December 17, 2015, the Board of Management and Supervisory Board made the following declaration on the recommendations of the Government Commission "German Corporate Governance Code" in accordance with Section 161, para. 1 of the German Stock Corporation Act:

"The Board of Management and the Supervisory Board hereby declare that Brenntag AG complies and plans to continue to comply with the recommendations of the Government Commission 'German Corporate Governance Code' in the version dated May 5, 2015, announced by the Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) with one exception to the recommendation in number 4.2.3, para. 3 and one to the recommendation in number 5.4.1, para. 2 of the Code. The exceptions to the recommendations are declared for the following reasons:

Brenntag AG generally follows the recommendation in number 4.2.3, para. 3. However, two members of the Board of Management have contractually specified defined contribution plans that do not aim to achieve a specific level of provision. With regard to pension awards, therefore, the Supervisory Board does not refer to a targeted level of provision.

Furthermore, the Supervisory Board does not set a regular limit on length of membership of the Supervisory Board, as recommended in number 5.4.1, para. 2 of the Code. A regular limit on length of membership of the Supervisory Board does not take into account the advantages of individual members' experience.

Furthermore, the Board of Management and the Supervisory Board declare that, since its last declaration of conformity dated December 15, 2014, Brenntag AG has complied with the recommendations of the Government Commission 'German Corporate Governance Code' in the version dated June 24, 2014 with the exception indicated above."

The current declaration of conformity and declarations of previous years can be viewed at any time on the company's website.

COMPLIANCE REPORT AND DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES

In all its business activities, Brenntag is committed to acting honestly, fairly and in good faith in its dealings with customers, suppliers and competitors as well as with its employees and the public.

As a global company, Brenntag is subject to a large number of laws, directives, regulations and ordinances. Furthermore, Brenntag's highest priorities are honesty and integrity. Every Brenntag employee is personally responsible for complying with all applicable laws, directives, policies and regulations.

Our fundamental company values, ethical principles, compliance with laws, rules and regulations as well as the relevant guidelines and procedures which are of key significance for the company and for Brenntag's public reputation are summarized in a Code of Business Conduct and Ethics.

This comprehensive Code of Business Conduct and Ethics, which is applicable to all employees, summarizes the fundamental standards Brenntag applies in all its business activities in areas such as human rights and working conditions, health, safety and the environment, dealings with business partners and public institutions, bribery and corruption, competition and antitrust law, avoidance of conflicts of interest as well as data privacy and information security. The aim is to give all employees guidance in the legal and ethical challenges of their daily work and to encourage proper conduct.

The Code of Business Conduct and Ethics has been communicated throughout the Brenntag Group. The observance of the rules it contains is monitored by the respective management teams of the subsidiaries. Every infringement of this code of conduct may lead to disciplinary action and is punished in line with the customary company policies.

The Brenntag Code of Business Conduct and Ethics is freely available and can be downloaded on the website at www.brenntag.com under Compliance.

Our compliance programme focuses particularly on observing antitrust law requirements as well as environmental protection and health. Therefore, employee training courses on these subjects were again held in the reporting year. The aim is to keep the employees' knowledge up to date and avoid any illegal actions as well as to protect the environment and employees.

Brenntag has established procedures throughout the Group for receiving and handling complaints and anonymous reports of questionable matters. The information received is treated in strict confidence so the source of the information does not suffer any negative consequences from making complaints or reports. The reports received are examined and appropriate action taken if a compliance infringement has taken place. These processes are steered by the Compliance Manager of Brenntag AG.

The Compliance Manager of Brenntag AG provides the Board of Management with information on compliance matters regularly, in urgent cases immediately. Furthermore, reports on compliance cases and the development of the Group-wide compliance management system are given in the regular Audit Committee meetings of the Supervisory Board. The Compliance Manager is supported by an internal advisory committee, the Compliance Committee, which is composed of various department heads of Brenntag AG.

The compliance managers in the regions, who are appointed by the regional executive management, ensure close networking with our business activities through the coordination of compliance management at regional level. Regional compliance managers receive, examine and report all compliance cases and/or compliance questions which are brought to their attention.

WORKING PRACTICES OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD AS WELL AS COMPOSITION AND WORKING PRACTICES OF THEIR COMMITTEES

In accordance with the German Stock Corporation Act and the Articles of Association of Brenntag AG, the Board of Management and the Supervisory Board form the two bodies of the company which together govern the company and are guided by the principles of the Code as well as their respective rules of procedure and applicable legislation. The working practices of both bodies are geared to responsible corporate governance.

BOARD OF MANAGEMENT

MARKUS KLÄHN
Member of the Board of Management

Region North America

KARSTEN BECKMANN
Member of the Board of Management

Region EMEA (Europe, Middle East & Africa)
Global Accounts

Board of Management

STEVEN HOLLAND
Chief Executive Officer

Region Latin America
Corporate Communications
Corporate Development
Corporate HSE
Corporate Human Ressources
Corporate Internal Audit
Corporate Mergers & Acquisitions
Compliance

GEORG MÜLLER
Chief Financial Officer

Corporate Accounting
Corporate Controlling
Corporate Finance & Investor Relations
Corporate IT
Corporate Legal
Corporate Risk Management
Corporate Tax
Brenntag International Chemicals

HENRI NEJADE
Member of the Board of Management

Region Asia Pacific
Global Sourcing

BOARD OF MANAGEMENT

The Board of Management is responsible for managing the company and aims to achieve the company's goals by responsible corporate governance, to sustainably increase the value of the company and, taking account of the company's interests, to enforce the measures necessary to implement the company's policy. The members of the Board of Management bear joint responsibility for the entire management of the company's business. They work together in a spirit of collective responsibility and keep one another informed about all major business transactions and measures adopted in their respective areas of responsibility. Notwithstanding the joint responsibility of all Board of Management members for the conduct of Brenntag AG's business, each Board member is individually responsible for the areas assigned to him under the assignment-of-business plan or through other resolutions of the Board of Management.

The Board of Management manages the business of Brenntag AG independently. In doing so, it must act in the company's best interest. The Board of Management operates in accordance with the applicable laws and the provisions of their individual service agreements as well as the rules of procedure and the assignment-of-business plan, both of them adopted by the Supervisory Board. Within the Brenntag Group, the Board of Management also works towards the observance by the subsidiaries of all applicable external and internal rules and ensures appropriate risk management and risk monitoring. It develops the strategy of the Brenntag Group in cooperation with the Supervisory Board and discusses the current status of its implementation with the Supervisory Board at regular intervals.

The transactions for which a resolution adopted by the Board of Management is required by law or by the Articles of Association of Brenntag AG include but are not limited to the following measures:

- Board of Management's reports to the Supervisory Board (Section 90, para. 1 of the German Stock Corporation Act),
- fundamental organizational measures, such as the conclusion of company agreements, transformation measures within the meaning of the German Transformation of Companies Act or acquisitions, carve-outs or the sale of material parts of the company as well as strategy and business planning issues,
- measures related to the implementation and controlling of a monitoring system (Section 91, para. 2 of the German Stock Corporation Act),
- issuance of the declaration of conformity (Section 161, para. 1 of the German Stock Corporation Act),
- preparation of the annual financial statements and the management report,
- convening of the General Shareholders' Meeting as well as the Board of Management's requests and proposals for resolutions to be dealt with and voted on at the General Shareholders' Meeting,
- matters with respect to which the Chairman of the Board of Management or any two members have requested a resolution by the Board of Management.

Furthermore, internal guidelines applicable throughout the Group have been implemented which also lay down the requirement of a resolution passed by the entire Board of Management or by individual members of the Board of Management for certain matters.

The Board of Management must regularly inform the Supervisory Board, in due time and comprehensively, of all issues of Brenntag AG and its subsidiaries with regard to planning, corporate governance, business development, the risk situation, risk management and compliance. In addition, the Board of Management requires the prior consent of the Supervisory Board for certain major matters which are described in detail in the chapter "Supervisory Board".

The Board of Management is to meet every two weeks but at least once a month. The Board of Management has a quorum if all its members have received invitations to the meeting and at least half of its members participate in adopting resolutions. Resolutions may be adopted outside meetings either by circulating the documents or in another form. The Board of Management must do everything in its power to ensure that its resolutions are adopted unanimously. Insofar as other majorities are not prescribed by law or by the Articles of Association of Brenntag AG, the Board of Management is to adopt resolutions with a simple majority of the members of the Board participating in the vote. In the event of a tie, the chairman of the Board of Management has a second vote. The Board of Management has currently not set up any committees.

SUPERVISORY BOARD

As the second governing body of a stock corporation (Aktiengesellschaft), the Supervisory Board has the task of monitoring the management of the company by the Board of Management as well as advising the Board of Management on the management of the company. The Supervisory Board also appoints and dismisses the members of the Board of Management and respects diversity when appointing the Board of Management in line with the recommendations of the Government Commission "German Corporate Governance Code". The Supervisory Board regularly discusses the company's strategy with the Board of Management and the progress made in its implementation. Furthermore, the Board of Management regularly informs the Supervisory Board of all issues with regard to planning, business development, the risk situation and risk management of the company in compliance with Section 90 of the German Stock Corporation Act (AktG). The Supervisory Board also decides on the Board of Management's assignment-of-business plan if the latter cannot decide on it unanimously itself.

Furthermore, the prior consent of the Supervisory Board is required for some major Board of Management decisions, including but not limited to major changes in the business strategy of the Brenntag Group, the acquisition or sale of major plots of land, companies or business operations, agreements in connection with the granting or raising of loans or the assumption of guarantees, the amount of which exceeds certain thresholds.

The Supervisory Board has adopted rules of procedure and, according to these rules, holds at least two meetings in the first two quarters and at least two meetings in the last two quarters of each calendar year. If necessary and on a case-by-case basis, additional meetings are held or circular resolutions are passed outside Supervisory Board meetings.

All members of the Supervisory Board are bound by the company's best interests and must immediately inform the Supervisory Board of any conflicts of interest.

As in the previous year, the Supervisory Board of Brenntag AG has six members. The Chairman of the Supervisory Board is Stefan Zuschke. There are no employee representatives on the Supervisory Board of Brenntag AG as the German One-Third Employee Participation Act (Drittelbeteiligungsgesetz) and the German Codetermination Act (Mitbestimmungsgesetz) are not applicable. The Supervisory Board members are in principle elected for a period up to the close of the General Shareholders' Meeting which resolves on the formal discharge of the Supervisory Board for the fourth financial year after commencement of the respective term of office. The financial year in which the term of office starts is not counted for this purpose. The General Shareholders' Meeting can determine a shorter term of office for the Supervisory Board members. Members of the Supervisory Board may be re-elected. The next elections to the Supervisory Board will be held as follows: for two Supervisory Board members owing to the age limit stipulated by the Supervisory Board in line with number 5.4.2 of the German

Corporate Governance Code at the General Shareholders' Meeting which resolves on the formal discharge of the Supervisory Board for financial year 2016; for the other Supervisory Board members at the General Shareholders' Meeting which resolves on the formal discharge of the Supervisory Board for financial year 2019.

The Supervisory Board has a quorum when at least three members participate in the voting. Insofar as other majorities are not prescribed by law, resolutions are passed by a simple majority. In the event of a tie, the Chairman has the casting vote. He / she is also authorized to make any declarations on behalf of the Supervisory Board which are necessary to implement its resolutions.

The Supervisory Board has regulated the work of the Board of Management in the rules of procedure for the Board of Management, in particular matters which have to be dealt with by the entire Board of Management as well as the necessary majority for Board of Management resolutions. Information on the remuneration of the Supervisory Board members can be found in the chapter "Remuneration report" in the combined management report.

The Supervisory Board reviews the efficiency of its activities on a regular basis but at least once every two years. The last efficiency review took place in December 2015. The Supervisory Board examined in particular whether the existing internal rules of procedure have proved to be appropriate for good corporate governance, how the activities of the Supervisory Board can be made even more efficient and whether there are further opportunities to implement the corporate governance requirements even more effectively.

The Supervisory Board has set up two committees from among its members, namely the Presiding and Nomination Committee as well as the Audit Committee. The members of the committees are appointed for the entire period of office as members of the Supervisory Board. Each committee chairman reports regularly to the Supervisory Board on the committee's activities.

PRESIDING AND NOMINATION COMMITTEE

The Presiding and Nomination Committee set up by the Supervisory Board of Brenntag AG consists - as in the previous year – of the Chairman of the Supervisory Board, Stefan Zuschke, and two other members, Dr Thomas Ludwig and Dr Andreas Rittstieg. The Chairman of the Supervisory Board is always also the Chairman of the Presiding and Nomination Committee.

The Committee is constantly in contact with the Board of Management between the meetings of the Supervisory Board and advises the Board of Management on the strategic development of the company; it coordinates the activities of the Supervisory Board as a whole and monitors compliance by the Board of Management with the rules of procedure. Furthermore, the Committee makes proposals regarding the appointment and removal of members of the Board of Management, the terms of the Board of Management service agreements within the framework of the remuneration system structure adopted by the Supervisory Board as well as any application to reduce the remuneration of a Board of Management member, and regularly provides the Supervisory Board with information for reviewing the remuneration system as a whole.

Furthermore, the Committee represents Brenntag AG vis-à-vis former members of the Board of Management in accordance with Section 112 of the German Stock Corporation Act, consents to sideline activities of Board of Management members in accordance with Section 88 of the German Stock Corporation Act and grants loans to the persons named in Sections 89 and 115 of the German Stock Corporation Act. In addition, the Committee approves contracts with Supervisory Board members in accordance with Section 114 of the German Stock Corporation Act and proposes suitable candidates as Supervisory Board members to the General Shareholders' Meeting in case of the election of Supervisory Board members.

AUDIT COMMITTEE

The Supervisory Board of Brenntag AG has set up an Audit Committee, which meets at least four times in each calendar year and in particular monitors the accounting process and the audit of the annual financial statements. The Audit Committee has three members who are appointed by the Supervisory Board. At the present time, they are Prof. Dr Edgar Fluri, Doreen Nowotne and Stefanie Berlinger.

In line with the recommendation of the Code (number 5.3.2), the Chairman of the Audit Committee shall have special knowledge of and experience in applying accounting principles as well as internal control procedures and shall also not be a former member of the company's Board of Management whose appointment ended less than two years prior to his appointment as Chairman of the Audit Committee. The Chairman of the Audit Committee, Prof. Dr Edgar Fluri, meets these requirements. The Chairman reports regularly to the Supervisory Board about the activities of the Committee.

The Audit Committee prepares the resolutions of the Supervisory Board on the auditing and adoption of the annual financial statements as well as the approval of the consolidated financial statements, the Board of Management's proposal for the appropriation of profit and the Supervisory Board's proposal to the General Shareholders' Meeting on the election of the auditors for the consolidated financial statements and the auditors for the half-yearly and quarterly financial reports, insofar as the latter are audited or reviewed by auditors. For this purpose, the Audit Committee pre-reviews the documentation relating to the annual and consolidated financial statements, the management report and the Group management report as well as the proposal for the appropriation of profit. The Audit Committee discusses the audit reports with the auditor.

The Committee deals with accounting issues on behalf of the Supervisory Board, in particular the treatment of subjects of fundamental importance, such as the application of new accounting standards and the monitoring of the accounting process. It deals with half-yearly and quarterly financial reports as well as their audit or review. Furthermore, it reviews the adequacy and effectiveness of the company's internal control system, risk management system and internal audit system.

The Audit Committee also reviews the observance of and compliance with the statutory provisions and the internal company policies as well as compliance with the relevant rules of the German Corporate Governance Code. On behalf of the Supervisory Board, the Committee also monitors the auditors' independence, engages the auditors to conduct the audit of the annual financial statements and, if necessary, a review of the half-yearly and quarterly financial reports. Furthermore, it gives its prior consent to additional services to be provided by the auditors and discusses the scope and main points of the audit as well as the auditors' cooperation with the Corporate Internal Audit department and other departments involved in risk management. On behalf of the Supervisory Board, the Committee authorizes the auditors' fee.

In addition, the Audit Committee discusses the adequacy of interest hedging for the Group with the Board of Management as well as deviations of the actual development from targets previously reported. The Audit Committee is responsible for the receipt and handling of complaints by employees and third parties about the accounting, the internal company control system, risk management, the audit of the financial statements and other accounting-related issues (whistleblowing). The Audit Committee may assume other tasks which the Supervisory Board assigns to it. It obtains regular reports about the work of the Corporate Internal Audit department, in particular about that department's audit focuses and audit findings. The same applies to risk management and the monitoring of compliance.

OFFICES OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

MEMBERS OF THE BOARD OF MANAGEMENT

The members of the Board of Management hold the following offices on supervisory boards or comparable supervising bodies of companies.

Steven Holland,
London / United Kingdom
Chief Executive Officer

- Brenntag Nederland B.V. (Chairman of the Supervisory Board)
- BRENNTAG Polska sp. z o.o. (Chairman of the Supervisory Board)
- BRENNTAG QUIMICA, S.A.U. (Member of the Board of Directors)
- BRENNTAG SA (Chairman of the Supervisory Board)

Karsten Beckmann,
Essen / Germany
Member of the Board of Management since July 1, 2015

- BRENNTAG GmbH (Member of the Supervisory Board)
- BRENNTAG SA (Deputy Chairman of the Supervisory Board)
- BRENNTAG Polska sp. z o.o. (Member of the Supervisory Board)
- Brenntag Nederland B.V. (Member of the Supervisory Board)

Markus Klähn,
Wayne, Pennsylvania / USA
Member of the Board of Management since July 1, 2015

- None

Georg Müller,
Essen / Germany
Chief Financial Officer

- BRENNTAG GmbH (Chairman of the Supervisory Board)

Henri Nejade,
Singapore / Republic of Singapore
Member of the Board of Management since July 1, 2015

- Brenntag (Shanghai) Chemical Trading Co., Ltd. (Supervisor / Supervisory body)

William Fidler,
Henderson, Kentucky / USA,
Member of the Board of Management until June 30, 2015

- None

These offices are exclusively offices held in Group company bodies.

MEMBERS OF THE SUPERVISORY BOARD

The members of the Supervisory Board hold the following offices on supervisory boards or comparable supervising bodies of companies.

Stefan Zuschke,
Hamburg / Germany, Managing Director BC Partner Beteiligungsberatung GmbH
Chairman of the Supervisory Board

- Aenova Holding GmbH (Chairman of the Advisory Board)
- Brachem Acquisition S.C.A. (Member of the Advisory Board)
- Nils Swed AB (Supervisory function on the Board of Directors)
- Nils Norway I AS (Supervisory function on the Board of Directors)
- Nils Norway II AS (Supervisory function on the Board of Directors)
- OME Acquisition S.C.A. (Chairman of the Supervisory Board)
- OME Investment Acquisition S.C.A. (Chairman of the Supervisory Board)
- SL Lux Investment (Member of the Advisory Board)

Dr Thomas Ludwig,
Düsseldorf / Germany, Managing Director and Managing Partner Lindsay Goldberg Vogel GmbH
Deputy Chairman of the Supervisory Board

- Bandstahl Schulte & Co. GmbH (Chairman of the Advisory Board)
- Grünenthal GmbH (Member of the Advisory Board)
- 7 S Group GmbH (Chairman of the Advisory Board until September 3, 2015)
- TRIMET Aluminium SE (Deputy Chairman of the Supervisory Board, since December 12, 2015 Chairman of the Supervisory Board)
- TRIMET SE (Chairman of the Supervisory Board)
- Weener Plastik GmbH (Chairman of the Advisory Board until August 20, 2015)
- VDM Metals GmbH (Chairman of the Supervisory Board since August 1, 2015)

Stefanie Berlinger,
Frankfurt / Germany, Managing Director Lilja & Co. GmbH
Member of the Supervisory Board since June 9, 2015

- None

Prof. Dr Edgar Fluri,
Binningen / Switzerland, Swiss Certified Public Accountant, member of multiple boards of directors and supervisory boards
Member of the Supervisory Board

- Galerie Beyeler AG (Member of the Board of Directors)
- Orior AG (Member of the Board of Directors)
- Laroba AG (formerly Bank La Roche & Co. AG) (Member of the Board of Directors)

Doreen Nowotne,
Hamburg / Germany, Business Advisor
Member of the Supervisory Board

- JENOPTIK AG (Member of the Supervisory Board since July 22, 2015)

Dr Andreas Rittstieg,
Hamburg / Germany, Member of the Board of Management Legal and Compliance
Hubert Burda Media Holding Kommanditgesellschaft
Member of the Supervisory Board

- Huesker Holding GmbH (Member of the Advisory Board)
- Kühne Holding AG (Member of the Board of Directors)
- Tomorrow Focus AG (Member of the Supervisory Board)

Stephen Clark,
Wyomissing, Pennsylvania/USA, Former Chief Executive Officer of Brenntag AG
Member of the Supervisory Board until June 9, 2015

- None

SPECIFICATIONS PURSUANT TO SECTIONS 76, PARA. 4 AND 111, PARA. 5 OF THE GERMAN STOCK CORPORATION ACT

SPECIFICATION OF TARGETS

The Supervisory Board has set a target of 33.3 % for the percentage of women in the Supervisory Board and a target of 0 % for the percentage of women in the Board of Management in the period up to June 30, 2017. The Board of Management has set a target of 30 % for the percentage of women in the only management level under the Board of Management in the period up to June 30, 2017. The respective targets reflected the status quo when the resolutions were passed in September 2015. This, of course, does not mean that the percentage of women will not increase. The period set for achieving the targets is the longest permissible for companies setting their first target deadline.

SUPERVISORY BOARD

PROF. DR EDGAR FLURI   DR ANDREAS RITTSTIEG   STEFANIE BERLINGER

Supervisory Board

STEFAN ZUSCHKE
Chairman
of the Supervisory Board

DR THOMAS LUDWIG
Deputy Chairman
of the Supervisory Board

DOREEN NOWOTNE

B

COMBINED GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT OF BRENNTAG AG

Content

BASIC INFORMATION ABOUT THE GROUP

GROUP BUSINESS MODEL

BUSINESS ACTIVITIES

Brenntag's growth opportunities along with its resilient business model are based on complete geographic coverage, a wide product and service portfolio and high diversity across suppliers, customers and industries.

Connecting chemical manufacturers (our suppliers) and chemical users (our customers), Brenntag provides complete distribution solutions rather than just chemical products. Brenntag purchases large-scale quantities of industrial and specialty chemicals from various suppliers, enabling the company to achieve economies of scale and offer a full-line range of chemical products and value-added services to around 180,000 customers. Brenntag is the strategic partner and service provider for manufacturers of industrial and specialty chemicals at the one end and chemical users at the other end of the value chain. Brenntag's role in the value chain is also expressed in our brand identity "ConnectingChemistry".

Brenntag stores the products it purchases in its distribution facilities, packs them into quantities the customers require and delivers them, typically in less-than-truckloads. Brenntag's customers worldwide are active in diverse end-market industries such as adhesives, paints, oil & gas, food, water treatment, personal care and pharmaceuticals. In order to be able to react quickly to the market and customers' and suppliers' requirements, Brenntag manages its business through its geographically structured segments EMEA (Europe, Middle East & Africa), North America, Latin America and Asia Pacific. Brenntag offers a broad range of over 10,000 products as well as extensive value-added services (such as just-in-time delivery, product mixing, blending, repackaging, inventory management, drum return handling as well as technical and laboratory services for specialty chemicals).

Brenntag is the global market leader in full-line chemical distribution. We define market leadership not just by business volume but also associate it with our philosophy of continually improving 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

Further information in chapter "Brenntag's HSE strategy"

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, Corporate International Human Resources Management, Corporate Development, Corporate Communications, Corporate Legal, Corporate Internal Audit, Compliance, Corporate Risk Management as well as Corporate Tax.

The consolidated financial statements as at December 31, 2015 include Brenntag AG, 27 domestic (Dec. 31, 2014: 26) and 194 foreign (Dec. 31, 2014: 179) consolidated subsidiaries including structured entities. Five associates (Dec. 31, 2014: five) have been accounted for using the equity method.

SEGMENTS AND LOCATIONS

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

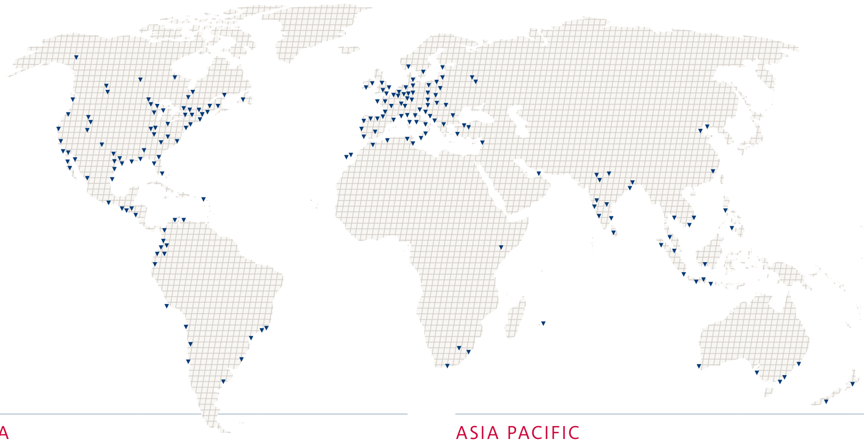
The following graphic gives an overview of the global network and the locations of the Brenntag Group:

NORTH AMERICA

		2015
External sales	EUR m	3,600.6
Operating gross profit	EUR m	942.6
Operating EBITDA	EUR m	365.6
Employees [1]		4,525

EMEA

		2015
External sales	EUR m	4,654.4
Operating gross profit	EUR m	1,024.2
Operating EBITDA	EUR m	353.0
Employees [1]		6,482



LATIN AMERICA

		2015
External sales	EUR m	925.8
Operating gross profit	EUR m	201.2
Operating EBITDA	EUR m	64.7
Employees [1]		1,511

ASIA PACIFIC

		2015
External sales	EUR m	834.1
Operating gross profit	EUR m	140.0
Operating EBITDA	EUR m	50.3
Employees [1]		1,814

B.01 GLOBAL NETWORK OF THE BRENNTAG GROUP

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

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

VISION, OBJECTIVES AND STRATEGY

ConnectingChemistry

"ConnectingChemistry" describes 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 devise creative, tailor-made solutions.
- **Customer orientation and service excellence**
  We offer powerful channels to market and provide the best customer service in the industry. Only when our partners are fully satisfied do we consider our service to be delivered.

2020 VISION

Our "2020 Vision" illustrates how we continue to position ourselves in the markets and industries we serve and is summarized by the following five commitments to our current and future development:

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

OBJECTIVES AND STRATEGY

With our "2020 Vision", we pursue our goal to be the preferred distributor for both specialty and industrial chemicals for our customers and suppliers and, at the same time, the industry leader in safety, growth and profitability. We aim to achieve this with a clear growth strategy geared to steadily expanding our leading market position while continually improving profitability.

ORGANIC GROWTH AND ACQUISITIONS

We strive to extend our market leadership by steadily growing our product and service offering organically in line with the requirements of our regional markets. In doing so, we benefit from leveraging our extensive global activities and key strengths. Our proactive sales activities focus on providing customers with tailored full-service solutions along the entire value chain rather than just products.

Extending our market leadership by steadily growing organically

In addition, we continue to seek acquisition opportunities that support our strategy. Our strategic focus is on expanding our presence in emerging markets to capture the expected strong growth in demand for chemicals in these regions. In the established markets of Western Europe and North America, we continue to further develop our product and service portfolio as well as to optimize our national and international distribution networks through acquisitions.

STEADILY IMPROVING PROFITABILITY

A further element of our strategy is to continually and systematically increase profitability. On the basis of our entrepreneurial culture, our operational excellence and our resilient business model, we strive to steadily increase our operating gross profits, EBITDA, 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.

Improving profitability

STRATEGIC INITIATIVES

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

Supporting the strategy through global and regional initiatives

The focus of our global safety initiative, for instance, is to establish an outstanding safety culture and to introduce globally harmonized and consistently high safety standards.

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

As part of our regional growth strategies, we continue seeking to effectively leverage our capabilities in rapidly growing and therefore particularly attractive industries such as water treatment, personal care, pharmaceuticals, food & beverages as well as adhesives, coatings, paints, elastomers and sealants. In oil & gas, we are counting on the segment's long-term potential in combination with our excellent capabilities and our supplier and customer network despite the current uncertainty about the near-term direction of the industry. In order to achieve sustainable growth, we are placing more emphasis on developing our global oil and gas expertise as well as downstream [1] products and services. Further initiatives focus on growing the customer-specific mixing and blending business by providing value-added services.

Besides our growth initiatives, we continue to improve our operational excellence, in particular by optimizing our network, adopting best practice solutions throughout the Brenntag Group and optimizing our warehouse and transport logistics on a regional and global level.

[1] Downstream: the refining and processing sector of the oil and gas industry

In our human resources activities, we seek to recruit, develop and retain highly qualified employees. Last year, we extensively revised our global human resources strategy and launched various new initiatives with the aim of best positioning the Brenntag brand in the employment market. We place particular emphasis on our employees' continuing development and on targeted succession planning.

SUSTAINABILITY

As the global market leader in full-line chemical distribution, we aim to lead the industry in sustainability, too. We are aware of our responsibility to future generations and therefore it is important to us to operate safely, act as a responsible corporate citizen, minimize our impact on the environment and ensure our long-term financial viability.

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

- Safety
- Resource efficiency
- Responsibility within the supply chain
- Compliance
- Employees
- Social responsibility

Brenntag is the first chemicals distributor to join the "Together for Sustainability" initiative

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

FINANCIAL MANAGEMENT SYSTEM

Our goal is to remain the preferred distributor for both industrial and specialty chemicals for our customers and suppliers and, at the same time, the industry leader in safety, growth and profitability. We aim to achieve this with a clear growth strategy geared to steadily expanding our leading market positions while continually and systematically improving profitability.

On the basis of our entrepreneurial culture, our operational excellence and our resilient business model, we strive to steadily increase our operating gross profits, EBITDA and cash flows and achieve an attractive return on capital, both through organic growth and acquisitions. Acquisitions help us to extend our geographic coverage, optimize our portfolio in attractive market segments and achieve economies of scale.

The financial management system of the Brenntag Group enables us to measure attainment of these goals. It is based on key performance indicators such as operating gross profit, EBITDA and free cash flow, and their growth as well as the measurement of return on capital. We also set strict requirements for the performance of investment projects and acquisitions.

In the following, the key performance indicators used to measure the Group's financial performance are explained. They also include key performance indicators not defined under IFRSs such as EBITDA and free cash flow so these terms may be defined differently by other companies.

OPERATING GROSS PROFIT

In contrast to manufacturing companies for which sales play a key role, for us as a chemicals distributor operating gross profit is a more important factor for increasing our company's value in the long term. Operating gross profit is defined as the difference between external sales and cost of materials. Our goal is for the growth of our operating gross profit to exceed the development of macroeconomic benchmarks. In order to ensure a meaningful measurement of performance at Group or regional level, we adjust the growth of operating gross profit for currency translation effects. A detailed analysis of the growth of operating gross profit is given in the chapters "Business Performance of the Brenntag Group" and "Business Performance in the Segments".

EBITDA

The key indicator and measure for the financial performance of the Brenntag Group is operating EBITDA. We use this indicator as it reflects the development of our business operations well and is a key component of cash flow. Our aim is to continually grow operating EBITDA throughout the business cycle. The segments are also primarily controlled on the basis of operating EBITDA, which is the operating profit as recorded in the consolidated income statement plus amortization of intangible assets as well as depreciation of property, plant and equipment and investment property, adjusted for the following items:

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

Information on the current development of operating EBITDA for the Brenntag Group and the segments is to be found in the chapters “Business Performance of the Brenntag Group” and “Business Performance in the Segments”.

RETURN ON CAPITAL

In the Brenntag Group, we measure the return on capital using the metric Return on Net Assets (RONA). This is defined as:

$$\text{RONA} = \frac{\text{EBITA}}{\text{(average property, plant and equipment + average working capital)}}$$

Average property, plant and equipment for a particular year is defined as the average of values for property, plant and equipment at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year. Average working capital for a particular year is defined as the average of the values for working capital at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

The development of RONA for the Brenntag Group in the reporting year is described in the chapter “Business Performance of the Brenntag Group”.

CASH GENERATION

Our aim is to generate increasing surplus liquidity. We measure this using free cash flow. This is defined as:

	EBITDA
–	other additions to property, plant and equipment as well as other additions to intangible assets (Capex)
+/–	changes in working capital
=	FREE CASH FLOW

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.

The development of free cash flow is described in detail in the chapter “Liquidity”.

ADDITIONAL PERFORMANCE INDICATORS

In addition to the aforementioned financial performance indicators, we use several other metrics to assess the economic success of our business activities.

For example, the so-called conversion ratio is an indicator we calculate to measure the efficiency of a segment or the Group, more specifically by expressing operating EBITDA for a given period as a percentage of operating gross profit for the same period. The indicator is used primarily to assess longer-term trends and less so to analyze short-term fluctuations between quarters.

To determine whether a particular investment project is likely to generate value for Brenntag, we take the modified internal rate of return (MIRR) and the payback period as measures of the risk involved in the project. An investment project is only approved when the MIRR is above the hurdle rate and the combination of return and payback seem attractive. The hurdle rate for the MIRR varies depending on the risk involved in the project and in particular on the respective country risk.

In our efforts to generate increasing cash flow, we analyze the working capital turnover. This is defined as:

$$\text{WORKING CAPITAL TURNOVER} = \frac{\text{sales}}{\text{average working capital}}$$

Average working capital is defined for a particular year as the average of the values for working capital at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

In addition to these metrics, we have also set strategic objectives as well as financial hurdle rates which generally have to be considered before acquisitions are executed. Potential acquisitions must in particular be able to satisfy a hurdle rate of return in the form of free cash flow on capital employed. The hurdle rate of return again depends above all on the country risk of the acquisition. In addition to return on net assets (RONA), we also use return on capital employed (ROCE) to measure return on capital, taking into account the purchase price for acquisitions. This is defined as EBITA/(the average carrying amount of equity plus the average carrying amount of financial liabilities less the average carrying amount of cash and cash equivalents). The average carrying amounts in the denominator are defined for a particular year as the arithmetic average of the amounts at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

Further performance indicators such as tax rate and earnings per share (EPS) are only monitored at Group level. They are not used to measure the performance of Brenntag's segments since factors such as interest or tax are less a reflection of the operating performance of the business but are above all based on central decisions.

ADJUSTMENT FOR EXCHANGE RATE EFFECTS

Brenntag is an international Group which generates its profits in a large number of Group companies in different currency areas. These Group companies are mainly located in the euro and US dollar zones, but many other currency areas are also of significance.

For the purposes of Group accounting, the results of all Group companies are translated into the Group currency, the euro. The results are always translated at the average rate in the reporting period.

Therefore, the results and in particular the change between reporting periods may not only be affected by changes in operating performance but also by effects of translation from functional currencies into the Group currency, the euro (translation effects). As Brenntag considers that it is important to assess the operating performance of the Group companies and in particular the change in operating performance between reporting periods free of distortions from translation effects, we also report the changes adjusted for these effects.

Exchange rate-adjusted financial metrics are not to be seen as substitutes or as more meaningful financial indicators but always as additional information on sales, operating expenses, earnings or other metrics.

REPORT ON ECONOMIC POSITION

ECONOMIC ENVIRONMENT

Overall, the worldwide rate of growth in gross domestic product (GDP) was around 3.1% in 2015, the lowest it had been since the global financial crisis of 2009. The oil price also hit its lowest level for eleven years at the end of 2015. This weak trend in the world economy was also reflected in the Global Manufacturing Purchasing Managers' Index (PMI), which stood at 50.9 in December 2015, a reading barely above the 50 neutral mark. Across all sectors of industry, global production grew by around 1.9% year on year in 2015.

The European economy turned in a merely moderate performance in 2015. Only private consumption showed a certain momentum. Industrial production grew by just 1.7% year on year in 2015.

Following a relatively strong start at the beginning of the year, industrial production in the USA only expanded by around 1.3% overall in 2015, a much weaker performance compared with the growth figures in the previous years. Towards the end of the year, industrial production even fell short of the prior-year level.

Latin America experienced an economic downturn. Economic conditions remained challenging, above all in Venezuela, Brazil and Argentina. Overall, industrial production in Latin America contracted by approximately 1.9% in 2015.

The economies of Asia saw growth momentum slow. China reports GDP growth of around 6.9% in 2015, its weakest performance for 25 years. With GDP growth at around 2.7% in 2015, Thailand also shows a comparatively weak rate of expansion for the region and near-stagnant industrial production. Industrial production across the region as a whole expanded by around 4.4% year on year in 2015.

BUSINESS PERFORMANCE

MAJOR EVENTS IMPACTING ON BUSINESS IN 2015

In early March 2015, Brenntag acquired Swedish chemicals distributor Fred Holmberg & Co AB headquartered in Malmö. The company is focused on the distribution of chemicals in Scandinavia and also provides efficient mixing and blending activities. The main site in Kalmar in the southwest of Sweden has modern filling facilities and direct access to the port. The acquisition combines Fred Holmberg & Co AB's cost-efficient logistics set-up with Brenntag Nordic's comprehensive market coverage. In financial year 2015, the acquiree generated sales of some EUR 77 million.

Also in March 2015, Brenntag acquired South African distributor LIONHEART CHEMICAL ENTERPRISES (PROPRIETARY) LIMITED. The company, based in Benoni near Johannesburg, is a specialty distributor in the South African market operating mainly in the food & beverage sector. Through this acquisition, Brenntag is strengthening its position in the South African chemical distribution market. Lionheart's product portfolio is an excellent complement to our existing regional activities. In addition, we will be able to combine existing supplier relationships and attract new suppliers. In financial year 2015, the acquiree generated sales of around EUR 15 million.

In May 2015, Brenntag acquired all shares in Spanish chemicals distributor Quimicas Meroño, S.L. based near Cartagena. The company offers its industrial customers logistics, blending and storage services. This acquisition brings Brenntag additional growth opportunities, especially in key industry sectors such as food and oil & gas. We also benefit from the company's strong capabilities in value-added services and blends. In financial year 2015, Quimicas Meroño generated sales of some EUR 13 million.

In June 2015, following Brenntag's decision not to extend the international accounts receivable securitization programme, the corresponding financial liabilities in the amount of EUR 187.5 million were repaid.

Broader diversification of financing structure

In November 2015, Brenntag Finance B.V., Amsterdam, Netherlands, issued a bond with warrant units in the amount of USD 500.0 million maturing in December 2022. The bond was issued at 100% and bears a coupon of 1.875% p.a. The issue price comprises the value of the bond (Bond (with Warrants) 2022) (92.7%) and the value of the warrants entitling the holder to purchase Brenntag AG shares (7.3%). Brenntag thus achieves a more diversified financing structure and a more balanced maturity profile.

In November 2015, Brenntag also acquired Parkoteks Kimya Sanayi ve Ticaret Anonim Sirketi based in Istanbul. The Turkish distribution company markets specialty chemicals with particular focus on the personal care sector. Established in 1989, Parkoteks has grown strongly and benefits from long-term and exclusive partnerships with world-leading specialty chemicals manufacturers, enabling the company to offer its customers a wide range of specialty ingredients. In financial year 2015, the acquiree generated total sales of some EUR 12 million.

In December 2015, Brenntag acquired a 51% interest in chemicals distributor Trychem FZCO in Dubai, United Arab Emirates, thereby strengthening its own market position in the Middle East. In an initial step, Brenntag will hold 51% and Tri Star Transport LLC and JRA Holding Limited together 49%. This partnership offers sizeable synergies combining Trychem's impressive local knowledge and service capability with Brenntag's extensive portfolio of global accounts and suppliers operating within the region.

In December 2015, Brenntag significantly expanded its lubricants business in North America by acquiring two leading distributors, J.A.M. Distributing Company, and related entities, headquartered in Houston, Texas, and BWE, LLC (G.H. Berlin-Windward), and related entities, headquartered in East Hartford, Connecticut. J.A.M. and G.H. Berlin-Windward serve a broad range of customer industries across the entire lubricant supply chain. Both companies offer integrated product and service solutions focused on a wide range of lubricants serving industrial, commercial, automotive and marine end markets throughout the US Gulf Coast, Texas and the northeast United States. Both acquisitions are a significant investment in rebalancing our industry mix in North America and complement our existing business in the less volatile lubricants market. In financial year 2015, G.H. Berlin-Windward generated total sales of around EUR 217 million and J.A.M. Distributing Company sales of EUR 371 million.

Successfully completed acquisitions with enterprise values totalling more than EUR 550 m

In addition, in late December 2015, Brenntag completed the acquisition of TAT Group, a distributor of industrial chemicals based in Singapore, Republic of Singapore. TAT has a strong market position, an excellent reputation and a presence in several Asian countries. The company operates one of the most attractive distribution sites in a prime location in Singapore, with large warehouses as well as modern blending and repackaging facilities operating to HSE standards that are a perfect fit with Brenntag's principles. What is more, Singapore is the world's second-largest port and offers access to the chemical industry zone Jurong Island, making it a preferred hub location. In financial year 2015, the acquiree generated total sales of some EUR 213 million. As at December 31, 2015, Brenntag's consolidated financial statements did not yet include any TAT Group income or expenses, only its assets and liabilities.

STATEMENT BY THE BOARD OF MANAGEMENT ON BUSINESS PERFORMANCE

Historic highs in operating gross profit and operating EBITDA

In an economic environment that delivered the lowest rate of growth since the global financial crisis of 2009, the Group clearly exceeded prior-year operating gross profit and operating EBITDA. The growth was supported by the beneficial exchange rate movements, particularly the appreciation of the US dollar against the euro. However, operating gross profit and operating EBITDA for financial year 2014 were also surpassed slightly on a constant currency basis. This is attributable to the positive overall trend in earnings in the EMEA, Latin America and Asia Pacific operating segments. In North America, we saw a noticeable softening of demand from customers focused in the oil and gas sector due to the significant reduction in the oil price. This led to a slight decline in operating gross profit in this segment on a constant currency basis. Looking at the Brenntag Group's performance excluding the contribution from the North American oil and gas sector, we were able to lift operating gross profit by around 4.4% compared with financial year 2014 on a constant currency basis.

The Brenntag Group recorded a moderate increase in operating expenses on a constant currency basis. Combined with the slight growth in operating gross profit, this meant that operating EBITDA was also up slightly on financial year 2014 on a constant currency basis.

Due to exchange rate movements, especially the noticeable appreciation of the US dollar, the reported growth rates far exceeded those on a constant currency basis.

Average working capital increased year on year in 2015, while annualized working capital turnover declined in the same period.

Capital expenditure on property, plant and equipment showed a moderate year-on-year increase in financial year 2015. We continue to make appropriate investment in our existing infrastructure and in growth projects.

Overall, the changes in operating EBITDA, working capital and capital expenditure resulted in a free cash flow that clearly exceeded the prior-year level.

The Brenntag Group achieved record results overall in financial year 2015. Nevertheless, we were unable to fully meet our high expectations, in particular because of the difficult situation in the oil and gas sector.

RESULTS OF OPERATIONS

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

			Change		
in EUR m	**2015**	2014	abs.	in %	in % (fx adj.)[1]
Sales	10,346.1	10,015.6	330.5	3.3	−4.6
Operating gross profit	2,321.7	2,078.2	243.5	11.7	2.3
Operating expenses	−1,514.3	−1,351.5	−162.8	12.0	3.1
Operating EBITDA	**807.4**	**726.7**	**80.7**	**11.1**	**0.7**
Transaction costs/holding charges	–	0.2	−0.2	–	–
EBITDA (incl. transaction costs/ holding charges)	**807.4**	**726.9**	**80.5**	**11.1**	**0.7**
Depreciation of property, plant and equipment	−108.7	−99.4	−9.3	9.4	1.1
EBITA	698.7	627.5	71.2	11.3	0.6
Amortization of intangible assets	−36.9	−35.9	−1.0	2.8	−5.4
Net finance costs	−112.5	−83.8	−28.7	34.2	–
Profit before tax	549.3	507.8	41.5	8.2	–
Income tax expense	−181.2	−168.1	−13.1	7.8	–
Profit after tax	368.1	339.7	28.4	8.4	–

B.02 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

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

Despite a difficult economic environment that delivered the lowest rate of growth since the global financial crisis of 2009, the Brenntag Group and its segments performed well. In the following, we only comment on performance where it differs from last year's forecast.

SALES AND VOLUMES

The Brenntag Group achieved sales of EUR 10,346.1 million in financial year 2015, an increase of 3.3% compared with financial year 2014. This was mainly supported by the trend in the US dollar exchange rate. On a constant currency basis, sales declined by 4.6%, which was primarily due to a fall in prices on the chemicals market, especially for chemicals based on oil as a raw material. In this period, volumes remained almost on a par with the previous year. The companies acquired in the course of the year and therefore consolidated for the first time made a positive contribution.

EUR
10,346.1 m
Sales

OPERATING GROSS PROFIT

The Brenntag Group generated an operating gross profit of EUR 2,321.7 million in financial year 2015, a year-on-year increase of 11.7%, or 2.3% on a constant currency basis. This growth is mainly attributable to a higher operating gross profit per unit. The aforementioned fall in prices on the chemicals market did not, therefore, lead to a decline in operating gross profit per unit. In addition to organic growth, the acquisitions also made a positive contribution to the increase in operating gross profit. We did not quite meet our forecast. A key factor behind the lower than expected growth was the decline in operating gross profit from customers in the oil and gas sector in the North America segment. Adjusted for this North American business sector, the Brenntag Group's operating gross profit increased by approximately 4.4% on a constant currency basis.

EUR
2,321.7 m
Operating gross profit

OPERATING EXPENSES

The Brenntag Group's operating expenses amounted to EUR 1,514.3 million in financial year 2015, a year-on-year increase of 12.0%, or 3.1% on a constant currency basis. This moderate rise is mainly attributable to higher personnel, rent, maintenance and transport costs.

EBITDA

The Brenntag Group generated EBITDA of EUR 807.4 million overall in financial year 2015, an increase of 11.1%, or 0.7% on a constant currency basis. Adjusted for transaction costs and holding charges, operating EBITDA also increased to EUR 807.4 million, up by 11.1%, or 0.7% on a constant currency basis. Earnings were therefore at the upper end of the forecast of EUR 790 million to 810 million published in November 2015. However, the growth was less than anticipated in the prior-year report due to weak business with customers in the oil and gas sector.

EUR
807.4 m
EBITDA

DEPRECIATION, AMORTIZATION AND NET FINANCE COSTS

Depreciation of property, plant and equipment and amortization of intangible assets totalled EUR 145.6 million in financial year 2015. Of this figure, EUR 108.7 million relates to depreciation of property, plant and equipment and EUR 36.9 million to amortization of intangible assets. Overall, depreciation and amortization increased by EUR 10.3 million compared with financial year 2014. This slight rise is mainly due to the moderate expansion of capacities.

Net finance costs totalled EUR –112.5 million (2014: EUR –83.8 million). The main reason for this increase was the remeasurement of the purchase price liability for the remaining shares in Zhong Yung (second tranche), which is contained in this figure as an expense of EUR 23.4 million (2014: income of EUR 6.1 million). On initial recognition at the end of August 2011, the purchase price expected to be paid for the remaining shares in Zhong Yung in 2016 was recorded as a liability at its present value within other comprehensive income. Any changes resulting from unwinding of discounting and changes in the estimate of the purchase price have since been recognized in profit or loss and as a change in liabilities related to the acquisition of non-controlling interests recognized within net finance costs. The interest expense, which is part of net finance cost, totalled EUR –71.5 million and showed a slight improvement on the previous year (EUR –73.4 million). The bond with warrant units in the amount of USD 500.0 million issued in November 2015 only had a minor effect on interest expense; depending on the exchange rate, the effect in subsequent years will be approximately EUR 14 million per year.

PROFIT BEFORE TAX

In 2015, profit before tax amounted to EUR 549.3 million and increased by 8.2 % year on year (2014: EUR 507.8 million).

INCOME TAXES AND PROFIT AFTER TAX

Income taxes increased to EUR 181.2 million (2014: EUR 168.1 million).

Profit after tax in financial year 2015 totalled EUR 368.1 million (2014: EUR 339.7 million).

RETURN ON NET ASSETS (RONA)

			Change	
in EUR m	**2015**	2014	abs.	in %
EBITA	698.7	627.5	71.2	11.3
Average property, plant and equipment	912.7	852.7	60.0	7.0
Average working capital	1,295.1	1,161.8	133.3	11.5
RONA	**31.6 %**	**31.1 %**	–	–

B.03 RETURN ON NET ASSETS (RONA)

In 2015, the Brenntag Group generated a RONA of 31.6 %, which is an encouraging increase of 0.5 percentage points on the figure for 2014. The increase in average working capital and property, plant and equipment was more than offset by the positive change in EBITA.

BUSINESS PERFORMANCE IN THE SEGMENTS

2015 in EUR m	Brenntag Group	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	10,346.1	4,654.4	3,600.6	925.8	834.1	331.2
Operating gross profit	2,321.7	1,024.2	942.6	201.2	140.0	13.7
Operating expenses	−1,514.3	−671.2	−577.0	−136.5	−89.7	−39.9
Operating EBITDA	**807.4**	**353.0**	**365.6**	**64.7**	**50.3**	**−26.2**

B.04 BUSINESS PERFORMANCE IN THE SEGMENTS

EMEA (EUROPE, MIDDLE EAST & AFRICA)

			Change		
in EUR m	**2015**	2014	abs.	in %	in % (fx adj.)
External sales	4,654.4	4,624.7	29.7	0.6	−0.6
Operating gross profit	1,024.2	972.0	52.2	5.4	3.6
Operating expenses	−671.2	−636.1	−35.1	5.5	3.8
Operating EBITDA	**353.0**	**335.9**	**17.1**	**5.1**	**3.2**

B.05 BUSINESS PERFORMANCE IN THE SEGMENTS / EMEA

EXTERNAL SALES AND VOLUMES

The EMEA segment achieved external sales of EUR 4,654.4 million in financial year 2015, an increase of 0.6% on the previous year. On a constant currency basis, this represents a slight decline of 0.6%, which was driven mainly by the downward trend in prices for crude oil-based products. Volumes increased slightly in this period.

OPERATING GROSS PROFIT

The companies in this segment generated an operating gross profit of EUR 1,024.2 million in financial year 2015, a year-on-year increase of 5.4%, or 3.6% on a constant currency basis. This performance is attributable to an increase in volumes and a higher operating gross profit per unit. Earnings are therefore slightly lower than forecast. This is mainly due to the macroeconomic environment not being as dynamic as expected, particularly in the second half of the year.

OPERATING EXPENSES

Operating expenses in the EMEA segment increased by 5.5% to EUR 671.2 million in financial year 2015. On a constant currency basis, this represents a rise of 3.8% compared with financial year 2014. This moderate increase was mainly the result of higher personnel expenses and volume-driven costs for transport, maintenance and partly also rent.

OPERATING EBITDA

The companies in this segment generated operating EBITDA of EUR 353.0 million in financial year 2015 and thus posted earnings growth of 5.1% and, on a constant currency basis, 3.2% compared with financial year 2014. We are satisfied with this result, especially given the fact that overall economic growth was weak.

NORTH AMERICA

			Change		
in EUR m	**2015**	2014	abs.	in %	in % (fx adj.)
External sales	3,600.6	3,332.0	268.6	8.1	−8.6
Operating gross profit	942.6	802.2	140.4	17.5	−0.5
Operating expenses	−577.0	−478.6	−98.4	20.6	2.3
Operating EBITDA	**365.6**	**323.6**	**42.0**	**13.0**	**−4.6**

B.06 BUSINESS PERFORMANCE IN THE SEGMENTS / NORTH AMERICA

EXTERNAL SALES AND VOLUMES

External sales in the North America segment climbed by 8.1% to EUR 3,600.6 million in financial year 2015. On a constant currency basis, this represents a decline of 8.6% year on year and is attributable to a fall in volumes and the downward trend in prices for crude oil-based products.

OPERATING GROSS PROFIT

The operating gross profit generated by the North American companies was up 17.5% on financial year 2014 to EUR 942.6 million in financial year 2015. On a constant currency basis, this represents a slight decline of 0.5%. The slight fall in volumes was partly offset by a higher operating gross profit per unit. This result was lower than forecast and mainly due to the decline in business with customers in the oil and gas sector. Demand was hit severely by the noticeable fall in the oil price in financial year 2015. The upstream sector [2], in particular and the midstream sector [2] to a lesser extent were adversely affected. The downstream sector [2], on the other hand, benefited from the low oil price and exceeded the prior-year level. Business in the other customer industries grew by approximately 4.6% on a constant currency basis in financial year 2015.

OPERATING EXPENSES

Operating expenses in the North America segment amounted to EUR 577.0 million in financial year 2015, a year-on-year increase of 20.6%, or 2.3% on a constant currency basis. This moderate rise is largely due to lower income from fuel surcharges which was partly offset by savings on energy costs.

OPERATING EBITDA

The North American companies generated operating EBITDA of EUR 365.6 million in financial year 2015, an increase of 13.0% compared with the previous year. On a constant currency basis, this represents a decline of 4.6% and is therefore below the original forecast. This is primarily attributable to the noticeable fall in operating gross profit in the oil & gas business. In addition, industrial production showed only low growth in this period and weakened noticeably over the course of the year.

[2] Upstream: the sector of the oil and gas industry primarily comprising exploration and related activities; midstream: the sector of the oil and gas industry comprising treatment, transportation and storage; downstream: the refining and processing sector of the oil and gas industry.

LATIN AMERICA

in EUR m	**2015**	2014	Change abs.	Change in %	Change in % (fx adj.)
External sales	925.8	864.0	61.8	7.2	−0.1
Operating gross profit	201.2	169.5	31.7	18.7	9.8
Operating expenses	−136.5	−122.7	−13.8	11.2	2.6
Operating EBITDA	**64.7**	**46.8**	**17.9**	**38.2**	**29.1**

B.07 BUSINESS PERFORMANCE IN THE SEGMENTS / LATIN AMERICA

EXTERNAL SALES AND VOLUMES

The Latin America segment achieved external sales of EUR 925.8 million in financial year 2015, an increase of 7.2 % compared with the previous year. On a constant currency basis, external sales (−0.1 %) and volumes were almost on a par with the previous year.

OPERATING GROSS PROFIT

The operating gross profit generated by the Latin American companies increased strongly in financial year 2015 by 18.7 % to EUR 201.2 million. On a constant currency basis, operating gross profit grew by 9.8 % year on year. This strong growth is due to a higher operating gross profit per unit.

OPERATING EXPENSES

Operating expenses in the Latin America segment amounted to EUR 136.5 million in financial year 2015, a year-on-year rise of 11.2 %, or 2.6 % on a constant currency basis. This moderate increase is partly due to higher transport and maintenance costs.

OPERATING EBITDA

The Latin American companies generated operating EBITDA of EUR 64.7 million in financial year 2015 and thus posted particularly encouraging earnings growth of 38.2 %. On a constant currency basis, this represents an increase of 29.1 % compared with financial year 2014. We are very satisfied with this result, especially given the fact that industrial production contracted.

B — MANAGEMENT REPORT
C — FINANCIAL STATEMENTS
D — FURTHER INFORMATION

ASIA PACIFIC

			Change		
in EUR m	**2015**	2014	abs.	in %	in % (fx adj.)
External sales	834.1	748.2	85.9	11.5	−2.3
Operating gross profit	140.0	120.7	19.3	16.0	2.3
Operating expenses	−89.7	−79.5	−10.2	12.8	−0.1
Operating EBITDA	**50.3**	**41.2**	**9.1**	**22.1**	**7.0**

B.08 BUSINESS PERFORMANCE IN THE SEGMENTS / ASIA PACIFIC

EXTERNAL SALES AND VOLUMES

The Asia Pacific segment generated external sales of EUR 834.1 million in financial year 2015, an increase of 11.5 % compared with the previous year. On a constant currency basis, this represents a decline of 2.3 % and is due to a fall in volumes.

OPERATING GROSS PROFIT

The operating gross profit generated by the companies in the Asia Pacific segment climbed by 16.0 % to EUR 140.0 million in financial year 2015. On a constant currency basis, this represents an increase of 2.3 % and is attributable to a higher operating gross profit per unit. The stronger increase forecast was therefore not achieved. This was mainly due to the generally difficult economic environment and in particular the ongoing difficult economic and political situation in Thailand.

OPERATING EXPENSES

Operating expenses in the Asia Pacific segment increased by 12.8 % year on year to EUR 89.7 million in financial year 2015. On a constant currency basis, however, they declined by a marginal 0.1 % after temporarily higher costs were incurred in 2014 in connection with the expansion of capabilities in order to prepare the region for further growth.

OPERATING EBITDA

The companies in the Asia Pacific segment generated operating EBITDA of EUR 50.3 million overall in financial year 2015 and thus posted earnings growth of 22.1 %, or 7.0 % on a constant currency basis. This growth is only slightly lower than forecast even though economic performance lost momentum and thus fell short of our expectations.

ALL OTHER SEGMENTS

			Change		
in EUR m	**2015**	2014	abs.	in %	in % (fx adj.)
External sales	331.2	446.7	−115.5	−25.9	−25.9
Operating gross profit	13.7	13.8	−0.1	−0.7	−0.7
Operating expenses	−39.9	−34.6	−5.3	15.3	15.3
Operating EBITDA	**−26.2**	**−20.8**	**−5.4**	**26.0**	**26.0**

B.09 BUSINESS PERFORMANCE IN THE SEGMENTS / ALL OTHER SEGMENTS

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

Brenntag International Chemicals GmbH, Mülheim an der Ruhr, slightly exceeded prior-year operating EBITDA. This was due to a decline in operating expenses, while operating gross profit remained virtually unchanged in this period.

In the same period, the holding companies posted operating expenses which were higher than in financial year 2014. Operating expenses were partly impacted by higher personnel expenses and costs in connection with the acquisitions.

Overall, the operating EBITDA of all other segments fell by EUR 5.4 million year on year to EUR −26.2 million in financial year 2015.

FINANCIAL POSITION

CAPITAL STRUCTURE

The primary objective of capital structure management is to maintain the Group's financial strength. Brenntag concentrates on a capital structure which enables the Group to cover its potential financing requirements at all times. This gives Brenntag a high degree of independence, security and flexibility. Our liquidity, interest and currency risks are largely managed on a Group-wide basis. Derivative financial instruments are only used to hedge the above-mentioned risks from underlying transactions and not for speculative purposes. A Group-wide Finance Guideline ensures the implementation of these policies and uniform processes throughout the Group.

The most important component in the financing structure of Brenntag AG is the Group-wide syndicated loan agreement running until March 2019, which we concluded with a consortium of international banks. The loan is based on variable interest rates with margins depending on leverage, and is divided into different tranches with different currencies. In addition to these fully drawn tranches, the loan agreement also contains a revolving credit facility of EUR 600.0 million, which can be drawn down in various currencies.

While some of our subsidiaries are direct borrowers under the loan, others obtain their financing from intra-group loans. Total liabilities (excluding accrued interest and before offsetting of transaction costs) under the syndicated loan amounted to EUR 1,222.3 million as at December 31, 2015. The revolving credit facility was mostly unused on the reporting date.

In April 2013, parts of the floating-rate syndicated loan were hedged against interest rate risks with suitable financial instruments. Overall, some 64% of the financial indebtedness of the Brenntag Group is currently hedged against the risk of interest rate increases.

The bond (Bond 2018) issued by our Group company Brenntag Finance B.V., Amsterdam, Netherlands, in July 2011 has a volume of EUR 400.0 million and matures in July 2018. The bond bears a coupon of 5.5% with interest paid annually. It is guaranteed by Brenntag AG. If any of the events of default defined in the Conditions of Issue occurs, each holder of the Bond 2018 may terminate his bond and request that it be repaid immediately. Should the issuer not be able to meet its repayment obligations, the bondholders are entitled to call on the guarantee provided by Brenntag AG as security.

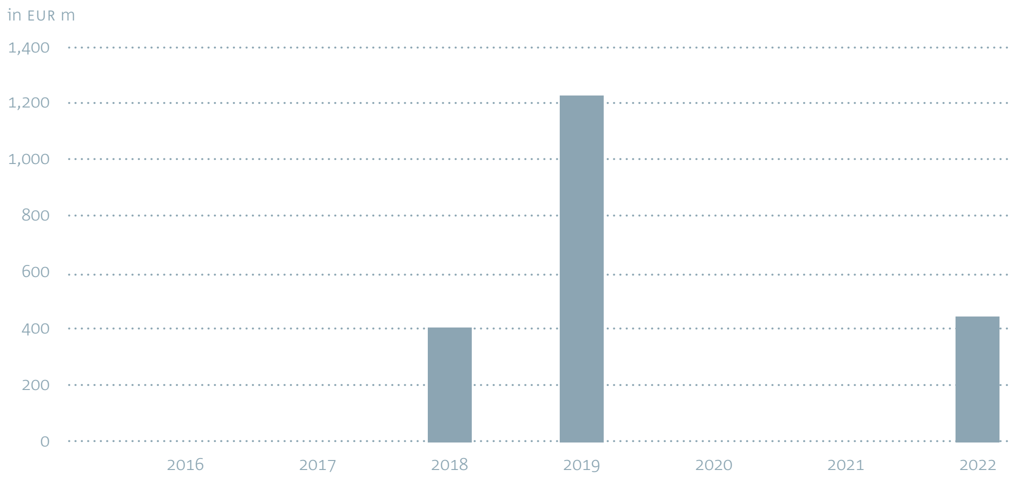
Furthermore, in November 2015, Brenntag Finance B.V. issued a bond with warrant units in the amount of USD 500.0 million maturing in December 2022. The bond (Bond (with Warrants) 2022) was issued at 92.7% of par and bears a coupon of 1.875% p.a. with interest payable semi-annually. The interest expense 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 to purchase Brenntag AG shares issued together with the Bond (with Warrants) 2022. The warrant premium was recognized in the Group's additional paid-in capital. If a termination event as defined in the bond terms and conditions occurs, each holder of the Bond (with Warrants) 2022 may terminate his Bond (with Warrants) 2022 and request that it be repaid immediately. Should the issuer not be able to meet its repayment obligations, the bondholders are entitled to call on the guarantee provided by Brenntag AG as security.

In addition to the three above-mentioned refinancing instruments, some of our companies make use of credit lines with local banks on a lesser scale in consultation with the Group management.

Based on our decision not to extend the international accounts receivable securitization programme, we repaid the corresponding financial liabilities in the amount of EUR 187.5 million in June 2015.

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 previously mentioned revolving credit facility available to cover short-term liquidity requirements and for general corporate purposes.

MATURITY PROFILE OF OUR CREDIT PORTFOLIO [1] AS PER DECEMBER 31, 2015



B.10 MATURITY PROFILE OF OUR CREDIT PORTFOLIO

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

INVESTMENTS

In 2015, investments in property, plant and equipment and intangible assets (excluding additions from company acquisitions) led to a total cash outflow of EUR 126.7 million (2014: EUR 103.0 million).

We regularly invest in the maintenance, replacement and extension of the infrastructure necessary to perform our services. Such infrastructure is comprised of warehouses, offices, trucks and vehicles of our field service as well as IT hardware for various systems.

As the market leader and a responsible chemicals distributor, we attach importance to ensuring that our property, plant and equipment meet comprehensive health, safety and environmental requirements.

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

LIQUIDITY

CASH FLOW

in EUR m	2015	2014
Net cash provided by operating activities	**593.7**	**369.7**
Net cash used in investing activities	**−621.6**	**−178.2**
thereof payments to acquire consolidated subsidiaries, other business units and other financial assets	−500.9	−82.6
thereof payments to acquire intangible assets and property, plant and equipment	−126.7	−103.0
thereof proceeds from divestments	6.0	7.4
Net cash provided by / used in financing activities	**112.0**	**−149.3**
Change in cash and cash equivalents	**84.1**	**42.2**

B.11 CASH FLOW

“Information on the Consolidated Cash Flow Statement Disclosures” in the consolidated financial statements

In the reporting period, the Group’s net cash inflow from operating activities amounted to EUR 593.7 million, an increase of EUR 224.0 million year on year. The reduction in working capital in the reporting year had a particularly positive effect (in 2014 it increased). By contrast, tax payments were slightly higher.

Of the net cash used in investing activities totalling EUR 621.6 million, EUR 126.7 million was for payments to acquire intangible assets and property, plant and equipment. The payments to acquire consolidated subsidiaries, other business units and other financial assets in the amount of EUR 500.9 million largely comprise the purchase prices for the shares in J.A.M. Distributing Company and G.H. Berlin-Windward, both headquartered in the USA, and Singapore-based TAT Group.

Of the net cash inflow from financing activities totalling EUR 112.0 million in the reporting period, EUR 470.3 million was received from the issue of a bond with warrant units in the amount of USD 500.0 million. This figure includes the premium of EUR 34.3 million for the warrants issued together with the Bond (with Warrants) 2022 for the purchase of shares of Brenntag AG. The dividend payment to the Brenntag shareholders led to cash outflows in the amount of EUR 139.1 million. Furthermore, in connection with the termination of the international accounts receivable securitization programme, financial liabilities of EUR 187.5 million were repaid. The other changes, totalling EUR 88.7 million in cash inflows and EUR 120.4 million in cash outflows, mainly relate to local bank loans taken out as well as repayments on local bank loans and the revolving credit line under the syndicated loan.

FREE CASH FLOW

in EUR m	2015	2014	Change abs.	Change in %
EBITDA (incl. transaction costs/holding charges)	807.4	726.9	80.5	11.1
Investments in non-current assets (Capex)	−130.1	−104.8	−25.3	24.1
Change in working capital	87.0	−100.5	187.5	−186.6
Free cash flow	**764.3**	**521.6**	**242.7**	**46.5**

B.12 FREE CASH FLOW

The Brenntag Group's free cash flow amounted to EUR 764.3 million in financial year 2015. We therefore recorded an increase of 46.5% year on year (EUR 521.6 million) and fully achieved our forecast published in the 2014 annual report.

This is, on the one hand, due to the noticeable increase in EBITDA. On the other hand, we managed to even reduce working capital over the course of 2015 while it had still risen in the previous year. Furthermore, capital expenditure increased as we are investing in the expansion of our infrastructure.

FINANCIAL AND ASSETS POSITION

in EUR m	Dec. 31, 2015 abs.	Dec. 31, 2015 in %	Dec. 31, 2014 abs.	Dec. 31, 2014 in %
Assets				
Current assets	**3,098.8**	**44.4**	**2,935.7**	**47.2**
Cash and cash equivalents	579.1	8.3	491.9	8.0
Trade receivables	1,426.5	20.4	1,407.2	22.6
Other receivables and assets	196.1	2.8	170.8	2.7
Inventories	897.1	12.9	865.8	13.9
Non-current assets	**3,877.4**	**55.6**	**3,279.3**	**52.8**
Intangible assets [1]	2,772.1	39.7	2,268.0	36.5
Other fixed assets	994.4	14.3	904.3	14.6
Receivables and other assets	110.9	1.6	107.0	1.7
Total assets	**6,976.2**	**100.0**	**6,215.0**	**100.0**
Liabilities and Equity				
Current liabilities	**1,738.9**	**24.9**	**1,829.5**	**29.4**
Provisions	42.1	0.6	45.1	0.7
Trade payables	1,055.5	15.1	1,046.2	16.8
Financial liabilities	160.8	2.3	334.0	5.4
Miscellaneous liabilities	480.5	6.9	404.2	6.5
Equity and non-current liabilities	**5,237.3**	**75.1**	**4,385.5**	**70.6**
Equity	2,690.5	38.6	2,356.9	38.0
Non-current liabilities	2,546.8	36.5	2,028.6	32.6
Provisions	272.0	3.9	277.0	4.5
Financial liabilities	2,094.4	30.0	1,567.6	25.1
Miscellaneous liabilities	180.4	2.6	184.0	3.0
Total liabilities and equity	**6,976.2**	**100.0**	**6,215.0**	**100.0**

B.13 FINANCIAL AND ASSETS POSITION

[1] Of the intangible assets as at December 31, 2015, some EUR 1,275 million relates to goodwill and trademarks that were capitalized as part of the purchase price allocation performed on the acquisition of the Brenntag Group by funds advised by BC Partners Limited, Bain Capital, Ltd. and subsidiaries of Goldman Sachs International at the end of the third quarter of 2006 in addition to the relevant intangible assets already existing in the previous Group structure.

As at December 31, 2015, total assets had increased by 12.2% to EUR 6,976.2 million (Dec. 31, 2014: EUR 6,215.0 million).

Thanks to strong cash inflows from the operating activities of the Brenntag Group, cash and cash equivalents increased by EUR 87.2 million to EUR 579.1 million (Dec. 31, 2014: EUR 491.9 million). The rise is mainly due to the reduction in working capital. The cash inflow from the bond with warrant units in the amount of USD 500.0 million was offset by the cash outflow of EUR 500.8 million for purchase price payments for acquisitions completed.

Working capital is defined as trade receivables plus inventories less trade payables. The three components of working capital changed in the reporting period as follows:

- Trade receivables increased in the reporting period by 1.4% to EUR 1,426.5 million (Dec. 31, 2014: EUR 1,407.2 million).
- Inventories increased by 3.6% in the reporting period to EUR 897.1 million (Dec. 31, 2014: EUR 865.8 million).
- With the opposite effect on the change in working capital, trade payables increased by 0.9% to EUR 1,055.5 million (Dec. 31, 2014: EUR 1,046.2 million).

Working capital – adjusted for exchange rate effects and acquisitions – decreased from the level at December 31, 2014 by a total of EUR 87.0 million. At 8.0, annualized working capital turnover [3] decreased in the reporting period compared with the level of 2014 (8.6).

The intangible assets and other fixed assets of the Brenntag Group increased year on year by 18.7% or EUR 594.2 million to EUR 3,766.5 million (Dec. 31, 2014: EUR 3,172.3 million). The change was mainly a result of acquisitions (EUR 489.5 million), investments in non-current assets (EUR 130.1 million) and exchange rate effects (EUR 122.0 million), on the one hand, and depreciation and amortization in the amount of EUR 145.6 million, on the other.

Current financial liabilities decreased by EUR 173.2 million to a total of EUR 160.8 million (Dec. 31, 2014: EUR 334.0 million). The reduction in current financial liabilities was largely due to the termination of the international accounts receivable securitization programme in June 2015. Current financial liabilities were then mainly temporary local loans taken out by Brenntag companies. In the reporting period, non-current financial liabilities increased by 33.6% to EUR 2,094.4 million (Dec. 31, 2014: EUR 1,567.6 million). The rise in non-current financial liabilities is due to the issue of the bond with warrant units in the amount of USD 500.0 million and the influence of the stronger US dollar on the part of the syndicated loan drawn down in US dollars.

Current and non-current provisions amounted to EUR 314.1 million (Dec. 31, 2014: EUR 322.1 million). This figure included pension provisions in the amount of EUR 150.9 million (Dec. 31, 2014: EUR 162.6 million).

As at December 31, 2015, the equity of the Brenntag Group totalled EUR 2,690.5 million (Dec. 31, 2014: EUR 2,356.9 million).

[3] Ratio of annual sales to average working capital; average working capital is defined for a particular year as the average of the values for working capital at the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

ANNUAL FINANCIAL STATEMENTS OF BRENNTAG AG

RESULTS OF OPERATIONS AND FINANCIAL POSITION OF BRENNTAG AG

INCOME STATEMENT OF BRENNTAG AG IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

in EUR m	**2015**	2014
Other operating income	117.0	88.8
Personnel expenses	−23.5	−20.3
Amortization of intangible assets and depreciation of property, plant and equipment	−3.2	−3.6
Other operating expenses	−107.2	−81.1
Net finance income	288.1	268.1
Profit from ordinary business activities	**271.2**	**251.9**
Income taxes	−6.0	−10.0
Net income for the year	**265.2**	**241.9**
Appropriation to retained earnings	−110.7	−102.8
Distributable profit	**154.5**	**139.1**

B.14 BRENNTAG AG / INCOME STATEMENT IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

Other operating income mainly relates to derivatives, exchange rate gains and intercompany charges.

The increase in personnel expenses year on year is mainly due to the enlargement of the Board of Management from three to five members.

Other operating expenses mainly contain expenses from derivatives and exchange rate losses. They also include costs of IT and other services as well as expert reports, consultancy and financial statement auditing.

As in the previous year, the net finance income is mainly income from profits transferred by Brenntag Holding GmbH, Mülheim an der Ruhr, in the amount of EUR 278.6 million (2014: EUR 261.4 million). The net interest income of Brenntag AG amounting to EUR 9.5 million (2014: EUR 6.8 million) is mainly driven by Group internal financing activities. Although base interest rates remained low, interest income increased slightly, partly as a result of a higher volume of receivables while interest expense decreased slightly due to lower liabilities to banks; this decrease was partly offset by higher expenses resulting from the unwinding of discounting on pension provisions and longer-term personnel provisions.

The income taxes amounting to EUR 6.0 million (2014: EUR 10.0 million) are for 2015 and prior years. In the reporting year, EUR 4.1 million relate to current income tax expenses and EUR 1.9 million to deferred taxes. As at December 31, 2015, temporary accounting differences led to an overall future tax liability of EUR 4.4 million as deferred tax liabilities exceed deferred tax assets.

In line with its function as a holding company, Brenntag AG's future results mainly depend on the receipt of dividends from companies in the Group and therefore also on the business performance of subsidiaries and decisions on dividend distributions. At Brenntag, intra-Group dividends are distributed, taking local financing requirements and further constraints into consideration. Even if no intra-Group dividends are distributed to Brenntag AG in a financial year, there are sufficient reserves to pay an appropriate dividend to the Brenntag shareholders.

BALANCE SHEET OF BRENNTAG AG IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB) – CONDENSED VERSION

in EUR m	**Dec. 31, 2015**	Dec. 31, 2014
Fixed assets	2,429.6	2,371.2
Current assets including prepaid expenses and excess of plan assets over post-employment benefit liabilities	809.3	747.5
Total assets	**3,238.9**	**3,118.7**
Equity	2,566.9	2,406.3
Provisions	43.2	39.5
Liabilities	624.4	670.4
Deferred tax liabilities	4.4	2.5
Total equity and liabilities	**3,238.9**	**3,118.7**

B.15 BRENNTAG AG / BALANCE SHEET IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB) – CONDENSED VERSION

The fixed assets of Brenntag AG in the amount of EUR 2,429.6 million (Dec. 31, 2014: EUR 2,371.2 million) almost exclusively comprise shares in affiliated companies.

The equity of Brenntag AG increased by EUR 160.6 million to EUR 2,566.9 million in 2015. This rise resulted from the net income for the financial year of EUR 265.2 million realized in 2015 minus the dividend of EUR 139.1 million paid for financial year 2014. Furthermore, an amount on conversion into euros of EUR 34.5 million was collected for the warrants issued by Brenntag AG as part of the USD bond with warrant units; this resulted in an increase in additional paid-in capital by the same amount.

The subscribed capital is EUR 154.5 million (Dec. 31, 2014: EUR 154.5 million) and, as in the previous year, is divided into 154,500,000 no-par-value registered shares.

The full annual financial statements of Brenntag AG with the unqualified auditors' report of the auditors PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, are published in the Federal Gazette and can be ordered as an offprint from Brenntag AG.

APPROPRIATION OF DISTRIBUTABLE PROFIT OF BRENNTAG AG

The net income of Brenntag AG as at December 31, 2015 was EUR 265,202,364.57. After allowing for the transfer of EUR 110,702,364.57 to other retained earnings, the distributable profit is EUR 154,500,000.00.

At the General Shareholders' Meeting on June 14, 2016, the Board of Management and the Supervisory Board will propose that the distributable profit of Brenntag AG amounting to EUR 154,500,000.00 be used to pay a dividend of EUR 1.00 per no-par-value share entitled to a dividend; that is a total of EUR 154,500,000.00.

EUR **1.00**
dividend proposal

Further information at www.brenntag.com/general_shareholders_meeting

REMUNERATION REPORT

BOARD OF MANAGEMENT REMUNERATION SYSTEM

The Supervisory Board is responsible for setting the remuneration of the Board of Management members. The Presiding and Nomination Committee of the Supervisory Board discusses and reviews the remuneration system for the Board of Management at regular intervals and prepares resolutions on any changes thereto.

The remuneration structure introduced when Steven Holland's service agreement was extended effective March 1, 2015 was slightly modified again and this modified version was used as a basis for the service agreements of Karsten Beckmann, Markus Klähn and Henri Nejade, who were newly appointed to the Board of Management as from July 1, 2015. Georg Müller's service agreement was also changed accordingly with effect from April 1, 2015. Following William Fidler's retirement and departure from the Board of Management on June 30, 2015, Brenntag has now re-introduced one single remuneration system for all members of the Board of Management. The following information on Board of Management remuneration refers to this current remuneration system and the rules of the share-based remuneration programme based on virtual shares (Virtual Share Plan) for Steven Holland and Georg Müller, which is expiring but still applies to the tranches granted in previous years. All remuneration components under the current remuneration system and the amounts still resulting from the expiring Virtual Share Plan apply pro rata temporis to financial year 2015.

REMUNERATION COMPONENTS

The total remuneration of the Board of Management consists of three components: a fixed Annual Base Salary, short-term, capped variable cash remuneration (Annual Bonus) and long-term, capped variable remuneration (Long Term Incentive Bonus). In addition to the above-mentioned remuneration components, the members of the Board of Management receive pension benefits, contractually agreed benefits in kind and other benefits.

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ANNUAL BASE SALARY AND SHORT-TERM VARIABLE REMUNERATION [4)]

The Annual Base Salary is payable in twelve equal monthly instalments.

The Preliminary Annual Bonus agreed as short-term variable remuneration is based on a contractually specified amount (Annual Bonus) and depends on the achievement of certain targets based on specific key performance indicators (KPIs). The KPIs specified are operating EBITDA (70%), working capital turnover (WCT; 15%) and conversion ratio (EBITDA/operating gross profit; 15%). In the cases of Karsten Beckmann, Markus Klähn and Henri Nejade, 66.67% of this bonus is based on targets for the particular region they are responsible for and 33.33% on targets for the Group. The sole deciding factor in the calculation of the Annual Bonus is the achievement of the KPI targets in the financial year for which the bonus is paid. The targets and the figures actually achieved are translated using the same exchange rates. If the target set for a KPI is not achieved, this part of the bonus is reduced by 4% for each 1% shortfall of the target set. If the target is exceeded, the relevant part of the bonus is increased by 4% for each 1% exceedance of the target set. The KPI targets for the coming financial year are mutually agreed by the Supervisory Board and Board of Management, or, if they are not separately set, are derived from the annual budget for the relevant financial year as approved by the Supervisory Board. In addition, individual performance is taken into account in that, at the end of the financial year, the Supervisory Board decides on a multiplier for the Preliminary Annual Bonus (amount after allowance for target shortfalls or exceedances) of between 0.7 and 1.3. The resulting Final Annual Bonus is capped at 200% of the Annual Bonus. If the service agreement does not subsist for a full twelve months in a financial year, the Final Annual Bonus is payable on a pro rata temporis basis.

BENEFITS IN KIND AND OTHER BENEFITS

In addition to the above-mentioned remuneration components, the Board of Management members receive benefits in kind and other benefits such as a company car, also for private use, or a car allowance and benefits for a health care and long-term care insurance, but not more than 50% of the premium they pay into their health care and long-term care insurance. Markus Klähn receives an amount of max. USD 20,000 p.a. for participation in the US Health Care Plan. Brenntag AG pays the cost of a yearly medical check-up for Karsten Beckmann. Furthermore, Brenntag AG has taken out Group accident insurance. In addition, the company has taken out Directors & Officers Insurance (damage liability insurance) for the Board of Management members. In accordance with the provisions of the German Act on Appropriateness of Management Board Compensation (VorstAG), a deductible of 10% of the damages claimed, but in each year limited to 150% of the Annual Base Salary, is applied. For his services as CEO and President of Brenntag Pte. Ltd., Singapore, Henri Nejade also receives from this subsidiary fixed remuneration in the amount of 500,000 Singapore dollars per annum, depending on the exchange rate but no more than EUR 335,000. Furthermore, Brenntag AG has undertaken to reimburse Karsten Beckmann, Markus Klähn and Henri Nejade – where applicable – for advisory costs incurred in connection with the conclusion of the service agreements. In the event of temporary disability due to illness, accident, or any other cause not due to the fault of a Member of the Board, said member is entitled to continued payment of the full Annual Base Salary for a period of nine months. For the first three months of such incapacity, the full bonus claims regarding the Annual Bonus and the Long Term Incentive Bonus are also retained.

[4)] For Steven Holland and Georg Müller, whose service agreements were adjusted with effect from March 1, 2015 and April 1, 2015 respectively, the provisions of the previous service agreements still apply pro rata temporis with regard to short-term variable remuneration in financial year 2015. The annual bonus was calculated as follows: 40% on operating EBITDA, 20% on operating gross profit, 20% on free cash flow and 20% on RONA of the Group. The annual bonus was determined on the basis of the achievement of the key performance indicator (KPI) targets set both for the specific financial year and the two preceding years (in each case on a consolidated basis). If the target for a KPI was not reached, this part of the bonus was reduced by 3% for each 1% shortfall. In case of outperformance, the maximum bonus for that KPI was nonetheless capped at the full achievement amount.

LONG-TERM VARIABLE REMUNERATION

The Board of Management members are also entitled to participate in a long-term remuneration programme (Long Term Incentive Plan).

The long-term variable remuneration is partly based on the development of the share price. On the basis of a contractually set Annual Target Amount, this remuneration component is subject to a vesting period of in each case three years. 50% of the Target Amount is contingent on the development of the value of the company's shares during these three years (External LTI Portion) and 50% is contingent on the long-term development of specific Group-wide KPIs (Internal LTI Portion).

50% of the External LTI Portion is measured by the absolute development of the total shareholder return for the company's shares during the vesting period (Absolute External LTI Portion), while the other 50% of the External LTI Portion is measured by the relative development of the total shareholder return for the company's shares in comparison to the development of the MDAX during the vesting period (Relative External LTI Portion). The development of the share price is measured by the total shareholder return (defined as the weighted three months average share price calculated in accordance with Section 5, para. 1 and para. 3 of the WpÜG-Angebotsverordnung plus all paid dividends and adjusted for capital measures and share splits). The MDAX value, which is compared with this share price, is the average of the MDAX (Total Return Index) during the three months ending on the relevant date.

For every percentage point by which the average share price on the last trade day of the vesting period exceeds or falls short of the average share price on the last trade day before the vesting period, the Absolute External LTI Portion is increased or decreased by 2%. For every percentage point by which the MDAX is over- or underperformed in the vesting period, the Relative External LTI Portion is increased or decreased by 3%. The overall External LTI Portion at the end of the relevant vesting period equals the sum of the Absolute External LTI Portion and Relative External LTI Portion. The Absolute and Relative External LTI Portions may not be less than EUR 0, the External LTI Portion is capped overall at 200% of the contractually set Target Amount for the External LTI Portion.

The Internal LTI Portion is measured by the following KPI targets, which are agreed at the end of each financial year for the following three-year vesting period in an LTI Bonus Plan: EBITDA (50%), ROCE (EBITDA/(book equity + net debt); 25%) and earnings per share (25%).

At the end of each financial year during a vesting period, the achievement of the KPI targets in the particular financial year is calculated for a share of 1/3 of the Internal LTI Portion (Annual Internal LTI Portion). For every percentage point by which the targets of a given KPI are over- or underperformed in the particular financial year, the Annual Internal LTI Portion is increased or decreased by 3%. This may also lead to a negative Annual Internal LTI Portion. The Internal LTI Portion at the end of the relevant vesting period equals the sum of the Annual Internal LTI Portions. The Internal LTI Portion is also capped at 200% of the contractually set Target Amount for the Internal LTI Portion.

The Long Term Incentive Bonus for each financial year equals the sum of the External and Internal LTI Portions and is capped at 200% of the Target Amount (LTI Cap).

Any claims for a Long Term Incentive Bonus are forfeited in the event that the company terminates a Board of Management member's service agreement prior to the expiry of its term by virtue of a termination for cause or in the case of voluntary resignation by a Board of Management member without the company having set an important cause for such resignation. In all other cases, the contractually set Target Amount for the relevant ongoing financial year is paid out on a pro rata temporis basis, all External and Internal LTI Portions granted for prior years but not yet paid out are paid out prematurely, whereby, instead of the parameters on the last trade day of the vesting period, the relevant parameters at the end of the service period are used for measurement.

For Steven Holland and Georg Müller, whose service agreements were adjusted with effect from March 1, 2015 and April 1, 2015 respectively, the provisions of the previous service agreements for a long-term, share-based remuneration programme based on virtual shares (Virtual Share Plan) still apply pro rata temporis with regard to the long-term variable remuneration in financial year 2015. Under the terms of this Virtual Share Plan, the maximum amount of which was capped, the Board of Management members were granted a base amount for each financial year. The base amount is based on points, which depend on the outperformance of quantitative targets and the achievement of qualitative targets in the relevant financial year and the two preceding years. Each year, 50% of the base amount was allocated to virtual shares of the company (allocated virtual shares). The other 50% of the base amount not converted into virtual shares (retained base amount) depends on the relative development of the total shareholder return for the shares of the company in comparison to the development of the MDAX over a period of four years. The maximum annual payout from this Virtual Share Plan must not exceed 250% of the original base amount (cap).

With regard to Steven Holland's claims under the long-term, share-based remuneration programme based on virtual shares (Virtual Share Plan) of his previous service agreement, it has been mutually agreed that the portion relating to the virtual shares is to be continued in accordance with the provisions of the previous service agreement while the retained base amounts were paid out in 2015 on expiry of the previous service agreement. The base amount for financial year 2015 to which Steven Holland is entitled pro rata temporis under his previous service agreement will be paid out in 2016.

The tranches allocated under this plan to Georg Müller up to the end of the previous service agreement will be continued under the provisions of the previous service agreement and paid out at the times specified therein. The base amount for financial year 2015 due pro rata temporis under the previous service agreement will be paid out in 2016.

William Fidler's remuneration for the period from January 1 to June 30, 2015 no longer contained any short-term variable component. This was replaced by a higher fixed salary. The amounts to which he is entitled under the long-term, share-based remuneration programme based on virtual shares (Virtual Share Plan) and the pro rata base amount for financial year 2015 which he is due will be paid out in 2016 in accordance with the provisions of the previous service agreement.

The following table shows the number of virtual shares allocated to each member of the Board of Management:

VIRTUAL SHARES [1]	Steven Holland	William Fidler (until Jun. 30, 2015)	Georg Müller	**Total**
2015	–	–	–	–
2014	4,633	2,624	3,101	10,358

B.16 VIRTUAL SHARES

[1] As a result of the change in the remuneration structure, no virtual shares were allocated for financial year 2015. The number of virtual shares for 2014 was adjusted in line with the final parameters approved by the Supervisory Board.

PENSION ENTITLEMENTS

Pension benefits have been agreed individually with each member of the Board of Management.

For the purpose of building up a pension, the Board of Management members receive an annual amount of 13.5% of their Annual Base Salary and short-term variable remuneration (at 100% target achievement, i.e. irrespective of the actual targets achieved).

In the cases of Steven Holland, Karsten Beckmann and Georg Müller, the relevant amount is transferred annually into the Deferred Compensation Contingency Plan of Brenntag AG. This plan also contains an arrangement for a widows and orphans pension which would amount to 60% and 20% respectively of the full pension entitlements. The reinsurance policies taken out with the Board of Management members as beneficiaries are pledged to them.

Markus Klähn uses this amount in the USA for payments up to the maximum amounts possible into the local defined contribution pension plans “Profit Sharing Plan” and “Pension Plan”. The remainder is paid out to Markus Klähn for building up further private pension plans. Henri Nejade has the option either to use this amount in whole or in part for contributions to his French social insurance or to also pay it annually into the Deferred Compensation Contingency Plan of Brenntag AG.

William Fidler (Board of Management member until June 30, 2015) participates in the USA in the local defined contribution pension plans which were set up for staff and management on an equal basis. In 2015, as in the previous year, payments were made into two defined contribution plans: the “Profit Sharing Plan” and the “Pension Plan”.

The total remuneration of the individual members of the Board of Management is as follows:

TOTAL REMUNERATION OF THE BOARD OF MANAGEMENT IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

in EUR k		Steven Holland	Karsten Beckmann	William Fidler
Term of service agreement		(until Feb. 29, 2020)	(until Jun. 30, 2018)	(until Jun. 30, 2015)
Annual base salary	**2015**	**870**	**225**	**560**
	2014	720	–	423
Company pension (defined contribution plan)	**2015**	**–**	**–**	**23**
	2014	–	–	24
Benefits in kind and other benefits	**2015**	**54**	**12**	**23**
	2014	57	–	29
Total non-performance-based remuneration	**2015**	**924**	**237**	**606**
	2014	777	–	476
Short-term variable remuneration [1]	**2015**	**654**	**186**	**–**
	2014	552	–	325
Long-term variable remuneration [2] [3]	**2015**	**1,020**	**267**	**250**
	2014	376	–	213
Total performance-based remuneration	**2015**	**1,674**	**453**	**250**
	2014	928	–	538
Total remuneration (in accordance with the German Commercial Code (HGB))	**2015**	**2,598**	**690**	**856**
	2014	1,705	–	1,014

[1] The above figures are based on preliminary assumptions used for measurement of the respective provisions. These figures will be adjusted in the subsequent financial year if the figures finally agreed by the Supervisory Board differ.
[2] Fair value of the share-based remuneration granted at the date of grant.
[3] Where related to the Virtual Share Plan, the figures given for financial year 2015 are based on provisional parameters which were taken as a basis for determining a provision and which have not yet been approved by the Supervisory Board. The figures for financial year 2014 were adjusted in line with the final parameters approved by the Supervisory Board. The amounts relating to the Long Term Incentive Bonus are based on the assumptions used for measurement of the respective provisions.

PENSION COMMITMENTS (DEFINED BENEFIT PLANS) IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

in EUR k		Steven Holland	Karsten Beckmann	William Fidler (until Jun. 30, 2015)
Cost of pension commitments	**2015**	**506**	**106**	**–**
	2014	341	–	–
Present value of pension commitments	**2015**	**1,768**	**1,141** [1]	**–**
	2014	1,261	–	–

[1] Of which EUR 312k self-financed by Georg Müller under a deferred compensation plan (2014: EUR 312k) and EUR 59k self-financed by Karsten Beckmann under a deferred compensation plan (2014: EUR –).

Markus Klähn	Georg Müller	Henri Nejade	Total
(until Jun. 30, 2018)	(until Mar. 31, 2017)	(until Jun. 30, 2018)	
225	**480**	**225**	**2,585**
–	480	–	1,623
66	**–**	**–**	**89**
–	–	–	24
13	**25**	**187**	**314**
–	19	–	105
304	**505**	**412**	**2,988**
–	499	–	1,752
133	**346**	**171**	**1,490**
–	372	–	1,249
265	**610**	**267**	**2,679**
–	252	–	841
398	**956**	**438**	**4,169**
–	624	–	2,090
702	**1,461**	**850**	**7,157**
–	1,123	–	3,842

B.17 TOTAL REMUNERATION OF THE BOARD OF MANAGEMENT IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

Markus Klähn	Georg Müller	Henri Nejade	Total
–	**467**	**80**	**1,159**
–	309	–	650
–	**1,749** [1)]	**80**	**4,738**
–	1,281 [1)]	–	2,542

B.18 PENSION COMMITMENTS (DEFINED BENEFIT PLANS) IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

The remuneration of the Board of Management according to IFRSs presented in the following does not include the fair value of the newly granted share-based remuneration but rather the share-based remuneration entitlements earned in the current year plus the change in the value of share-based remuneration entitlements from previous years that have not yet been paid out. Furthermore, the current service cost for pension entitlements according to IAS 19 has been added.

BOARD OF MANAGEMENT REMUNERATION IN ACCORDANCE WITH IFRSs

in EUR k		Steven Holland	Karsten Beckmann	William Fidler (until Jun. 30, 2015)
Total non-performance-based remuneration	**2015**	**924**	**237**	**606**
	2014	777	–	476
Short-term variable remuneration [1)]	**2015**	**654**	**186**	**–**
	2014	552	–	325
Long-term variable remuneration (share-based remuneration earned in current year)	**2015**	**1,203**	**89**	**1,208**
	2014	701	–	512
Current service cost for pension entitlements earned in the current year (defined benefit plans)	**2015**	**221**	**58**	**–**
	2014	179	–	–
Board of Management remuneration (in accordance with IFRSs)	**2015**	**3,002**	**570**	**1,814**
	2014	2,209	–	1,313

1) The above figures are based on preliminary assumptions used for measurement of the respective provisions. These figures will be adjusted in the subsequent financial year if the figures finally agreed by the Supervisory Board differ.

Markus Klähn	Georg Müller	Henri Nejade	Total
304	**505**	**412**	**2,988**
–	499	–	1,752
133	**346**	**171**	**1,490**
–	372	–	1,249
88	**560**	**89**	**3,237**
–	153	–	1,366
–	**136**	**58**	**473**
–	119	–	298
525	**1,547**	**730**	**8,188**
–	1,143	–	4,665

B.19 BOARD OF MANAGEMENT REMUNERATION IN ACCORDANCE WITH IFRSs

COMPENSATION CAP IN THE EVENT OF PREMATURE TERMINATION OF EMPLOYMENT

The employment of Board of Management members may only be terminated for good cause or by mutual agreement. In accordance with the German Corporate Governance Code, the service agreements of all Board of Management members have a compensation cap. Under the cap, payments to a Board of Management member for premature termination of Board of Management duties without good cause may not exceed the value of two years' total remuneration or the total remuneration for the remainder of the member's service agreement, whichever is less.

CHANGE-OF-CONTROL ARRANGEMENTS

Following the termination of William Fidler's service agreement on June 30, 2015 and the change of Steven Holland's service agreement in January 2015, there are no separate change-of-control arrangements.

POST-CONTRACTUAL NON-COMPETITION CLAUSE

There are no separate post-contractual non-competition clauses.

LOANS

In the reporting year, no loans or advance payments were granted to members of the Board of Management, nor were any guarantees or other commitments entered into in their favour.

INFORMATION ON REMUNERATION IN ACCORDANCE WITH NUMBER 4.2.5, PARA. 3 OF THE GERMAN CORPORATE GOVERNANCE CODE (GCGC)

The following two tables provide the financial information required by number 4.2.5, para. 3 of the German Corporate Governance Code (GCGC) regarding the benefits granted and the amounts allocated. The fixed remuneration and fringe benefits indicated here correspond to the total non-performance-related remuneration of the Board of Management. The one-year variable remuneration corresponds to the aforementioned short-term variable remuneration and the multi-year variable remuneration corresponds to the aforementioned long-term variable remuneration.

Amounts are recognized as having been granted – within the meaning of the German Corporate Governance Code – in the financial year in which the underlying activity for this remuneration was performed. This is subject to the proviso that a commitment to pay remuneration must have been given at the time the remuneration report was prepared. In addition, it must be possible to establish a reliable estimate of the value of this remuneration. The year in which fixed remuneration and fringe benefits are granted is generally also the year in which they are recognized as an expense. The same applies to the one-year variable remuneration. Multi-year variable remuneration under the Virtual Share Plan is recognized as having been granted at the fair value of the newly granted share-based remuneration in the year for which the base amount is allocated. The multi-year variable remuneration resulting from the Long Term Incentive Plan is recognized as having been granted in the amount of the portion (1/3) due for the reporting year of the Target Amount allocated for three years in each case.

Fixed remuneration and fringe benefits are recognized as having been allocated – within the meaning of the German Corporate Governance Code – in the financial year in which the underlying activity has been performed, if the value of the final payment has already been determined. For fixed remuneration and fringe benefits, the date on which this allocation is recognized is generally the date on which it is recognized as an expense. The same applies to the short-term variable remuneration that was still awarded pro rata temporis to Steven Holland and Georg Müller under the provisions of their old service agreements; their service agreements were changed with effect from March 1, 2015 and April 1, 2015 respectively. Allocation of the one-year variable remuneration under the new remuneration structure and the multi-year variable remuneration is recognized in the financial year of the actual payout, which is, as a rule, the financial year following the respective vesting period.

BENEFITS GRANTED	Steven Holland Chief Executive Officer				Karsten Beckmann Member of the Board of Management				William Fidler Member of the Board of Management (until Jun. 30, 2015)			
in EUR k	2014	**2015**	**2015 (min)**	**2015 (max)**	2014	**2015**	**2015 (min)**	**2015 (max)**	2014	**2015**	**2015 (min)**	**2015 (max)**
Fixed remuneration	720	870	870	870	–	225	225	225	423	560	560	560
Fringe benefits	57	54	54	54	–	12	12	12	53	46	46	46
Total	**777**	**924**	**924**	**924**	**–**	**237**	**237**	**237**	**476**	**606**	**606**	**606**
One-year variable remuneration	544	654	61	1,428	–	186	–	400	320	–	–	–
Multi-year variable remuneration												
LTI Bonus 2015 – 2018	–	257	–	515	–	77	–	154	–	–	–	–
Virtual Share Plan 2015 – 2019	–	129	42	199	–	–	–	–	–	250	82	384
Virtual Share Plan 2014 – 2018	391	–	–	–	–	–	–	–	216	–	–	–
Total	**935**	**1,040**	**103**	**2,142**	**–**	**263**	**–**	**554**	**536**	**250**	**82**	**384**
Service cost	179	221	221	221	–	58	58	58	–	–	–	–
Total remuneration	**1,891**	**2,185**	**1,248**	**3,287**	**–**	**558**	**295**	**849**	**1,012**	**856**	**688**	**990**

ALLOCATION	Steven Holland Chief Executive Officer		Karsten Beckmann Member of the Board of Management		William Fidler Member of the Board of Management (until Jun. 30, 2015)	
in EUR k	**2015**	2014	**2015**	2014	**2015**	2014
Fixed remuneration	870	720	225	–	560	423
Fringe benefits	54	57	12	–	46	53
Total	**924**	**777**	**237**	**–**	**606**	**476**
One-year variable remuneration [1]	92	544	–	–	–	320
Multi-year variable remuneration						
Virtual Share Plan 2010 – 2014	1,495	–	–	–	1,314	–
Virtual Share Plan 2011 – 2015	371	–	–	–	–	–
Virtual Share Plan 2012 – 2016	300	–	–	–	–	–
Virtual Share Plan 2013 – 2017	200	–	–	–	–	–
Virtual Share Plan 2014 – 2018	189	–	–	–	–	–
Other	–	–	–	–	–	–
Total	**2,647**	**544**	**–**	**–**	**1,314**	**320**
Service cost	221	179	58	–	–	–
Total remuneration	**3,792**	**1,500**	**295**	**–**	**1,920**	**796**

[1] Only relates to the one-year variable remuneration for the Board of Management under the old remuneration structure, i.e. in 2015 only to the pro rata temporis amount for Steven Holland and Georg Müller, whose service agreements were changed with effect from March 1, 2015 and April 1, 2015 respectively. The amount of one-year variable remuneration under the new remuneration structure had yet to be finalized at the time this remuneration report was prepared.

Markus Klähn Member of the Board of Management				Georg Müller Chief Financial Officer				Henri Nejade Member of the Board of Management			
2014	**2015**	**2015 (min)**	**2015 (max)**	2014	**2015**	**2015 (min)**	**2015 (max)**	2014	**2015**	**2015 (min)**	**2015 (max)**
–	225	225	225	480	480	480	480	–	225	225	225
–	79	79	79	19	25	25	25	–	187	187	187
–	**304**	**304**	**304**	**499**	**505**	**505**	**505**	**–**	**412**	**412**	**412**
–	133	–	406	363	346	61	694	–	171	–	400
–	77	–	153	–	186	–	373	–	77	–	154
–	–	–	–	–	128	42	199	–	–	–	–
–	–	–	–	261	–	–	–	–	–	–	–
–	**210**	**–**	**559**	**624**	**660**	**103**	**1,266**	**–**	**248**	**–**	**554**
–	–	–	–	119	136	136	136	–	58	58	58
–	**514**	**304**	**863**	**1,242**	**1,301**	**744**	**1,907**	**–**	**718**	**470**	**1,024**

B.20 BOARD OF MANAGEMENT BENEFITS GRANTED

Markus Klähn Member of the Board of Management		Georg Müller Chief Financial Officer		Henri Nejade Member of the Board of Management	
2015	2014	**2015**	2014	**2015**	2014
225	–	480	480	225	–
79	–	25	19	187	–
304	**–**	**505**	**499**	**412**	**–**
–	–	92	363	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	**–**	**92**	**363**	**–**	**–**
–	–	136	119	58	–
304	**–**	**733**	**981**	**470**	**–**

B.21 BOARD OF MANAGEMENT ALLOCATION

INFORMATION ON PAYMENTS RECEIVED BY FORMER MEMBERS OF THE BOARD OF MANAGEMENT AND THEIR SURVIVING DEPENDANTS

Under the German Commercial Code (HGB), the funding surplus for pension obligations to former members of the Board of Management and their surviving dependants amounted to EUR 140k as at December 31, 2015 (Dec. 31, 2014: EUR 785k); in accordance with IFRSs, this provision amounted to EUR 1,862k (Dec. 31, 2014: EUR 2,971k). In 2015, the cost of pension commitments (defined benefit plans) under the German Commercial Code (HGB) amounted to EUR 827k (2014: EUR 634k). No expenses as defined in IFRSs were incurred for pension entitlements vesting in the current year.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board is laid down in the rules of procedure of the Supervisory Board of Brenntag AG; by resolution of the General Shareholders' Meeting dated June 9, 2015, new rules on Supervisory Board remuneration were introduced, granting the members a purely fixed remuneration with effect from the beginning of financial year 2015. The chair and membership of Supervisory Board committees are remunerated separately in line with the German Corporate Governance Code.

The members of the Supervisory Board each receive annual fixed remuneration in the amount of EUR 120k in addition to reimbursement of their expenses. The chairman of the Supervisory Board receives a base remuneration of EUR 210k and the deputy chairman EUR 150k.

The chairman of the Audit Committee receives an additional EUR 85k per year and every other member of the Audit Committee an additional EUR 25k per year. The chairman of the Presiding and Nomination Committee receives an additional EUR 15k and every other member of the Presiding and Nomination Committee an additional EUR 10k per year.

The following table shows the amounts paid to the individual Supervisory Board members in 2015:

TOTAL REMUNERATION OF THE SUPERVISORY BOARD

in EUR k		Fixed remuner-ation	Office bonuses	Attendance fee	Variable remuner-ation	**Total**
Stefan Zuschke (Chairman)	**2015**	**210**	**15**	**–**	**–**	**225**
	2014	60	50	11	47	168
Dr Thomas Ludwig (Deputy Chairman)	**2015**	**150**	**10**	**–**	**–**	**160**
	2014	60	20	9	47	136
Stefanie Berlinger (from Jun. 9, 2015)	**2015**	**67** [1]	**14** [1]	**–**	**–**	**81** [1]
	2014	–	–	–	–	–
Stephen Clark (until Jun. 9, 2015)	**2015**	**53** [1]	**11** [1]	**–**	**–**	**64** [1]
	2014	60	10	14	47	131
Prof. Dr Edgar Fluri	**2015**	**120**	**85**	**–**	**–**	**205**
	2014	60	20	14	47	141
Doreen Nowotne	**2015**	**120**	**25**	**–**	**–**	**145**
	2014	60	10	15	47	132
Dr Andreas Rittstieg	**2015**	**120**	**10**	**–**	**–**	**130**
	2014	60	10	11	47	128
Total remuneration	**2015**	**840**	**170**	**–**	**–**	**1,010**
	2014	360	120	74	282	836

B.22 TOTAL REMUNERATION OF THE SUPERVISORY BOARD

[1] pro rata temporis

Furthermore, Directors & Officers insurance (damage liability insurance) has been taken out for the members of the Supervisory Board with a deductible of 150 % of the relevant Supervisory Board member's remuneration.

Beyond this, Supervisory Board members received no further remuneration or benefits for personal services rendered, in particular advisory and mediatory services, in the reporting year.

In the reporting year, no loans or advance payments were granted to members of the Supervisory Board, nor were any guarantees or other commitments entered into in their favour.

EMPLOYEES

As at December 31, 2015, Brenntag had 14,459 employees worldwide. The total number of employees is determined on the basis of full-time equivalents, i.e. part-time jobs are weighted according to the number of hours worked.

The increase in the total number of people employed in the Brenntag Group by 837, or 6.1%, compared with the previous year, is partly due to the acquisitions made in 2015. More than 90% of the total workforce of 14,459 is employed outside Germany.

	Dec. 31, 2015		Dec. 31, 2014	
Full-time Equivalents (FTE)	**abs.**	**in %**	abs.	in %
EMEA	6,482	44.8	6,309	46.3
North America	4,525	31.3	4,095	30.1
Latin America	1,511	10.5	1,451	10.6
Asia Pacific	1,814	12.5	1,650	12.1
All other segments	127	0.9	117	0.9
Brenntag Group	**14,459**	**100.0**	**13,622**	**100.0**

B.23 EMPLOYEES PER SEGMENT

The following table shows the number of employees per segment and area of work:

						Dec. 31, 2015	
Full-time Equivalents (FTE)	EMEA	North America	Latin America	Asia Pacific	All other segments	**abs.**	**in %**
Sales	2,485	1,491	554	891	11	5,432	37.6
Distribution	794	1,029	72	188	–	2,083	14.4
Warehouses	2,088	1,620	505	284	–	4,497	31.1
Administration	1,115	385	380	451	116	2,447	16.9
Brenntag Group	**6,482**	**4,525**	**1,511**	**1,814**	**127**	**14,459**	**100.0**

B.24 EMPLOYEES PER AREA OF WORK

Personnel expenses including social insurance contributions totalled EUR 853.0 million (2014: EUR 760.1 million).

The Brenntag staff turnover rate in 2015 was 5.8% worldwide (2014: 6.5%).

At Brenntag we aim to create a working environment where the best people want to contribute with passion, where they want to exploit their full potential and where they enjoy working.

DEVELOPING OUR EMPLOYEES

Developing our employees is important for us as we want them to perform and grow and therefore we invest in our people. This is done in a number of ways. We train on the job, give them challenging assignments, coach and have a large number of training courses and other measures in place across the globe. When designing and implementing our development measures, we always take into account our employees' current position.

Placements are available for students, giving them the opportunity to work on specific projects and tasks and gain valuable experience. For graduates in many countries we offer trainee programmes where they can combine their theoretical knowledge and practical experience while at the same time getting an insight into many different aspects of our company and how to interact. Our early career advancement measures are often based on specialization and focus. Therefore, we make sure our people are state-of-the-art in their respective functional areas. Here we have many training programmes in place at different levels in our organization. Furthermore, we also address personal skills so our people can develop themselves in these areas. Our employees are critical for our success. Therefore, we want our employees who are responsible for leading others to perform this leadership role professionally at all levels within our organization.

To make sure our leaders are ready for their leadership tasks, we train them in different aspects of leadership at local, regional and global level. A customized Executive Development Program has been put in place that has been designed in cooperation with a renowned business school specifically for the unique needs of Brenntag's executives. With experienced professors and a sophisticated curriculum, participants gain valuable know-how that can be applied directly to the business.

The program prepares the participants to handle Brenntag's current and future challenges successfully. The participants enhance their general management skills and comprehensive leadership abilities. Furthermore, the program provides a unique opportunity for people from different regions to exchange their ideas and thoughts as well as to build a network across the Brenntag world.

DIVERSITY AND INCLUSION

The company's headquarters is in Mülheim an der Ruhr, Germany. Brenntag has more than 530 locations in 74 countries with a global workforce of more than 14,000 people. This means we have colleagues from many different nationalities with many diverse backgrounds. We have people with many years of experience and we have people who have just started their careers.

Integrity and responsibility are two of our core values and we are fully committed to our ethical principles and values. As a consequence, we treat all our employees fairly and with respect.

We work in teams across the globe in order to create value for all our partners and our people. Diversity and inclusion determine every single aspect of our actions.

REMUNERATION AND BENEFITS

We offer a competitive remuneration and benefits package. Remuneration may differ depending on local market conditions, regulations and legislation.

The value-based remuneration system for the management level provides for variable and fixed components. The ratio of fixed to variable pay components depends on the influence the particular manager can have on the success of the company. As an incentive system, the remuneration and target agreement system is based on the Management by Objectives model, the variable remuneration components being closely linked to the company's results and personal performance.

Furthermore, there are both defined benefit and defined contribution pension plans for employees of the Brenntag Group. The pension obligations differ due to the legal, tax and economic conditions of the respective country and depend on the number of years of service and the pay grade of the respective employee.

HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION, QUALITY MANAGEMENT

Health, safety and environment are an absolute priority for Brenntag

Health, safety, environmental protection and the long-term conservation of natural resources are of key importance to Brenntag. This principle is the basis of our global HSE strategy (HSE: health, safety and environment).

BRENNTAG'S HSE STRATEGY

SAFETY POLICY

The health of our employees and the safety of our sites are an absolute priority for Brenntag. We work on continually improving work processes and plant safety.

PRODUCT STEWARDSHIP POLICY

Brenntag takes appropriate measures to ensure the proper handling of our products while they are under the Group's stewardship. This includes procurement, packaging, classification and labelling, handling, storage and safe transportation, the preparation of product dossiers and safety instructions, and disposal, where necessary.

ENVIRONMENTAL POLICY

Brenntag works continually on minimizing environmental impacts on the soil, water and air.

COMPLIANCE POLICY

Brenntag is committed to complying with all health, safety and environmental legal requirements, including import and export regulations as well as selling and use restrictions for chemicals in all our operations and sales organizations.

QUALITY POLICY

Brenntag ensures the quality of its products and services by implementing ISO 9001 quality management systems at regional level.

Brenntag takes part in the Responsible Care/Responsible Distribution (RC/RD) Programme of the organization of the International Council of Chemical Trade Associations (ICCTA). Brenntag is therefore committed to the implementation of the eight guidelines laid down in the global programme covering the following areas:

- Legal requirements
- Management of risk
- Policies and documentation
- Provision of information
- Training
- Emergency response
- Ongoing improvements
- Community interaction

The implementation of the contents of the RC/RD Programme in the Group is reviewed by independent experts applying the relevant regional assessment systems; in Europe: European Single Assessment Document (ESAD); in North America: Responsible Distribution Verification (RDV); in Latin America: Calidad, Seguridad, Salud y Medio Ambiente (CASA). By this means, environmental performance and safe handling of chemicals are reviewed and documented by independent experts. The Asia Pacific region is step by step signing up to this worldwide Responsible Care Programme.

Uniform procedures for the safe handling of chemicals are established by regional HSE coordinators and HSE teams. These procedures are recorded and documented in regionally applicable HSE manuals down to the level of the individual warehouse sites. Compliance with these procedures is reviewed in internal and external audits.

Training courses for our employees are of central importance for safety at work. This begins with an introduction course for new recruits and continues with instructions in special work procedures and the use of equipment. Like all other training courses, the training prescribed by law is documented at the individual warehouse sites. Electronic media such as e-learning and video clips are being increasingly included in the training programmes.

Brenntag has developed several programmes which measure performance in the fields of quality, safety, health and the environment. The individual programmes are based on uniform evaluation criteria and are geared to promoting the overall safety culture, avoiding accidents and improving workplace safety. The following programmes are in place taking specific regional circumstances into consideration:

- EMEA: "Safety First Award"
- North America: "Brenntag Cornerstone Process"
- Latin America: "CASA Management System"
- Asia Pacific: "5-Star Facility Award"

Accidents at work and similar occurrences are recorded and evaluated centrally according to a standardized system. Key lessons learned are communicated throughout the entire organization and included in the aforementioned HSE manuals. Brenntag's policy of continually improving processes has led to the number of reportable industrial accidents within the Group falling again in 2015. This led to a reduction in the Lost Time Injury Rate (1 day/1 million) [5] from 1.9 in 2014 to 1.6 in 2015.

In 2015, in the context of its "2020 Vision", Brenntag launched the "BEST" (Brenntag Enhanced Safety Thinking) initiative with the aim of constantly improving the culture of safety throughout the Brenntag Group. Core elements include developing a standard on safe conduct, a Group-wide employee survey based on that standard and the plans of action to be derived from the survey findings.

Together with independent environmental experts, Brenntag continuously examines and evaluates at each site the environmental risks including historical data which allow inter alia conclusions to be drawn about possible contamination. This information is collated in an environmental database which also serves as a basis for determining environmental provisions and is an instrument for organizing necessary environmental remediation work.

Data that are necessary for the safe handling of our products during storage, transport and within the delivery chain are stored in central databases at Brenntag. The data are thus available to most of the Group. More companies are continually being connected to these central databases. In this way, it is e.g. possible to implement all amendments to European laws simultaneously in all countries and make them accessible to the staff. This is therefore an important prerequisite for efficient and systematic chemicals management.

The basis for quality management within the Brenntag Group is the internationally applicable ISO 9001 standard. By December 31, 2015, some 90% of our operating sites had introduced quality management systems certified according to this standard. Furthermore, 105 sites are certified according to the international standard ISO 14001 for environmental management systems.

[5] Lost Time Injury Rate (LTIR) – number of industrial accidents resulting in at least one day's absence from work per one million working hours. The metric was changed in 2015 from $LTIR_{3d}$ (3 days/1 million) to $LTIR_{1d}$ (1 day/1 million).

REGULATORY ENVIRONMENT

REACH – the chemicals regulation of the European Union – has formed the legal framework for safer handling of chemicals to protect the environment and human health, while complying with sustainability objectives, since it came into force on June 1, 2007. The registration of chemical substances is a key component of the REACH regulation and spans three phases over a period of eleven years. Furthermore, REACH governs the low-risk use of chemical substances and preparations at both manufacturer and user levels.

Brenntag is affected by REACH in several aspects of its business operations: as a distributor – within the meaning of REACH – Brenntag ensures the smooth provision of safety information on substances; as an importer and, in specific cases, as a manufacturer in that the Brenntag companies concerned register the chemicals according to the tonnage thresholds, while the individual sites ensure that the various operating processes (filling, diluting, mixing and blending) are in compliance with REACH and the other administrative duties under REACH on the side of the user are met.

Another important piece of legislation in Europe alongside REACH is the Biocidal Product Regulation (BPR, Regulation (EU) No. 528/2012), which governs the placing on the market and use of biocidal products and has been in force since September 2013 with transitional periods for some of the aspects it covers. Albeit to a lesser extent than REACH, the BPR affects the operating and administrative processes of Brenntag's biocidal products business to a high degree of complexity.

A transnational team of experts, consisting of a European network of experienced HSE and regulatory specialists, is deployed to ensure that operating and business processes are in compliance with the regulations. Working closely with the management on the sourcing and sales side, they make sure that Brenntag meets all of the numerous regulatory requirements professionally and efficiently.

EVENTS AFTER THE END OF THE REPORTING PERIOD

In mid-February 2016, the Venezuelan government further devalued the country's currency, the bolivar. Since February 2015, Venezuela had had three parallel currency exchange mechanisms: CENCOEX (official preferred exchange rate, exclusively for imports of certain essential goods such as food and medicines, 6.30 bolivars per US dollar), SICAD (auction rate, most recently around 13.50 bolivars per US dollar) and SIMADI (permitted purchase and sale of foreign currency with fewer restrictions, most recently around 200 bolivars per US dollar). In February 2016, this three-tier model was converted to a dual model, under which CENCOEX (although devalued to 10 bolivars per US dollar) and SIMADI will be the only official exchange mechanisms available. For Brenntag, the resulting change on translation of the net assets of its Venezuelan subsidiary from the local currency into the functional currency, the US dollar, will give rise to foreign exchange losses of approximately EUR 20 million. Further currency translation effects may arise on the measurement of inventories, which currently amount to approximately EUR 10 million.

REPORT ON EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS

REPORT ON EXPECTED DEVELOPMENTS

The International Monetary Fund forecasts that growth in the **global economy,** measured in terms of GDP, will be still at a low level in 2016. As regards the individual segments of the Brenntag Group, North America is expected to remain on the low growth level achieved in 2015. The economy is likely to continue to be adversely affected by the uncertainty surrounding the oil price development. Growth in Europe is expected to be low and only slightly stronger than in 2015. Negative economic growth is anticipated for Latin America in 2016. The Asian economies are predicted to achieve the highest growth. Weighted by the sales generated by Brenntag in the individual countries, this results in a forecast average growth rate of 2.4%.

Against this background, we currently expect the following Group and segment performance in financial year 2016 in local currencies, i.e. excluding exchange rate effects:

Further growth of all relevant KPIs expected

We believe that the **Brenntag Group** will see growth in all relevant earnings parameters. Operating gross profit should increase meaningfully due to the acquisitions carried out in 2015 and higher volumes in the existing business. All regions are expected to support this performance, albeit to different degrees. The effects of the downturn in the oil and gas business in North America weigh on the otherwise positive trend expected in the regions, however. Overall, operating EBITDA should show meaningful growth.

For the **EMEA segment**, we expect a meaningful increase in operating gross profits which is mainly based on the forecast of higher volumes. Among other things, we aim to grow by extending the life science, lubricants and water treatment businesses and, in tandem, to expand in high-growth regions such as Africa, the Middle East and Turkey. Overall, we expect a meaningful growth in operating EBITDA.

In the **North America segment**, we predict a significant increase in operating gross profit, driven in particular by the expansion of the lubricants business made possible by the acquisition of G.H. Berlin-Windward und J.A.M. Distributing Company. At the same time, we see a heightened degree of uncertainty about the near-term direction of the oil and gas sector due to the current fall in the crude oil price. For the other areas of business, however, we expect a positive trend overall and therefore believe that we will be able to achieve a significant increase in operating EBITDA. In addition, our diversified portfolio across the entire oil and gas value chain and active cost management will help to mitigate the short-term effects of the weakness in this sector.

In the **Latin America segment**, we expect a clear decline in operating gross profit due to the devaluation and change to the currency exchange mechanism that took place in Venezuela in February 2016. We plan to expand our activities in countries such as Mexico, Brazil and Columbia as well as our product portfolio, particularly in the area of food and feed. Given the very volatile political and economic situation and bearing in mind the devaluation and change to the currency exchange mechanism that took place in Venezuela in February 2016, we believe that operating EBITDA will be down significantly on the high level reached in the previous year despite the positive trend in many countries.

In the **Asia Pacific segment**, besides sustained organic growth, we also expect to benefit noticeably from the acquisition of TAT Group, which is active in several Asian countries. We therefore forecast significant growth in operating gross profit, which we aim to translate into a significant increase in operating EBITDA. We also expect a positive trend in operating gross profit and operating EBITDA for existing business in this segment.

Given the planned increase in business volume as a result of organic growth and the acquisitions carried out in 2015, we expect average **working capital** to grow significantly compared with 2015. We will continue to focus on customer and supplier relationship management and work continuously to bring about sustained improvements in warehouse logistics. As a result, we expect to be able to accelerate the working capital turnover achieved in 2015 despite challenging market conditions.

In order to bring property, plant and equipment capacities into line with the increasing volume of business and support organic growth, we plan to make appropriate **investments** in property, plant and equipment in 2016. We expect capital expenditure to increase to approximately EUR 150 million, primarily as a result of projects to expand our business operations.

The exceptionally high **free cash flow** achieved in 2015 benefitted from a reduction in working capital supported by the decrease in chemical pricing. As the reduction in working capital is not expected to be repeated in 2016, we expect a reduction in free cash flow of more than 10% despite the positive development of EBITDA. We expect to be able to continue our acquisition strategy and dividend policy while maintaining Group liquidity at an adequate level without increasing net financial liabilities.

DESCRIPTION OF THE INTERNAL CONTROL/ RISK MANAGEMENT SYSTEM

The aim of risk management is to avoid potential risks and to identify, monitor and mitigate arising risks at an early stage. Therefore, our risk management system consists of risk reporting (an early detection system), controlling and an internal monitoring system as well as individual measures to identify risks at an early stage and limit any known risks. The planning, control and reporting processes of all operational and legal units as well as the central functions are integral parts of the risk management system of the Brenntag Group.

RISK REPORTING (EARLY DETECTION SYSTEM)

We continually identify and analyze risks in the Group companies and constantly improve internal workflows and the IT systems used throughout the Group.

The risk inventories performed and documented every six months at our Group companies and regional holding companies are an important instrument for global risk management. Risks of smaller subsidiaries are reported by the respective regional holding. In addition, all units have been instructed to immediately report any significant risks suddenly occurring (ad-hoc reporting) to the head office of the Group.

Each risk inventory is performed both centrally and decentrally and gathers estimations on existing risks. Standardized risk catalogues giving examples of the typical risks for the Brenntag Group are used as a system for gathering this information.

Any risks which are identified are assessed with regard to their probability of occurrence and the potential damage. The risks are assessed according to the following risk classification model, divided into possible extent of damage and probability of occurrence:

a) Possible extent of damage:

- Insignificant
- Low
- Medium
- High
- Critical

b) Probability of occurrence:

- Highly improbable (≤ 10%)
- Improbable (11 – 20%)
- Possible (21 – 50%)
- Probable (51 – 90%)
- Highly probable (≥ 91%)

First, the gross risk is assessed. The gross risk is the maximum damage if no counteraction is taken. If a risk can be reliably counteracted by effective action, these measures are to be shown in risk profiles and assessed with regard to their effectiveness. The residual risk (net risk) is then the gross risk less the effect of measures taken to reduce the risk.

According to their estimated probability of occurrence and the possible extent of damage, i.e. the negative impact on the results of operations and financial position and our cash flow, we classify net risks as “high”, “medium” or “low”, which gives the following risk matrix:

		Probability of occurrence				
		Highly improbable	Improbable	Possible	Probable	Highly probable
Possible extent of damage	Critical	Medium	Medium	High	High	High
	High	Low	Medium	Medium	High	High
	Medium	Low	Low	Medium	Medium	High
	Low	Low	Low	Low	Medium	Medium
	Insignificant	Low	Low	Low	Low	Low

B.25 RISK ASSESSMENT MATRIX

The individual risks reported are consolidated at segment level and for the Group and then presented to the Board of Management. Risk reporting only covers risks but not opportunities.

The process for systematically identifying and assessing risks for the Group companies is regularly audited by the Corporate Internal Audit department.

CONTROLLING

Our Corporate Controlling department immediately processes the information gained from the monthly and quarterly reports and can thus identify and communicate risks and opportunities. This also includes an analysis of the reasons for any deviations from budgeted figures. On the basis of any identified deviations from the budgeted figures, the Corporate Controlling department examines the achievability of targets in forecasts made at specified times, indicating the associated opportunities and risks. The financial performance indicators examined are mainly those described in the chapter “Financial Management System”, above all operating EBITDA.

The continuous evaluation of opportunity and risk potential in all segments is also an elementary part of our strategy, which is described in detail in the chapter “Vision, Objectives and Strategy”. As part of our annual strategy planning process, we analyze the market opportunity and risk situation in each Brenntag region and, on this basis, establish goals and value-enhancing measures designed to mitigate risks and exploit opportunities. Finally, the situation analysis and business operation plans are reviewed regularly in quarterly discussions on business performance.

INTERNAL MONITORING SYSTEM

Another important part of risk management in the Brenntag Group is the internal monitoring system which consists of the organizational security measures, internal controls and the internal audit.

The internal control system comprises all central and decentralized policies and regulations which the Board of Management and the regional and local managements lay down with the aim of ensuring

- the effectiveness and efficiency of the workflows and processes,
- the completeness, correctness and reliability of internal and external financial reporting as well as
- the Group-wide observance of applicable laws and regulations (compliance).

Both the efficiency of the workflows and processes and the effectiveness of the internal control systems set up in the decentralized units as well as the reliability of the systems used are regularly examined by the Corporate Internal Audit department. The results of these audits are reported immediately. Thus, we ensure that the Board of Management is kept continuously informed of any weaknesses and any resulting risks, along with the appropriate recommendations to eliminate the weaknesses.

INTERNAL CONTROL SYSTEM WITH REGARD TO THE (GROUP) ACCOUNTING PROCESS (REPORT IN ACCORDANCE WITH SECTION 289, PARA. 5 AND SECTION 315, PARA. 2, NO. 5 OF THE GERMAN COMMERCIAL CODE (HGB))

The Group accounting process is controlled by the Corporate Accounting department. A major element of the internal control system with regard to the (Group) accounting process is an IFRS accounting manual applicable throughout the Group which specifies accounting and measurement policies for all companies included in the consolidated financial statements. Preparation of the consolidated financial statements is supported by the use of uniform, standardized reporting and consolidation software (SAP SEM-BCS) containing comprehensive testing and validation routines. The services of external experts are used for special areas of accounting, e.g. the annual goodwill impairment test as well as environmental and pension actuarial reports to determine the relevant provisions.

Furthermore, there are other Group-wide guidelines which have concrete effects on accounting, above all the “Internal Control Guideline”, which contains requirements on the performance of monitoring routines as well as the separation of functions, four-eyes principle and access authorizations, the “Transfer Pricing Guideline” as well as the “Finance Guideline”.

The Corporate Internal Audit department regularly checks compliance with these Group guidelines at our subsidiaries.

Furthermore, the external auditors perform quarterly reviews of selected companies to aid in ensuring that the regulations specified in the accounting manual have been observed. The security and proper functioning of the software used is confirmed by the auditors in the annual audits.

REPORT ON OPPORTUNITIES AND RISKS

Our business policy is geared to steadily improving the efficiency and underlying profitability of our Group. The Brenntag Group and its companies operating in the field of chemical distribution and related areas are confronted with a number of risks which may arise from their business activities. At the same time, these business activities do not only lead to risks but also to many opportunities to safeguard and enhance the company's competitiveness.

Projects, in particular the strategic initiatives (see chapter "Vision, Objectives and Strategy"), are regularly implemented to maintain and strengthen the Group's profitable growth. These projects mainly focus on developing sales opportunities but also on cost optimization.

To limit or entirely eliminate possible financial consequences of risks which may occur, we have procured appropriate insurances for the size of our businesses to cover damage and liability risks.

In the following, we describe risks and opportunities which could influence the operational performance and financial and earnings situation of the Brenntag Group. We have systematically grouped together similar, organizationally or functionally related risks in risk categories. The order of risks within the categories reflects the current assessment of the relative degree of risk for Brenntag. The estimates made per risk category relate to the net risk. Additional risks and opportunities which we do not yet know or risks which we currently estimate to be insignificant may also have an impact on our business. Unless stipulated otherwise or obvious from the context, the following statements on risks and opportunities refer to all our segments.

- **Economic and political stability:**
  Due to the international nature of our business, we are exposed to a number of economic, political and other risks and cannot entirely exclude that our decentralized structure may lead to incidents or developments which may damage our business or financial situation. For example, the instability of the economic and political situation in some regions or countries in which Brenntag operates may have a negative impact on our business and our operating result. On the other hand, countries and regions with an unstable economic and political situation are often emerging markets which offer great opportunities through above-average growth. Overall, the international nature of our business balances out the risks since we do a large percentage of our business in stable economies.

  Economic downturns may also have a negative impact on the sales and operating gross profit of our company. The latest economic developments, high unemployment in certain countries, the high levels of debt of public-sector finance as well as the potential effects of government measures to consolidate public finance throughout the world may lead to falling demand. In a recession, lower profitability of our customers could lead to higher bad debt losses, for which credit insurance cover can scarcely be obtained owing to the economic environment. However, the high level of diversification of our business by geography, customer industries, suppliers, products and customers provides high resilience.

  We assess the possible extent of damage of these risks as medium. We consider the probability of occurrence of these risks to be possible. Overall, we rate these risks as medium risks.

- **Market risks and opportunities:**
  Brenntag's strategic development is geared to the current global, regional and local market growth drivers.

  We see major **sales opportunities**, which are of strategic significance for Brenntag, in the particularly attractive focus industries water treatment, personal care, pharmaceuticals, food and beverages, oil & gas as well as adhesives, sealants, coatings and elastomers. Our global network and our comprehensive portfolio of products and services also place us in a unique position to meet customers' increasing demands for pan-regional and global total solutions. The growing demand for customer-specific solutions, blending and services and alternative sales channels also open up further growth opportunities. While the continuing fall in oil and gas prices causes a higher than usual level of uncertainty regarding the short-term development of this customer industry, particularly in the North America region, we trust the long-term potential as well as our excellent capabilities and supplier and customer network.

  As an international Group, we see opportunities in all our regions to extend our market lead. The continuous expansion of our geographic presence, particularly in the emerging markets of Latin America, Eastern Europe and Asia, also offers above-average growth opportunities. We will continue to optimally exploit the opportunities presented by company acquisitions and the active consolidation of the fragmented chemical distribution market.

  In terms of product sourcing, our global presence enables us to achieve economies of scale. The optimization of our local product portfolios through sales partnership agreements with chemical producers for new products or product categories offers further potential. In addition, we will continue to actively realize the potential that arises as a result of chemical producers outsourcing supply chain and sales activities. The high density of our distribution network and the experienced professional organization at all levels of the Brenntag Group are key elements for tapping this potential.

  In addition, the systematic implementation of our strategic priorities, which we explain in detail in the chapter "Vision, Objectives and Strategy", creates further opportunities. At local level, we create the right conditions through our operating activities to effectively and efficiently exploit the opportunities which the markets offer.

  In the local markets we serve, we face growing competition, also from other chemicals distributors. This increase in competition, which is partly due to the increasing pan-regional activities and consolidation among our competitors, is a **sales risk** which might negatively impact our sales and earnings. Therefore, we continually work to improve our portfolio of products and services. Our local business might also be impacted by customers relocating to low-cost countries. However, we see our global presence as a decisive factor in balancing out these local risks.

  We offset the **sourcing-side** risk for the supply of strategically important raw materials as far as possible with long-term contracts and/or partnerships with different suppliers and alternative supply sources. However, the purchase prices can vary considerably depending on the market situation and impact our cost structures. To safeguard our competitiveness, we counteract these risks by adjusting selling prices, international procurement and by strict cost management.

We counteract the risk arising from future market developments by constantly monitoring our markets and competitors as well as by holding regular strategy meetings.

We assess the possible extent of damage of these risks as high. We consider the probability of occurrence of these risks to be possible. Overall, we rate these risks as medium risks.

- **Financial risks and opportunities:**
  Our business is exposed to exchange rate, interest rate, credit and price risks.

  Due to the fact that we operate in countries with different currencies, changes in exchange rates may have positive or negative translation effects on the results of the Group. In particular, any change in the euro/US dollar exchange rate may have a considerable positive or negative impact as a major part of our business is conducted in the US dollar area. We decided not to hedge exchange rate differences resulting from the translation of financial statements of subsidiaries whose functional currency is not the euro (translation risks). On the other hand, transaction exposures resulting from the translation of foreign currency receivables and liabilities into the functional currency of a subsidiary are systematically monitored. This is based on a Group-wide Finance Guideline which lays down basic requirements and objectives, threshold values and hedging instruments to be used. The Finance Guideline requires Group companies to offset the risks of open net foreign currency exposure by suitable instruments such as forward and swap contracts and to keep them within certain limits. Any exceptions exceeding the above limits are to be agreed on a case-by-case basis with Corporate Finance.

  Unfavourable political developments and financial policy decisions in specific countries may have a particularly negative impact. For example, the devaluation of the bolivar by the Venezuelan government in mid-February 2016 including further changes in exchange rate regulations will lead to exchange-rate-related expenses in 2016. Further changes to legislation on exchange rates and resulting impacts on profits cannot be ruled out at present.

  We limit risks for our cash investments by only doing business with banks and business partners with credit ratings we consider to be strong. Payments are also handled through such banks. The largely unused revolving credit facility under the syndicated loan is made available by a large number of international banks so here again availability is ensured as best possible through high diversity. Risks of uncollectible receivables are reduced by continually monitoring our customers' credit ratings and payment behaviour and setting appropriate credit limits. The risk is limited by the large number of customers the company has in different countries; even the largest customer accounts for only about 1% of Group sales. In addition, risks are limited by taking out credit insurances.

  The Brenntag Group is partly financed with debt capital. We are confident that our loan agreements, credit lines, the bonds issued and liquid funds available are adequate to cover the future liquidity needs of our Group, even if requirements should increase unexpectedly. Like comparable loan agreements, our syndicated loan contains a number of customary affirmative and negative covenants. In particular, we have undertaken to comply with a threshold value for leverage (the ratio of net debt to EBITDA).

This metric is determined in accordance with the definitions in the loan agreement, which are not the same as the corresponding terms used in the consolidated financial statements. The threshold value for leverage has, in our opinion, been established so that it would require a very unusual development of business for Brenntag not to be able to meet it. The observance of the covenant is regularly checked and confirmed to the lenders every quarter. If there are any indications of an unfavourable development with respect to its fulfilment, scenario calculations are made in order to be able to take suitable action at an early stage if necessary. On the basis of the latest calculation of leverage and with a view to the key mid-term planning figures, there is no indication that fulfilment of the threshold value may be jeopardized. In the event of the Brenntag Group's sustained breach of this covenant, the facility agent appointed by the lenders may foreclose the loans if he deems this move necessary to safeguard the lenders' interests. As the Group's main financing instruments (syndicated loan and two bonds) all contain so-called cross-default clauses, any breach of contract or calling due of outstanding amounts in respect to one financing instrument could also have a negative impact on the others.

The terms and conditions of the financing instruments are also influenced by the Group's credit rating. A change in the rating which the international rating agencies Standard & Poor's and Moody's assign to Brenntag may impact on the Group's financing conditions. The rating may have a positive or a negative impact. Both rating agencies assign an investment grade rating, thereby confirming Brenntag's high credit standing: Moody's currently rates Brenntag at "Baa3" with a stable outlook, while Standard & Poor's has given Brenntag a rating of "BBB" with a stable outlook.

The majority of Brenntag's financing is based on variable interest rates which are subject to fluctuations in market interest rates. This means that Brenntag has both the opportunity to participate in falling market interest rates but also the risk of incurring higher interest cost as a result of rising market interest rates. The split between variable and fixed interest rates is determined as part of interest risk management. We hedge some of the risks from our financing by using derivative instruments, such as foreign exchange forwards, interest rate and currency swaps or combined instruments. Financial risks are mainly hedged by Corporate Finance at the head office of the Group. If individual companies hedge financial risks from operating activities themselves, this is done in consultation with and under the supervision of Group headquarters. This permits a balancing of risks throughout the Group. Further information on the financial risks is to be found in the chapter "Reporting of Financial Instruments" in the Notes to the consolidated financial statements.

We assess the possible extent of damage of these risks as medium. We consider the probability of occurrence of these risks to be possible. Overall, we rate these risks as medium risks.

- **Quality, safety, health and environmental risks:**
We counter the risks arising from the distribution of chemicals by maintaining a high standard of safety precautions at our warehouses and – where necessary – improving them. Environmental, health and safety risks are monitored on the basis of a uniform environmental, health and safety strategy as well as through Group-wide standards set as binding requirements in regional manuals (health, safety and environmental protection). Furthermore, we regularly inform our employees and customers about how to handle chemicals safely and about emergency procedures in the event of accidents.

  The handling and distribution of chemicals is governed by a large number of regulations and laws. Changes to this regulatory framework (e.g. restrictions or new requirements) may lead to lower sales or involve higher costs to satisfy these regulations. However, we also see ourselves in a good position due to our scale, the central systems we have in place and our expertise.

  Risks may arise if the products purchased and delivered to customers do not meet the specified and agreed quality. However, there are procedures in place providing a good level of assurance that products are procured from reliable sources and are of appropriate quality.

  We assess the possible extent of damage of these risks as high. We consider the probability of occurrence of an individual risk with a high extent of damage to be improbable. Overall, we rate these risks as medium risks.

- **IT risks and opportunities:**
IT risks arise from the increasing networking of our systems. This can include networks failing and data being falsified or destroyed due to operating and program errors or external influences. We counteract these risks by continually investing in hardware and software as well as by using virus scanners, firewall systems, data backup mechanisms as well as access and authorization checks. These measures are monitored using Group-wide IT security standards. On the other hand, the increasing use of IT offers efficiency gains in operating work flows and in improved communications with customers and suppliers. The IT-supported handling of our business processes also generally improves the quality and reliability of internal controls.

  We assess the possible extent of damage of these risks as low. Given the protective measures we have put in place, we consider the probability of occurrence of these risks to be improbable. Overall, we rate these risks as low risks.

- **Personnel risks and opportunities:**
Although not a problem to date, personnel risks mainly result from the potential turnover of staff in key positions. Brenntag limits these risks by targeted long-term succession planning as well as performance-based compensation with success-based incentive systems. Moreover, we offer worldwide career opportunities. Information on our staff development programmes is provided in the chapter “Employees”. The staff turnover rate was 5.8% worldwide in 2015.

  We assess the possible extent of damage of these risks as low. We consider the probability of occurrence of these risks to be improbable. Overall, we rate these risks as low risks.

- **Acquisition risks and opportunities:**
  In the Brenntag Group, every decision to acquire is linked to minimum requirements on the internal rate of return of the particular investment. The company valuations which include the findings of due diligence work performed are of central importance in acquisitions. The acquisition of companies always involves risks surrounding the integration of employees and business operations. We strive to limit these risks with adequate transaction structures by conducting opportunity and risk analyses at an early stage in the approval process, with the support of external consultants and with specific contract structures (e.g. incentive, warranty and retention clauses). In the past, M&A activities focused on Europe, North America and Asia. For future acquisitions in emerging markets like Asia, Latin America and Eastern Europe, typical characteristics for target companies in these countries are relatively high purchase prices coupled with higher risks (e.g. compliance risks, higher working capital funding requirements, integration risks, foreign currency risks). However, there are also considerably greater opportunities in these countries owing to the higher growth rates.

  We assess the possible extent of damage of these risks as insignificant. We consider the probability of occurrence of these risks to be possible. Overall, we rate these risks as low risks.

- **Legal risks:**
  Brenntag AG and individual subsidiaries have been named as defendants in various legal actions and proceedings arising in connection with its activities as a global group. Sometimes, Brenntag is also the subject of investigations by the authorities. Brenntag cooperates with the relevant authorities and, where appropriate, conducts internal investigations regarding potential wrongdoings with the assistance of in-house and external counsel.

  In 2013, Brenntag received the decision of the French Competition Authority in relation to the allocation of customers and coordination of prices. In this, the Authority imposed a fine of EUR 47.8 million against BRENNTAG SA and another party as well as a separate fine of EUR 5.3 million against the other party - the fines were for violations of the French competition law in the period from 1998 until 2005. Brenntag had to pay the fine in the third quarter of 2013 but does not agree with the legal assessment of the facts and the determination of the fine and has therefore appealed against the decision of the French Competition Authority. BRENNTAG SA applied for leniency in 2006 and has actively contributed to the investigation and provided all information and proof working closely together with the French Competition Authority regarding the clarification of the facts. Regarding the ongoing investigation by the French Competition Authority concerning whether BRENNTAG SA has illegally made use of its market position, a decision by the Authority is still pending. The status of the investigation does not permit an assessment of the outcome. Based on current knowledge, Brenntag further assumes that claims for civil liability arising from the above-mentioned proceedings are not sufficiently substantiated.

  We now estimate the previously reported risk in connection with investigations against a French manufacturer of medical devices to be highly improbable and will therefore only report in future on this risk if there are any changes.

  As a global company, Brenntag has to comply with the country-specific tax laws and regulations in each jurisdiction. Tax exposures could result in particular from current and future tax audits of our German and foreign subsidiaries. These exposures are generally reflected in the balance sheet by recognizing provisions.

The German Brenntag companies are currently the subject of routine tax audits for the years 2006 to 2012. Potential tax exposures could result from the acquisition of the Brenntag Group in 2006. In this context, the German fiscal authorities are verifying the tax deductibility of transaction costs and interest expenses paid on a shareholder loan granted by the former owner. As the fiscal authorities have yet to complete a final review of the two cases, it is currently unclear whether and to what extent a potential tax exposure exists. Brenntag is confident that the previous treatment of the items is in line with the applicable tax laws and so has in neither case recognized any tax provisions.

Given the number of legal disputes and other proceedings that Brenntag is involved in, the possibility that a ruling against Brenntag may be made in some of these proceedings cannot be completely eliminated. The company contests actions and proceedings where it considers it appropriate. Provisions are established for ongoing legal disputes on the basis of the estimated risk and, if necessary, with the help of external consultants. It is very difficult to predict the outcome of such matters, particularly in cases in which claimants seek indeterminate compensation. Any adverse decisions rendered in such cases may have material effects on Brenntag's net assets, financial position and results of operations for a reporting period. However, Brenntag currently does not expect its assets, financial position and results of operations to be materially affected.

We assess the possible extent of damage on occurrence of the legal risks as medium. We consider the probability of occurrence of these risks to be improbable. Overall, we rate these risks as low risks.

SUMMARY OF THE OPPORTUNITIES AND RISK SITUATION

In the year under review, we once again continually updated and assessed the risk situation for the Brenntag Group. In our opinion, the risks described in the chapter "Report on Opportunities and Risks" do not jeopardize the continued existence of the company, neither individually nor collectively. We are convinced that we can continue to successfully master the challenges arising from the risks described above.

INFORMATION REQUIRED PURSUANT TO SECTION 289, PARA. 4 AND SECTION 315, PARA. 4 OF THE GERMAN COMMERCIAL CODE (HGB) AND EXPLANATORY REPORT

COMPOSITION OF THE SUBSCRIBED CAPITAL

As at December 31, 2015, the subscribed capital of Brenntag AG totalled EUR 154,500,000. The share capital is divided into 154,500,000 no-par-value registered shares, each with a notional value of EUR 1.00.

Articles of Association of Brenntag AG at www.brenntag.com/articles_of_association

According to article 7, para. 3 of the Articles of Association of Brenntag AG, any right of shareholders to certification of their shares is excluded to the extent permitted by law and that certification is not required under the rules of any stock exchange on which the share is admitted for trading. The company is entitled to issue share certificates embodying several shares (consolidated certificates). Pursuant to Section 67, para. 2 of the German Stock Corporation Act (AktG) only those persons recorded in the company's share register will be recognized as shareholders of Brenntag AG. For purposes of recording the shares in the company's share register, shareholders are required to submit to Brenntag AG the number of shares held by them, and, in the case of individuals, their name, address and date of birth, or in the case of legal entities, their company name, business address and registered offices. All shares confer the same rights and obligations. At the General Shareholders' Meeting, each share has one vote and accounts for the shareholders' proportionate share in the net income of Brenntag AG. Excepted from this rule are any treasury shares held by Brenntag AG that do not entitle Brenntag AG to any membership rights. Brenntag AG does not currently have any treasury shares. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Act, in particular by Sections 12, 53a ff., 118 ff. and 186 of the German Stock Corporation Act.

RESTRICTIONS ON VOTING RIGHTS OR TRANSFER OF SHARES

The Board of Management of Brenntag AG is not aware of any agreements between the shareholders relating to restrictions on voting rights or on the transfer of shares. Restrictions on voting rights or the transfer of shares by the members of the Supervisory Board are to be found in the remuneration report.

DIRECT OR INDIRECT INTERESTS IN THE CAPITAL OF THE COMPANY EXCEEDING 10% OF THE VOTING RIGHTS

Section 21 of the German Securities Trading Act (WpHG) requires that any investor whose percentage of voting rights in Brenntag AG reaches, exceeds or falls below certain thresholds as the result of purchases, disposals or otherwise must notify Brenntag AG and the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). As at December 31, 2015, the company is not aware of any direct or indirect interests in the capital of Brenntag AG that exceed 10% of the voting rights. All voting right notifications in accordance with Section 21 of the German Securities Trading Act received by Brenntag AG in the reporting period can be viewed on the company's website at www.brenntag.com under Investor Relations.

SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL

There are no shares with special rights conferring powers of control.

SYSTEM OF CONTROL OF ANY EMPLOYEE PARTICIPATION SCHEME WHERE THE CONTROL RIGHTS ARE NOT EXERCISED DIRECTLY BY THE EMPLOYEES

Brenntag AG does not have a general employee participation scheme.

LEGISLATION AND PROVISIONS OF THE ARTICLES OF ASSOCIATION APPLICABLE TO THE APPOINTMENT AND REMOVAL OF THE MEMBERS OF THE BOARD OF MANAGEMENT AND GOVERNING AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The appointment and removal of members of the Board of Management are subject to the provisions of Sections 84 and 85 of the German Stock Corporation Act. The Supervisory Board appoints the members of the Board of Management for a maximum term of five years. Their appointment may be resolved according to article 12, para. 4 of the Articles of Association of Brenntag AG by simple majority of votes. In the event of a tie, the chairman of the Supervisory Board has the casting vote. According to article 8, para. 1 of the Articles of Association of Brenntag AG, the Board of Management consists of one or more persons. The specific number of members of the Board of Management is determined by the Supervisory Board. The Board of Management of Brenntag AG currently consists of five members.

Contrary to Sections 133, para. 1 and 179, para. 2, sentence 1 of the German Stock Corporation Act, article 19 of the Articles of Association of Brenntag AG stipulates that in cases where the majority of the share capital represented is required, the simple majority of the capital represented is sufficient. This, on the other hand, does not apply to amendments to the object of the company as Section 179, para. 2, sentence 2 of the German Stock Corporation Act only permits amendments to a company's Articles of Association regarding the object of the company to be adopted with larger majorities so that the requirements of Section 179, para. 2, sentence 1 of the German Stock Corporation Act remain thus far. The authority to adopt purely formal amendments to the Articles of Association is transferred to the Supervisory Board under article 13, para. 2 of the Articles of Association of Brenntag AG. In addition, by resolution of the General Shareholders' Meeting on June 17, 2014, the Supervisory Board is authorized to amend the Articles of Association in connection with the creation of new authorized capital after implementation of the capital increase and after expiry of the authorization period without use of the authorized capital.

POWERS OF THE BOARD OF MANAGEMENT TO ISSUE OR REPURCHASE SHARES

AUTHORIZATION TO CREATE AUTHORIZED CAPITAL

By resolution of the General Shareholders' Meeting on June 17, 2014, the Board of Management was authorized, subject to the consent of the Supervisory Board, to increase the registered share capital of Brenntag AG in one or more tranches by up to EUR 77,250,000 in aggregate by issuing up to 77,250,000 new no-par-value registered shares against cash contributions or non-cash contributions in the period ending on June 16, 2019. In principle, shareholders are to be granted a subscription right for new shares. However, in certain cases the Board of Management is authorized, subject to the consent of the Supervisory Board, to exclude the statutory subscription right in relation to one or more increases in the registered share capital within the scope of the authorized share capital. This shall apply, for example, if the increase in the registered share capital is effected against contribution in cash and provided that the issue price of the new shares is not substantially lower (within the meaning of Section 203, para. 1 and para. 2 and Section 186, para. 3, sentence 4 of the German Stock Corporation Act) than the market price for shares in the Company of the same class and having the same conditions already listed at the time of the final determination of the issue price and provided that the amount of the registered share capital represented by the shares issued pursuant to this paragraph subject to the exclusion of the statutory subscription right in accordance with Section 186, para. 3, sentence 4 of the German Stock Corporation Act does not exceed 10% of the registered share capital in the amount of EUR 154,500,000 (simplified exclusion of subscription rights). Details can be found in the Articles of Association of Brenntag AG, which are available on the website at www.brenntag.com under Investor Relations.

The Board of Management determines, subject to the consent of the Supervisory Board, the further details regarding the rights attached to the shares and the conditions of the share issue.

AUTHORIZATION TO PURCHASE AND USE TREASURY SHARES IN ACCORDANCE WITH SECTION 71, PARA. 1, NO. 8 OF THE GERMAN STOCK CORPORATION ACT

By resolution of the General Shareholders' Meeting on June 17, 2014, the Board of Management was authorized, subject to the consent of the Supervisory Board, to purchase treasury shares up to a total amount equal to no more than 10% of the registered share capital. In this connection, the shares purchased on the basis of this authorization together with other shares of the Company which Brenntag AG has already purchased and still holds shall not exceed 10% of the respective registered share capital. The authorization may be exercised to the full extent of repurchases thereby authorized or in partial amounts, on one or several occasions. It took effect upon the conclusion of the General Shareholders' Meeting on June 17, 2014 and shall apply until June 16, 2019. If the purchase of shares is effected on the stock market, the purchase price may not be more than 10% higher or lower than the arithmetic mean value of the closing prices on the Frankfurt am Main stock exchange for the last five trading days preceding the purchase or the assumption of an obligation to purchase. If purchase is effected by way of a public purchase offer to all shareholders or by other means in accordance with Section 53a of the German Stock Corporation Act, the purchase price paid to the shareholders in each case may not be more than 10% higher or lower than the arithmetic mean value of the closing prices on the Frankfurt am Main stock exchange for the last five trading days preceding the publication of the offer or, in the case of purchase by other means, preceding the purchase. The authorization may be exercised for any purpose permitted by law. Treasury shares may, under certain circumstances, also be used subject to exclusion of the shareholders' subscription rights existing in principle and in particular by way of simplified exclusion of subscription rights as specified above.

AUTHORIZATION TO ISSUE BONDS AND TO CREATE CONDITIONAL CAPITAL

By resolution of the General Shareholders' Meeting on June 17, 2014, the Board of Management was authorized, subject to the consent of the Supervisory Board, to issue in one or more tranches in the period up to June 16, 2019 registered or bearer warrant-linked or convertible bonds as well as profit-sharing certificates conferring option or conversion rights in an aggregate nominal amount of up to EUR 2,000,000,000 of limited or unlimited term (hereinafter collectively "Bonds") and to grant the holders or creditors of the Bonds option or conversion rights for up to 25,750,000 new shares of Brenntag AG with a pro-rata amount of the registered share capital of up to EUR 25,750,000 further subject to the terms and conditions of the respective warrant-linked or convertible bonds and/or terms and conditions of the profit-sharing certificates to be defined by the Board of Management (hereinafter in each case "Terms and Conditions"). Other than in euros, the Bonds may also be issued – subject to the limitation to the corresponding equivalent value in euros – in a foreign legal currency. The Bonds may also be issued by companies which are controlled by Brenntag AG or in which it holds a majority interest; in such case, the Board of Management was authorized, subject to the consent of the Supervisory Board, to assume on behalf of Brenntag AG, the guarantee for the Bonds and to grant the holders of such Bonds option and/or conversion rights for shares of Brenntag AG and to effect any further declarations and acts as are required for a successful issue. The issues of the Bonds may in each case be divided into partial bonds with equal entitlement amongst themselves. The issue of Bonds may also be effected against non-cash contributions, provided that the value of the non-cash contribution is equal to the issue price and such issue price is not substantially lower than the market value of the Bonds. The Board of Management is authorized, under certain circumstances and subject to the consent of the Supervisory Board, to exclude the subscription right of the shareholders for the Bonds. However, such authorization to exclude the subscription rights shall apply only provided that the shares issued to fulfil the option or conversion rights and/or in the case of fulfilment of the conversion obligation represent no more than 10% of the registered share capital. Decisive for the threshold of 10% is the registered share capital in the amount of EUR 154,500,000 (simplified exclusion of subscription rights).

If convertible bonds or profit-sharing certificates conferring conversion rights are issued, their holders shall be granted the right to convert their Bonds into new shares of Brenntag AG further subject to the specific Terms and Conditions.

If bonds with warrant units or profit-sharing certificates conferring option rights are issued, one or more warrants shall be attached to each partial bond and/or each profit-sharing certificate which entitle the holder to subscribe shares of Brenntag AG further subject to the specific Terms and Conditions.

By resolution of the General Shareholders' Meeting on June 17, 2014, the registered share capital of Brenntag AG was conditionally increased by up to EUR 25,750,000 by issuing up to 25,750,000 new no-par-value registered shares conferring profit-sharing rights from the beginning of the financial year in which they were issued. The conditional capital increase serves to grant shares to the holders or creditors of warrant-linked or convertible bonds as well as profit-sharing certificates with option or conversion rights which are issued in the period up to June 16, 2019, based on the authorization approved by the General Shareholders' Meeting. The conditional capital increase will only be implemented to the extent that warrants or conversion rights under bonds with warrant units and convertible bonds have been exercised or conversion obligations under such Bonds have to be fulfilled and to the extent that neither treasury shares nor new shares from the authorized capital are used to fulfil such claims. The Board of Management was authorized to stipulate the additional details of the implementation of the conditional capital increase.

In November 2015, Brenntag issued bonds with warrant units in the amount of USD 500.0 million. The bonds were offered only to institutional investors outside the USA. Shareholders' subscription rights were excluded. The bonds (Bond (with Warrants) 2022), which are guaranteed by Brenntag AG, were issued by Brenntag Finance B.V., Amsterdam, Netherlands, with warrants issued by Brenntag AG attached. The warrants entitle the holder to purchase Brenntag AG ordinary shares by paying the strike price applicable at that time. The bonds-with-warrants issue generated options on approximately 6.5 million shares. This is equal to 4.2% of the registered share capital on the reporting date. In the event of any future capital measures under the current authorizations described above, Brenntag may, therefore, only further exclude the subscription right by way of the simplified exclusion of subscription rights up to a maximum amount, as at the reporting date, of 5.8% of the registered share capital. The Terms and Conditions of the bonds with warrant units allow Brenntag to settle exercised options both from the conditional capital described above and from the authorized capital described above or from the treasury shares it holds or to buy back the warrants. The bonds with warrant units, the underlying bonds and the warrants have a term of seven years. The investor may detach the warrants from the bonds. The bonds with warrant units, bonds detached from warrants and detached warrants were admitted to trading on the Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange. Holders have been able to exercise their warrants since January 12, 2016.

SIGNIFICANT AGREEMENTS WHICH TAKE EFFECT, ALTER OR TERMINATE UPON A CHANGE OF CONTROL OF THE COMPANY FOLLOWING A TAKEOVER BID

The most important component in Brenntag's financing concept is the Group-wide loan agreement that it has concluded with a consortium of international banks. The total loan volume is described under the chapter "Capital structure". The main conditions are laid down in a "Syndicated Facilities Agreement". Under this agreement, individual lenders have the right to terminate the agreement if any person or group of persons acting in concert acquire directly or indirectly more than 50% of the shares issued or the voting rights in Brenntag AG. The right to terminate in the event of a change of control is preceded by a 30-day negotiating period on the continuation of the loan agreements. If the parties involved cannot reach agreement on the continuation of the loan agreements in this period, each lender can within ten days terminate his involvement as a lender in the agreement by giving notice of at least another 30 days and request payment of the outstanding loan amounts.

The Bond 2018 for EUR 400.0 million issued by Brenntag Finance B.V. on July 19, 2011 also contains provisions for the event of a change of control under Article 5 of the Conditions of Issue. According to said provisions, the bond creditors may demand early repayment of the bond if the rating (in each case as defined in the Conditions of Issue) has been downgraded within a certain period after the change of control.

Section 5 of the bond terms and conditions and section 7 of the warrant terms and conditions relating to the bond with warrant units in the amount of USD 500.0 million issued by Brenntag Finance B.V. in November contain provisions governing a change of control, under which bondholders may request the Bond (with Warrants) 2022 to be repaid early following an agreed period if one or more persons within the meaning of Section 22, para. 2 of the German Securities Trading Act (WpHG) hold(s) 50% or more of the voting rights in Brenntag AG. The terms and conditions of the warrants issued with the bonds state that, in the event of a change of control, the holders of the warrants may receive the right to purchase shares at a lower strike price during a specified period following the change of control. The size of the adjustment to the strike price declines over the term of the warrants and is set out in more detail in the terms and conditions of the warrants. According to the bond terms and conditions, a change of control occurs if one or more persons within the meaning of Section 22, para. 2 of the German Securities Trading Act hold(s) 50% or more of the voting rights in Brenntag AG.

COMPENSATION AGREEMENTS WITH MEMBERS OF THE BOARD OF MANAGEMENT OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID

There are no compensation agreements with members of the Board of Management or employees in the event of a takeover bid.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance declaration to be made pursuant to Section 289a of the German Commercial Code (HGB) is to be found in the chapter "To our Shareholders" in connection with the Corporate Governance Report. It is also available on the website at www.brenntag.com under Investor Relations.

Further information in chapter "Corporate Governance"

C

CONSOLIDATED FINANCIAL STATEMENTS

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Content

CONSOLIDATED INCOME STATEMENT

in EUR m	Note	**2015**	2014
Sales	1.)	10,346.1	10,015.6
Cost of sales	2.)	−8,080.1	−7,988.1
Gross profit		**2,266.0**	**2,027.5**
Selling expenses	3.)	−1,461.2	−1,311.3
Administrative expenses	4.)	−166.5	−151.9
Other operating income	5.)	45.4	43.1
Other operating expenses	6.)	−21.9	−15.8
Operating profit		**661.8**	**591.6**
Share of profit or loss of equity-accounted investments		3.7	3.3
Interest income	7.)	3.3	3.0
Interest expense	8.)	−74.8	−76.4
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	9.)	−24.9	4.0
Other net finance costs	10.)	−19.8	−17.7
Net finance costs		**−112.5**	**−83.8**
Profit before tax		**549.3**	**507.8**
Income tax expense	11.)	−181.2	−168.1
Profit after tax		**368.1**	**339.7**
Attributable to:			
Shareholders of Brenntag AG		365.0	339.3
Non-controlling interests		3.1	0.4
Basic earnings per share in euro	13.)	**2.36**	**2.20**
Diluted earnings per share in euro	13.)	**2.36**	**2.20**

C.01 CONSOLIDATED INCOME STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR m	2015	2014
Profit after tax	**368.1**	**339.7**
Remeasurements of defined benefit pension plans	21.1	−56.6
Deferred tax relating to remeasurements of defined benefit pension plans	−6.0	15.9
Items that will not be reclassified to profit or loss	**15.1**	**−40.7**
Change in exchange rate differences on translation of consolidated companies	58.6	104.6
Change in exchange rate differences on translation of equity-accounted investments	−3.2	0.8
Change in net investment hedge reserve	−2.2	−4.3
Change in cash flow hedge reserve	−2.9	−4.6
Deferred tax relating to change in cash flow hedge reserve	1.2	1.6
Items that may be reclassified subsequently to profit or loss	**51.5**	**98.1**
Other comprehensive income	**66.6**	**57.4**
Total comprehensive income	**434.7**	**397.1**
Attributable to:		
Shareholders of Brenntag AG	429.4	393.8
Non-controlling interests	5.3	3.3

C.02 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED BALANCE SHEET

ASSETS

in EUR m	Note	**Dec. 31, 2015**	Dec. 31, 2014
Current assets			
Cash and cash equivalents	14.)	579.1	491.9
Trade receivables	15.)	1,426.5	1,407.2
Other receivables	16.)	137.0	127.7
Other financial assets	17.)	10.2	7.9
Current tax assets		47.9	34.3
Inventories	18.)	897.1	865.8
Non-current assets held for sale	19.)	1.0	0.9
		3,098.8	**2,935.7**
Non-current assets			
Property, plant and equipment	20.)	971.9	879.3
Intangible assets	21.)	2,772.1	2,268.0
Equity-accounted investments	22.)	22.5	25.0
Other receivables	16.)	21.1	13.8
Other financial assets	17.)	38.4	31.2
Deferred tax assets	11.)	51.4	62.0
		3,877.4	**3,279.3**
Total assets		**6,976.2**	**6,215.0**

LIABILITIES AND EQUITY

in EUR m	Note	**Dec. 31, 2015**	Dec. 31, 2014
Current liabilities			
Trade payables	23.)	1,055.5	1,046.2
Financial liabilities	24.)	160.8	334.0
Other liabilities	25.)	370.5	360.8
Other provisions	26.)	42.1	45.1
Liabilities relating to acquisition of non-controlling interests	28.)	63.3	–
Current tax liabilities		46.7	43.4
		1,738.9	**1,829.5**
Non-current liabilities			
Financial liabilities	24.)	2,094.4	1,567.6
Other liabilities	25.)	2.6	2.2
Other provisions	26.)	121.1	114.4
Provisions for pensions and other post-employment benefits	27.)	150.9	162.6
Liabilities relating to acquisition of non-controlling interests	28.)	5.4	39.7
Deferred tax liabilities	11.)	172.4	142.1
		2,546.8	**2,028.6**
Equity	29.)		
Subscribed capital		154.5	154.5
Additional paid-in capital		1,491.4	1,457.1
Retained earnings		938.0	700.7
Other comprehensive income		62.5	13.2
Equity attributable to Brenntag shareholders		**2,646.4**	**2,325.5**
Equity attributable to non-controlling interests		44.1	31.4
		2,690.5	**2,356.9**
Total liabilities and equity		**6,976.2**	**6,215.0**

C.03 CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR m	Subscribed capital	Additional paid-in capital	Retained earnings
Dec. 31, 2013	**51.5**	**1,560.1**	**536.0**
Dividends	–	–	−133.9
Capital increase from company funds	103.0	−103.0	–
Profit after tax	–	–	339.3
Other comprehensive income	–	–	−40.7
Total comprehensive income	**–**	**–**	**298.6**
Dec. 31, 2014	**154.5**	**1,457.1**	**700.7**
Dividends	–	–	−139.1
Capital increase from warrants issued	–	34.3	–
Business combinations	–	–	–
Transactions with owners	–	–	−3.7
Profit after tax	–	–	365.0
Other comprehensive income	–	–	15.1
Total comprehensive income	**–**	**–**	**380.1**
Dec. 31, 2015	**154.5**	**1,491.4**	**938.0**

Exchange rate differences	Net investment hedge reserve	Cash flow hedge reserve	Deferred taxes relating to cash flow hedge reserve	Equity attributable to Brenntag shareholders	Non-controlling interests	**Equity**
−85.4	**−2.1**	**8.7**	**−3.2**	**2,065.6**	**28.1**	**2,093.7**
–	–	–	–	−133.9	–	−133.9
–	–	–	–	–	–	–
–	–	–	–	339.3	0.4	339.7
102.5	−4.3	−4.6	1.6	54.5	2.9	57.4
102.5	**−4.3**	**−4.6**	**1.6**	**393.8**	**3.3**	**397.1**
17.1	**−6.4**	**4.1**	**−1.6**	**2,325.5**	**31.4**	**2,356.9**
–	–	–	–	−139.1	−0.1	−139.2
–	–	–	–	34.3	–	34.3
–	–	–	–	–	7.5	7.5
–	–	–	–	−3.7	–	−3.7
–	–	–	–	365.0	3.1	368.1
53.2	−2.2	−2.9	1.2	64.4	2.2	66.6
53.2	**−2.2**	**−2.9**	**1.2**	**429.4**	**5.3**	**434.7**
70.3	**−8.6**	**1.2**	**−0.4**	**2,646.4**	**44.1**	**2,690.5**

C.04 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED CASH FLOW STATEMENT

in EUR m	Note	2015	2014
	30.)		
Profit after tax		**368.1**	**339.7**
Depreciation and amortization	20.)/21.)	145.6	135.3
Income tax expense	11.)	181.2	168.1
Income taxes paid		−174.2	−164.8
Net interest expense	7.)/8.)	71.5	73.4
Interest paid (netted against interest received)		−67.2	−70.2
Dividends received		3.1	3.8
Changes in provisions		−5.9	−5.8
Changes in current assets and liabilities			
Inventories		64.2	−51.1
Receivables		109.2	−76.9
Liabilities		−112.8	37.6
Non-cash change in liabilities relating to acquisition of non-controlling interests	9.)	24.9	−4.0
Other non-cash items and reclassifications		−14.0	−15.4
Net cash provided by operating activities		**593.7**	**369.7**
Proceeds from the disposal of other financial assets		–	0.1
Proceeds from the disposal of intangible assets and property, plant and equipment		6.0	7.3
Payments to acquire consolidated subsidiaries and other business units		−500.8	−82.0
Payments to acquire other financial assets		−0.1	−0.6
Payments to acquire intangible assets and property, plant and equipment		−126.7	−103.0
Net cash used in investing activities		**−621.6**	**−178.2**
Proceeds from warrants issued		34.3	–
Dividends paid to Brenntag shareholders		−139.1	−133.9
Profits distributed to non-controlling interests		−1.9	−1.8
Proceeds from borrowings		524.7	61.8
Repayments of borrowings		−306.0	−75.4
Net cash provided by/used in financing activities		**112.0**	**−149.3**
Change in cash and cash equivalents		**84.1**	**42.2**
Effect of exchange rate changes on cash and cash equivalents		3.1	22.9
Cash and cash equivalents at beginning of period	14.)	491.9	426.8
Cash and cash equivalents at end of period	**14.)**	**579.1**	**491.9**

C.05 CONSOLIDATED CASH FLOW STATEMENT

NOTES

KEY FINANCIAL FIGURES BY SEGMENT

for the period from January 1 to December 31

SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8[1]

in EUR m		EMEA[4]	North America	Latin America	Asia Pacific	All other segments	Consolidation	Group
External sales	**2015**	**4,654.4**	**3,600.6**	**925.8**	**834.1**	**331.2**	**–**	**10,346.1**
	2014	4,624.7	3,332.0	864.0	748.2	446.7	–	10,015.6
	Change in %	0.6	8.1	7.2	11.5	−25.9	–	3.3
	fx adjusted change in %	−0.6	−8.6	−0.1	−2.3	−25.9	–	−4.6
Inter-segment sales	**2015**	**9.9**	**6.2**	**1.3**	**–**	**0.7**	**−18.1**	**–**
	2014	9.0	6.5	1.9	3.6	0.8	−21.8	–
Operating gross profit[2]	**2015**	**1,024.2**	**942.6**	**201.2**	**140.0**	**13.7**	**–**	**2,321.7**
	2014	972.0	802.2	169.5	120.7	13.8	–	2,078.2
	Change in %	5.4	17.5	18.7	16.0	−0.7	–	11.7
	fx adjusted change in %	3.6	−0.5	9.8	2.3	−0.7	–	2.3
Gross profit	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**2,266.0**
	2014	–	–	–	–	–	–	2,027.5
	Change in %	–	–	–	–	–	–	11.8
	fx adjusted change in %	–	–	–	–	–	–	2.4
Operating EBITDA (Segment result)	**2015**	**353.0**	**365.6**	**64.7**	**50.3**	**−26.2**	**–**	**807.4**
	2014	335.9	323.6	46.8	41.2	−20.8	–	726.7
	Change in %	5.1	13.0	38.2	22.1	26.0	–	11.1
	fx adjusted change in %	3.2	−4.6	29.1	7.0	26.0	–	0.7
EBITDA	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**807.4**
	2014	–	–	–	–	–	–	726.9
	Change in %	–	–	–	–	–	–	11.1
	fx adjusted change in %	–	–	–	–	–	–	0.7
Operating EBITDA / Operating gross profit[2]	**2015 in %**	**34.5**	**38.8**	**32.2**	**35.9**	**−191.2**	**–**	**34.8**
	2014 in %	34.6	40.3	27.6	34.1	−150.7	–	35.0
Investments in non-current assets (capex)[3]	**2015**	**59.0**	**52.0**	**12.3**	**6.1**	**0.7**	**–**	**130.1**
	2014	56.9	32.5	9.6	5.1	0.7	–	104.8

C.06 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8

[1] For further information on segment reporting in accordance with IFRS 8, see Note 31.).
[2] External sales less cost of materials.
[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	2015	2014
EBITDA (incl. transaction costs / holding charges)	**807.4**	**726.9**
Investments in non-current assets (capex)[1]	−130.1	−104.8
Changes in working capital[2)3)]	87.0	−100.5
Free cash flow	**764.3**	**521.6**

C.07 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.

in EUR m	2015	2014
Operating EBITDA (segment result)[1]	**807.4**	**726.7**
Transaction costs / holding charges[2]	–	0.2
EBITDA	**807.4**	**726.9**
Depreciation of property, plant and equipment	−108.7	−99.2
Impairment of property, plant and equipment	–	−0.2
EBITA	**698.7**	**627.5**
Amortization of intangible assets[3]	−36.9	−35.9
Impairment of intangible assets	–	–
EBIT	**661.8**	**591.6**
Net finance costs	−112.5	−83.8
Profit before tax	**549.3**	**507.8**

C.08 RECONCILIATION FROM OPERATING EBITDA TO PROFIT BEFORE TAX

[1] Including operating EBITDA all other segments.
[2] Transaction costs: costs associated with restructuring under company law and refinancing. They are eliminated for management reporting purposes to permit proper presentation of operating performance and comparability at segment level.
Holding charges: certain costs charged between holding companies and operating companies. At Group level they net to zero.
[3] For the period January 1 to December 31, 2015, this figure includes amortization of customer relationships totalling EUR 27.7 million (2014: EUR 28.3 million).

in EUR m	2015	2014
EBITA	698.7	627.5
Average property, plant and equipment	912.7	852.7
Average working capital	1,295.1	1,161.8
RONA [1)]	**31.6%**	**31.1%**

C.09 DETERMINATION OF RONA

[1)] RONA stands for Return on Net Assets and is defined as EBITA divided by the sum of average property, plant and equipment and average working capital. Average property, plant and equipment is defined for a particular year as the average of the values for property, plant and equipment at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year. Average working capital is defined for a particular year as the average of the values for working capital at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

in EUR m	2015	2014
Operating gross profit	**2,321.7**	**2,078.2**
Production/mixing & blending costs	−55.7	−50.7
Gross profit	**2,266.0**	**2,027.5**

C.10 RECONCILIATION OF OPERATING GROSS PROFIT TO GROSS PROFIT

GENERAL INFORMATION

As one of the world's leading chemicals distributors with more than 530 locations, Brenntag[1)] offers its customers and suppliers an extensive range of services, global supply chain management and a highly developed chemical distribution network in EMEA, North and Latin America as well as in the Asia Pacific region.

These consolidated financial statements of Brenntag AG were prepared by the Board of Management of Brenntag AG on March 7, 2016, authorized for publication and submitted to the Supervisory Board for approval at its meeting on March 14, 2016.

The consolidated financial statements of Brenntag AG are denominated in euros (EUR). Unless otherwise stated, the amounts are in millions of euros (EUR million). For arithmetic reasons, rounding differences of ± one unit after the decimal point (EUR, % etc.) may occur.

[1)] Brenntag AG, Stinnes-Platz 1, 45472 Mülheim an der Ruhr

CONSOLIDATION POLICIES AND METHODS

STANDARDS APPLIED

The consolidated financial statements have been prepared in accordance with IFRSs (International Financial Reporting Standards), as adopted in the EU.

The IFRSs comprise the standards (International Financial Reporting Standards and International Accounting Standards) issued by the International Accounting Standards Board (IASB) and the interpretations by the IFRS Interpretations Committee (IFRS IC) and the former Standing Interpretations Committee (SIC).

The accounting methods applied comply with all the standards and interpretations existing and adopted by the EU as at December 31, 2015 whose application is mandatory. In addition, the German commercial law provisions to be applied in accordance with Section 315a, para. 1 of the German Commercial Code were taken into account.

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

The new IFRIC 21 (Levies) and the Annual Improvements to IFRSs (2011–2013 Cycle) were applied for the first time in financial year 2015.

IFRIC 21 (Levies) addresses the accounting for levies imposed by a government that are not income taxes within the meaning of IAS 12 (Income Taxes) and clarifies, in particular, when obligations to pay such levies are required to be recognized as liabilities in the financial statements. In most cases, the change in the timing of recognition of a liability also results in a change in the timing of recognition of the related expense in the income statement. The first-time application of IFRIC 21 does not have any effect on the presentation of the Group's net assets, financial position and results of operations for financial year 2015 as a whole. During the financial year, however, the timing of recognition of expenses and liabilities from levies imposed by a government changed in some cases, thereby affecting the interim consolidated financial statements. The prior-year amounts in the interim consolidated financial statements were therefore adjusted accordingly. Retrospective application of IFRIC 21 did not have any effect on the Brenntag Group's equity as at December 31, 2014.

Operating EBITDA, EBITDA and profit before tax for the periods in 2014 changed as follows:

	EMEA	North America	Latin America	Asia Pacific	All other segments	**Group**
January 1 to March 31, 2014	−2.0	−2.2	−0.2	–	–	−4.4
April 1 to June 30, 2014	0.7	1.1	–	–	–	1.8
July 1 to September 30, 2014	0.7	0.2	0.1	–	–	1.0
October 1 to December 31, 2014	0.6	0.9	0.1	–	–	1.6
January 1 to December 31, 2014	**–**	**–**	**–**	**–**	**–**	**–**

C.11 EFFECTS OF RETROSPECTIVE APPLICATION OF IFRIC 21 (LEVIES)

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. They did not have a material effect on the presentation of the Group's net assets, financial position and results of operations.

The following (in some cases revised) standards and interpretations had been published by the end of 2015, but their adoption is not yet mandatory. They will probably only be applied in Brenntag's consolidated financial statements when their adoption is mandatory and if they are endorsed by the European Union.

Probable first-time adoption in 2016:

- Amendment to IAS 19 (Employee Benefits (revised 2011)) regarding employee contributions to defined benefit plans
- Amendments to IFRS 11 (Joint Arrangements) regarding the acquisition of an interest in a joint operation
- Amendments to IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets) regarding acceptable methods of depreciation and amortization
- Amendments to IAS 1 (Presentation of Financial Statements) in connection with the Disclosure Initiative
- Annual Improvements to IFRSs (2010–2012 Cycle)
- Annual Improvements to IFRSs (2012–2014 Cycle)
- Amendments to IFRS 10 (Consolidated Financial Statements), IFRS 12 (Disclosure of Interests in Other Entities) and IAS 28 (Investments in Associates and Joint Ventures (revised 2011)) regarding the application of the consolidation exception for investment entities – not relevant to Brenntag
- Amendments to IAS 27 (Separate Financial Statements) regarding the use of the equity method in separate financial statements – not relevant to Brenntag
- Amendments to IAS 16 (Property, Plant and Equipment) and IAS 41 (Agriculture) regarding accounting for bearer plants – not relevant to Brenntag

IAS 19 (Employee Benefits (revised 2011)) provides for the sharing of risks between employees and employer to be taken into account when employees make their own contributions on the basis of the formal terms of a plan. This may lead to a reduction in the present value of the benefit obligation. Provided that the contributions are independent of the number of years of service, the amendment to IAS 19 leads to an option permitting the full amount of such contributions paid by employees to be taken into account in the present value of the defined benefit obligation.

The amendments to IFRS 11 (Joint Arrangements) regarding the acquisition of an interest in a joint operation clarify that the acquisition of an interest, or of an additional interest, in a joint operation that constitutes a business is a business combination in accordance with IFRS 3 and therefore the rules set out in IFRS 3 are required to be applied to the extent that they do not conflict with IFRS 11. In cases where additional interests are acquired and joint control is retained, previously held interests in the same joint operation are not remeasured.

The amendments to IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets) regarding acceptable methods of depreciation and amortization clarify that depreciation of items of property, plant and equipment may not be calculated on the basis of revenues from the sale of goods manufactured using those assets. Revenue is presumed to be an inappropriate basis for amortizing an intangible asset, except in circumstances where the rights embodied in that intangible asset are expressed directly as a measure of revenue (as is the case for rights to a product which end when a specific revenue threshold is achieved) or when revenue and the consumption of the economic benefits of the intangible asset are highly correlated. It is also clarified that a fall in the sales price of goods manufactured and services provided using property, plant and equipment and intangible assets may be an indication that those items of property, plant and equipment and intangible assets are impaired.

The amendments to IAS 1 (Presentation of Financial Statements) made in connection with the Disclosure Initiative are intended to ensure that much more emphasis is placed on the materiality concept. The objective of the clarifications is to free the IFRS financial statements from immaterial information and to give more prominence to relevant information.

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.

The aforementioned revised standards and annual improvements to IFRSs do not have a material effect on the presentation of the Group’s net assets, financial position and results of operations.

Probable first-time adoption in 2018:

- IFRS 15 (Revenue from Contracts with Customers)
- IFRS 9 (Financial Instruments)

The new IFRS 15 (Revenue from Contracts with Customers) provides new rules on accounting for revenue and replaces IAS 18 (Revenue) and IAS 11 (Construction Contracts). Revenue is measured at the amount of consideration the entity expects to receive in exchange for the goods or services provided. The transfer of risks and rewards is no longer the deciding factor for recognizing revenue. Revenue is required to be recognized when the customer obtains control of the agreed goods or services and can obtain benefits from them. The new IFRS 15 provides a five-step model for recognizing revenue:

(i.) Identify the contract(s) with a customer
(ii.) Identify the separate performance obligations
(iii.) Determine the transaction price
(iv.) Allocate the transaction price to the separate performance obligations
(v.) Recognize revenue when (or as) the entity satisfies a performance obligation

IFRS 9 (Financial Instruments) sets out new rules on the accounting for and measurement of financial assets in particular. This includes the requirement to recognize expected losses as well as incurred losses in future when accounting for impairments of financial assets accounted for at amortized cost. In addition, the rules governing hedge accounting have been completely revised. The aim of the new rules is to ensure that hedge accounting more closely reflects the entity’s economic risk management.

Brenntag is currently examining the effects of the new standards and expects this examination to be completed in the next 18 months. At present, it is, however, not yet possible to make a sufficiently reliable assessment of the effects of the new standards on the presentation of the Group’s net assets, financial position and results of operations.

The amendments to IFRS 10 (Consolidated Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures) regarding an inconsistency between the standards have been postponed for an indefinite period.

In addition to the above standards that had been issued by the end of 2015, the new IFRS 16 (Leases) was issued in January 2016. If endorsed by the European Union, it will be effective from January 1, 2019.

Under the new rules, lessees will be required to recognize all leases in the balance sheet in the form of a right-of-use asset and a corresponding lease liability. In the income statement, leases will in all cases be presented as a financing transaction, i.e. the right-of-use asset will usually have to be depreciated on a straight-line basis and the lease liability adjusted using the effective interest method.

Only leases with a total term of up to twelve months and leases of low-value assets are exempt from recognition in the balance sheet. Lessees may elect to account for these in a similar way to the former operating leases.

An exact quantification of the effects on the presentation of the Group´s net assets, financial position and results of operations is not yet available at the present time.

SCOPE OF CONSOLIDATION

As at December 31, 2015, the consolidated financial statements include Brenntag AG and 27 domestic (Dec. 31, 2014: 26) and 194 foreign (Dec. 31, 2014: 179) consolidated subsidiaries including structured entities.

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

	Dec. 31, 2014	Additions	Disposals	**Dec. 31, 2015**
Domestic consolidated companies	27	1	–	28
Foreign consolidated companies	179	29	14	194
Total consolidated companies	**206**	**30**	**14**	**222**

C.12 CHANGES IN SCOPE OF CONSOLIDATION

The additions relate to entities acquired in business combinations accounted for under IFRS 3.

The disposals result from mergers and from the liquidation of companies no longer operating.

Five associates (Dec. 31, 2014: five) are accounted for using the equity method.

A full list of shareholdings for the Brenntag Group in accordance with Section 313, para. 2 of the German Commercial Code (HGB) can be found in the Annex to the Notes.

Regulatory restrictions already existing in Venezuela and the further changes made in February 2016 limit the ability of our Venezuelan subsidiary to distribute dividends and to make certain other payments to Brenntag Group companies. These currency transfer restrictions affect net assets totalling about EUR 31 million as at December 31, 2015 (Dec. 31, 2014: about EUR 19 million), of which EUR 14.1 million as at December 31, 2015 relates to cash and cash equivalents (Dec. 31, 2014: EUR 5.3 million).

In the case of three subsidiaries where Brenntag does not hold the majority of the voting rights, it nevertheless has the power to direct the relevant activities. The structured entities individually listed in the List of Shareholdings in accordance with Section 313, para. 2 of the German Commercial Code (HGB) are a leasing company, a logistics company and a sales company.

BUSINESS COMBINATIONS IN ACCORDANCE WITH IFRS 3

In early March 2015, Brenntag closed its acquisitions of all shares in Fred Holmberg & Co AB, headquartered in Malmö, Sweden, and LIONHEART CHEMICAL ENTERPRISES (PROPRIETARY) LIMITED, headquartered in Benoni near Johannesburg, South Africa.

Fred Holmberg & Co AB, Sweden, is focused on the distribution of chemicals in Scandinavia and also provides efficient mixing and blending activities. The main site in Kalmar in the southwest of Sweden has modern filling facilities and direct access to the port. The acquisition combines Fred Holmberg & Co AB's cost-efficient logistics set-up with Brenntag's comprehensive market coverage in Scandinavia.

LIONHEART CHEMICAL ENTERPRISES (PROPRIETARY) LIMITED, South Africa, is a specialty distributor in the South African market operating mainly in the food & beverage sector. Through this acquisition, Brenntag is strengthening its position in the South African chemical distribution market.

In May 2015, all shares were acquired in Spanish chemicals distributor Quimicas Meroño, S.L. based near Cartagena. The company offers its industrial customers logistics, blending and storage services. This acquisition brings Brenntag additional growth opportunities, especially in key industry sectors such as food and oil & gas. Brenntag also benefits from the company's strong capabilities in value-added services and blends.

In early November 2015, Brenntag completed its acquisition of 100 % of the shares in Parkoteks Kimya Sanayi ve Ticaret Anonim Şirketi (Parkoteks) based in Istanbul, Turkey. Parkoteks markets specialty chemicals with particular focus on the personal care sector. Established in 1989, Parkoteks has grown strongly and benefits from long-term and exclusive partnerships with world-leading specialty chemicals manufacturers, enabling the company to offer its customers a wide range of specialty ingredients.

In early December 2015, Brenntag acquired a 51 % interest in chemicals distributor Trychem FZCO in Dubai, United Arab Emirates (UAE). In an initial step, Brenntag will hold 51 % and Tri Star Transport LLC and JRA Holding together 49 %. This partnership offers sizeable synergies combining Trychem's impressive local knowledge and service capability with Brenntag's extensive portfolio of global accounts and suppliers operating within the region.

In December 2015, Brenntag significantly expanded its lubricants business in North America by acquiring two leading distributors, J.A.M. Parent Company, LLC and related entities (J.A.M.), headquartered in Houston, Texas, and BWE, LLC and related entities (G.H. Berlin-Windward), headquartered in East Hartford, Connecticut. J.A.M. and G.H. Berlin-Windward serve a broad range of customer industries across the entire lubricant supply chain. Both companies offer integrated product and service solutions focused on a wide range of lubricants serving industrial, commercial, automotive and marine end markets throughout the Gulf Coast, Texas and the northeast United States. Both acquisitions are a significant investment in rebalancing Brenntag's industry mix in North America and complement our existing business in the less volatile lubricants market.

In addition, in late December 2015, Brenntag completed the acquisition of TAT Petroleum Pte Ltd and related entities (TAT Group), a distributor of industrial chemicals, based in Singapore, Republic of Singapore. The TAT Group has a strong market position, an excellent reputation and a presence in several Asian countries. The company operates one of the most attractive distribution sites in a prime location in Singapore, with large warehouses as well as modern blending and repackaging facilities operating to HSE standards that are a perfect fit with Brenntag's principles. What is more, Singapore is the world's second-largest port and offers access to the chemical industry zone Jurong Island, making it a preferred hub location.

Purchase prices, net assets and goodwill relating to the acquisitions carried out in 2015 break down as follows:

in EUR m	J.A.M.	G.H. Berlin-Windward	TAT Group	Other entities	**Provisional fair value**
Purchase price	**228.4**	**166.1**	**65.4**	**72.4**	**532.3**
of which consideration contingent on operating gross profit targets	–	–	–	1.2	1.2
Assets					
Cash and cash equivalents	5.1	2.7	20.8	11.4	40.0
Trade receivables, other financial assets and other receivables	25.5	11.4	29.0	27.3	93.2
Other current assets	17.0	13.5	17.7	15.6	63.8
Non-current assets	57.4	27.1	18.8	22.8	126.1
Liabilities					
Current liabilities	14.6	34.2	49.6	26.4	124.8
Non-current liabilities	10.1	2.8	2.5	8.5	23.9
Contingent liabilities	–	–	0.6	–	0.6
Net assets	**80.3**	**17.7**	**33.6**	**42.2**	**173.8**
of which Brenntag's share	73.7	17.7	33.6	41.3	166.3
Goodwill	**154.7**	**148.4**	**31.8**	**31.1**	**366.0**
of which deductible for tax purposes	–	148.4	–	–	148.4

C.13 NET ASSETS ACQUIRED IN 2015

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

Measurement of the assets acquired and liabilities assumed (among others customer relationships, trademarks and deferred taxes) has not yet been completed owing to a lack of time. There are no material differences between the gross amount and carrying amount of the receivables. The main factors determining the goodwill are the above-mentioned reasons for the acquisitions where not included in other assets (e.g. customer relationships, trademarks and similar rights). No goodwill was recognized for non-controlling interests (proportionate share method).

Acquisition-related costs in the amount of EUR 4.4 million were recognized under other operating expenses.

Carrying amounts and annual amortization of the intangible assets contained in non-current assets, in each case at the exchange rate on the acquisition date, break down as follows:

in EUR m	J.A.M.	G.H. Berlin-Windward	TAT Group	Other entities	**Provisional fair value**
Trademarks					
Carrying amount	6.5	3.2	–	0.1	9.8
Annual amortization	1.3	0.6	–	0.0	1.9
Customer relationships and similar rights					
Carrying amount	21.0	18.8	11.7	12.5	64.0
Annual amortization	7.5	6.7	3.6	3.8	21.6
Software, licences and similar rights					
Carrying amount	–	–	0.1	1.8	1.9
Annual amortization	–	–	0.0	0.6	0.6

C.14 INTANGIBLE ASSETS ACQUIRED

Since their acquisition by Brenntag, the business units acquired in 2015 have generated the following sales and the following profit after tax:

in EUR m	J.A.M.	G.H. Berlin-Windward	TAT Group	Other entities	**Total**
Sales	15.7	10.1	–	89.1	114.9
Profit after tax	0.0	0.4	–	3.4	3.8

C.15 SALES AND PROFIT AFTER TAX OF THE BUSINESSES ACQUIRED SINCE ACQUISITION

If the above-mentioned business combinations had taken place with effect from January 1, 2015, sales of about EUR 11,178 million would have been reported for the Brenntag Group in the reporting period. Profit after tax would have been about EUR 390 million.

The measurement of the assets and liabilities of the acquired business of Kemira Water Danmark A/S, based in Copenhagen, Denmark, Gafor Distribuidora S.A., headquartered in São Paulo, Brazil, Philchem, Inc., based in Houston, Texas, USA, CHIMAB S.p.A., based in Campodarsego near Padua, Italy, and SURTIQUIMICOS S.A., based in Bogotá, Columbia, which were all acquired in 2014, has been completed. The purchase prices, 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	**110.1**	**−1.4**	**108.7**
of which consideration contingent on operating gross profit targets	5.1	–	5.1
Assets			
Cash and cash equivalents	5.3	–	5.3
Trade receivables, other financial assets and other receivables	31.9	–	31.9
Other current assets	11.2	−0.4	10.8
Non-current assets	34.1	1.7	35.8
Liabilities			
Current liabilities	33.7	0.3	34.0
Contingent liabilities	8.5	−0.6	7.9
Net assets	**40.3**	**1.0**	**41.3**
Goodwill	**69.8**	**−2.4**	**67.4**
of which deductible for tax purposes	44.2	−0.8	43.4

C.16 NET ASSETS ACQUIRED IN 2014

Goodwill from the business combinations conducted in 2014 and 2015 changed as follows:

in EUR m	J.A.M.	G.H. Berlin-Windward	TAT Group	Other entities	**Goodwill**
Dec. 31, 2014	**–**	**–**	**–**	**69.3**	**69.3**
Exchange rate differences	0.9	0.7	–	14.9	16.5
Business combinations in 2015	154.7	148.4	31.8	31.1	366.0
Adjustments in the measurement period	–	–	–	−2.4	−2.4
Dec. 31, 2015	**155.6**	**149.1**	**31.8**	**112.9**	**449.4**

C.17 CHANGES IN GOODWILL

The net cash outflow in 2015 resulting from business combinations has been determined as follows:

in EUR m	
Cost of acquisition in 2015	**532.3**
Less purchase price components not yet paid	1.4
Less cash and cash equivalents acquired	40.0
Plus subsequent purchase price payments for business combinations from prior years	9.9
Payments to acquire consolidated subsidiaries and other business units	**500.8**

C.18 RECONCILIATION OF ACQUISITION COSTS TO PAYMENTS TO ACQUIRE CONSOLIDATED SUBSIDIARIES AND OTHER BUSINESS UNITS

CONSOLIDATION METHODS

The consolidated financial statements include the financial statements – prepared according to uniform accounting policies – of Brenntag AG and all entities controlled by Brenntag. This is the case when the following conditions are met:

- Brenntag has decision-making power over the relevant activities of the other entity.
- Brenntag has exposure, or rights, to variable returns from its involvement with the other entity.
- Brenntag has the ability to use its decision-making power over the relevant activities of the other entity to affect the amount of the variable returns of the other entity.

Control may be based on voting rights or arise from other contractual arrangements. Accordingly, the scope of consolidation includes, in addition to entities in which Brenntag AG directly or indirectly controls the majority of voting rights, structured entities which are controlled as a result of contractual arrangements.

Inclusion in the consolidated financial statements commences at the date on which control is obtained and ends when control is lost.

Acquisitions are accounted for using the acquisition method in accordance with IFRS 3. The cost of an acquired business unit is considered to be the fair value of the assets given. The acquisition-related costs are recognized as an expense. Contingent consideration is recognized as a liability at the acquisition-date fair value when determining the cost. If Brenntag gains control but does not acquire 100 % of the shares, the corresponding non-controlling interest is recognized.

However, if, owing to contractual agreements, it is virtually certain at the acquisition date that further shares will be acquired at a fixed price, or if non-controlling shareholders receive the right to tender their shares at any time at a fixed price, appropriate liabilities are recognized for these shares. Non-controlling interests are then not presented as the seller does not retain significant risks and rewards from the shares. If payment of a variable price has been agreed for the purchase of further shares instead of a fixed price, and, as a result, the seller still retains significant risks and rewards from the shares, corresponding liabilities are also recognized for these shares, but these liabilities reduce equity and corresponding non-controlling interests are presented.

Identifiable assets, liabilities and contingent liabilities of an acquiree that are eligible for recognition are generally measured at their fair value at the transaction date, irrespective of the share of any non-controlling interests. Any remaining differences between cost and the share of the net assets acquired are recognized as goodwill.

In the event of an acquisition in stages which leads to control of a company being obtained, or in the event of a share sale involving a loss of control, the shares already held in the first case or the remaining shares in the second case are measured at fair value through profit or loss. Acquisitions or disposals of shares which have no effect on existing control are recognized in equity.

Receivables, liabilities, expenses, income and intercompany profits or losses within the Brenntag Group are eliminated.

Associates and joint ventures of the Brenntag Group where Brenntag has significant influence or joint control are accounted for using the equity method. Significant influence is generally considered to exist when Brenntag AG holds between 20% and 50% of the voting rights either directly or indirectly.

The same consolidation policies apply to companies accounted for using the equity method as to consolidated companies, whereby recognized goodwill is contained in the carrying amount of investments accounted for using the equity method. Brenntag's share of the profit/loss after tax of the companies accounted for using the equity method is recognized in the income statement.

The accounting policies of the companies accounted for using the equity method were, as far as necessary, adjusted in line with the accounting policies of Brenntag.

CURRENCY TRANSLATION

Foreign currency receivables and liabilities in the single-entity financial statements are stated on initial recognition at the spot exchange rate at the date of the transaction. At the reporting or settlement date, foreign currency receivables and liabilities are translated at the closing rate. The resulting differences are recognized in profit or loss.

The items contained in the financial statements of a Group company are measured on the basis of the currency of the relevant primary economic environment in which the company operates (functional currency). The presentation currency of the Brenntag Group is the euro.

The single-entity financial statements of the companies whose functional currency is not the euro are translated into euros as follows:

Assets and liabilities are translated at the closing rate, income and expense at the annual average rate. Any differences resulting from currency translation are recognized in other comprehensive income. Goodwill and fair value adjustments resulting from the acquisition of foreign companies are assigned to the foreign company and also translated at the closing rate.

For some companies in Latin America and in the Asia Pacific region, the functional currency is the US dollar and not the local currency. Non-monetary items, primarily property, plant and equipment, goodwill and other intangible assets as well as environmental provisions, are translated from the local currency into US dollars using the exchange rate at the transaction date. Monetary items are translated at the closing rate. All income and expenses are translated at the average exchange rate for the reporting period with the exception of depreciation and amortization, impairment losses and reversals of impairment losses as well as income and expenses incurred in connection with environmental provisions. These are translated at the same exchange rates as the underlying assets and liabilities. The resulting foreign currency differences are recognized in profit or loss. After translation of the items in the single-entity financial statements into the functional currency, the US dollar, the same method is used for translation from US dollars into the Group currency, the euro, as for companies whose functional currency is the local currency.

The single-entity financial statements of foreign companies accounted for using the equity method are translated using the same principles.

The euro exchange rates of major currencies changed as follows:

	Closing rate		**Average rate**	
EUR 1 = currencies	**Dec. 31, 2015**	Dec. 31, 2014	**2015**	2014
Canadian dollar (CAD)	1.5116	1.4063	1.4186	1.4661
Swiss franc (CHF)	1.0835	1.2024	1.0679	1.2146
Chinese yuan renminbi (CNY)	7.0608	7.5358	6.9733	8.1857
Danish crown (DKK)	7.4626	7.4453	7.4587	7.4548
Pound sterling (GBP)	0.7340	0.7789	0.7258	0.8061
Polish zloty (PLN)	4.2639	4.2732	4.1841	4.1843
Swedish crown (SEK)	9.1895	9.3930	9.3535	9.0985
US dollar (USD)	1.0887	1.2141	1.1095	1.3285

C.19 EXCHANGE RATES OF MAIN CURRENCIES

ACCOUNTING AND MEASUREMENT POLICIES

REVENUE RECOGNITION

Revenue from the sale of goods is only recognized – net of value-added tax, cash discounts, discounts and rebates – if the following conditions are met:

- The significant risks and rewards of ownership of the goods have been transferred to the buyer.
- Brenntag retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to Brenntag.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

This is generally the case when the goods have been collected by the customer or have been dispatched by Brenntag or by a third party.

Revenue arising from service business is recognized by reference to the stage of completion of the transaction at the reporting date, provided that all the following criteria are met:

- The amount of revenue can be measured reliably.
- It is sufficiently probable that the economic benefits associated with the transaction will flow to Brenntag.
- The stage of completion of the transaction at the reporting date can be measured reliably.
- The costs incurred for the transaction and the cost to complete the transaction can be measured reliably.

If the above-mentioned criteria are not met, revenue from service business is only recognized to the extent of the expenses recognized that are recoverable.

Interest income is recognized as the interest accrues using the effective interest method.

Dividend income is recognized when the right to receive payment is established.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cheques and deposits held with banks with an original term of three months or less.

TRADE RECEIVABLES, OTHER RECEIVABLES AND OTHER FINANCIAL ASSETS

Financial assets are divided into the following categories in line with the categories stipulated in IAS 39:

- Loans and receivables
- Available-for-sale financial assets
- Financial assets at fair value through profit and loss

The financial assets are subsequently measured at amortized cost or at fair value[2] depending on which of the above categories they are allocated to. In determining the fair value, IFRS 13 provides for a three-level hierarchy which reflects the extent to which the inputs used to determine fair value are market-based:

- Level 1: Fair value determined using quoted or market prices in an active market
- Level 2: Fair value determined using quoted or market prices in an active market for similar financial assets or liabilities, or other measurement methods for which significant inputs used are based on observable market data
- Level 3: Fair value determined using measurement methods for which significant inputs used are not based on observable market data

Cash and cash equivalents, trade receivables, other receivables and receivables included in other financial assets are classified into the loans and receivables category. They are measured at fair value plus transaction costs on initial recognition and carried at amortized cost in subsequent periods.

If there are objective indications that financial assets classified as loans and receivables are not fully collectible, a specific valuation allowance reflecting the credit risk is recognized in profit or loss. Furthermore, country-specific collective valuation allowances are recognized for receivables in the same credit risk classes. Credit risk is based primarily on the extent to which the receivables are past due. The impairment losses are always posted to an allowance account in the balance sheet. If a receivable is uncollectible, the gross amount and the impairment loss are both derecognized.

Securities and shares in companies where Brenntag does not have at least significant influence presented as other financial assets are classified as available-for-sale financial assets. They are measured on initial recognition at fair value plus transaction costs and subsequently at fair value. If these securities or company shares are traded in an active market, the fair value is the published quoted price at the reporting date (Level 1). If there is no active market, the fair value is established by using a suitable valuation technique (Level 2 or 3). Changes in fair value are recognized directly in equity in the revaluation reserve.

If impairments are permanent, the income and expenses previously posted to the revaluation reserve are reversed without affecting profit or loss. Any additional impairment losses are recognized directly as expense. If the reasons for the impairment no longer exist, the impairment losses are reversed to profit or loss, except for impairment losses on equity instruments.

Derivative financial instruments presented as other financial assets which are not included in cash flow hedge accounting are classified as financial assets at fair value through profit or loss. They are measured at fair value on initial recognition and in subsequent periods. Changes in fair value are recognized directly in profit or loss.

No use is made of the option to designate non-derivative financial assets and liabilities as at fair value through profit or loss on their initial recognition.

[2] Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date.

The fair values of foreign exchange forward transactions and foreign exchange swaps are established by comparing forward rates and discounted to the present value (Level 2). The fair values of interest rate swaps are determined using the discounted cash flow method on the basis of current interest curves allowing for the non-performance risk (Level 2).

Non-derivative financial assets are initially recognized at the respective settlement date. Derivative financial instruments are recognized in the balance sheet when Brenntag becomes a party to the contractual provisions of that instrument.

Financial assets are derecognized if the contractual rights to the cash flows from the financial asset have expired or have been transferred and Brenntag has transferred substantially all the risks and rewards of ownership.

INVENTORIES

Inventories mainly comprise merchandise. They are initially recognized at cost. Production costs for the inventories produced through further processing are also capitalized.

Inventories are subsequently measured in accordance with IAS 2 at the lower of cost (on the basis of the average cost formula) and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value also reflects effects of obsolescence or reduced marketability. Earlier valuation allowances on inventories are reversed if the net realizable value of the inventories increases again.

NON-CURRENT ASSETS HELD FOR SALE

In accordance with IFRS 5, non-current assets held for sale are recognized separately as such if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Fair value is determined on the basis of the best possible use. They are measured at the lower of their amortized carrying amount and fair value less costs of disposal. Non-current assets held for sale are no longer depreciated.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost of acquisition or construction, and, except for land, depreciated over its estimated useful life on a straight-line basis. If major components of an item of property, plant and equipment have different useful lives, these components are accounted for separately and depreciated over their respective useful lives.

Acquisition costs include all expenditure directly attributable to the acquisition.

The cost of self-constructed property, plant and equipment comprises direct material and construction costs, appropriate allocations of material and construction overheads and an appropriate share of the depreciation expense on assets used in construction. Expenses for company pension plans and discretionary employee benefits that are attributable to construction are recognized in the construction costs if they can be directly allocated.

In accordance with IAS 23, borrowing costs for assets with a production time of at least twelve months up to the date of completion (qualifying assets) are capitalized as part of the cost of construction.

In accordance with IAS 16, future costs for any restoration obligation are recognized as an increase in the cost of acquisition or construction of the respective asset and a corresponding provision is established at the time of acquisition or construction of the item of property, plant and equipment. The restoration obligation is generally determined on the basis of estimates of the future discounted cash flows. The additional cost of acquisition or construction is depreciated over the useful life of the asset and the discounting of the corresponding provision is unwound over the useful life of the asset.

Leased assets classified as finance leases in accordance with IAS 17 are measured at the lower of their fair value and the present value of the minimum lease payments at the inception of the lease. They are depreciated over their estimated useful lives or – provided the transfer of ownership is not probable – the contract term, whichever is shorter. The present values of future lease payments for assets recognized as finance leases are recognized as financial liabilities.

In accordance with IAS 20, government grants and assistance for investments are deducted from the related asset.

Depreciation charges on property, plant and equipment are allocated to the relevant function in the income statement.

When items of property, plant and equipment are sold, the difference between the net proceeds and the carrying amount of the respective asset is recognized as a gain or loss in other operating income or expenses.

Assets are depreciated over the following useful lives:

	Useful life
Land use rights	40 to 50 years
Buildings	15 to 50 years
Installations and building improvements	8 to 20 years
Technical equipment and machinery	3 to 20 years
Vehicles	5 to 8 years
Other equipment, operating and office equipment	2 to 10 years

C.20 USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

INTANGIBLE ASSETS

Intangible assets include customer relationships and similar rights purchased, the "Brenntag" trademark, other trademarks, software, concessions and similar rights as well as goodwill from the acquisition of consolidated subsidiaries and other business units.

Intangible assets acquired through business combinations are measured on initial recognition at their acquisition-date fair value.

Separately acquired intangible assets are carried at cost.

Acquired software licenses are recognized at cost plus directly attributable costs incurred to acquire and bring to use the specific software.

In addition to goodwill, the "Brenntag" trademark has an indefinite useful life as no assumption can be made about its durability or the sustainability of its economic use. The other intangible assets are amortized on a straight-line basis over their estimated useful lives. The following useful lives are assumed:

	Useful life
Concessions, industrial and similar rights as well as software and trademarks with definite useful lives	3 to 10 years
Customer relationships and similar rights	3 to 15 years

C.21 USEFUL LIVES OF INTANGIBLE ASSETS

Amortization charges on intangible assets are allocated to the relevant function in the income statement.

IMPAIRMENT TESTING OF NON-CURRENT NON-FINANCIAL ASSETS

In accordance with IAS 36, non-current non-financial assets are tested for impairment whenever there is an objective indication that the carrying amount may not be recoverable.

Assets that have an indefinite useful life and are, therefore, not subject to amortization are also tested for impairment at least annually.

Impairment exists when the carrying amount of an asset exceeds the estimated recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use.

Value in use is the present value of the future cash flows expected to be derived from an asset. If the carrying amount is higher than the recoverable amount, the asset is written down to the recoverable amount.

If the recoverable amount of an individual asset cannot be determined, the recoverable amount of the cash-generating unit (CGU) to which this asset belongs is determined and compared with the carrying amount of the CGU.

Impairments, except for impairments of goodwill, are reversed as soon as the reasons for the impairment no longer exist.

Goodwill is tested for impairment regularly, at least annually, after completion of the annual budget process by comparing the carrying amount of the relevant cash-generating unit with its recoverable amount.

For the goodwill impairment test, the operating segments of the segment reporting were identified as relevant CGUs.

If the carrying amount of a segment exceeds the recoverable amount, an impairment exists in the amount of the difference. In this case, the goodwill of the relevant segment would first be written down. Any remaining impairment would be allocated to the segment assets in proportion to the net carrying amounts of the assets at the reporting date. The carrying amount of an individual asset must not be less than the highest of fair value less costs of disposal, value in use (in each case in as far as they can be determined) and zero.

OTHER PROVISIONS

In accordance with IAS 37, other provisions are recognized when the Group has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Non-current provisions are recognized at the present value of the expected outflow and their discounting is unwound over the period until their expected utilization.

If the projected obligation declines as a result of a change in an estimate, the provision is reversed by the corresponding amount and the resulting income is usually recognized in the function in which the original charge was recognized.

Provisions in accordance with IFRS 2 are established for cash-settled, share-based payments. The long-term, share-based remuneration programme based on virtual shares, the new Long-Term Incentive Programme for the members of the Board of Management and the Long-Term Incentive Plan for Executives and Senior Managers are classified as cash-settled, share-based payments. Provisions are established for the resulting obligations. The obligations are measured at fair value. They are recognized as personnel expenses over the vesting period during which the beneficiaries acquire a vested right (unconditional right). The fair value is remeasured at each reporting date and at the settlement date.

PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The Group's pension obligations comprise both defined contribution and defined benefit pension plans.

The contributions to be paid into defined contribution pension plans are recognized directly as expense. Provisions for pension obligations are not established as, in these cases, Brenntag has no additional obligation apart from the obligation to pay the premiums.

In accordance with IAS 19, provisions are established for defined benefit plans, unless the plans are multi-employer pension funds for which insufficient information is available. The obligations arising from these defined benefit plans are determined using the projected unit credit method. The projected unit credit method determines the expected benefits to be paid after retirement taking dynamic measurement parameters into account and spreads them over the entire length of service of the employees participating in the plan. For this purpose, an actuarial valuation is obtained every year. The actuarial assumptions for the discount rate, salary increase rate, pension trend, life expectancy and cost increases for medical care used to calculate the defined benefit obligation are established on the basis of the respective economic circumstances. The plan assets measured at fair value are deducted from the present value of the defined benefit obligation (gross pension obligation). Plan assets are assets where the claim to said assets has, in principle, been assigned to the beneficiaries. This results in the net liability required to be recognized or the net asset required to be recognized.

The discount rate is determined by reference to market yields at the end of the reporting period on fixed-rate senior corporate bonds. The currency and term of the corporate bonds taken as a basis are consistent with the currency and estimated term of the post-employment benefit obligations.

Life expectancy is determined using the latest mortality tables.

The pension costs are made up of the three components:

Component	Constituents	Recognized in
Service cost	- Current service cost - Past service cost incl. gains and losses from plan curtailments - Gains and losses from plan settlements	Personnel expenses
Net interest expense	- Unwinding of discounting on defined pension obligation (DBO) - Interest income from plan assets	Interest expense
Remeasurements	- Actuarial gains and losses on DBO (from experience adjustments and from changes in measurement parameters) - Changes in value of plan assets not already contained in net interest expense	Other comprehensive income

C.22 PENSION COST COMPONENTS

As a result of the inclusion of the remeasurement components in other comprehensive income, the balance sheet shows the full extent of the net obligation avoiding volatility in profit or loss which may result in particular from changes in the calculation parameters.

Multi-employer defined benefit plans are treated as defined contribution plans when insufficient information is available.

TRADE PAYABLES, FINANCIAL LIABILITIES AND OTHER LIABILITIES

Based on the categories under IAS 39, non-derivative liabilities reported as trade payables, financial liabilities and other liabilities are classified as financial liabilities measured at amortized cost. They are initially recognized at their fair value net of transaction costs incurred. They are subsequently carried at amortized cost using the effective interest method.

Derivative financial instruments with negative fair values reported within financial liabilities are accounted for and measured in the same way as derivative financial instruments with positive fair values reported within other financial assets.

Finance lease liabilities are stated at their amortized cost.

LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

Liabilities relating to the acquisition of non-controlling interests contain non-contingent and contingent purchase price obligations to acquire non-controlling interests and liabilities arising from limited partners' rights to repayment of contributions.

They are recognized at their fair value (present value of the purchase price obligation) as a liability not affecting profit or loss. Unwinding of discounting and changes in estimates of non-contingent purchase price liabilities and liabilities arising from limited partners' rights to repayment of contributions are recognized in profit or loss. Exchange rate-related changes are recognized within other comprehensive income if the liability is included in net investment hedge accounting.

DEFERRED TAXES AND CURRENT INCOME TAXES

Current income taxes for current and prior periods are recognized at the amount expected to be paid to or recovered from the tax authorities.

Deferred taxes are determined in accordance with IAS 12 (Income Taxes). They arise from temporary differences between the carrying amounts of assets and liabilities in the IFRS balance sheet and their tax base, from consolidation adjustments and from tax loss carryforwards where it is likely that there will be sufficient income in subsequent years for these loss carryforwards to be utilized.

Deferred tax assets are recognized to the extent that it is likely that future taxable profit will be available against which the temporary differences and unutilized loss carryforwards can be utilized.

No deferred taxes are recognized for the difference between the net assets and the tax base of subsidiaries (outside basis differences) provided Brenntag is able to control the timing of the reversal of the temporary difference and it is unlikely that the temporary difference will reverse in the foreseeable future.

Deferred taxes for domestic companies are calculated on the basis of the combined income tax rate of the German consolidated tax group of Brenntag AG of 32 % (2014: 32 %) for corporate income tax, solidarity surcharge and trade income tax, and for foreign companies, at local tax rates. These are tax rates which can be expected to apply on the basis of laws in the different countries that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are netted against each other if they relate to the same tax authority, the company has a legally enforceable right to set them off against each other and they mature in the same period.

BOND WITH WARRANT UNITS

The bond with warrant units consists of the bond (Bond (with Warrants) 2022) and the warrant components. Upon issue, these components were recognized separately at fair value, including transaction costs.

The Bond (with Warrants) 2022 is classified as financial liabilities measured at amortized cost and in subsequent periods will be measured at amortized cost using the effective interest method.

The warrants constitute equity as they entitle the holder to acquire a fixed number of Brenntag shares at a specified strike price. Upon issue, they were therefore taken directly to additional paid-in capital and recognized at fair value (warrant premium), including transaction costs. There will be no subsequent measurement.

NET INVESTMENT HEDGES

When a net investment in a foreign operation is hedged (net investment hedge), exchange rate-related changes in liabilities included in net investment hedge accounting, calculated on the effective portion, are recognized within equity in the net investment hedge reserve. In the event of the sale of part or all of the foreign operation, the amount previously presented in the net investment hedge reserve is recognized in profit or loss.

CASH FLOW HEDGES

The hedge-effective portion of changes in the fair value of derivative financial instruments included in cash flow hedge accounting is recognized within equity in the cash flow hedge reserve. Gains or losses from the effective portion of these derivatives are only reclassified to the income statement when the underlying hedged item is recognized in profit or loss. If the cash flows from a hedged item are no longer expected, the accumulated gains or losses recognized in equity are reclassified to profit or loss immediately. Ineffective portions of hedge accounting are recognized in profit or loss immediately.

ASSUMPTIONS AND ESTIMATES

Preparation of the consolidated financial statements requires the use of assumptions and estimates which may affect the reported amounts of assets and liabilities and income and expenses. These assumptions and estimates mainly relate to the calculation and discounting of cash flows when impairment tests are performed, the probability of occurrence as well as interest rates and other measurement parameters used to measure provisions, particularly for environmental risks and defined benefit pension obligations, and the estimation of the amount of the purchase price obligation to acquire the non-controlling interest in the Zhong Yung Group. Furthermore, assumptions are made as to the realization of future tax benefits from loss carryforwards and to the useful lives of intangible assets and property, plant and equipment.

If the WACC (weighted average cost of capital after taxes) taken as a basis for goodwill impairment testing had been one percentage point higher, as in 2014, no impairment would have arisen. A 10% lower free cash flow, with all other conditions remaining the same, would, as in 2014, also not have led to an impairment. A 20% lower growth rate over the entire planning period, with all other conditions remaining the same, would, as in 2014, also not have led to any impairment.

If the discount rates used to determine the environmental provisions had been one percentage point higher or lower and all other conditions had remained the same, the provision would have decreased by EUR 5.2 million (Dec. 31, 2014: EUR 4.7 million) or increased by EUR 5.9 million (Dec. 31, 2014: EUR 5.3 million), respectively.

Sensitivity analyses of defined benefit pension obligations are described in the section "Provisions for Pensions and Other Post-employment Benefits".

The actual amounts may differ from the assumptions and estimates in individual cases. Adjustments are recognized in profit or loss when estimates are revised.

CASH FLOW STATEMENT

The cash flow statement classifies cash flows by operating, investing and financing activities. The cash provided by operating activities is determined using the indirect method on the basis of the profit/loss after tax. Interest payments made and received, tax payments and dividends received are presented as components of cash provided by operating activities. The effects of acquisitions of consolidated subsidiaries and other business units as defined by IFRS 3 (Business Combinations) are eliminated from the individual items of the cash flow statement and combined under cash flow from investing activities. Repayments of finance lease liabilities are presented as cash used for financing activities. Cash and cash equivalents in the cash flow statement correspond to the cash and cash equivalents in the balance sheet. The effect of exchange rate changes on cash and cash equivalents is shown separately.

SEGMENT REPORTING

Segment reporting under IFRS 8 (Operating Segments) is based on the management approach. Reporting is based on the internal control and reporting information used by the top management to assess segment performance and allocate resources.

CONSOLIDATED INCOME STATEMENT DISCLOSURES

1.) SALES

The sales of EUR 10,346.1 million (2014: EUR 10,015.6 million) mainly relates to the sale of goods. Sales of EUR 0.8 million (2014: EUR 0.8 million) were generated with related parties.

2.) COST OF SALES

Cost of sales includes cost of materials and other operating expenses attributable to this line item. Cost of materials amounts to EUR 8,024.4 million (2014: EUR 7,937.4 million). Cost of sales also includes a net expense in the amount of EUR 4.3 million (2014: EUR 3.2 million) from valuation allowances and reversals of valuation allowances on inventories.

3.) SELLING EXPENSES

Selling expenses include all direct selling and distribution costs as well as respective overheads incurred in the reporting period and attributable directly or proportionately to this line item.

Rental and lease expenses for operating leases total EUR 118.1 million (2014: EUR 97.2 million), of which EUR 0.6 million (2014: EUR 0.6 million) are for contingent rents. They are mainly presented under selling expenses.

4.) ADMINISTRATIVE EXPENSES

Administrative expenses contain all costs of a general administrative nature provided they are not attributable to other functions.

5.) OTHER OPERATING INCOME

in EUR m	**2015**	2014
Income from the disposal of non-current assets	4.5	3.6
Income from the reversal of liabilities and provisions no longer required	10.6	8.2
Income from receivables derecognized in prior periods	0.2	0.1
Miscellaneous operating income	30.1	31.2
Total	**45.4**	**43.1**

C.23 OTHER OPERATING INCOME

6.) OTHER OPERATING EXPENSES

in EUR m	2015	2014
Valuation allowances on trade receivables	−10.2	−7.3
Valuation allowances on other receivables	–	−0.1
Income from the reversal of valuation allowances on trade receivables	4.8	3.4
Income from the reversal of valuation allowances on other receivables	0.1	0.1
Losses on the disposal of non-current assets	−0.6	−0.7
Miscellaneous operating expenses	−16.0	−11.2
Total	**−21.9**	**−15.8**

C.24 OTHER OPERATING EXPENSES

7.) INTEREST INCOME

Interest income in the amount of EUR 3.3 million (2014: EUR 3.0 million) is interest income from third parties.

8.) INTEREST EXPENSE

in EUR m	2015	2014
Interest expense on liabilities to third parties	−65.4	−66.9
Expense from the fair value measurement of interest rate swaps	−3.3	−2.8
Net interest expense on defined benefit pension plans	−3.4	−3.8
Interest expense on other provisions	−1.8	−1.9
Interest expense on finance leases	−0.9	−1.0
Total	**−74.8**	**−76.4**

C.25 INTEREST EXPENSE

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

in EUR m	2015	2014
Unwinding of discounting of liabilities relating to acquisition of non-controlling interests	−7.5	−1.1
Change in estimate of liabilities relating to acquisition of non-controlling interests	−15.9	7.2
Change in liabilities recognized in profit or loss arising from limited partners' rights to repayment of contributions	−1.5	−2.1
Total	**−24.9**	**4.0**

C.26 CHANGE IN LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS RECOGNIZED IN PROFIT OR LOSS

For further information, please refer to Note 28.).

10.) OTHER NET FINANCE COSTS

in EUR m	2015	2014
Exchange-rate gain / loss on foreign currency receivables and liabilities	3.1	−9.5
Exchange-rate loss on foreign currency derivatives	−24.5	−7.4
Miscellaneous other net finance income / finance costs	1.6	−0.8
Total	**−19.8**	**−17.7**

C.27 OTHER NET FINANCE COSTS

11.) INCOME TAX EXPENSE

in EUR m	**2015**	2014
Current income taxes	−159.9	−170.7
Deferred taxes	−21.3	2.6
(thereof for temporary differences)	(−18.1)	(7.4)
(thereof for tax loss carryforwards)	(−3.2)	(−4.8)
Total	**−181.2**	**−168.1**

C.28 INCOME TAX EXPENSE

The effective tax expense of EUR 181.2 million (2014: EUR 168.1 million) differs by EUR 5.4 million (2014: EUR 5.6 million) from the expected tax expense of EUR 175.8 million (2014: EUR 162.5 million). The expected tax expense results from applying the Group tax rate of 32 % (2014: 32 %) to profit before tax.

The reasons for the difference between the expected and the effective tax expense are as follows:

in EUR m	**2015**	2014
Profit before tax	549.3	507.8
Expected income tax expense (32 %, 2014: 32 %)	**−175.8**	**−162.5**
Difference due to tax base	7.9	3.0
Effect of different tax rates arising on the inclusion of foreign and domestic subsidiaries	3.7	2.4
Changes in valuation allowances on deferred tax assets / losses for which deferred taxes are not recognized / utilization of loss carryforwards	−6.8	−2.6
Changes in the tax rate and tax laws	0.1	1.2
Expenses not deductible for tax purposes	−14.0	−14.2
Tax-free income	1.5	1.3
Share of profit or loss of equity-accounted investments	1.0	0.7
Prior-period tax expense	11.8	5.3
Deferred taxes for temporary differences from investments in subsidiaries	−0.8	−1.5
Changes in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	−6.3	0.9
Other effects	−3.5	−2.1
Effective tax expense	**−181.2**	**−168.1**

C.29 TAX RATE RECONCILIATION

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Deferred taxes result from the individual balance sheet items and other items as follows:

	Dec. 31, 2015		Dec. 31, 2014	
in EUR m	**Deferred tax assets**	**Deferred tax liabilities**	Deferred tax assets	Deferred tax liabilities
Current assets				
Cash and cash equivalents and financial assets	7.1	6.3	7.1	7.7
Inventories	10.8	0.9	12.5	0.3
Non-current assets				
Property, plant and equipment	15.1	89.6	14.9	84.5
Intangible assets	18.1	164.4	7.9	135.5
Financial assets	11.6	4.7	9.2	6.1
Current liabilities				
Other provisions	5.5	0.3	8.5	0.6
Liabilities	27.4	2.0	26.8	3.7
Non-current liabilities				
Provisions for pensions	29.9	6.7	34.2	5.9
Other provisions	22.7	0.9	22.3	–
Liabilities	13.2	7.0	16.7	5.7
Special tax-allowable reserves	–	3.9	0.5	2.8
Loss carryforwards	71.7	–	67.8	–
Valuation allowances on loss carryforwards	−55.7	–	−48.7	–
Valuation allowances on balance sheet items	−5.1	–	–	–
Consolidation items	–	6.6	–	7.0
Offsetting	−120.9	−120.9	−117.7	−117.7
Deferred taxes	**51.4**	**172.4**	**62.0**	**142.1**
Deferred tax liabilities (net)		**121.0**		**80.1**

C.30 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities and their recovery periods are as follows:

in EUR m	**2015**	2014
Deferred tax assets to be recovered after more than 12 months	11.9	17.1
Deferred tax assets to be recovered within 12 months	39.5	44.9
Deferred tax assets	**51.4**	**62.0**
Deferred tax liabilities to be recovered after more than 12 months	168.7	138.6
Deferred tax liabilities to be recovered within 12 months	3.7	3.5
Deferred tax liabilities	**172.4**	**142.1**
Deferred tax liabilities (net)	**121.0**	**80.1**

C.31 DEFERRED TAX BY MATURITY

Deferred tax liabilities (net) changed as follows:

in EUR m	**2015**	2014
Deferred tax liabilities (net) at Jan. 1	**80.1**	**97.1**
Exchange rate differences	1.2	0.8
Income/expense in profit and loss	21.3	−2.6
Income taxes recognized in other comprehensive income	4.8	−17.5
Business combinations	13.6	2.3
Deferred tax liabilities (net) at Dec. 31	**121.0**	**80.1**

C.32 CHANGE IN DEFERRED TAX LIABILITIES (NET)

The existing tax loss carryforwards can be utilized as follows:

	Dec. 31, 2015		Dec. 31, 2014	
in EUR m	**Loss carry-forwards**	**thereof loss carryforwards for which deferred taxes are not recognized**	Loss carry-forwards	thereof loss carryforwards for which deferred taxes are not recognized
Within one year	3.2	(2.4)	8.4	(7.6)
2 to 5 years	26.1	(22.1)	12.8	(11.6)
6 to 9 years	9.6	(9.6)	3.8	(3.8)
More than 9 years	282.4	(270.6)	258.8	(238.9)
Unlimited	171.5	(130.9)	202.8	(143.2)
Total	**492.8**	**(435.6)**	**486.6**	**(405.1)**

C.33 TAX LOSS CARRYFORWARDS

Deferred tax on loss carryforwards is measured based on the expected taxable income derived from the current mid-term planning, allowing for restrictions on loss carryforwards and their utilization (minimum taxation).

Deferred taxes of EUR 16.0 million (Dec. 31, 2014: EUR 19.1 million) were recognized for loss carry-forwards of EUR 57.2 million (Dec. 31, 2014: EUR 81.5 million) which are likely to be utilized. These include loss carryforwards of US subsidiaries for state taxes totalling EUR 11.8 million (tax rate between 5 % and 7 %) (Dec. 31, 2014: EUR 19.9 million).

No deferred taxes were recognized for loss carryforwards of EUR 435.6 million (Dec. 31, 2014: EUR 405.1 million) which are not likely to be utilized. This figure includes domestic corporation tax and trade tax loss carryforwards totalling EUR 93.3 million (Dec. 31, 2014: EUR 93.3 million) as well as loss carryforwards totalling EUR 270.6 million (Dec. 31, 2014: EUR 238.7 million) of US subsidiaries for state taxes (tax rate between 5 % and 7 %).

Temporary differences in connection with investments in subsidiaries for which no deferred tax liabilities were recognized amount to EUR 457.8 million (Dec. 31, 2014: EUR 369.4 million).

12.) PERSONNEL EXPENSES / EMPLOYEES

Personnel expenses amount to EUR 853.0 million (2014: EUR 760.1 million). This line item includes wages and salaries totalling EUR 679.5 million (2014: EUR 605.3 million) as well as social insurance contributions of EUR 173.5 million (2014: EUR 154.8 million), of which pension expenses (including employer contributions to the statutory pension insurance fund) account for EUR 53.4 million (2014: EUR 48.4 million). Net interest expense from defined benefit plans is not included in personnel expenses but presented within net finance costs under interest expense. Personnel expenses for the share-based remuneration programmes on the basis of virtual shares amount to EUR 3.1 million (2014: EUR 3.3 million).

The average number of employees breaks down by segment as follows:

	2015	2014
EMEA	6,655	6,473
North America	4,196	4,085
Latin America	1,513	1,450
Asia Pacific	1,679	1,615
All other segments	133	125
Total	**14,176**	**13,748**

C.34 EMPLOYEES BY SEGMENT

As at December 31, 2015, the Brenntag Group had a workforce of 14,707 (Dec. 31, 2014: 13,870). Of this figure, 1,455 (Dec. 31, 2014: 1,438) were employed in Germany.

13.) EARNINGS PER SHARE

Earnings per share in the amount of EUR 2.36 (2014: EUR 2.20) are determined by dividing the share of profit after tax of EUR 365.0 million (2014: EUR 339.3 million) attributable to the shareholders of Brenntag AG by the number of shares (154.5 million).

In November 2015, Brenntag issued a bond with warrant units, the warrants of which entitle holders to purchase Brenntag shares. The warrants had no diluting effect as the average Brenntag share price is lower than the strike price of the warrants. The diluted earnings per share is therefore the basic earnings per share.

CONSOLIDATED BALANCE SHEET DISCLOSURES

14.) CASH AND CASH EQUIVALENTS

in EUR m	**Dec. 31, 2015**	Dec. 31, 2014
Bank deposits	566.0	482.7
Cheques and cash on hand	13.1	9.2
Total	**579.1**	**491.9**

C.35 CASH AND CASH EQUIVALENTS

15.) TRADE RECEIVABLES

in EUR m	**Dec. 31, 2015**	Dec. 31, 2014
Trade receivables from third parties	1,426.4	1,407.1
Trade receivables from related parties	0.1	0.1
Total	**1,426.5**	**1,407.2**

C.36 TRADE RECEIVABLES

Trade receivables past due but not impaired at the reporting date were past due within the following buckets:

in EUR m	**Dec. 31, 2015**	Dec. 31, 2014
1 to 30 days	197.3	195.1
31 to 60 days	38.9	41.6
61 to 90 days	14.8	12.7
91 to 180 days	8.1	10.7
more than 180 days	6.4	4.2
Receivables past due but not impaired	**265.5**	**264.3**
Receivables neither past due nor impaired	1,158.8	1,138.7
Gross carrying amount of receivables impaired	39.9	39.4
Gross carrying amount of trade receivables	**1,464.2**	**1,442.4**

C.37 MATURITY OF TRADE RECEIVABLES PAST DUE BUT NOT IMPAIRED

Of the trade receivables, EUR 603.3 million (Dec. 31, 2014: EUR 566.0 million) are secured by trade credit insurance.

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In the EMEA segment, most of the trade receivables are secured by trade credit insurance. In the Latin America and Asia Pacific segments, there is trade credit insurance for most of the receivables in certain countries. In the North America segment as well as in some countries in the EMEA, Latin America and Asia Pacific segments, there is no trade credit insurance.

Impairment losses on trade receivables changed as follows:

	Accumulated impairment losses on trade receivables	
in EUR m	**2015**	2014
Jan. 1	**35.2**	**36.0**
Exchange rate differences	0.7	1.3
Added	10.2	7.3
Reversed	−4.8	−3.4
Utilized	−3.6	−6.0
Dec. 31	**37.7**	**35.2**

C.38 CHANGE IN IMPAIRMENT LOSSES ON TRADE RECEIVABLES

16.) OTHER RECEIVABLES

	Dec. 31, 2015		Dec. 31, 2014	
in EUR m		**thereof current**		thereof current
Value-added tax receivables	34.8	(34.8)	30.6	(30.6)
Receivables from packaging	13.2	(13.2)	20.4	(20.4)
Reimbursement claims – environment	3.2	(–)	4.4	(–)
Suppliers with debit balances	5.2	(5.2)	4.5	(4.5)
Receivables from insurance claims	5.7	(5.7)	7.1	(7.1)
Deposits	3.5	(3.5)	3.6	(3.6)
Receivables from commissions and rebates	17.1	(17.1)	15.4	(15.4)
Prepayments	18.2	(18.1)	15.1	(15.1)
Receivables from other taxes	6.4	(6.4)	4.3	(4.3)
Receivables from long-term service contracts	4.8	(–)	3.8	(–)
Plan assets not netted with provisions for pensions	2.5	(–)	–	(–)
Receivables from employees	0.6	(0.6)	0.6	(0.6)
Miscellaneous other receivables	25.7	(16.0)	16.1	(11.2)
Prepaid expenses	17.2	(16.4)	15.6	(14.9)
Total	**158.1**	**(137.0)**	**141.5**	**(127.7)**

C.39 OTHER RECEIVABLES

17.) OTHER FINANCIAL ASSETS

in EUR m	Remaining term less than 1 year	1 to 5 years	more than 5 years	Dec. 31, 2015
Financial receivables from third parties	7.0	35.4	–	42.4
Derivative financial instruments	2.8	2.0	–	4.8
Available-for-sale financial assets	0.3	–	1.0	1.3
Financial receivables from related parties	0.1	–	–	0.1
Total	**10.2**	**37.4**	**1.0**	**48.6**

C.40 OTHER FINANCIAL ASSETS / DEC. 31, 2015

in EUR m	Remaining term less than 1 year	1 to 5 years	more than 5 years	Dec. 31, 2014
Financial receivables from third parties	4.5	26.1	–	30.6
Derivative financial instruments	2.2	4.9	–	7.1
Available-for-sale financial assets	1.1	–	0.2	1.3
Financial receivables from related parties	0.1	–	–	0.1
Total	**7.9**	**31.0**	**0.2**	**39.1**

C.41 OTHER FINANCIAL ASSETS / DEC. 31, 2014

18.) INVENTORIES

The inventories break down as follows:

in EUR m	Dec. 31, 2015	Dec. 31, 2014
Merchandise	874.4	839.7
Finished goods	16.7	20.3
Raw materials and supplies	6.0	5.8
Total	**897.1**	**865.8**

C.42 INVENTORIES

19.) NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale of EUR 1.0 million (Dec. 31, 2014: EUR 0.9 million) are recognized under current assets; as in the previous year, these relate entirely to the North America segment.

Non-current assets held for sale are carried at the lower of carrying amount and fair value less costs of disposal. For material amounts, the fair value is determined using external appraisals and is therefore required to be classified into Level 2 or 3 of the IFRS 13 measurement hierarchy. No impairments had to be recognized in the reporting period.

20.) PROPERTY, PLANT AND EQUIPMENT

in EUR m	Land, land rights and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Prepayments and assets under construction	**Total**
Cost					
Dec. 31, 2013	**645.2**	**459.8**	**227.2**	**30.8**	**1,363.0**
Exchange rate differences	22.1	32.7	6.5	1.9	63.2
Business combinations	0.6	1.9	0.6	0.3	3.4
Other additions	6.5	25.3	30.6	36.1	98.5
Disposals	−0.6	−4.4	−37.0	−0.2	−42.2
Transfers	14.1	16.3	3.8	−35.0	−0.8
Dec. 31, 2014	**687.9**	**531.6**	**231.7**	**33.9**	**1,485.1**
Exchange rate differences	20.6	27.8	7.8	1.7	57.9
Business combinations	18.0	25.5	4.9	0.2	48.6
Other additions	8.4	28.5	28.7	58.7	124.3
Disposals	−1.0	−6.8	−22.0	–	−29.8
Transfers	10.9	8.3	13.8	−35.1	−2.1
Dec. 31, 2015	**744.8**	**614.9**	**264.9**	**59.4**	**1,684.0**
Accumulated depreciation and impairment					
Dec. 31, 2013	**146.7**	**229.1**	**142.5**	**–**	**518.3**
Exchange rate differences	5.3	17.4	3.9	–	26.6
Depreciation	22.5	42.5	34.2	–	99.2
Impairment	0.2	–	–	–	0.2
Disposals	−0.3	−3.4	−34.8	–	−38.5
Transfers	0.1	–	−0.1	–	–
Dec. 31, 2014	**174.5**	**285.6**	**145.7**	**–**	**605.8**
Exchange rate differences	5.9	15.6	4.4	–	25.9
Depreciation	24.6	48.1	36.0	–	108.7
Impairment	–	–	–	–	–
Disposals	−0.8	−5.7	−20.8	–	−27.3
Transfers	–	−6.5	5.5	–	−1.0
Dec. 31, 2015	**204.2**	**337.1**	**170.8**	**–**	**712.1**
Carrying amounts at Dec. 31, 2015	540.6	277.8	94.1	59.4	971.9
Carrying amounts at Dec. 31, 2014	513.4	246.0	86.0	33.9	879.3

C.43 PROPERTY, PLANT AND EQUIPMENT

There were no impairments of property, plant and equipment in the reporting year. The net carrying amounts of the property, plant and equipment subject to impairment in 2014 totalled EUR 2.8 million.

The carrying amounts for assets recognized on the basis of finance leases total EUR 4.4 million (Dec. 31, 2014: EUR 4.7 million) for land and buildings, EUR 1.7 million (Dec. 31, 2014: EUR 0.2 million) for technical equipment and machinery, and EUR 7.4 million (Dec. 31, 2014: EUR 5.1 million) for other equipment, operating and office equipment.

The carrying amounts of property, plant and equipment serving as collateral for liabilities to banks amount to EUR 13.7 million (Dec. 31, 2014: EUR 13.2 million). The carrying amounts of property, plant and equipment which are subject to restrictions on their disposal total EUR 3.0 million (Dec. 31, 2014: EUR 2.8 million).

The volume of government grants totals EUR 1.2 million (Dec. 31, 2014: EUR 1.2 million).

21.) INTANGIBLE ASSETS

in EUR m	Goodwill	Trademarks	Customer relationships and similar rights	Software, licences and similar rights	**Total**
Cost					
Dec. 31, 2013	**1,807.2**	**214.5**	**108.2**	**48.1**	**2,178.0**
Exchange rate differences	117.9	1.3	5.3	2.9	127.4
Business combinations	69.7	–	30.4	–	100.1
Other additions	–	–	–	6.3	6.3
Disposals	–	–	−23.6	−0.9	−24.5
Transfers	–	–	–	0.4	0.4
Dec. 31, 2014	**1,994.8**	**215.8**	**120.3**	**56.8**	**2,387.7**
Exchange rate differences	90.2	1.2	4.6	2.4	98.4
Business combinations	363.6	9.8	65.6	1.9	440.9
Other additions	–	–	–	5.8	5.8
Disposals	–	−0.5	−45.6	−0.5	−46.6
Transfers	–	–	–	2.3	2.3
Dec. 31, 2015	**2,448.6**	**226.3**	**144.9**	**68.7**	**2,888.5**
Accumulated amortization and impairment					
Dec. 31, 2013	**–**	**11.5**	**57.6**	**34.6**	**103.7**
Exchange rate differences	–	0.9	1.7	1.9	4.5
Amortization	–	2.3	28.3	5.3	35.9
Disposals	–	–	−23.6	−0.8	−24.4
Dec. 31, 2014	**–**	**14.7**	**64.0**	**41.0**	**119.7**
Exchange rate differences	–	0.8	2.6	1.8	5.2
Amortization	–	2.7	27.7	6.5	36.9
Disposals	–	−0.5	−45.6	−0.5	−46.6
Transfers	–	–	–	1.2	1.2
Dec. 31, 2015	**–**	**17.7**	**48.7**	**50.0**	**116.4**
Carrying amounts at Dec. 31, 2015	2,448.6	208.6	96.2	18.7	2,772.1
Carrying amounts at Dec. 31, 2014	1,994.8	201.1	56.3	15.8	2,268.0

C.44 INTANGIBLE ASSETS

The goodwill and the “Brenntag” trademark are assets with an indefinite useful life. They are tested regularly, at least annually, for impairment after completion of the annual budget process. The carrying amount of the “Brenntag” trademark is EUR 196.9 million as in the previous year.

Of the intangible assets as at December 31, 2015, some EUR 1,275 million (Dec. 31, 2014: EUR 1,217 million) relate to goodwill and trademarks that were recognized as part of the purchase price allocation performed on the acquisition of the Brenntag Group by funds advised by BC Partners Limited, Bain Capital, Ltd. and subsidiaries of Goldman Sachs International at the end of the third quarter of 2006 in addition to the relevant intangible assets already existing in the previous Group structure.

The regional allocation of goodwill to the groups of cash-generating units relevant for impairment testing is as follows:

in EUR m	**Dec. 31, 2015**	Dec. 31, 2014
EMEA	846.3	808.1
North America	1,277.5	892.3
Latin America	79.6	86.6
Asia Pacific	216.8	179.6
All other segments	28.4	28.2
Group	**2,448.6**	**1,994.8**

C.45 REGIONAL ALLOCATION OF GOODWILL

Fair value less costs of disposal is taken as the recoverable amount. This amount is determined on the basis of a recognized company valuation model. The company valuation model is based on cash flow plans, which are in turn based on the five-year plan approved by the Board of Management and applicable at the date of the performance of the impairment test. The five-year plan consists of the mid-term planning for the first three years submitted by the Group companies and aggregated at segment level (bottom up) and an extrapolation for the two following years performed by the Management (top down). The fair value thus determined is required to be classified into Level 3 of the IFRS 13 measurement hierarchy.

The cash flow forecasts for the impairment test of the financial year ended December 31, 2015 were derived from the budget for 2016 and the plan years 2017 to 2020. The growth rates are based on management’s historical experience and expectations as to future trends in markets and costs as well as quantities and prices on the basis of external macroeconomic data. After the, in some cases, much higher growth rates in the years 2016 to 2020 (detailed planning period), the assumed growth rates for the period from 2021 onwards are 1.0% in EMEA (2014: 1.0%), 1.25% in North America (2014: 1.25%) and 2.0% in Latin America and Asia Pacific (2014: 2.0%).

The region-specific WACC used to discount the cash flows thus determined is based on a risk-free interest rate of 1.50% (2014: 1.75%) and a market risk premium of 6.25% (2014: 6.25%). The estimates of daily yield curves published by the German central bank, the Bundesbank, are taken as a basis for determining the risk-free interest rate. The beta factor used and the capital structure are derived from a peer group. Furthermore, region-specific tax rates and country risk premiums (according to Damodaran) are used.

WACC in %	**2015**	2014
EMEA	6.8	7.0
North America	6.3	6.6
Latin America	8.4	8.5
Asia Pacific	7.2	7.7
Group	6.7	7.0

C.46 WACC BY SEGMENT

Amortization on customer relationships and similar rights as well as local trademarks is recognized under selling expenses.

22.) EQUITY-ACCOUNTED INVESTMENTS

Equity-accounted investments changed as follows:

in EUR m		**Interests in associates**
Dec. 31, 2013		**24.7**
Exchange rate differences	0.8	
Share of profit or loss of equity-accounted investments	3.3	
Total comprehensive income		4.1
Dividends received		−3.8
Dec. 31, 2014		**25.0**
Exchange rate differences	−3.2	
Share of profit or loss of equity-accounted investments	3.7	
Total comprehensive income		0.5
Dividends received		−3.0
Dec. 31, 2015		**22.5**

C.47 CHANGE IN EQUITY-ACCOUNTED INVESTMENTS

The financial year of the investments accounted for using the equity method is the calendar year.

23.) TRADE PAYABLES

Trade payables of EUR 1,055.5 million (Dec. 31, 2014: EUR 1,046.2 million) include accruals of EUR 124.8 million (Dec. 31, 2014: EUR 136.5 million) and liabilities to related parties of EUR 0.1 million (Dec. 31, 2014: EUR 0.1 million).

24.) FINANCIAL LIABILITIES

in EUR m	Remaining term less than 1 year	1 to 5 years	more than 5 years	Dec. 31, 2015
Liabilities under syndicated loan	0.9	1,213.8	–	1,214.7
Other liabilities to banks	128.7	0.2	5.3	134.2
Bond 2018	9.9	396.6	–	406.5
Bond (with Warrants) 2022	0.7	–	422.5	423.2
Finance lease liabilities	3.6	6.9	3.9	14.4
Derivative financial instruments	4.3	–	–	4.3
Other financial liabilities	12.7	45.2	–	57.9
Total	**160.8**	**1,662.7**	**431.7**	**2,255.2**
Cash and cash equivalents				579.1
Net financial liabilities				**1,676.1**

C.48 FINANCIAL LIABILITIES / DEC. 31, 2015

in EUR m	Remaining term less than 1 year	1 to 5 years	more than 5 years	Dec. 31, 2014
Liabilities under syndicated loan	2.5	1,121.6	–	1,124.1
Other liabilities to banks	288.0	2.5	6.1	296.6
Bond 2018	9.9	395.3	–	405.2
Finance lease liabilities	2.8	6.1	3.4	12.3
Derivative financial instruments	3.6	0.4	–	4.0
Other financial liabilities	27.2	32.2	–	59.4
Total	**334.0**	**1,558.1**	**9.5**	**1,901.6**
Cash and cash equivalents				491.9
Net financial liabilities				**1,409.7**

C.49 FINANCIAL LIABILITIES / DEC. 31, 2014

The syndicated bullet loan is a loan agreement with a consortium of international banks. The syndicated loan is divided into different tranches with different currencies.

The liabilities under the syndicated loan break down as follows:

in EUR m		Remaining term	Interest rate above EURIBOR / LIBOR	Dec. 31, 2015
Tranches				
	Tranche A	Mar. 28, 2019	1.05 %	386.4
	Tranche B	Mar. 28, 2019	1.05 %	835.9
Total				**1,222.3**
Accrued interest				0.9
Transaction costs				−8.5
Liabilities under syndicated loan				**1,214.7**

C.50 LIABILITIES UNDER SYNDICATED LOAN / DEC. 31, 2015

in EUR m		Remaining term	Interest rate above EURIBOR / LIBOR	Dec. 31, 2014
Tranches				
	Tranche A	Mar. 28, 2019	1.15 %	382.6
	Tranche B	Mar. 28, 2019	1.15 %	749.5
Total				**1,132.1**
Accrued interest				2.5
Transaction costs				−10.5
Liabilities under syndicated loan				**1,124.1**

C.51 LIABILITIES UNDER SYNDICATED LOAN / DEC. 31, 2014

In addition to the above-mentioned tranches, the syndicated loan also includes a revolving credit facility in the amount of EUR 600.0 million (Dec. 31, 2014: EUR 600.0 million), which was virtually unutilized as at December 31, 2015.

The EUR 400.0 million bond (Bond 2018) matures in July 2018. At an issue price of 99.321 %, the Bond 2018 bears a coupon of 5.5 % with interest paid annually. The bond with warrant units in the amount of USD 500.0 million issued in November 2015 matures in December 2022. The 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 discount (7.3 % or USD 36.5 million) is the warrant premium on the warrants to purchase Brenntag shares issued together with the Bond (with Warrants) 2022. The warrant premium was recognized in the additional paid-in capital of Brenntag AG. The Bond 2018 and the Bond (with Warrants) 2022 were issued by our Group company, Brenntag Finance B.V., Amsterdam, Netherlands.

As at December 31, 2014, the other liabilities to banks included an amount of EUR 182.7 million owed to banks by Brenntag Funding Ltd., Dublin, Ireland under the international accounts receivable securitization programme. Following Brenntag's decision not to extend the international accounts receivable securitization programme, the corresponding financial liabilities were repaid in June 2015.

Of the other liabilities to banks, EUR 30.8 million are secured by inventories in the amount of EUR 12.3 million.

Detailed disclosures concerning the terms of the syndicated loan, the Bond 2018 and the bond with warrant units are included in the chapters "Capital structure" and "Financial risks and opportunities" in the management report.

The following table shows the reconciliation of future minimum lease payments to liabilities under finance leases:

in EUR m	Minimum lease payments	Interest component	**Finance lease liabilities**
less than 1 year	4.4	0.8	3.6
1 to 2 years	3.3	0.6	2.7
2 to 3 years	2.5	0.5	2.0
3 to 4 years	1.8	0.4	1.4
4 to 5 years	1.2	0.4	0.8
more than 5 years	6.5	2.6	3.9
Dec. 31, 2015	**19.7**	**5.3**	**14.4**

C.52 MINIMUM LEASE PAYMENTS / 2015

in EUR m	Minimum lease payments	Interest component	**Finance lease liabilities**
less than 1 year	3.7	1.0	2.7
1 to 2 years	3.1	0.7	2.4
2 to 3 years	2.3	0.5	1.8
3 to 4 years	1.6	0.4	1.2
4 to 5 years	1.1	0.3	0.8
more than 5 years	6.1	2.7	3.4
Dec. 31, 2014	**17.9**	**5.6**	**12.3**

C.53 MINIMUM LEASE PAYMENTS / 2014

25.) OTHER LIABILITIES

in EUR m	Dec. 31, 2015	thereof current	Dec. 31, 2014	thereof current
Liabilities to employees	103.0	(103.0)	100.9	(100.9)
Liabilities from packaging	63.1	(63.1)	68.6	(68.6)
Liabilities from value-added tax	45.1	(45.1)	44.3	(44.3)
Customers with credit balances	27.0	(27.0)	23.9	(23.9)
Liabilities from other taxes	20.1	(20.1)	17.6	(17.6)
Liabilities to insurance companies	16.8	(16.8)	16.0	(16.0)
Liabilities from sales deductions, rebates	13.7	(13.7)	12.6	(12.6)
Deferred income	7.5	(7.2)	7.7	(7.4)
Liabilities from social insurance contributions	9.8	(9.8)	9.1	(9.1)
Liabilities from the acquisition of assets	10.5	(10.5)	7.7	(7.7)
Miscellaneous other liabilities	56.5	(54.2)	54.6	(52.7)
Total	**373.1**	**(370.5)**	**363.0**	**(360.8)**

C.54 OTHER LIABILITIES

Other liabilities include accruals of EUR 40.6 million (Dec. 31, 2014: EUR 36.8 million).

26.) OTHER PROVISIONS

Other provisions changed as follows:

in EUR m	Environmental provisions	Provisions for personnel expenses	Miscellaneous provisions	Total
Jan. 1, 2015	**103.1**	**27.1**	**29.3**	**159.5**
Exchange rate differences	6.4	0.5	0.8	7.7
Additions from business combinations	0.8	0.3	0.5	1.6
Unwinding of discounting	1.5	0.2	0.2	1.9
Utilized	−7.0	−12.8	−12.4	−32.2
Reversed	−3.2	−1.8	−4.8	−9.8
Added	3.2	9.9	19.3	32.4
Transferred	–	−2.0	4.1	2.1
Dec. 31, 2015	**104.8**	**21.4**	**37.0**	**163.2**

C.55 CHANGE IN OTHER PROVISIONS

Other provisions have the following maturities:

in EUR m	**Dec. 31, 2015**	Dec. 31, 2014
less than 1 year	42.1	45.1
1 to 5 years	59.4	62.3
more than 5 years	61.7	52.1
Total	**163.2**	**159.5**

C.56 MATURITY OF OTHER PROVISIONS

ENVIRONMENTAL PROVISIONS

The recognition and measurement of environmental provisions are coordinated centrally by external independent experts. The provision amounts are determined on the basis of individual cost estimates for each case. Allowance is made not only for the nature and severity of pollution but also for the conditions at the respective sites and the sovereign territories in which these sites are located.

Environmental provisions are stated at their present values. They are discounted at maturity-dependent, risk-free interest rates for the respective functional currencies. Increases in the future expenditure due to inflation are allowed for. The discount rates for environmental provisions are between 0.0 and 6.9 %, depending on the currency.

As at December 31, 2015, environmental provisions total EUR 104.8 million (Dec. 31, 2014: EUR 103.1 million). They mainly relate to the rehabilitation of soil and ground water for current and former, owned and leased sites but also cover costs for further and accompanying measures such as necessary environmental inspections and observations. The provisions include EUR 23.0 million (Dec. 31, 2014: EUR 22.4 million) for contingencies for which a cash outflow is not likely but nevertheless possible. In line with the requirements of IFRS 3, these contingencies have entered the balance sheet largely through the purchase price allocation in connection with the acquisition of the Brenntag Group by funds advised by BC Partners Limited, Bain Capital, Ltd. and subsidiaries of Goldman Sachs International at the end of the third quarter of 2006.

Due to the nature and the large number of parameters which have to be considered when determining environmental provisions, there are uncertainties in their measurement. This applies both to the amount and the timing of future expenditure. However, based on the information available at the time of the preparation of these financial statements, it can be assumed that the environmental provisions are reasonable and any additional amounts incurred would not have any material effect on the net assets, financial position and results of operations of the Group.

In some cases, special agreements have been reached which ensure that the cost of any future environmental work necessary will be borne by third parties. If receipt of payment from the third party is virtually certain provided Brenntag meets its obligations, these reimbursement claims are recognized. They are generally measured in the same way as the corresponding provisions. The amount recognized does not exceed the amount of the provision. The reimbursement claims recognized at December 31, 2015 amount to EUR 3.2 million (Dec. 31, 2014: EUR 4.4 million).

PROVISIONS FOR PERSONNEL EXPENSES

Provisions for personnel expenses primarily contain obligations arising from future variable and individual one-time payments, payments in connection with employee long-service anniversary bonuses, early retirement regulations and pre-retirement part-time work compensation. Provisions for share-based remuneration programmes on the basis of virtual shares are also presented under this item. These programmes are long-term bonus systems for members of the Board of Management of Brenntag AG, on the one hand, and for executives and senior managers of the Brenntag Group, on the other.

Long-term share-based remuneration programmes for the members of the Board of Management and Long-Term Incentive Plan for Executives and Senior Managers (LTI Plan)

In 2015, one single remuneration system was introduced for all members of the Board of Management of Brenntag AG, which also includes a long-term share-based remuneration programme (Long Term Incentive Plan). The long-term variable remuneration is awarded every year and is partly based on the development of the share price. On the basis of a contractually set Annual Target Amount, this remuneration component is subject to a vesting period of in each case three years. 50 % of the Target Amount is contingent on the development of the value of the company's shares during these three years (External LTI Portion) and 50 % is contingent on the long-term development of specific Group-wide KPIs (Internal LTI Portion).

50 % of the External LTI Portion is measured by the absolute development of the total shareholder return for the company's shares during the vesting period (Absolute External LTI Portion), while the other 50 % of the External LTI Portion is measured by the relative development of the total shareholder return for the company's shares in comparison to the development of the MDAX during the vesting period (Relative External LTI Portion). For every percentage point by which the average share price on the last trade day of the vesting period exceeds or falls short of the average share price on the last trade day before the vesting period, the Absolute External LTI Portion is increased or decreased by 2 %. For every percentage point by which the MDAX is over- or underperformed in the vesting period, the Relative External LTI Portion is increased or decreased by 3 %. The overall External LTI Portion at the end of the relevant vesting period equals the sum of the Absolute External LTI Portion and Relative External LTI Portion. The Absolute External LTI Portion and Relative External LTI Portion may not be less than EUR 0, the External LTI Portion is capped overall at 100 % of the Target Amount (for sum of External and Internal LTI Portions).

The Internal LTI Portion is measured by the following KPI targets, which are agreed at the end of each financial year for the following vesting period in an LTI Bonus Plan: EBITDA, ROCE and earnings per share. At the end of each financial year during a vesting period, the achievement of the KPI targets in the particular financial year is calculated for a share of 1/3 of the Internal LTI Portion. For every percentage point by which the targets of a given KPI are over- or underperformed in the particular financial year, the Annual Internal LTI Portion is increased or decreased by 3 %. This may also lead to a negative Annual Internal LTI Portion. The overall Internal LTI Portion at the end of the relevant vesting period equals the sum of the Annual Internal LTI Portions. The Internal LTI Portion is capped at 100 % of the portion of the contractually set Target Amount (for sum of External and Internal LTI Portions). The Long Term Incentive Bonus for each financial year equals the sum of the External and Internal LTI Portions.

The Long Term Incentive Bonus for each financial year is also capped at 200 % of the Target Amount (LTI Cap).

The long-term share-based remuneration programme introduced in 2010 for the members of the Board of Management of Brenntag AG is expiring according to the provisions of the previous service agreements and was only awarded pro rata temporis in 2015. In principle, according to this programme, the amount of the bonus depends on the outperformance of quantitative targets and the achievement of qualitative targets as well as Brenntag's share price performance. The quantitative targets comprise the KPIs operating gross profit, operating EBITDA, free cash flow and RONA. Depending on the extent to which the quantitative targets are outperformed and the qualitative targets achieved, those eligible are awarded a base amount every year, half of which is converted into virtual shares. At the end of the vesting period, they are multiplied by total shareholder return (the average share price adjusted for dividends, capital transactions and stock splits). The further change in the other half of the base amount until pay-out after completion of the individual vesting periods depends on the outperformance or underperformance of the total shareholder return compared with the average MDAX performance. The total amount to be paid out must not exceed 250 % of the base amount.

The LTI Plan was offered for the first time in 2013 to a group of managers which is to be redefined every year by the Board of Management of Brenntag AG. The term of the programme is divided into a one-year performance period and a general vesting period of three years. The total bonus pool amount available for one annual tranche of the LTI Plan basically depends on the change in operating EBITDA in the performance period; further amounts can be assigned to the bonus pool at the discretion of the Board of Management. Restrictions exist to the extent that the bonus pool may not exceed 0.675 % of the actual operating EBITDA. On the basis of this bonus pool, the number of virtual shares is determined for each plan participant pro rata based on the annual salary of the participant in relation to the total annual salaries of all participants and the average price of the Brenntag shares. After expiry of the vesting period, the plan participants receive remuneration resulting from the virtual shares allocated multiplied by the average Brenntag share price, adjusted for dividends, capital transactions and stock splits. Payment per virtual share must not exceed 250 % of the average share price, on the basis of which the number of virtual shares was determined.

At December 31, 2015, provisions for share-based remuneration total EUR 5.5 million (Dec. 31, 2014: EUR 9.1 million).

MISCELLANEOUS PROVISIONS

Miscellaneous provisions include provisions for compensation payable, provisions for restoration obligations as well as provisions for risks from legal proceedings and disputes.

Provisions for current and likely litigation are established in those cases where reasonable estimates are possible. These provisions contain all estimated legal costs as well as the possible settlement costs. The amounts are based on information and cost estimates provided by lawyers.

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

There are both defined contribution and defined benefit pension plans for the employees of the Brenntag Group. The pension obligations vary depending on the legal, tax and economic circumstances in the respective country and the employee's years of service with the company and pay grade.

DEFINED CONTRIBUTION PLANS

A large number of the employees of the Brenntag Group will receive benefits from the statutory social insurance fund, into which the contributions are paid as part of their salary. In addition, various other pension fund commitments exist at the companies of the Brenntag Group. As the company has no further obligations after payment of the retirement pension contributions to the state social insurance fund and private insurance companies, these plans are treated as defined contribution plans. Current pension contribution payments are recognized as expense for the relevant period. In financial year 2015, pension expenses in the Brenntag Group total EUR 24.2 million (2014: EUR 22.6 million) for employer contributions to the statutory pension insurance fund and EUR 17.4 million (2014: EUR 16.9 million) for non-statutory defined contribution plans.

In the USA, subsidiaries of the Brenntag Group pay into defined benefit plans maintained by more than one employer (so-called multi-employer plans). These multi-employer defined benefit plans are accounted for in the consolidated financial statements as defined contribution plans because the information required to use defined benefit accounting is not available in a timely manner and in sufficient detail. Furthermore, there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual participating employers, which is necessary for defined benefit accounting in accordance with IAS 19.

If other participating employers do not meet their payment obligations, Brenntag may be liable for the obligations of those employers. Any potential withdrawal from the plans by an entity may lead to that entity having to offset the potential shortfall relating to its share of the plan. The funding level of the individual plans ranges from about 37% to 92% as at December 31, 2015 (about 35% to 95% as at December 31, 2014). Brenntag Group subsidiaries account for approximately 0.04% to 4.2% of the total contributions (2014: approximately 0.04% to 4.5%), depending on the plan. Withdrawal from all plans at the present time would lead to an estimated one-time expense of approximately EUR 28 million or approximately USD 31 million (2014: approximately EUR 23 million or approximately USD 30 million). No withdrawal from any of these plans is intended at this time.

In financial year 2015, contributions of EUR 2.4 million or USD 2.6 million (2014: EUR 1.9 million or USD 2.6 million) were paid. The contributions are included in the above-mentioned contributions for non-statutory defined contribution plans. The contributions are expected to amount to approximately EUR 2.5 million in 2016.

DEFINED BENEFIT PLANS

The defined benefit plans of the Brenntag Group are funded by provisions and largely covered by assets. The principal obligations (over 90% of the total volume) are in Switzerland, Germany, Canada and the Netherlands. The remaining obligations are spread over another eleven countries in the EMEA, Latin America and Asia Pacific segments.

Switzerland

In Switzerland, every employer is obliged by national law to set up a company retirement pension scheme. When determining the pension benefits, the minimum requirements of the Federal Law on Occupational Retirement, Surviving Dependants' and Disability Pensions (Bundesgesetz über die beruflichen Alters-, Hinterlassenen- und Invalidenvorsorge (BVG)) and the corresponding regulations are required to be observed.

The Swiss group company maintains a funded pension plan for its employees. The assets of this plan are held in two autonomous foundations. The foundation board is made up of equal numbers of employer and employee representatives. It is responsible for setting the investment strategy, for changes in the pension plan rules and in particular also for determining the financing of the pension benefits.

The pension benefits are based on the retirement assets accrued. The annual retirement credits and interest are credited to these retirement assets. On retirement, the insured person has the choice between a life-long pension, a lump-sum settlement or parts thereof. In addition to the retirement benefits, the pension benefits also include disability and surviving dependants' pensions. The insured person may also dispose of parts of his accrued retirement assets prematurely if this serves to improve his pension situation. If there is a change of employer, the retirement assets are transferred to the pension scheme of the new employer.

The employee and employer contributions are set by the foundation board. According to the BVG, the employer pays at least 50% of the necessary contributions. In the case of Brenntag Schweizerhall AG, the employer pays some 70% of the contributions in accordance with the rules of the plan.

As the contributions to the pension plan that the employees in Switzerland pay are based on formal rules, the risk distribution between employee and employer is taken into account when measuring the obligation. In the case of Brenntag Schweizerhall AG, this leads to an insignificant reduction in the present value of the benefit obligation.

Germany

The German group companies have retirement pension plans which are based on contractual provisions or works agreements:

The Employee Pension Plan 2000/2012 (Mitarbeiter Vorsorgeplan 2000/2012) is a pension plan funded by the employer. The employer awards an annual pension contribution of between EUR 250 and EUR 500 depending on length of service, which is converted into pension modules. The amount of the benefits depends on the pension modules accrued before retirement.

The Pension Scheme 2000/2012 for Executives (Leistungsordnung 2000/2012 für Führungskräfte) of the German Brenntag companies is a pension plan for executives funded by the employer in the form of individual commitments. The annual pension contribution depends on the pensionable remuneration (basis of assessment). The annual basis of assessment is the sum total of the fixed remuneration, Christmas and vacation allowances and bonuses but no more than three times the contribution assessment limit for the statutory pension system. The pension contribution is a maximum of 4% of the basis of assessment up to the contribution assessment limit plus a maximum of 10% for parts exceeding the contribution assessment limit. The annual pension contributions are converted into pension modules. The amount of the benefits depends on the pension modules accrued before retirement.

All employees have the option to convert pay components into an entitlement to pension benefits within the meaning of the German Company Pension Act (Betriebsrentengesetz (BetrAVG)) by participating in the Pension Plan Through Employee-funded Pension Commitments (Vorsorgeplan über mitarbeiterfinanzierte Versorgungszusagen). The annual pension contribution for participating employees is between at least EUR 250 and a maximum of 4% of the contribution assessment limit for the statutory pension system (Section 1a BetrAVG). The company also pays an additional pension allowance of 15% to the converted amount provided that the pension contribution comes from remuneration subject to statutory pension insurance contributions. Furthermore, through the Deferred Compensation Plan (DCP), employees have the option to convert pay components into an entitlement to pension benefits. The individual pension contribution must be at least EUR 5,000. The converted employee contributions are protected by a reinsurance policy pledged to the employee who is entitled to the pension. With both employee-funded plans, the employees must decide every year on the pension contribution they wish to make.

In addition to the retirement benefits, the pension benefits also include surviving dependants' pensions and – except in the case of the Deferred Compensation Plan (DCP) – disability benefits.

The Pension Scheme 2000/2012 for Executives (Leistungsordnung 2000/2012 für Führungskräfte) is a pure retirement pension plan with a monthly life-long pension. With the other pension plans, if the capital amount is no more than EUR 25,000, the pension benefit is paid out as a lump sum or, if the capital amount is more than EUR 25,000, the pension benefit is paid as an annual capital instalment spread over a maximum of five years or as a life-long pension.

The retirement pension entitlements of the members of the Board of Management are described in the chapter "Remuneration Report" of the Group management report.

Furthermore, in Germany, Brenntag still has isolated retirement and disability pension commitments under pension plans set up in the past. These commitments depend on the years of service and the pay grades of the respective employees. They are mainly commitments involving monthly pension payments.

Canada

In Canada, Brenntag maintains an employer-funded pension plan with a life-long monthly pension for employees who joined the company before December 31, 2011. The basis of assessment for calculating the annual pension is 1% of the average salary of the three highest annual salaries of the beneficiary multiplied by the number of years of service. In addition to the retirement benefits, the pension benefits include disability and surviving dependants' pensions.

The plan participants in the employer-funded pension plan who are under 50 or who have less than 15 years of service or less than 55 points (sum of age and years of service) must pay into a defined contribution plan newly set up in 2014 in order to continue to build up their retirement pension. The employees' contribution is 3% of their salary. The employer's contribution is 4% for this compulsory part. The employees may voluntarily increase their contribution by a further 3%. The employer's contribution for this voluntary part is between 3.25% and 6%, depending on the years of service. The payment obligation accrued up to the date of transition remains.

Employees who joined the company on or after January 1, 2012 must pay at least 3% of their salary into a defined contribution pension plan in order to build up a retirement pension. The employer's contribution is 3%. The employees may voluntarily increase their contribution by a further 3%. The employer's contribution for this voluntary part is also 3%.

For employees in Canada who joined the company up to and including May 31, 2013, there is an employer-funded supplementary medical cost plan in retirement as well as a life insurance payment of CAD 5,000 on retirement. As this plan has the characteristics of a pension, it is classified under pensions and other post-employment benefits.

Netherlands

Company pension systems play a prominent role in the Netherlands as the pay-as-you-go statutory pension scheme only provides a basic pension.

The companies maintain a funded retirement plan for their employees. When there is a change of employer, the credit balance from the plan assets can either be transferred to the pension scheme of the new employer or remain in the company. About 20% of the retirement pension plan is funded by the employee and about 80% by the employer. Depending on the employer's commitment, the basis of assessment for calculating the annual pension is the last salary before the employee reaches retirement age or the average salary over the employee's active career before reaching retirement age. Depending on the employer's commitment, the annual pension is between 1.5% and 1.75% of the salary reduced by a base amount and multiplied by the number of years of service. This base amount represents the basic pension under the statutory pension scheme. The retirement pension plan is a pure pension plan with a life-long monthly pension. In addition to the retirement benefits, the pension benefits include disability and surviving dependants' pensions.

Risks arising from defined benefit pension plans

Brenntag is exposed to risks arising from the plans. An increase in life expectancy, salaries, as well as the adjustment of pensions in line with inflation as required by law in Germany, or an increase in medical costs in Canada, would lead to higher cash outflows and, in combination with falling discount rates, in each case to higher present values of the defined benefit obligation. There is investment risk in Switzerland primarily with regard to the proportion of the plan assets invested in shares. There is no investment risk in Germany or the Netherlands as the plan assets consist solely of insurance policies. In Canada, the plan assets consisting of external fund shares are in principle exposed to investment risk. In order to minimize this risk, the plan assets in Canada are subject by law to an audit every three years to establish whether the assets invested are sufficient to fund the pension obligations.

Actuarial parameters applied

The plan assets are measured at fair value. The calculation of the present value of the benefit obligations is based on the following main actuarial parameters. When several countries are grouped together, the values are average values weighted by the present value of the respective benefit obligation:

in %		Switzerland	Germany	Canada	Netherlands	Other countries	**Weighted**
Discount rate	**2015**	**0.70**	**2.40**	**4.20**	**2.40**	**3.17**	**2.13**
	2014	1.00	1.90	4.00	1.90	2.86	2.03
Expected salary trend	**2015**	**1.00**	**2.70**	**2.75**	**2.70**	**3.48**	**2.16**
	2014	1.50	2.70	3.25	2.70	3.62	2.47
Expected pension trend	**2015**	**0.25**	**1.75**	**2.25**	**1.75**	**2.26**	**1.33**
	2014	0.50	2.00	2.25	2.00	2.44	1.59
Medical cost trend	**2015**	**n.a.**	**n.a.**	**6.23**	**n.a.**	**n.a.**	**6.23**
	2014	n.a.	n.a.	6.38	n.a.	n.a.	6.38

C.57 ACTUARIAL PARAMETERS APPLIED

With respect to life expectancy, in Germany the Heubeck 2005 G mortality tables (generational tables) are taken as a basis. In Switzerland, the BVG-2010 generational mortality tables are used. In the Netherlands, we use the “Prognose Tafel 2014” table and, in Canada, the “UP94 generational mortality table”.

Provisions for pensions and other post-employment benefits by country

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	**Dec. 31, 2015**
Present value of the defined benefit obligation	132.3	97.2	56.7	53.6	29.0	368.8
Fair value of plan assets	−108.2	−17.0	−45.0	−46.0	−4.2	−220.4
Provisions for pensions and other post-employment benefits – net	**24.1**	**80.2**	**11.7**	**7.6**	**24.8**	**148.4**
thereof assets recognized	–	–	2.5	–	–	2.5
Provisions for pensions and other post-employment benefits recognized in the balance sheet	**24.1**	**80.2**	**14.2**	**7.6**	**24.8**	**150.9**

C.58 PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS BY COUNTRY / DEC. 31, 2015

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	Dec. 31, 2014
Present value of the defined benefit obligation	120.4	102.4	61.7	62.3	28.1	374.9
Fair value of plan assets	−96.6	−15.8	−43.7	−52.4	−3.8	−212.3
Provision for pensions and other post-employment benefits recognized in the balance sheet	**23.8**	**86.6**	**18.0**	**9.9**	**24.3**	**162.6**

C.59 PROVISION FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS BY COUNTRY / DEC. 31, 2014

Pension obligations, plan assets and provisions for pensions and other post-employment benefits recognized in the balance sheet changed as follows:

Change in the present value of the defined benefit obligations

in EUR m	Principal pension plans	Other countries	**2015**	Principal pension plans	Other countries	2014
Present value of pension obligations at the beginning of the period	346.8	28.1	374.9	261.9	21.2	283.1
Exchange rate differences	9.0	0.1	9.1	4.9	0.6	5.5
Addition from business combinations	–	–	–	–	1.1	1.1
Utilizations	−11.8	−1.0	−12.8	−9.3	−1.0	−10.3
Service cost						
Current service cost	10.1	1.7	11.8	8.1	1.2	9.3
Past service cost	–	–	–	−0.8	–	−0.8
Employee contributions	1.5	–	1.5	1.4	–	1.4
Interest expense on the present value of the obligation	6.7	0.9	7.6	8.7	0.9	9.6
Settlements	−1.5	–	−1.5	–	–	–
Remeasurement components						
Change in economic assumptions	−17.7	−1.9	−19.6	70.0	4.2	74.2
Change in demographic assumptions	–	–	–	1.4	–	1.4
Experience adjustments	−3.3	1.1	−2.2	0.5	−0.1	0.4
Present value of pension obligations at the end of the period	**339.8**	**29.0**	**368.8**	**346.8**	**28.1**	**374.9**

C.60 CHANGE IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATIONS

The present value of pension obligations totalling EUR 368.8 million (Dec. 31, 2014: EUR 374.9 million) includes pension obligations for members of the Board of Management amounting to EUR 16.0 million (Dec. 31, 2014: EUR 14.5 million). This figure includes pension obligations in the amount of EUR 9.3 million for former members of the Board of Management.

The income from settlements in the amount of EUR 0.4 million recognized in 2015 (pension obligation of EUR 1.5 million less fair value of plan assets of EUR 1.1 million) is the result of a relocation of business and the consequent reduction in workforce numbers.

In the Netherlands, the basis of assessment for calculating the annual pension has been reduced. A cap of EUR 100,000 has also been set for wages and salaries used in the pension calculation. In addition, for commitments for which the last salary prior to reaching retirement is taken to calculate the pension and multiplied by the years of service and a multiplier, the multiplier has been reduced from 1.75 % to 1.657 %. In 2014, the resulting return of EUR 0.8 million is presented as a plan amendment in past service cost.

Change in the fair value of plan assets

in EUR m	Principal pension plans	Other countries	**2015**	Principal pension plans	Other countries	2014
Fair value of plan assets at the beginning of the period	208.5	3.8	212.3	178.7	3.4	182.1
Exchange rate differences	7.2	−0.1	7.1	3.8	–	3.8
Utilizations	−10.3	−0.2	−10.5	−7.9	−0.3	−8.2
Employer contributions	7.4	0.6	8.0	7.8	0.6	8.4
Administrative costs for plan assets	−0.4	–	−0.4	−0.4	–	−0.4
Employee contributions	1.5	–	1.5	1.4	–	1.4
Interest income on plan assets	4.1	0.1	4.2	5.6	0.2	5.8
Settlements	−1.1	–	−1.1	–	–	–
Remeasurement components Income/(expense) from plan assets (excl. amounts in net interest expense)	−0.7	–	−0.7	19.5	−0.1	19.4
Fair value of plan assets at the end of the period	**216.2**	**4.2**	**220.4**	**208.5**	**3.8**	**212.3**

C.61 CHANGE IN THE FAIR VALUE OF PLAN ASSETS

Change in provisions for pensions and other post-employment benefits recognized in the balance sheet

in EUR m	Principal pension plans	Other countries	**2015**	Principal pension plans	Other countries	2014
Provisions for pensions and other post-employment benefits at the beginning of the period	138.3	24.3	162.6	83.2	17.8	101.0
Exchange rate differences	1.8	0.2	2.0	1.1	0.6	1.7
Addition from business combinations	–	–	–	–	1.1	1.1
Utilizations	−1.5	−0.8	−2.3	−1.4	−0.7	−2.1
Employer contributions	−7.4	−0.6	−8.0	−7.8	−0.6	−8.4
Service cost	10.1	1.7	11.8	7.3	1.2	8.5
Administrative costs for plan assets	0.4	–	0.4	0.4	–	0.4
Net interest expense	2.6	0.8	3.4	3.1	0.7	3.8
Settlements	−0.4	–	−0.4	–	–	–
Remeasurement components	−20.3	−0.8	−21.1	52.4	4.2	56.6
Provision for pensions and other post-employment benefits – net	**123.6**	**24.8**	**148.4**	**–**	**–**	**–**
thereof assets recognized	2.5	–	2.5	–	–	–
Provision for pensions and other post-employment benefits recognized in the balance sheet	**126.1**	**24.8**	**150.9**	**138.3**	**24.3**	**162.6**

C.62 CHANGE IN PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS RECOGNIZED IN THE BALANCE SHEET

Recognized provisions for pensions include EUR 14.1 million (Dec. 31, 2014: EUR 15.0 million) for the supplemental medical cost plan in Canada. Pension costs recognized in the income statement for obligations under defined benefit plans total EUR 15.2 million (2014: EUR 12.7 million). Net interest expense is presented within net finance costs. Service cost and administrative costs for plan assets are allocated to the functions within operating profit.

The present values of the defined benefit obligations break down as follows into active members, former employees with vested rights and pensioners, split according to the payout method, resulting in the following weighted average duration of the defined benefit obligations:

in EUR m	Principal pension plans	Other countries	**2015**	Principal pension plans	Other countries	2014
Present value of the pension obligations funded by plan assets, thereof:	**261.8**	**10.2**	**272.0**	**263.6**	**8.4**	**272.0**
Active members with lump-sum payout	–	7.8	7.8	–	6.4	6.4
Active members with monthly pension	124.2	2.0	126.2	123.9	1.6	125.5
Active members with option to choose	19.2	–	19.2	18.7	–	18.7
Former employees with vested rights to lump-sum payment	0.2	–	0.2	0.2	–	0.2
Former employees with vested rights to monthly pension	13.2	–	13.2	15.7	–	15.7
Former employees with vested rights with option to choose	6.6	–	6.6	7.1	–	7.1
Pensioners with monthly pension	98.4	0.4	98.8	98.0	0.4	98.4
Present value of the pension obligations not funded by plan assets, thereof:	**63.9**	**18.8**	**82.7**	**68.2**	**19.7**	**87.9**
Active members with lump-sum payout	14.4	9.8	24.2	14.1	11.3	25.4
Active members with monthly pension	24.8	8.9	33.7	29.0	7.8	36.8
Active members with option to choose	–	–	–	–	–	–
Former employees with vested rights to lump-sum payment	3.5	–	3.5	3.4	–	3.4
Former employees with vested rights to monthly pension	3.0	–	3.0	3.2	–	3.2
Former employees with vested rights with option to choose	–	–	–	–	–	–
Pensioners with monthly pension	18.2	0.1	18.3	18.5	0.6	19.1
Medical cost plan	**14.1**	**–**	**14.1**	**15.0**	**–**	**15.0**
Present value of pension obligations at the end of the period	**339.8**	**29.0**	**368.8**	**346.8**	**28.1**	**374.9**
Weighted average duration of the pension obligations in years	**17**	**15**	**17**	**17**	**15**	**17**

C.63 BREAKDOWN OF THE PRESENT VALUES OF DEFINED BENEFIT OBLIGATIONS BY MEMBERS

The pension payments to be made by the company directly amount to EUR 2.3 million in 2015 (2014: EUR 2.1 million). From today's point of view, the cash outflow resulting from pension payments made by the company directly will remain at a level of EUR 2 to 3 million in the long term. The pension payments expected to be made by the company directly in 2016 total EUR 2.9 million.

The fair value of the plan assets disaggregates into the following asset classes:

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	**Dec. 31, 2015**
Shares	10.6	–	21.4	–	–	32.0
Fixed-interest securities	11.9	–	22.0	–	1.0	34.9
Insurance policies	78.9	17.0	–	46.0	2.5	144.4
Cash and cash equivalents	6.8	–	1.6	–	0.7	9.1
Fair value of plan assets	**108.2**	**17.0**	**45.0**	**46.0**	**4.2**	**220.4**

C.64 FAIR VALUE OF THE PLAN ASSETS BY ASSET CLASS / DEC. 31, 2015

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	Dec. 31, 2014
Shares	9.2	–	24.3	–	–	33.5
Fixed-interest securities	12.1	–	18.8	–	0.9	31.8
Insurance policies	68.9	15.8	–	52.4	2.4	139.5
Cash and cash equivalents	6.4	–	0.6	–	0.5	7.5
Fair value of plan assets	**96.6**	**15.8**	**43.7**	**52.4**	**3.8**	**212.3**

C.65 FAIR VALUE OF THE PLAN ASSETS BY ASSET CLASS / DEC. 31, 2014

The plan assets are solely for fulfilling the defined benefit obligations and constitute protection for pension entitlements, which is a legal requirement in some countries and is voluntary in other countries.

The structure of the plan assets is reviewed at regular intervals. All assets, which, in Brenntag's case, mainly consist of insurance policies, are tailored long-term to the amount and maturity of the pension commitments, taking investment risks and statutory regulations governing the investment of retirement assets into account.

Owing to the composition of the plan assets, investment risk at Brenntag is limited to securities traded in active markets (shares and fixed-interest securities). This part is subject to market fluctuations (2015: 30.4% of plan assets; 2014: 30.8% of plan assets). All other assets are not traded in an active market.

The payments made into the plan assets, which, according to the plan rules, consist almost exclusively of obligatory payments, amount to EUR 8.0 million (2014: EUR 8.4 million). From today's point-of-view, the cash outflow resulting from contributions made by the company will remain at a level of EUR 7 to 9 million in the long term. Payments into plan assets for financial year 2016 are expected to total EUR 7.2 million.

Sensitivity analysis of the present value of the defined benefit obligation

The sensitivity analysis takes into account in each case the change in an assumption and the resulting effects on the defined benefit obligations, the other assumptions remaining the same as in the original calculation.

in EUR m	Principal pension plans	Other countries	**2015**	Principal pension plans	Other countries	2014
Discount rate						
Increase by 0.5 percentage points	−25.0	−1.7	−26.7	−27.0	−1.7	−28.7
Decrease by 0.5 percentage points	28.3	1.8	30.1	30.3	1.8	32.1
Expected salary trend						
Increase by 0.5 percentage points	2.5	1.2	3.7	2.8	1.3	4.1
Decrease by 0.5 percentage points	−2.4	−1.1	−3.5	−2.6	−1.1	−3.7
Expected pension trend						
Increase by 0.5 percentage points	9.9	0.7	10.6	9.9	0.7	10.6
Decrease by 0.5 percentage points	−9.2	−0.7	−9.9	−9.1	−0.6	−9.7
Medical cost trend						
Increase by 0.5 percentage points	1.4	–	1.4	1.3	–	1.3
Decrease by 0.5 percentage points	−1.2	–	−1.2	−1.1	–	−1.1

C.66 SENSITIVITY ANALYSIS OF THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION

A 10% decrease in the mortality rates leads to an increase in life expectancy, depending on the individual age of each beneficiary. That means, for example, that the life expectancy of a 63-year-old employee as at December 31, 2015 increases by about one year. In order to determine the sensitivity of longevity, the mortality rates for the beneficiaries were reduced by 10%. If the mortality rates decreased by 10%, the present value of the defined benefit obligation would increase by EUR 10.6 million (2014: EUR 11.0 million) in the case of the principal pension plans and by EUR 0.4 million (2014: EUR 0.3 million) in the other countries.

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

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

in EUR m	**Dec. 31, 2015**	Dec. 31, 2014
Liabilities relating to acquisition of non-controlling interests	67.0	37.6
Liabilities arising from limited partners' rights to repayment of contributions	1.7	2.1
Total	**68.7**	**39.7**

C.67 LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

The liabilities relating to the acquisition of non-controlling interests mainly comprise a non-contingent obligation to acquire the remaining shares in Zhong Yung (second tranche). On initial recognition at the end of August 2011, the purchase price expected in 2016 was required to be recognized as a liability in equity at its present value. Unwinding of discounting and changes in the estimate of the future purchase price are recognized in profit or loss.

As the entire liability was included in net investment hedge accounting, the exchange-rate-related change in the liability is recognized within equity in the net investment hedge reserve.

The effects of unwinding of discounting and the change in estimates are presented in Note 9.).

29.) EQUITY

CAPITAL MANAGEMENT

The aim of capital management at Brenntag is to optimally deploy the resources used to ensure the company's continued existence and, at the same time, to generate a reasonable return on investment – measured by RONA – for the shareholders in line with market conditions.

In 2015, the Group generated RONA of 31.6% (2014: 31.1%).

in EUR m	**2015**	2014
EBITA	**698.7**	**627.5**
Average property, plant and equipment	912.7	852.7
Average working capital	1,295.1	1,161.8
RONA [1]	**31.6%**	**31.1%**

C.68 DETERMINATION OF RONA

[1] For the definition of RONA see the chapter "Group Key Financial Figures".

Brenntag monitors the appropriateness of borrowings inter alia through the ratio of net financial liabilities to operating EBITDA (leverage). In principle, Brenntag considers leverage at the current level of approximately 2x to be acceptable. Brenntag would only accept significantly higher leverage if it were only temporary, for example in connection with acquisitions. The current level may fall in line with the continued positive business performance without, in the company's opinion, any immediate counteraction being necessary.

The ratio of net financial liabilities to operating EBITDA increased from 1.9 to 2.1 due to the business combinations carried out in the reporting year.

in EUR m	**2015**	2014
Non-current financial liabilities	2,094.4	1,567.6
Current financial liabilities	160.8	334.0
Less cash and cash equivalents	−579.1	−491.9
Net financial liabilities	1,676.1	1,409.7
Operating EBITDA	807.4	726.7
Net financial liabilities / operating EBITDA	**2.1X**	**1.9X**

C.69 NET FINANCIAL LIABILITIES / OPERATING EBITDA

SUBSCRIBED CAPITAL

As at December 31, 2015, the subscribed capital of Brenntag AG totalled EUR 154.5 million. The share capital is divided into 154,500,000 no-par-value registered shares, each with a notional value of EUR 1.00.

According to article 7, para. 3 of the Articles of Association of Brenntag AG, any right of shareholders to certification of their shares is excluded to the extent permitted by law and that certification is not required under the rules of any stock exchange on which the share is admitted for trading. The company is entitled to issue share certificates embodying several shares (consolidated certificates). Pursuant to Section 67, para. 2 of the German Stock Corporation Act (AktG) only those persons recorded in the company's share register will be recognized as shareholders of Brenntag AG. For purposes of recording the shares in the company's share register, shareholders are required to submit to Brenntag AG the number of shares held by them, and, in the case of individuals, their name, address and date of birth, or in the case of legal entities, their company name, business address and registered offices. All shares confer the same rights and obligations. At the General Shareholders' Meeting, each share has one vote and accounts for the shareholders' proportionate share in the net income of Brenntag AG. Excepted from this rule are any treasury shares held by Brenntag AG that do not entitle Brenntag AG to any membership rights. Brenntag AG does not currently have any treasury shares. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Act, in particular by Sections 12, 53a ff., 118 ff. and 186 of the German Stock Corporation Act.

In the previous year, by resolution of the General Shareholders' Meeting on June 17, 2014, the share capital of EUR 51.5 million was increased to the new figure of EUR 154.5 million by converting EUR 103.0 million of the additional paid-in capital shown in the balance sheet as at December 31, 2013. This capital increase was carried out by issuing 103,000,000 new registered shares to the shareholders. Each existing shareholder thereby received two further shares for each share already held, so that the portion of the share capital owned by the shareholders remained unchanged despite the capital increase.

ADDITIONAL PAID-IN CAPITAL

The additional paid-in capital amounts to EUR 1,491.4 million (2014: EUR 1,457.1 million).

As a result of the issue of the bond with warrant units in November 2015, the additional paid-in capital increased by EUR 34.5 million. This increase is the warrant premium which was recognized in the Group's additional paid-in capital. Costs in the amount of EUR 0.3 million in connection with the issue of the bond with warrant units were offset directly against the additional paid-in capital, taking relevant tax effects in the amount of EUR 0.1 million into account.

RETAINED EARNINGS

The retained earnings include cumulative profit after tax and the remeasurement component of the defined benefit pension plans including deferred taxes. Furthermore, transactions with owners are also recognized here. The latter are effects of share purchases and sales which have no influence on existing control and are recognized in retained earnings. In financial year 2015, liabilities relating to the acquisition of non-controlling interests in the amount of EUR 3.7 million were recognized directly in equity on initial recognition.

As proposed by the Board of Management and the Supervisory Board, the ordinary General Shareholders' Meeting of Brenntag AG on June 9, 2015 passed a resolution to pay a dividend of EUR 139.1 million (2014: EUR 133.9 million). Based on 154.5 million shares, that is a dividend of EUR 0.90 (2014: EUR 0.87) per no-par-value share entitled to a dividend.

At the General Shareholders' Meeting on June 14, 2016, the Board of Management and the Supervisory Board will propose that a dividend of EUR 154,500,000.00 be paid. Based on 154.5 million shares, this is a dividend of EUR 1.00 per no-par-value share entitled to a dividend.

OTHER COMPONENTS OF EQUITY / NON-CONTROLLING INTERESTS

Other components of equity contain the cumulative gain / loss from exchange rate differences, the net investment hedge reserve and the cash flow hedge reserve including deferred taxes.

The cumulative gain / loss from exchange rate differences contains the differences from the translation of the financial statements of foreign companies into the Group currency (euro), which are recognized in other comprehensive income.

Exchange rate differences from liabilities included in net investment hedge accounting are recognized within equity in the net investment hedge reserve.

The cash flow hedge reserve contains the effective portions of the cumulative changes in the fair value of derivative financial instruments included in cash flow hedge accounting.

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, 2013	**25.7**	**2.4**	**28.1**
Profit after tax	0.4	–	0.4
Other comprehensive income	–	2.9	2.9
Total comprehensive income	**0.4**	**2.9**	**3.3**
Dec. 31, 2014	**26.1**	**5.3**	**31.4**
Dividends	−0.1	–	−0.1
Business combinations	7.5	–	7.5
Profit after tax	3.1	–	3.1
Other comprehensive income	–	2.2	2.2
Total comprehensive income	**3.1**	**2.2**	**5.3**
Dec. 31, 2015	**36.6**	**7.5**	**44.1**

C.70 CHANGE IN NON-CONTROLLING INTERESTS

POWERS OF THE BOARD OF MANAGEMENT TO ISSUE AND REPURCHASE SHARES

Authorization to create authorized capital

By resolution of the General Shareholders’ Meeting on June 17, 2014, the Board of Management was authorized, subject to the consent of the Supervisory Board, to increase the registered share capital of Brenntag AG in one or more tranches by up to EUR 77,250,000 in aggregate by issuing up to 77,250,000 new no-par-value registered shares against cash contributions or non-cash contributions in the period ending on June 16, 2019. In principle, shareholders are to be granted a subscription right for new shares. However, in certain cases the Board of Management is authorized, subject to the consent of the Supervisory Board, to exclude the statutory subscription right in relation to one or more increases in the registered share capital within the scope of the authorized share capital. This shall apply, for example, if the increase in the registered share capital is effected against contribution in cash and provided that the issue price of the new shares is not substantially lower (within the meaning of Section 203, para. 1 and para. 2 and Section 186, para. 3, sentence 4 of the German Stock Corporation Act) than the market price for shares in the Company of the same class and having the same conditions already listed at the time of the final determination of the issue price and provided that the amount of the registered share capital represented by the shares issued pursuant to this paragraph subject to the exclusion of the statutory subscription right in accordance with Section 186, para. 3, sentence 4 of the German Stock Corporation Act does not exceed 10% of the registered share capital in the amount of EUR 154,500,000 (simplified exclusion of subscription rights). Details can be found in the Articles of Association of Brenntag AG, which are available on the website at www.brenntag.com under Investor Relations.

The Board of Management determines, subject to the consent of the Supervisory Board, the further details regarding the rights attached to the shares and the conditions of the share issue.

Authorization to purchase and use treasury shares in accordance with Section 71, para. 1, No. 8 of the German Stock Corporation Act

By resolution of the General Shareholders' Meeting on June 17, 2014, the Board of Management was authorized, subject to the consent of the Supervisory Board, to purchase treasury shares up to a total amount equal to no more than 10% of the registered share capital. In this connection, the shares purchased on the basis of this authorization together with other shares of the Company which Brenntag AG has already purchased and still holds shall not exceed 10% of the respective registered share capital. The authorization may be exercised to the full extent of repurchases thereby authorized or in partial amounts, on one or several occasions. It took effect upon the conclusion of the General Shareholders' Meeting on June 17, 2014 and shall apply until June 16, 2019. If the purchase of shares is effected on the stock market, the purchase price may not be more than 10% higher or lower than the arithmetic mean value of the closing prices on the Frankfurt am Main stock exchange for the last five trading days preceding the purchase or the assumption of an obligation to purchase. If purchase is effected by way of a public purchase offer to all shareholders or by other means in accordance with Section 53a of the German Stock Corporation Act, the purchase price paid to the shareholders in each case may not be more than 10% higher or lower than the arithmetic mean value of the closing prices on the Frankfurt am Main stock exchange for the last five trading days preceding the publication of the offer or, in the case of purchase by other means, preceding the purchase. The authorization may be exercised for any purpose permitted by law. Treasury shares may, under certain circumstances, also be used subject to exclusion of the shareholders' subscription rights existing in principle and in particular by way of simplified exclusion of subscription rights as specified above.

Authorization to issue bonds and to create conditional capital

By resolution of the General Shareholders' Meeting on June 17, 2014, the Board of Management was authorized, subject to the consent of the Supervisory Board, to issue in one or more tranches in the period up to June 16, 2019 registered or bearer warrant-linked or convertible bonds as well as profit-sharing certificates conferring option or conversion rights in an aggregate nominal amount of up to EUR 2,000,000,000 of limited or unlimited term (hereinafter collectively "Bonds") and to grant the holders or creditors of the Bonds option or conversion rights for up to 25,750,000 new shares of Brenntag AG with a pro-rata amount of the registered share capital of up to EUR 25,750,000 further subject to the terms and conditions of the respective warrant-linked or convertible bonds and/or terms and conditions of the profit-sharing certificates to be defined by the Board of Management (hereinafter in each case "Terms and Conditions"). Other than in euros, the Bonds may also be issued – subject to the limitation to the corresponding equivalent value in euros – in a foreign legal currency. The Bonds may also be issued by companies which are controlled by Brenntag AG or in which it holds a majority interest; in such case, the Board of Management was authorized, subject to the consent of the Supervisory Board, to assume on behalf of Brenntag AG, the guarantee for the Bonds and to grant the holders of such Bonds option and/or conversion rights for shares of Brenntag AG and to effect any further declarations and acts as are required for a successful issue. The issues of the Bonds may in each case be divided into partial bonds with equal entitlement amongst themselves. The issue of Bonds may also be effected against non-cash contributions, provided that the value of the non-cash contribution is equal to the issue price and such issue price is not substantially lower than the market value of the Bonds. The Board of Management is authorized, under certain circumstances and subject to the consent of the Supervisory Board, to exclude the subscription right of the shareholders for the Bonds. However, such authorization to exclude the subscription rights shall apply only provided that the shares issued to fulfil the option or conversion rights and/or in the case of fulfilment of the conversion obligation represent no more than 10% of the registered share capital. Decisive for the threshold of 10% is the registered share capital in the amount of EUR 154,500,000 (simplified exclusion of subscription rights).

If convertible bonds or profit-sharing certificates conferring conversion rights are issued, their holders shall be granted the right to convert their Bonds into new shares of Brenntag AG further subject to the specific Terms and Conditions.

If warrant-linked bonds or profit-sharing certificates conferring option rights are issued, one or more warrants shall be attached to each partial bond and / or each profit-sharing certificate which entitle the holder to subscribe shares of Brenntag AG further subject to the specific Terms and Conditions.

By resolution of the General Shareholders' Meeting on June 17, 2014, the registered share capital of Brenntag AG was conditionally increased by up to EUR 25,750,000 by issuing up to 25,750,000 new no-par-value registered shares conferring profit-sharing rights from the beginning of the financial year in which they were issued. The conditional capital increase serves to grant shares to the holders or creditors of warrant-linked or convertible bonds as well as profit-sharing certificates with option or conversion rights which are issued in the period up to June 16, 2019, based on the authorization approved by the General Shareholders' Meeting. The conditional capital increase will only be implemented to the extent that warrants or conversion rights under warrant-linked bonds and convertible bonds have been exercised or conversion obligations under such Bonds have to be fulfilled and to the extent that neither treasury shares nor new shares from the authorized capital are used to fulfil such claims. The Board of Management was authorized to stipulate the additional details of the implementation of the conditional capital increase.

In November 2015, Brenntag issued bonds with warrant units in the amount of USD 500.0 million. The bonds were offered only to institutional investors outside the USA. Shareholders' subscription rights were excluded. The bonds (Bond (with Warrants) 2022), which are guaranteed by Brenntag AG, were issued by Brenntag Finance B.V., with warrants issued by Brenntag AG attached. The warrants entitle the holder to purchase Brenntag AG ordinary shares by paying the strike price applicable at that time. The bonds-with-warrants issue generated options on approximately 6.5 million shares. This is equal to 4.2% of the registered share capital on the reporting date. In the event of any future capital measures under the current authorizations described above, Brenntag may, therefore, only further exclude the subscription right by way of the simplified exclusion of subscription rights up to a maximum amount, as at the reporting date, of 5.8% of the registered share capital. The Terms and Conditions of the bonds with warrant units allow Brenntag to settle exercised options both from the conditional capital described above and from the authorized capital described above or from the treasury shares it holds or to buy back the warrants. The bonds with warrants, the underlying bonds and the warrants have a term of seven years. The investor may detach the warrants from the bonds. The bonds with warrants, bonds detached from warrants and detached warrants were admitted to trading on the Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange.

30.) CONSOLIDATED CASH FLOW STATEMENT DISCLOSURES

The net cash inflow from operating activities amounting to EUR 593.7 million was influenced by cash inflows from the reduction in working capital of EUR 87.0 million.

The reduction 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	**2015**	2014
Decrease/increase in inventories	64.2	−51.1
Decrease/increase in gross trade receivables	109.9	−68.4
Decrease/increase in trade payables	−90.2	20.8
Valuation allowances on trade receivables and on inventories [1]	3.1	−1.8
Change in working capital [2]	**87.0**	**−100.5**

C.71 CHANGE IN WORKING CAPITAL

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

At 8.0, the annualized working capital turnover [3] in the reporting period fell by 0.6 compared with the level of 2014 (8.6).

Of the interest payments, EUR 3.2 million (2014: EUR 3.0 million) relate to interest received and EUR 70.4 million (2014: EUR 73.2 million) to interest paid.

31.) SEGMENT REPORTING

The Brenntag Group operates solely in the chemical distribution business and is managed through the regions EMEA, North America, Latin America and Asia Pacific. The activities are allocated to these segments on the basis of the location of the registered office of the respective subsidiary. Allocation of the activities on the basis of the location of the registered offices of the customers would not lead to a different segmentation. The geographical segmentation reflects control and supervision by the management and permits a reliable estimate of risks and rewards.

Central functions for the entire Group and the international business of Brenntag International Chemicals are combined as all other segments.

[3] Ratio of annual sales to average working capital. Average working capital is defined for a particular year as the average of the values for working capital at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

All consolidation adjustments between the segments are presented separately. Differences between the figures from the segment reporting and the corresponding figures in the consolidated financial statements are presented as a reconciliation. All transactions between companies within a segment have been eliminated. The Group accounts for inter-segment sales transactions as if the transactions were made with third parties at current prices (arm's length principle).

The key earnings metric used at Brenntag for segment management is operating EBITDA. Operating EBITDA is the operating profit/loss as reported in the consolidated income statement plus amortization of intangible assets and depreciation of property, plant and equipment, adjusted for the following items:

- Transaction costs: costs associated with restructuring under company law and refinancing. They are eliminated for management reporting purposes to permit proper presentation of operating performance and comparability at segment level.
- Holding charges: certain costs charged between holding companies and operating companies. At Group level they net to zero.

There are no significant non-cash items in the reporting period.

In financial year 2015, there were no impairments of property, plant and equipment and intangible assets. In 2014, impairment losses on property, plant and equipment in the amount of EUR 0.2 million related to the EMEA segment. They were presented in selling expenses.

Non-current assets comprise property, plant and equipment and intangible assets. Non-current assets are allocated to the different countries as follows:

in EUR m		Germany	USA	UK	France	Others	Group
Property, plant and equipment	**Dec. 31, 2015**	**88.2**	**267.2**	**42.0**	**88.4**	**486.1**	**971.9**
	Dec. 31, 2014	90.6	196.3	41.6	89.0	461.8	879.3
Intangible assets	**Dec. 31, 2015**	**378.6**	**1,237.9**	**128.6**	**145.6**	**881.4**	**2,772.1**
	Dec. 31, 2014	379.4	800.2	124.7	147.9	815.8	2,268.0

C.72 NON-CURRENT ASSETS BY COUNTRY

The allocation of external sales to the different countries is shown in the following table:

in EUR m		Germany	USA	UK	France	Others	Group
External sales	**2015**	**1,138.3**	**3,323.6**	**503.5**	**495.6**	**4,885.1**	**10,346.1**
	2014	1,291.7	3,049.1	510.7	519.0	4,645.1	10,015.6

C.73 EXTERNAL SALES BY COUNTRY

32.) OTHER FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

The following other financial obligations exist:

in EUR m	Remaining term less than 1 year	1 to 5 years	more than 5 years	**Dec. 31, 2015**
Purchase commitments in respect of property, plant and equipment	1.0	–	–	1.0
Obligations from future minimum lease payments for operating leases	80.4	194.6	79.4	354.4
Total	**81.4**	**194.6**	**79.4**	**355.4**

C.74 OTHER FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES / DEC. 31, 2015

in EUR m	Remaining term less than 1 year	1 to 5 years	more than 5 years	Dec. 31, 2014
Purchase commitments in respect of property, plant and equipment	0.9	–	–	0.9
Obligations from future minimum lease payments for operating leases	67.6	154.3	31.3	253.2
Total	**68.5**	**154.3**	**31.3**	**254.1**

C.75 OTHER FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES / DEC. 31, 2014

Obligations from future minimum lease payments for operating leases mainly relate to obligations from the leasing of land and buildings as well as operating and office equipment.

In connection with the elimination of environmental damage, as at December 31, 2015, there are contingent liabilities with a fair value of EUR 2.5 million (Dec. 31, 2014: EUR 2.7 million).

33.) LEGAL PROCEEDINGS AND DISPUTES

Brenntag AG and individual subsidiaries have been named as defendants in various legal actions and proceedings arising in connection with its activities as a global group. Occasionally, Brenntag is also the subject of investigations by the authorities. Brenntag cooperates with the relevant authorities and, where appropriate, conducts internal investigations regarding potential wrongdoings with the assistance of in-house and external counsel.

In 2013, Brenntag received the decision of the French Competition Authority in relation to the allocation of customers and coordination of prices. In this, the Authority imposed a fine of EUR 47.8 million against BRENNTAG SA and another party as well as a separate fine of EUR 5.3 million against the other party - the fines were for violations of French competition law in the period from 1998 until 2005. Brenntag had to pay the fine in the third quarter of 2013 but does not agree with the legal assessment of the facts and the determination of the fine and has therefore appealed against the decision of the French Competition Authority. BRENNTAG SA applied for leniency in 2006 and has actively contributed to the investigation and provided all information and proof, working closely together with the French Competition Authority regarding the clarification of the facts. Regarding the ongoing investigation by the French Competition Authority concerning whether BRENNTAG SA has illegally made use of its market position, a decision by the authority is still pending. The status of the investigation does not permit an assessment of the outcome. Based on current knowledge, Brenntag further assumes that claims for civil liability arising from the above-mentioned proceedings are not sufficiently substantiated.

We now estimate the previously reported risk in connection with investigations against a French manufacturer of medical devices to be highly improbable and will therefore only report in future on this risk if there are any changes.

As a global company, Brenntag has to comply with the country-specific tax laws and regulations in each jurisdiction. Tax exposures could result in particular from current and future tax audits of our German and foreign subsidiaries. These exposures are generally reflected in the balance sheet by recognizing provisions.

The German Brenntag companies are currently the subject of routine tax audits for the years 2006 to 2012. Potential tax exposures could result from the acquisition of the Brenntag Group in 2006. In this context, the German fiscal authorities are verifying the tax deductibility of transaction costs and interest expenses paid on a shareholder loan granted by the former owner. As the fiscal authorities have yet to complete a final review of the two cases, it is currently unclear whether and to what extent a potential tax exposure exists. Brenntag is confident that the previous treatment of the items is in line with the applicable tax laws and so has in neither case recognized any tax provisions.

Given the number of legal disputes and other proceedings that Brenntag is involved in, the possibility that a ruling against Brenntag may be made in some of these proceedings cannot be completely eliminated. The company contests actions and proceedings where it considers it appropriate. Provisions are established for ongoing legal disputes on the basis of the estimated risk and, if necessary, with the help of external consultants. It is very difficult to predict the outcome of such matters, particularly in cases in which claimants seek indeterminate compensation. Any adverse decisions rendered in such cases may have material effects on Brenntag's net assets, financial position and results of operations for a reporting period. However, Brenntag currently does not expect its assets, financial position and results of operations to be materially affected.

34.) REPORTING OF FINANCIAL INSTRUMENTS

CARRYING AMOUNTS AND FAIR VALUES BY MEASUREMENT CATEGORY

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

in EUR m	2015					
Measurement in the balance sheet:	At amortized cost	At fair value			Dec. 31, 2015	
Classification of financial assets:	Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Derivatives designated in hedge accounting	Total carrying amount	Fair value
Cash and cash equivalents	579.1	–	–	–	579.1	579.1
Trade receivables	1,426.5	–	–	–	1,426.5	1,426.5
Other receivables	81.7	–	–	–	81.7	81.7
Other financial assets	42.4	2.4	1.3	2.5	48.6	48.6
Total	**2,129.7**	**2.4**	**1.3**	**2.5**	**2,135.9**	**2,135.9**

C.76 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / DEC. 31, 2015

in EUR m	2014					
Measurement in the balance sheet:	At amortized cost	At fair value			Dec. 31, 2014	
Classification of financial assets:	Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Derivatives designated in hedge accounting	Total carrying amount	Fair value
Cash and cash equivalents	491.9	–	–	–	491.9	491.9
Trade receivables	1,407.2	–	–	–	1,407.2	1,407.2
Other receivables	75.8	–	–	–	75.8	75.8
Other financial assets	30.7	2.2	1.3	4.9	39.1	39.1
Total	**2,005.6**	**2.2**	**1.3**	**4.9**	**2,014.0**	**2,014.0**

C.77 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / DEC. 31, 2014

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 76.4 million (Dec. 31, 2014: EUR 65.7 million) are not financial assets within the meaning of IFRS 7. They are mainly receivables from value-added tax and other taxes, prepaid expenses and prepayments.

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

in EUR m	2015						
Measurement in the balance sheet:	At amortized cost		At fair value			**Dec. 31, 2015**	
Classification of financial liabilities:	Not designated in hedge accounting	Designated in hedge accounting	Financial liabilities at fair value through profit or loss	Derivatives designated in hedge accounting	Carrying amount under IAS 17	Total carrying amount	Fair value
Trade payables	1,055.5	–	–	–	–	1,055.5	1,055.5
Other liabilities	187.0	–	–	–	–	187.0	187.0
Liabilities relating to acquisition of non-controlling interests	5.4	63.3	–	–	–	68.7	69.3
Financial liabilities	2,236.5	–	4.3	–	14.4	2,255.2	2,293.6
Total	**3,484.4**	**63.3**	**4.3**	**–**	**14.4**	**3,566.4**	**3,605.4**

C.78 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / DEC. 31, 2015

in EUR m	2014						
Measurement in the balance sheet:	At amortized cost		At fair value			Dec. 31, 2014	
Classification of financial liabilities:	Not designated in hedge accounting	Designated in hedge accounting	Financial liabilities at fair value through profit or loss	Derivatives designated in hedge accounting	Carrying amount under IAS 17	Total carrying amount	Fair value
Trade payables	1,046.2	–	–	–	–	1,046.2	1,046.2
Other liabilities	181.5	–	–	–	–	181.5	181.5
Liabilities relating to acquisition of non-controlling interests	2.1	37.6	–	–	–	39.7	40.2
Financial liabilities	1,885.3	–	3.6	0.4	12.3	1,901.6	1,956.2
Total	**3,115.1**	**37.6**	**3.6**	**0.4**	**12.3**	**3,169.0**	**3,224.1**

C.79 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / DEC. 31, 2014

The majority of the trade payables and other liabilities measured at amortized cost have remaining terms of less than one year. Their carrying amounts at the reporting date therefore approximate their fair values. The fair values of the financial liabilities have been determined by applying the discounted cash flow method on the basis of current interest curves (Level 2 of the fair value hierarchy). The fair values of the liabilities relating to the acquisition of non-controlling interests were determined on the basis of a recognized company valuation model. The company valuation model is based on cash flow plans (Level 3 of the fair value hierarchy).

Of the other liabilities recognized in the balance sheet, EUR 186.1 million (Dec. 31, 2014: EUR 181.5 million) are not financial liabilities within the meaning of 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	**Dec. 31, 2015**
Financial assets at fair value through profit or loss	–	2.4	–	2.4
Derivatives designated in hedge accounting with a positive fair value	–	2.5	–	2.5
Financial liabilities at fair value through profit or loss	–	4.3	–	4.3
Available-for-sale financial assets	1.3	–	–	1.3

C.80 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / DEC. 31, 2015

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	Dec. 31, 2014
Financial assets at fair value through profit or loss	–	2.2	–	2.2
Derivatives designated in hedge accounting with a positive fair value	–	4.9	–	4.9
Financial liabilities at fair value through profit or loss	–	3.6	–	3.6
Derivatives designated in hedge accounting with a negative fair value	–	0.4	–	0.4
Available-for-sale financial assets	1.3	–	–	1.3

C.81 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / DEC. 31, 2014

The net gains/losses from financial assets and liabilities broken down into measurement categories are as follows:

in EUR m	2015								
	Interest		Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	At fair value		Currency translation		Impair-ments, net	Net gain/loss
Measurement category:	Income	Expense		Gains	Losses	Gains	Losses		
Loans and receivables	3.3	–	–	–	–	83.1	−55.3	−5.3	25.8
Financial liabilities measured at amortized cost	–	−63.8	−24.9	–	–	60.5	−85.2	–	−113.4
Financial assets and liabilities at fair value through profit or loss	–	–	–	36.8	−61.3	–	–	–	−24.5
Derivatives designated in hedge accounting	–	−3.3	–	–	–	–	–	–	−3.3
Total	**3.3**	**−67.1**	**−24.9**	**36.8**	**−61.3**	**143.6**	**−140.5**	**−5.3**	**−115.4**

C.82 NET GAINS/LOSSES FROM FINANCIAL ASSETS AND LIABILITIES/2015

in EUR m	2014								
	Interest		Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	At fair value		Currency translation		Impair-ments, net	Net gain/loss
Measurement category:	Income	Expense		Gains	Losses	Gains	Losses		
Loans and receivables	3.0	–	–	–	–	66.5	−56.2	−4.0	9.3
Financial liabilities measured at amortized cost	–	−64.7	4.0	–	–	29.8	−49.6	–	−80.5
Financial assets and liabilities at fair value through profit or loss	–	–	–	30.5	−37.9	–	–	–	−7.4
Derivatives designated in hedge accounting	–	−2.8	–	–	–	–	–	–	−2.8
Total	**3.0**	**−67.5**	**4.0**	**30.5**	**−37.9**	**96.3**	**−105.8**	**−4.0**	**−81.4**

C.83 NET GAINS/LOSSES FROM FINANCIAL ASSETS AND LIABILITIES/2014

Of the interest expense on liabilities to third parties contained in interest expense, EUR 1.7 million (2014: EUR 2.2 million) is interest expense which is not part of the effective interest on financial liabilities measured at amortized cost.

With the exception of valuation allowances on trade receivables and other receivables, net gains and losses on subsequent measurement are presented within net finance costs. Valuation allowances on trade receivables and other receivables are presented under other operating expenses and the income from the receipt of trade receivables derecognized in prior periods is presented within other operating income.

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The gross amounts of financial assets and liabilities are offset on the basis of netting arrangements in the balance sheet as follows or they are subject to the following enforceable master netting arrangements or similar agreements that do not meet the requirements for offsetting in the balance sheet:

in EUR m	Gross amounts of financial assets and liabilities	Offsetting	Gross carrying amounts in the balance sheet	Enforceable master netting arrangements and similar arrangements	**Dec. 31, 2015 Net amount**
Trade receivables	1,465.7	−39.2	1,426.5	−9.7	1,416.8
Other receivables	158.1	–	158.1	−0.1	158.0
Other financial assets	53.0	–	53.0	−0.9	52.1
Trade payables	1,060.9	−5.4	1,055.5	−7.9	1,047.6
Other liabilities	406.9	−33.8	373.1	−1.9	371.2
Financial liabilities	2,252.1	–	2,252.1	−0.9	2,251.2

C.84 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES / DEC. 31, 2015

in EUR m	Gross amounts of financial assets and liabilities	Offsetting	Gross carrying amounts in the balance sheet	Enforceable master netting arrangements and similar arrangements	Dec. 31, 2014 Net amount
Trade receivables	1,444.6	−37.4	1,407.2	−4.6	1,402.6
Other receivables	141.5	–	141.5	−0.1	141.4
Other financial assets	39.1	–	39.1	−0.3	38.8
Trade payables	1,052.0	−5.8	1,046.2	−4.5	1,041.7
Other liabilities	394.6	−31.6	363.0	−0.2	362.8
Financial liabilities	1,901.6	–	1,901.6	−0.3	1,901.3

C.85 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES / DEC. 31, 2014

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

According to IFRS 7, risks arising from financial instruments can typically be divided into currency risks, interest rate risks, credit risks and liquidity risks.

The sources of as well as the processes and policies used to manage these risks are described in detail in the chapter “Financial risks and opportunities” in the management report.

CURRENCY RISKS

Currency risks arise particularly when monetary items or contracted future transactions are in a currency other than the functional currency of a company. Forward exchange contracts and cross-currency swaps are used as hedging instruments. The derivative financial instruments used have maturities of less than one year and are not included in hedge accounting.

Unfavourable political developments and financial policy decisions in specific countries may have a particularly negative impact. For example, the devaluation of the bolivar by the Venezuelan government in mid-February 2016 including further changes in exchange rate regulations in 2016 will lead to exchange-rate-related expenses. Further changes to legislation on exchange rates and resulting impacts on profits cannot be ruled out at present.

The entire liability relating to the acquisition of non-controlling interests in Zhong Yung has been included in net investment hedge accounting so the exchange-rate-related changes in the liability are recognized in the net investment hedge reserve. As a result, the net investment hedge reserve changed as follows:

in EUR m	**Net investment hedge reserve**
Dec. 31, 2014	**−6.4**
Transfer to net investment hedge reserve	−2.2
Dec. 31, 2015	**−8.6**

C.86 CHANGE IN NET INVESTMENT HEDGE RESERVE

If the euro had been worth 10 % more or less in each case against major currencies as at December 31, 2015, translation of monetary items in foreign currency into the Group currency, the euro, allowing for the foreign exchange forward deals and foreign exchange swaps still open on December 31, 2015, would have resulted in the following changes in net finance costs:

	2015		2014	
in EUR m	+10%	−10%	+10%	−10%
USD	−1.4	1.8	−1.8	2.2
GBP	0.2	−0.3	1.0	−1.2
CHF	−0.1	0.1	1.1	−1.4

C.87 SENSITIVITY ANALYSIS CURRENCY RISK

If the euro had risen or fallen against the Chinese yuan renminbi (CNY), the net investment hedge reserve would have been reduced by EUR 6.3 million (Dec. 31, 2014: EUR 3.7 million) or increased by EUR 6.3 million (Dec. 31, 2014: EUR 3.7 million).

INTEREST RATE RISKS

Interest rate risks can occur due to changes in market interest rates. The risks result from changes in the fair values of fixed-rate financial instruments or from changes in the cash flows of variable-rate financial instruments. In April 2013, parts of the floating-rate syndicated loan were hedged against interest rate risks in the long term with interest swaps and the interest swaps were included in cash flow hedge accounting.

The cash flow hedge reserve changed as follows:

in EUR m	Cash flow hedge reserve
Dec. 31, 2014	**4.1**
Reclassification to profit and loss	3.0
Measurement at fair value	−5.9
Dec. 31, 2015	**1.2**

C.88 CHANGE IN CASH FLOW HEDGE RESERVE

If the market interest rate at December 31, 2015 had been 25 basis points (2014: 25 basis points) higher or lower (relative to the total amount of derivatives and variable-rate financial liabilities as at December 31, 2015), the cash flow hedge reserve would have been EUR 2.0 million higher (Dec. 31, 2014: EUR 3.5 million higher) or EUR 2.7 million lower (Dec. 31, 2014: EUR 3.5 million lower). The negative impact on net finance costs would have been EUR 1.9 million or the positive impact EUR 1.9 million (2014: negative impact of EUR 2.3 million or positive impact of EUR 2.3 million).

CREDIT RISKS

Non-derivative financial instruments entail credit risk when contractually agreed payments are not made by the contracting parties. The maximum credit risk on non-derivative financial instruments corresponds to their carrying amounts. The expected credit risk from individual receivables is allowed for by recognizing write-downs of the assets. See also Note 15.).

With the derivative financial instruments used, the maximum credit risk is the sum total of all positive fair values of these instruments as, in the event of non-performance by the contracting parties, losses on assets would be restricted to this amount.

LIQUIDITY RISKS

Liquidity risk is the risk that the Brenntag Group may in future not be able to meet its contractual payment obligations. Due to the fact that the Brenntag Group's business is not subject to any pronounced seasonal fluctuations, there is relatively little fluctuation in liquidity during the financial year.

To ensure that the Brenntag Group can pay at all times, it not only has appropriate liquidity reserves in the form of cash and cash equivalents but also credit lines under the syndicated loan which can be utilized as needed. In order to identify the liquidity risks, the Group has a multi-annual liquidity plan which is regularly reviewed and adjusted if necessary.

The undiscounted cash flows resulting from financial liabilities are shown in the following table:

		Cash flows 2016–2021 ff.					
in EUR m	**Carrying amount Dec. 31, 2015**	2016	2017	2018	2019	2020	2021 ff.
Trade payables	1,055.5	1,055.5	–	–	–	–	–
Other liabilities	187.0	184.4	0.5	0.6	0.2	0.2	1.1
Liabilities relating to acquisition of non-controlling interests	68.7	68.7	–	–	–	–	–
Liabilities under syndicated loan	1,214.7	16.8	16.8	16.8	1,226.3	–	–
Other liabilities to banks	134.2	128.7	0.2	–	–	–	5.3
Bond 2018	406.5	22.0	22.0	422.0	–	–	–
Bond (with Warrants) 2022	423.2	8.6	8.6	8.6	8.6	8.6	476.5
Finance lease liabilities	14.4	4.4	3.3	2.5	1.8	1.2	6.5
Derivative financial instruments	4.3						
of which cash inflows	–	477.9	–	–	–	–	–
of which cash outflows	–	482.2	0.4	–	–	–	–
Other financial liabilities	57.9	12.7	20.8	21.5	1.3	1.6	–
Total	**3,566.4**	**1,506.1**	**72.6**	**472.0**	**1,238.2**	**11.6**	**489.4**

C.89 FUTURE CASH FLOWS FROM FINANCIAL LIABILITIES / DEC. 31, 2015

in EUR m	Carrying amount Dec. 31, 2014	Cash flows 2015–2020 ff. 2015	2016	2017	2018	2019	2020 ff.
Trade payables	1,046.2	1,046.2	–	–	–	–	–
Other liabilities	181.5	179.3	1.6	0.1	–	–	0.5
Liabilities relating to acquisition of non-controlling interests	39.7	–	41.3	–	–	–	–
Liabilities under syndicated loan	1,124.1	15.5	15.5	15.5	15.5	1,135.9	–
Other liabilities to banks	296.6	288.7	2.5	–	–	–	6.1
Bond 2018	405.2	22.0	22.0	22.0	422.0	–	–
Finance lease liabilities	12.3	3.7	3.1	2.3	1.6	1.0	6.1
Derivative financial instruments	4.0						
of which cash inflows	–	401.6	–	–	–	–	–
of which cash outflows	–	406.1	0.4	–	–	–	–
Other financial liabilities	59.4	27.2	22.1	3.5	2.8	3.8	–
Total	**3,169.0**	**1,587.1**	**108.5**	**43.4**	**441.9**	**1,140.7**	**12.7**

C.90 FUTURE CASH FLOWS FROM FINANCIAL LIABILITIES / DEC. 31, 2014

DERIVATIVE FINANCIAL INSTRUMENTS

The notional amount and fair values of derivative financial instruments are shown in the table below:

	Dec. 31, 2015			Dec. 31, 2014		
in EUR m	**Notional amount**	**Positive fair value**	**Negative fair value**	Notional amount	Positive fair value	Negative fair value
Foreign exchange forward transactions and foreign exchange swaps not included in hedge accounting	637.3	2.4	4.1	500.6	2.2	3.6
Interest rate swaps in hedge accounting	459.3	2.5	–	511.8	4.9	0.4
Interest rate swaps not included in hedge accounting	100.0	–	0.2	–	–	–
Total		**4.9**	**4.3**		**7.1**	**4.0**

C.91 DERIVATIVE FINANCIAL INSTRUMENTS

35.) RELATED PARTIES

In the course of its normal business activities, Brenntag AG also obtains services from and provides services for related entities. These related entities are the subsidiaries included in the consolidated financial statements as well as associates accounted for using the equity method and their subsidiaries.

Related persons are the members of the Board of Management and Supervisory Board of Brenntag AG and members of their families.

The total remuneration of the Board of Management due in the short term including the remuneration for performing their tasks at subsidiaries amounts to EUR 4.5 million for financial year 2015 (2014: EUR 3.0 million). Furthermore, there are long-term remuneration programmes for members of the Board of Management that are partly based on the development of the share price. The resulting bonus earned in 2015 plus changes in the amount of entitlements not yet paid out total EUR 3.2 million (2014: EUR 1.4 million). The cost (excluding interest expense) for the pension entitlements earned in the reporting year (defined benefit plans) and the defined contribution pension plans amounts to EUR 0.5 million (thereof: EUR 0.5 million for defined benefit plans); in 2014: EUR 0.3 million (thereof: EUR 0.3 million for defined benefit plans). The total remuneration of the Board of Management is therefore EUR 8.2 million (2014: EUR 4.7 million). In financial year 2015, no expense for remuneration to former members of the Board of Management was incurred. Other than the payout of EUR 1.0 million under a post-employment non-competition clause, no further remuneration was paid to former members of the Board of Management in financial year 2014.

The Board of Management remuneration system and the remuneration of each member of the Board of Management are detailed in the remuneration report, which is an integral part of the combined management report.

The total remuneration of the members of the Supervisory Board due in the short term amounts to EUR 1.0 million for financial year 2015 (2014: EUR 0.8 million).

The Supervisory Board remuneration system and the remuneration of each member of the Supervisory Board are detailed in the remuneration report, which is an integral part of the combined management report.

Apart from the aforementioned, there were no transactions with related persons.

The following business transactions were performed on terms equivalent to those that prevail in arm's length transactions:

in EUR m	**2015**	2014
Sales from transactions with associates	0.8	0.8
Goods and services rendered by associates	0.7	0.9
Sales from transactions with companies at which related persons perform a supervisory function	0.2	0.2

C.92 TRANSACTIONS WITH RELATED PARTIES

in EUR m	**Dec. 31, 2015**	Dec. 31, 2014
Trade receivables from associates	0.1	0.1
Trade payables to associates	0.1	0.1
Financial receivables from associates	0.1	0.1

C.93 RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES

The transactions of Brenntag AG with consolidated subsidiaries as well as between consolidated subsidiaries have been eliminated.

36.) AUDIT FEES FOR THE AUDITORS OF THE CONSOLIDATED FINANCIAL STATEMENTS

The following fees for the services of the auditors of the consolidated financial statements, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, were recognized as expenses:

in EUR m	**2015**	2014
Financial statement audit services	0.8	0.8
Other assurance services	0.2	0.2
Tax advisory services	0.1	0.1
Other services rendered	–	0.3
Total	**1.1**	**1.4**

C.94 AUDIT FEES FOR THE AUDITORS OF THE CONSOLIDATED FINANCIAL STATEMENTS

37.) EXEMPTIONS PURSUANT TO SECTION 264, PARA. 3 / SECTION 264B OF THE GERMAN COMMERCIAL CODE

For financial year 2015, the following subsidiaries of Brenntag AG are making use of the exemptions pursuant to Section 264, para. 3 and Section 264b of the German Commercial Code:

- Brenntag Holding GmbH, Mülheim an der Ruhr
- Brenntag Germany Holding GmbH, Mülheim an der Ruhr
- Brenntag Foreign Holding GmbH, Mülheim an der Ruhr
- Brenntag Beteiligungs GmbH, Mülheim an der Ruhr
- BRENNTAG GmbH, Duisburg
- BRENNTAG International Chemicals GmbH, Mülheim an der Ruhr
- Brenntag Real Estate GmbH, Mülheim an der Ruhr
- BCD Chemie GmbH, Hamburg
- CLG Lagerhaus GmbH & Co. KG, Mülheim an der Ruhr
- Brenntag Vermögensverwaltungs GmbH & Co. KG, Zossen
- CM Komplementär 03–018 GmbH & Co. KG, Mülheim an der Ruhr
- CM Komplementär 03–019 GmbH & Co. KG, Mülheim an der Ruhr
- CM Komplementär 03–020 GmbH & Co. KG, Mülheim an der Ruhr

38.) DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

On December 17, 2015, the Board of Management and Supervisory Board issued the declaration of conformity with the recommendations of the government commission "German Corporate Governance Code" for financial year 2015 as required by Section 161 of the German Stock Corporation Act. The declaration of conformity can be viewed at any time on the website of Brenntag AG (http://www.brenntag.com/media/documents/compliance/declaration_of_conformity_2015.pdf).

39.) EVENTS AFTER THE END OF THE REPORTING PERIOD

In mid-February 2016, the Venezuelan government further devalued the country's currency, the bolivar. Since February 2015, Venezuela had had three parallel currency exchange mechanisms: CENCOEX (official preferred exchange rate, exclusively for imports of certain essential goods such as food and medicines, 6.30 bolivars per USD), SICAD (auction rate, most recently around 13.50 bolivars per USD) and SIMADI (permitted purchase and sale of foreign currency with fewer restrictions, most recently around 200 bolivars per USD). In February 2016, this three-tier model was converted to a dual model, under which CENCOEX (although devalued to 10 bolivars per USD) and SIMADI will be the only official exchange mechanisms available. For Brenntag, the resulting change on translation of the net assets of its Venezuelan subsidiary from the local currency into the functional currency, the US dollar, will give rise to foreign exchange losses of approximately EUR 20 million. Further currency translation effects may arise on the measurement of inventories, which currently amount to approximately EUR 10 million.

RESPONSIBILITY STATEMENT

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

Mülheim an der Ruhr, March 7, 2016

Brenntag AG

BOARD OF MANAGEMENT

Steven Holland | Karsten Beckmann | Markus Klähn

Georg Müller | Henri Nejade

ANNEX

LIST OF SHAREHOLDINGS IN ACCORDANCE WITH SECTION 313, PARA. 2 OF THE GERMAN COMMERCIAL CODE AS AT DECEMBER 31, 2015

No.	Company	Seat	Held directly %[1]	Held indirectly %[1]	Effective net holding %[1]	Via No.
1	Brenntag AG	Mülheim an der Ruhr	0.00	0.00	0.00	
CONSOLIDATED SUBSIDIARIES						
Algeria						
2	Alliance Chimie Algerie SPA	Algiers	0.00	100.00	99.94	70
Argentina						
3	Brenntag Argentina S.A.	Buenos Aires	0.00	90.00 10.00	100.00	119 111
Australia						
4	Brenntag Australia Pty. Ltd.	Highett	0.00	100.00	100.00	147
5	Brenntag Pty. Ltd. i. L.	Highett	0.00	100.00	100.00	4
Bangladesh						
6	BRENNTAG BANGLADESH FORMULATION LTD.	Dhaka	0.00	100.00	100.00	119
7	BRENNTAG BANGLADESH LTD.	Dhaka	0.00	100.00	100.00	119
8	BRENNTAG BANGLADESH SERVICES LTD.	Dhaka	0.00	100.00	100.00	7
Belgium						
9	BRENNTAG NV	Deerlijk	0.00	99.99 0.01	100.00	67 52
10	European Polymers and Chemicals Distribution BVBA	Deerlijk	0.00	100.00	100.00	123
Bermuda						
11	HCI Ltd.	Hamilton	0.00	100.00	100.00	12
12	Pelican Chemical Traders Ltd.	Hamilton	0.00	100.00	100.00	26
Bolivia						
13	Brenntag Bolivia S.R.L.	Santa Cruz	0.00	90.00 10.00	100.00	119 112
Brazil						
14	Brenntag Quimica Brasil Ltda.	Guarulhos, São Paulo	0.00	100.00	100.00	119
Bulgaria						
15	BRENNTAG BULGARIA EOOD	Sofia	0.00	100.00	100.00	119
Chile						
16	Brenntag Chile Comercial e Industrial Limitada	Santiago	0.00	95.00 5.00	100.00	119 112

No.	Company	Seat	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via No.
China						
17	Tianjin Zhong Rong Chemical Storage Co., Ltd.	Tianjin	0.00	100.00	51.00	81
18	Tianjin Tai Rong Chemical Trading Co., Ltd.	Tianjin	0.00	100.00	51.00	21
19	TAT Petroleum (Guangzhou) Ltd	Guangzhou	0.00	100.00	100.00 [2]	148
20	Shanghai Yi Rong International Trading Co., Ltd.	Shanghai	0.00	75.30 24.70	51.00	21 81
21	Shanghai Jia Rong Trading Co., Ltd.	Shanghai	0.00	100.00	51.00	17
22	Shanghai Anyijie Chemical Logistic Co., Ltd.	Shanghai	0.00	100.00	51.00	17
23	Guangzhou Fan Ya Jia Rong Trading Co., Ltd.	Guangzhou	0.00	60.00 40.00	51.00	21 18
24	Brenntag (Shanghai) Chemical Trading Co., Ltd.	Shanghai	0.00	100.00	100.00	119
Costa Rica						
25	Quimicos Holanda Costa Rica S.A.	San Jose	0.00	100.00	100.00	119
Curaçao						
26	H.C.I. (Curaçao) N.V.	Curaçao	0.00	100.00	100.00	119
27	HCI Shipping N.V.	Curaçao	0.00	100.00	100.00	26
Denmark						
28	Aktieselskabet af 1. Januar 1987	Ballerup	0.00	100.00	100.00	30
29	Brenntag Biosector A/S	Ballerup	0.00	100.00	100.00	30
30	Brenntag Nordic A/S	Ballerup	0.00	100.00	100.00	119
Germany						
31	Fred Holmberg & Co GmbH	Hamburg	0.00	100.00	100.00 [2]	142
32	ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hüttenheim KG	Düsseldorf	0.00	94.00	94.00 [3]	49
33	CVP Chemie-Vertrieb Berlin GmbH	Berlin	0.00	100.00	51.00	36
34	CVM Chemie-Vertrieb Magdeburg GmbH & Co. KG	Schönebeck	0.00	100.00	51.00	36
35	CVH Chemie-Vertrieb Verwaltungsgesellschaft mbH	Hanover	0.00	51.00	51.00	49
36	CVH Chemie-Vertrieb GmbH & Co. Hannover KG	Hanover	0.00	51.00	51.00	49
37	CVB Albert Carl GmbH & Co. KG Berlin	Berlin	0.00	100.00	51.00	36
38	CM Komplementär 03–020 GmbH & Co. KG	Mülheim an der Ruhr	0.00	100.00 0.00	100.00	39 53
39	CM Komplementär 03–019 GmbH & Co. KG	Mülheim an der Ruhr	0.00	100.00 0.00	100.00	40 54
40	CM Komplementär 03–018 GmbH & Co. KG	Mülheim an der Ruhr	0.00	100.00 0.00	100.00	50 55
41	CLG Lagerhaus GmbH & Co. KG	Mülheim an der Ruhr	0.00	100.00	100.00	49
42	CLG Lagerhaus GmbH	Duisburg	0.00	100.00	100.00	49
43	Brenntag Vermögensverwaltungs GmbH & Co. KG	Zossen	0.00	100.00	100.00	52
44	Brenntag Vermögensmanagement GmbH	Zossen	100.00	0.00	100.00	1
45	Brenntag Real Estate GmbH	Mülheim an der Ruhr	0.00	100.00	100.00	52
46	BRENNTAG International Chemicals GmbH	Mülheim an der Ruhr	0.00	100.00	100.00	49
47	Brenntag Holding GmbH	Mülheim an der Ruhr	100.00	0.00	100.00	1

No.	Company	Seat	Held directly % [1)]	Held indirectly % [1)]	Effective net holding % [1)]	Via No.
48	BRENNTAG GmbH	Duisburg	0.00	100.00	100.00	49
49	Brenntag Germany Holding GmbH	Mülheim an der Ruhr	0.00	100.00	100.00	52
50	Brenntag Foreign Holding GmbH	Mülheim an der Ruhr	0.00	100.00	100.00	52
51	Brenntag Finanz-Service GmbH i. L.	Mülheim an der Ruhr	0.00	100.00	100.00	48
52	Brenntag Beteiligungs GmbH	Mülheim an der Ruhr	0.00	100.00	100.00	47
53	Blitz 03–1163 GmbH	Mülheim an der Ruhr	0.00	100.00	100.00	39
54	Blitz 03–1162 GmbH	Mülheim an der Ruhr	0.00	100.00	100.00	40
55	Blitz 03–1161 GmbH	Mülheim an der Ruhr	0.00	100.00	100.00	50
56	BCD Chemie GmbH	Hamburg	0.00	100.00	100.00	49
57	BBG - Berlin-Brandenburger Lager- und Distributionsgesellschaft Biesterfeld Brenntag mbH	Hoppegarten	0.00	50.00 50.00	100.00	49 56
Dominican Republic						
58	HCI CHEMCENTRAL DOM. REP. S.R.L.	Santo Domingo	0.00	99.80 0.10 0.10	100.00	119 26 27
59	BRENNTAG CARIBE S.R.L.	Santo Domingo	0.00	100.00 0.00	100.00	119 111
Ecuador						
60	BRENNTAG ECUADOR S.A.	Guayaquil	0.00	100.00 0.00	100.00	119 111
El Salvador						
61	BRENNTAG EL SALVADOR, S.A. DE C.V.	Soyapango	0.00	99.99 0.01	100.00	119 112
Finland						
62	Brenntag Nordic Oy	Vantaa	0.00	100.00	100.00	119
France						
63	SOCIETE COMMERCIALE TARDY ET CIE. SARL	Vitrolles	0.00	51.00	50.97	66
64	Multisol International Services SAS	Sotteville-lès-Rouen	0.00	80.00 20.00	100.00	67 73
65	BRACHEM FRANCE HOLDING SAS	Chassieu	0.00	100.00	100.00	47
66	BRENNTAG EXPORT SARL	Vitrolles	0.00	100.00	99.94	71
67	BRENNTAG FRANCE HOLDING SAS	Chassieu	0.00	100.00	100.00	65
68	BRENNTAG FRANCE SAS	Paris	0.00	100.00	99.94	71
69	BRENNTAG INVESTISSEMENTS SAS	Chassieu	0.00	100.00	100.00	67
70	BRENNTAG MAGHREB SAS	Vitrolles	0.00	100.00	99.94	66
71	BRENNTAG SA	Chassieu	0.00	99.94	99.94	67
72	METAUSEL SAS	Chassieu	0.00	100.00	99.94	71
73	Multisol France SAS	Villebon-sur-Yvette	0.00	100.00	100.00	67
Ghana						
74	Brenntag Ghana Limited	Accra	0.00	100.00	100.00	119
Greece						
75	Brenntag Hellas Chimika Monoprosopi EPE	Penteli	0.00	100.00	100.00	124

No.	Company	Seat	Held directly % 1)	Held indirectly % 1)	Effective net holding % 1)	Via No.
Guatemala						
76	BRENNTAG GUATEMALA S.A.	Guatemala City	0.00	99.97 0.03	100.00	119 111
Honduras						
77	INVERSIONES QUIMICAS, S.A.	San Pedro Sula	0.00	98.51 1.49	100.00	119 111
Hong Kong						
78	Brenntag Hong Kong Limited	Hong Kong	0.00	99.96 0.04	100.00	119 111
79	TAT Petroleum (HK) Pte Ltd	Hong Kong	0.00	100.00	100.00 2)	148
80	Yuen Fung Hong Petroleum Co., Ltd	Hong Kong	0.00	100.00	100.00 2)	79
81	Zhong Yung (International) Chemical Co., Limited	Hong Kong	0.00	51.00	51.00	119
India						
82	Brenntag Ingredients (India) Private Limited	Mumbai	0.00	100.00	100.00	147
Indonesia						
83	PT TAT Petroleum Indonesia	South Jakarta	0.00	99.00	99.00 2)	148
84	PT. Brenntag	Jakarta Selatan	0.00	100.00	100.00	147
85	PT. Dharmala HCI i.L.	Jakarta	0.00	91.14	91.14	119
Ireland						
86	Brenntag Chemicals Distribution (Ireland) Limited	Dublin	0.00	100.00	100.00	215
Italy						
87	NATURAL WORLD S.R.L.	Lugo	0.00	100.00	100.00	89
88	CHIMAB S.p.A.	Campodarsego (Padua)	0.00	100.00	100.00	89
89	BRENNTAG S.P.A.	Milan	0.00	100.00	100.00	119
Canada						
90	BRENNTAG CANADA INC.	Toronto	0.00	100.00	100.00	109
Colombia						
91	SURTIQUIMICOS S.A.	Bogotá	0.00	100.00	100.00	92
92	BRENNTAG COLOMBIA S.A.	Bogotá D.C.	0.00	94.87 4.15 0.41 0.38 0.19	100.00	119 112 27 111 26
Croatia						
93	BRENNTAG HRVATSKA d.o.o.	Zagreb	0.00	100.00	100.00	124
Latvia						
94	SIA BRENNTAG LATVIA	Riga	0.00	100.00	100.00	135
95	SIA DIPOL BALTIJA	Riga	0.00	100.00	100.00	186
Lithuania						
96	UAB BRENNTAG LIETUVA	Kaunas	0.00	100.00	100.00	135

No.	Company	Seat	Held directly % 1)	Held indirectly % 1)	Effective net holding % 1)	Via No.
Malaysia						
97	BRENNTAG SDN. BHD.	Kuala Lumpur	0.00	100.00	100.00	147
98	BRENNTAG MALAYSIA SERVICES SDN. BHD. i. L.	Kuala Lumpur	0.00	100.00	100.00	100
99	BRENNTAG MALAYSIA SDN. BHD.	Kuala Lumpur	0.00	100.00	100.00	119
100	AKASHI SDN. BHD.	Kuala Lumpur	0.00	100.00	100.00	97
Morocco						
101	ALCOCHIM MAROC S.A.R.L.	Casablanca	0.00	100.00	99.94	70
102	BRENNTAG MAROC S.A.R.L associé unique	Casablanca	0.00	100.00	99.94	70
Mauritius						
103	Multisol Mauritius Limited	Ebene	0.00	100.00	100.00	209
Mexico						
104	AMCO INTERNACIONAL S.A. DE C.V.	Mexico City	0.00	100.00 0.00	100.00	105 106
105	BRENNTAG MÉXICO, S.A. DE C.V.	Cuautitlan Izcalli	0.00	99.99 0.01	100.00	119 112
106	BRENNTAG PACIFIC, S. DE R.L. DE C.V.	Tijuana	0.00	99.00 1.00	100.00	196 194
New Zealand						
107	BRENNTAG NEW ZEALAND LIMITED	Wellington	0.00	100.00	100.00	147
Nicaragua						
108	BRENNTAG NICARAGUA, S.A.	Managua	0.00	99.99 0.01	100.00	119 111
Netherlands						
109	Holland Chemical International B.V.	Dordrecht	0.00	100.00	100.00	119
110	HCI U.S.A. Holdings B.V.	Amsterdam	0.00	100.00	100.00	118
111	HCI Central Europe Holding B.V.	Amsterdam	0.00	100.00	100.00	119
112	H.C.I. Chemicals Nederland B.V.	Amsterdam	0.00	100.00	100.00	119
113	Brenntag Vastgoed B.V.	Dordrecht	0.00	100.00	100.00	114
114	Brenntag Nederland B.V.	Dordrecht	0.00	100.00	100.00	119
115	Brenntag HoldCo B.V.	Amsterdam	0.00	100.00	100.00	47
116	Brenntag Finance B.V.	Amsterdam	0.00	100.00	100.00	119
117	BRENNTAG Dutch C.V.	Amsterdam	0.00	99.90 0.10	100.00	119 112
118	BRENNTAG Coöperatief U.A.	Amsterdam	0.00	99.00 1.00	100.00	194 193
119	BRENNTAG (Holding) B.V.	Amsterdam	0.00	74.00 26.00	100.00	115 50
Nigeria						
120	Brenntag Chemicals Nigeria Limited	Onikan-Lagos	0.00	90.00 10.00	100.00	119 111
Norway						
121	BRENNTAG NORDIC AS	Borgenhaugen	0.00	100.00	100.00	143

No.	Company	Seat	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via No.
Austria						
122	Provida GmbH	Vienna	0.00	100.00	100.00	124
123	JLC-Chemie Handels GmbH	Wiener Neustadt	0.00	100.00	100.00	124
124	Brenntag CEE GmbH	Vienna	0.00	99.90 0.10	100.00	125 52
125	Brenntag Austria Holding GmbH	Vienna	0.00	100.00	100.00	9
Panama						
126	BRENNTAG PANAMA S.A.	Panama City	0.00	100.00	100.00	26
Peru						
127	BRENNTAG PERU S.A.C.	Lima	0.00	100.00 0.00	100.00	119 111
Philippines						
128	BRENNTAG INGREDIENTS INC.	Makati City	0.00	100.00	100.00	119
Poland						
129	PHU ELMAR sp. z o.o.	Bydgoszcz	0.00	100.00	100.00	135
130	Obsidian Company sp. z o.o.	Warsaw	0.00	100.00	100.00	135
131	Motor Polimer sp. z o.o.	Suchy Las	0.00	100.00	100.00	10
132	Fred Holmberg & Co Polska Sp.z o.o.	Warsaw	0.00	100.00	100.00 [2]	135
133	FORCHEM sp. z o.o.	Warsaw	0.00	100.00	100.00	10
134	Eurochem Service Polska sp. z o.o.	Warsaw	0.00	100.00	100.00	135
135	BRENNTAG Polska sp. z o.o.	Kedzierzyn-Kozle	0.00	61.00 39.00	100.00	9 124
Portugal						
136	Brenntag Portugal - Produtos Quimicos, Lda.	Sintra	0.00	73.67 26.05 0.28	100.00	50 119 49
Puerto Rico						
137	Brenntag Puerto Rico, Inc.	Caguas	0.00	100.00	100.00	119
Romania						
138	BRENNTAG S.R.L.	Chiajna	0.00	100.00	100.00	111
Russia						
139	OOO BRENNTAG	Moscow	0.00	100.00	100.00	124
140	OOO MULTISOL	Moscow	0.00	100.00	100.00	211
141	OOO Tride Rus	Moscow	0.00	100.00	100.00	170
Sweden						
142	Brenntag Nordic AB	Malmö	0.00	100.00	100.00	144
143	Brenntag Nordic Holding AB	Malmö	0.00	100.00	100.00	119
144	Brenntag Nordic Investment AB	Malmö	0.00	100.00	100.00	143
Switzerland						
145	Brenntag Schweizerhall AG	Basel	0.00	100.00	100.00	67

No.	Company	Seat	Held directly % 1)	Held indirectly % 1)	Effective net holding % 1)	Via No.
Singapore						
146	Axxmo International Pte Ltd	Singapore	0.00	100.00	100.00 2)	119
147	BRENNTAG PTE. LTD.	Singapore	0.00	100.00	100.00	119
148	TAT Petroleum Pte Ltd	Singapore	0.00	100.00	100.00 2)	119
Slovakia						
149	BRENNTAG SLOVAKIA s.r.o.	Pezinok	0.00	100.00	100.00	124
Slovenia						
150	BRENNTAG LJUBLJANA d.o.o.	Ljubljana	0.00	100.00	100.00	124
Spain						
151	BRENNTAG QUIMICA, S.A.U.	Dos Hermanas	0.00	100.00	100.00	67
152	Devon Chemicals S.A.	Barcelona	0.00	100.00	100.00	119
153	Quimicas Merono, S.L.	Cartagena	0.00	100.00	100.00 2)	151
Sri Lanka						
154	BRENNTAG LANKA (PRIVATE) LIMITED	Athurugiriya	0.00	100.00	100.00	119
South Africa						
155	Canada Oil Sales (Proprietary) Limited	Cape Town	0.00	100.00	100.00	157
156	LIONHEART CHEMICAL ENTERPRISES (PROPRIETARY) LIMITED	Benoni	0.00	100.00	100.00 2)	119
157	Multisol South Africa (Proprietary) Limited	Cape Town	0.00	100.00	100.00	209
158	Trade Firm 100 (Proprietary) Limited	Cape Town	0.00	100.00	100.00	157
South Korea						
159	TAT Korea Petroleum Co., Ltd	Seoul	0.00	100.00	100.00 2)	148
Taiwan						
160	Brenntag (Taiwan) Co., Ltd.	Taipeh	0.00	100.00	100.00	119
161	Brenntag Chemicals Co., Ltd.	Taipeh	0.00	100.00	100.00	119
Thailand						
162	Brenntag Enterprises (Thailand) Co., Ltd.	Bangkok	0.00	51.00 49.00	100.00	164 119
163	Brenntag Ingredients (Thailand) Public Company Limited	Bangkok	0.00	51.00 49.00	100.00	162 119
164	Brenntag Service (Thailand) Co., Ltd.	Bangkok	0.00	51.01 48.99	100.00	162 119
165	Thai-Dan Corporation Limited	Bangkok	0.00	99.90 0.05 0.05	100.00	163 162 164
Czech Republic						
166	Brenntag CR s.r.o.	Prague	0.00	100.00	100.00	124
Tunisia						
167	ALLIANCE - TUNISIE S.A.R.L.	Tunis	0.00	100.00	99.94	70
Turkey						
168	BRENNTAG KIMYA TICARET LIMITED SIRKETI	Istanbul	0.00	100.00	100.00	124
169	Parkoteks Kimya Sanayi ve Ticaret Anonim Sirketi	Istanbul	0.00	100.00	100.00 2)	124

No.	Company	Seat	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via No.
Ukraine						
170	TOB TRIDE	Kiev	0.00	100.00	100.00	124
171	TOB BRENNTAG UKRAINE	Kiev	0.00	100.00	100.00	186
Hungary						
172	BRENNTAG Hungaria Kft.	Budapest	0.00	97.93 2.07	100.00	124 111
173	BCB Union Kft.	Budapest	0.00	96.67 3.33	100.00	119 112
Uruguay						
174	BRENNTAG SOURCING URUGUAY S.A.	Montevideo	0.00	100.00	100.00	119
USA						
175	New Jersey Lube Oil, LLC	East Hartford/Connecticut	0.00	100.00	100.00 [2]	199
176	Maniscalco, Ltd.	Houston/Texas	0.00	99.00 1.00	100.00 [2]	181 182
177	KB Page, LLC	Springfield/Massachusetts	0.00	100.00	100.00 [2]	199
178	Jones Oil, LLC	Houston/Texas	0.00	100.00	100.00 [2]	181
179	JAM Parent Company, LLC	Houston/Texas	0.00	100.00	100.00 [2]	194
180	JAM Lubricants Company, LLC	Houston/Texas	0.00	100.00	100.00 [2]	181
181	JAM Holding Corp.	Houston/Texas	0.00	100.00	100.00 [2]	179
182	J.A.M. Interests, L.C.	Houston/Texas	0.00	100.00	100.00 [2]	181
183	J.A.M. Equipment Sales and Services, LLC	Houston/Texas	0.00	100.00	100.00 [2]	184
184	J.A.M. Distributing Company	Houston/Texas	0.00	100.00	100.00 [2]	181
185	JMS Marine Services, LLC	Kemah/Texas	0.00	0.00	0.00 [3]	
186	Dipol Chemical International, Inc.	Kings/New York	0.00	100.00	100.00	124
187	Altivia Louisiana, L.L.C.	St. Gabriel/Louisiana	0.00	100.00	100.00	197
188	Brenntag Funding LLC	Wilmington/Delaware	0.00	100.00	100.00	194
189	Brenntag Global Marketing, LLC	Wilmington/Delaware	0.00	100.00	100.00	194
190	Brenntag Great Lakes LLC	Chicago/Illinois	0.00	100.00	100.00	110
191	Brenntag Latin America, Inc.	Wilmington/Delaware	0.00	100.00	100.00	194
192	Brenntag Mid-South, Inc.	Henderson/Kentucky	0.00	100.00	100.00	194
193	Brenntag North America Foreign Holding, LLC	Wilmington/Delaware	0.00	100.00	100.00	194
194	Brenntag North America, Inc.	Wilmington/Delaware	0.00	100.00	100.00	119
195	Brenntag Northeast, Inc.	Wilmington/Delaware	0.00	100.00	100.00	194
196	Brenntag Pacific, Inc.	Wilmington/Delaware	0.00	100.00	100.00	194
197	Brenntag Southwest, Inc.	Longview/Texas	0.00	100.00	100.00	194
198	Brenntag Specialties, Inc.	Wilmington/Delaware	0.00	100.00	100.00	194
199	BWE, LLC	East Hartford/Connecticut	0.00	100.00	100.00 [2]	194
200	Coastal Chemical Co., L.L.C.	Abbeville/Louisiana	0.00	100.00	100.00	110

No.	Company	Seat	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via No.
Venezuela						
201	HOLANDA VENEZUELA, C.A.	Valencia	0.00	100.00	100.00	119
202	INVERSIONES HCI-CHEMCENTRAL de VENEZUELA, C.A.	Caracas	0.00	100.00	100.00	201
203	QUIMICOS BARCELONA, C.A.	Caracas	0.00	100.00	100.00	201
United Arab Emirates						
204	Trychem FZCO	Jebel Ali, Dubai	0.00	51.00	51.00 [2]	119
205	Trychem Trading L.L.C.	Port Saeed, Dubai	0.00	100.00	51.00 [2]	204
United Kingdom						
206	Water Treatment Solutions Limited	Leeds	0.00	100.00	100.00	215
207	Murgatroyd's Salt & Chemical Company Limited	Leeds	0.00	100.00	100.00	217
208	Multisol Limited	Leeds	0.00	100.00	100.00	213
209	Multisol Holdings Limited	Leeds	0.00	100.00	100.00	208
210	Multisol Group Limited	Leeds	0.00	100.00	100.00	215
211	Multisol Europe Limited	Leeds	0.00	100.00	100.00	209
212	Multisol EBT Limited	Leeds	0.00	100.00	100.00	208
213	Multisol Chemicals Limited	Leeds	0.00	100.00	100.00	210
214	Brenntag UK Limited	Leeds	0.00	100.00	100.00	215
215	Brenntag UK Holding Limited	Leeds	0.00	100.00	100.00	69
216	Brenntag UK Group Limited	Leeds	0.00	100.00	100.00	215
217	Brenntag Inorganic Chemicals Limited	Leeds	0.00	100.00	100.00	215
218	Brenntag Inorganic Chemicals (Thetford) Limited	Leeds	0.00	100.00	100.00	215
219	Brenntag Colours Limited	Leeds	0.00	100.00	100.00	215
Vietnam						
220	BRENNTAG VIETNAM CO. LTD.	Ho Chi Minh City	0.00	100.00	100.00	147
221	Nam Giang Trading and Service Co., Ltd	Ho Chi Minh City	0.00	0.00	0.00 [3]	
222	TAT Vietnam Petroleum Co., Ltd	Ho Chi Minh City	0.00	90.00	90.00 [2]	148
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD						
Denmark						
223	Borup Kemi I/S	Borup	0.00	33.33	33.33	28
Germany						
224	SOFT CHEM GmbH	Laatzen	0.00	33.40	17.03	35
South Africa						
225	Crest Chemicals (Proprietary) Limited	Woodmead	0.00	50.00	50.00	119
Thailand						
226	Berli Asiatic Soda Co., Ltd.	Bangkok	0.00	50.00	50.00	163
227	Siri Asiatic Co., Ltd.	Bangkok	0.00	50.00	50.00	163

[1] Shares in capital of the company
[2] Business combination in accordance with IFRS 3
[3] Structured entity

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D — FURTHER INFORMATION

D

FURTHER INFORMATION

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INDEPENDENT AUDITOR'S REPORT

TO BRENNTAG AG, MÜLHEIM AN DER RUHR

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Brenntag AG, Mülheim an der Ruhr, and its subsidiaries, which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements for the business year from January 1 to December 31, 2015.

Board of Managing Directors' Responsibility for the Consolidated Financial Statements

The Board of Managing Directors of Brenntag AG, Mülheim an der Ruhr, is responsible for the preparation of these consolidated financial statements. This responsibility includes that these consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB ("Handelsgesetzbuch": German Commercial Code) and that these consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The Board of Managing Directors is also responsible for the internal controls as the Board of Managing Directors determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

According to Section 322 (3) Clause 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets and financial position of the Group as at December 31, 2015 as well as the results of operations for the business year then ended, in accordance with these requirements.

REPORT ON THE GROUP MANAGEMENT REPORT

We have audited the accompanying group management report, which is combined with the management report of the company, of Brenntag AG, Mülheim an der Ruhr, for the business year from January 1 to December 31, 2015. The Board of Managing Directors of Brenntag AG, Mülheim an der Ruhr, is responsible for the preparation of the combined management report in accordance with the requirements of German commercial law applicable pursuant to Section 315a (1) HGB. We conducted our audit in accordance with Section 317 (2) HGB and German generally accepted standards for the audit of the combined management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Accordingly, we are required to plan and perform the audit of the combined management report to obtain reasonable assurance about whether the combined management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

According to Section 322 (3) Clause 1 HGB we state, that our audit of the combined management report has not led to any reservations.

In our opinion based on the findings of our audit of the consolidated financial statements and combined management report, the combined management report is consistent with the consolidated financial statements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, March 7, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

sgd. Thomas Tandetzki	sgd. ppa. Frank Schemann
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

SEGMENT INFORMATION

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

2015

in EUR m	2015	2014	Change abs.	Change in %	Change in % (fx adj.)
Sales	10,346.1	10,015.6	330.5	3.3	−4.6
Operating gross profit	2,321.7	2,078.2	243.5	11.7	2.3
Operating expenses	−1,514.3	−1,351.5	−162.8	12.0	3.1
Operating EBITDA	**807.4**	**726.7**	**80.7**	**11.1**	**0.7**
Transaction costs/holding charges	–	0.2	−0.2	–	–
EBITDA (incl. transaction costs/ holding charges)	**807.4**	**726.9**	**80.5**	**11.1**	**0.7**
Depreciation of property. plant and equipment	−108.7	−99.4	−9.3	9.4	1.1
EBITA	698.7	627.5	71.2	11.3	0.6
Amortization of intangible assets	−36.9	−35.9	−1.0	2.8	−5.4
Net finance costs	−112.5	−83.8	−28.7	34.2	–
Profit before tax	549.3	507.8	41.5	8.2	–
Income tax expense	−181.2	−168.1	−13.1	7.8	–
Profit after tax	368.1	339.7	28.4	8.4	–

D.01 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP/2015

Q4 2015

in EUR m	Q4 2015	Q4 2014	Change abs.	Change in %	Change in % (fx adj.)
Sales	2,473.3	2,511.0	−37.7	−1.5	−6.6
Operating gross profit	567.0	536.2	30.8	5.7	−0.3
Operating expenses	−374.4	−337.7	−36.7	10.9	5.2
Operating EBITDA	**192.6**	**198.5**	**−5.9**	**−3.0**	**−9.6**
Transaction costs/holding charges	–	–	–	–	–
EBITDA (incl. transaction costs/ holding charges)	**192.6**	**198.5**	**−5.9**	**−3.0**	**−9.6**
Depreciation of property. plant and equipment	−28.2	−25.8	−2.4	9.3	3.3
EBITA	164.4	172.7	−8.3	−4.8	−11.5
Amortization of intangible assets	−8.5	−9.0	0.5	−5.6	−8.5
Net finance costs	−43.7	−19.6	−24.1	123.0	–
Profit before tax	112.2	144.1	−31.9	−22.1	–
Income tax expense	−38.1	−42.5	4.4	−10.4	–
Profit after tax	74.1	101.6	−27.5	−27.1	–

D.02 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP/Q4 2015

BUSINESS PERFORMANCE IN THE SEGMENTS

2015

in EUR m	**Brenntag Group**	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	10,346.1	4,654.4	3,600.6	925.8	834.1	331.2
Operating gross profit	2,321.7	1,024.2	942.6	201.2	140.0	13.7
Operating expenses	−1,514.3	−671.2	−577.0	−136.5	−89.7	−39.9
Operating EBITDA	**807.4**	**353.0**	**365.6**	**64.7**	**50.3**	**−26.2**

D.03 BUSINESS PERFORMANCE IN THE SEGMENTS / 2015

Q4 2015

in EUR m	**Brenntag Group**	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	2,473.3	1,102.9	861.9	225.6	217.0	65.9
Operating gross profit	567.0	248.9	230.0	50.5	35.3	2.3
Operating expenses	−374.4	−164.2	−146.4	−32.7	−21.9	−9.2
Operating EBITDA	**192.6**	**84.7**	**83.6**	**17.8**	**13.4**	**−6.9**

D.04 BUSINESS PERFORMANCE IN THE SEGMENTS / Q4 2015

EMEA

2015

			Change		
in EUR m	**2015**	2014	abs.	in %	in % (fx adj.)
External sales	4,654.4	4,624.7	29.7	0.6	−0.6
Operating gross profit	1,024.2	972.0	52.2	5.4	3.6
Operating expenses	−671.2	−636.1	−35.1	5.5	3.8
Operating EBITDA	**353.0**	**335.9**	**17.1**	**5.1**	**3.2**

D.05 BUSINESS PERFORMANCE IN THE SEGMENTS / EMEA 2015

Q4 2015

			Change		
in EUR m	**Q4 2015**	Q4 2014	abs.	in %	in % (fx adj.)
External sales	1,102.9	1,105.7	−2.8	−0.3	−0.9
Operating gross profit	248.9	238.4	10.5	4.4	3.4
Operating expenses	−164.2	−154.0	−10.2	6.6	5.6
Operating EBITDA	**84.7**	**84.4**	**0.3**	**0.4**	**−0.6**

D.06 BUSINESS PERFORMANCE IN THE SEGMENTS / EMEA Q4 2015

NORTH AMERICA

2015

in EUR m	**2015**	2014	Change abs.	Change in %	Change in % (fx adj.)
External sales	3,600.6	3,332.0	268.6	8.1	−8.6
Operating gross profit	942.6	802.2	140.4	17.5	−0.5
Operating expenses	−577.0	−478.6	−98.4	20.6	2.3
Operating EBITDA	**365.6**	**323.6**	**42.0**	**13.0**	**−4.6**

D.07 BUSINESS PERFORMANCE IN THE SEGMENTS / NORTH AMERICA 2015

Q4 2015

in EUR m	**Q4 2015**	Q4 2014	Change abs.	Change in %	Change in % (fx adj.)
External sales	861.9	876.6	−14.7	−1.7	−13.0
Operating gross profit	230.0	214.3	15.7	7.3	−5.0
Operating expenses	−146.4	−124.1	−22.3	18.0	5.0
Operating EBITDA	**83.6**	**90.2**	**−6.6**	**−7.3**	**−18.5**

D.08 BUSINESS PERFORMANCE IN THE SEGMENTS / NORTH AMERICA Q4 2015

LATIN AMERICA

2015

in EUR m	**2015**	2014	Change abs.	Change in %	Change in % (fx adj.)
External sales	925.8	864.0	61.8	7.2	−0.1
Operating gross profit	201.2	169.5	31.7	18.7	9.8
Operating expenses	−136.5	−122.7	−13.8	11.2	2.6
Operating EBITDA	**64.7**	**46.8**	**17.9**	**38.2**	**29.1**

D.09 BUSINESS PERFORMANCE IN THE SEGMENTS / LATIN AMERICA 2015

Q4 2015

in EUR m	**Q4 2015**	Q4 2014	Change abs.	Change in %	Change in % (fx adj.)
External sales	225.6	233.2	−7.6	−3.3	−4.2
Operating gross profit	50.5	48.5	2.0	4.1	3.2
Operating expenses	−32.7	−33.6	0.9	−2.7	−2.6
Operating EBITDA	**17.8**	**14.9**	**2.9**	**19.5**	**15.7**

D.10 BUSINESS PERFORMANCE IN THE SEGMENTS / LATIN AMERICA Q4 2015

ASIA PACIFIC

2015

in EUR m	2015	2014	Change abs.	Change in %	Change in % (fx adj.)
External sales	834.1	748.2	85.9	11.5	−2.3
Operating gross profit	140.0	120.7	19.3	16.0	2.3
Operating expenses	−89.7	−79.5	−10.2	12.8	−0.1
Operating EBITDA	**50.3**	**41.2**	**9.1**	**22.1**	**7.0**

D.11 BUSINESS PERFORMANCE IN THE SEGMENTS / ASIA PACIFIC 2015

Q4 2015

in EUR m	Q4 2015	Q4 2014	Change abs.	Change in %	Change in % (fx adj.)
External sales	217.0	196.3	20.7	10.5	3.1
Operating gross profit	35.3	32.3	3.0	9.3	2.0
Operating expenses	−21.9	−19.9	−2.0	10.1	3.7
Operating EBITDA	**13.4**	**12.4**	**1.0**	**8.1**	**−0.7**

D.12 BUSINESS PERFORMANCE IN THE SEGMENTS / ASIA PACIFIC Q4 2015

ALL OTHER SEGMENTS

2015

in EUR m	2015	2014	Change abs.	Change in %	Change in % (fx adj.)
External sales	331.2	446.7	−115.5	−25.9	−25.9
Operating gross profit	13.7	13.8	−0.1	−0.7	−0.7
Operating expenses	−39.9	−34.6	−5.3	15.3	15.3
Operating EBITDA	**−26.2**	**−20.8**	**−5.4**	**26.0**	**26.0**

D.13 BUSINESS PERFORMANCE IN THE SEGMENTS / ALL OTHER SEGMENTS 2015

Q4 2015

in EUR m	Q4 2015	Q4 2014	Change abs.	Change in %	Change in % (fx adj.)
External sales	65.9	99.2	−33.3	−33.6	−33.6
Operating gross profit	2.3	2.7	−0.4	−14.8	−14.8
Operating expenses	−9.2	−6.1	−3.1	50.8	50.8
Operating EBITDA	**−6.9**	**−3.4**	**−3.5**	**102.9**	**102.9**

D.14 BUSINESS PERFORMANCE IN THE SEGMENTS / ALL OTHER SEGMENTS Q4 2015

KEY FINANCIAL FIGURES BY SEGMENT

for the period from January 1 to December 31

SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8[1] / 2015

in EUR m		EMEA[4]	North America	Latin America	Asia Pacific	All other segments	Consoli-dation	**Group**
External sales	**2015**	**4,654.4**	**3,600.6**	**925.8**	**834.1**	**331.2**	**–**	**10,346.1**
	2014	4,624.7	3,332.0	864.0	748.2	446.7	–	10,015.6
	Change in %	0.6	8.1	7.2	11.5	−25.9	–	3.3
	fx adjusted change in %	−0.6	−8.6	−0.1	−2.3	−25.9	–	−4.6
Inter-segment sales	**2015**	**9.9**	**6.2**	**1.3**	**–**	**0.7**	**−18.1**	**–**
	2014	9.0	6.5	1.9	3.6	0.8	−21.8	–
Operating gross profit[2]	**2015**	**1,024.2**	**942.6**	**201.2**	**140.0**	**13.7**	**–**	**2,321.7**
	2014	972.0	802.2	169.5	120.7	13.8	–	2,078.2
	Change in %	5.4	17.5	18.7	16.0	−0.7	–	11.7
	fx adjusted change in %	3.6	−0.5	9.8	2.3	−0.7	–	2.3
Gross profit	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**2,266.0**
	2014	–	–	–	–	–	–	2,027.5
	Change in %	–	–	–	–	–	–	11.8
	fx adjusted change in %	–	–	–	–	–	–	2.4
Operating EBITDA (Segment result)	**2015**	**353.0**	**365.6**	**64.7**	**50.3**	**−26.2**	**–**	**807.4**
	2014	335.9	323.6	46.8	41.2	−20.8	–	726.7
	Change in %	5.1	13.0	38.2	22.1	26.0	–	11.1
	fx adjusted change in %	3.2	−4.6	29.1	7.0	26.0	–	0.7
EBITDA	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**807.4**
	2014	–	–	–	–	–	–	726.9
	Change in %	–	–	–	–	–	–	11.1
	fx adjusted change in %	–	–	–	–	–	–	0.7
Operating EBITDA / Operating gross profit[2]	**2015 in %**	**34.5**	**38.8**	**32.2**	**35.9**	**−191.2**	**–**	**34.8**
	2014 in %	34.6	40.3	27.6	34.1	−150.7	–	35.0
Investments in non-current assets (Capex)[3]	**2015**	**59.0**	**52.0**	**12.3**	**6.1**	**0.7**	**–**	**130.1**
	2014	56.9	32.5	9.6	5.1	0.7	–	104.8

D.15 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8 / 2015

[1] Further information on segment reporting in accordance with IFRS 8 is to be found under Note 31.).
[2] External sales less cost of materials.
[3] The other additions to property, plant and equipment and intangible assets are shown as Investments in non-current assets.
[4] Europe, Middle East & Africa.

KEY FINANCIAL FIGURES BY SEGMENT

for the period from October 1 to December 31

SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8 [1] / Q4 2015

in EUR m		EMEA [4]	North America	Latin America	Asia Pacific	All other segments	Consoli-dation	Group
External sales	**2015**	**1,102.9**	**861.9**	**225.6**	**217.0**	**65.9**	**–**	**2,473.3**
	2014	1,105.7	876.6	233.2	196.3	99.2	–	2,511.0
	Change in %	−0.3	−1.7	−3.3	10.5	−33.6	–	−1.5
	fx adjusted change in %	−0.9	−13.0	−4.2	3.1	−33.6	–	−6.6
Inter-segment sales	**2015**	**2.2**	**0.3**	**–**	**–**	**0.1**	**−2.6**	**–**
	2014	2.5	1.7	0.3	0.9	0.4	−5.8	–
Operating gross profit [2]	**2015**	**248.9**	**230.0**	**50.5**	**35.3**	**2.3**	**–**	**567.0**
	2014	238.4	214.3	48.5	32.3	2.7	–	536.2
	Change in %	4.4	7.3	4.1	9.3	−14.8	–	5.7
	fx adjusted change in %	3.4	−5.0	3.2	2.0	−14.8	–	−0.3
Gross profit	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**552.9**
	2014	–	–	–	–	–	–	521.4
	Change in %	–	–	–	–	–	–	6.0
	fx adjusted change in %	–	–	–	–	–	–	0.0
Operating EBITDA (Segment result)	**2015**	**84.7**	**83.6**	**17.8**	**13.4**	**−6.9**	**–**	**192.6**
	2014	84.4	90.2	14.9	12.4	−3.4	–	198.5
	Change in %	0.4	−7.3	19.5	8.1	102.9	–	−3.0
	fx adjusted change in %	−0.6	−18.5	15.7	−0.7	102.9	–	−9.6
EBITDA	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**192.6**
	2014	–	–	–	–	–	–	198.5
	Change in %	–	–	–	–	–	–	−3.0
	fx adjusted change in %	–	–	–	–	–	–	−9.6
Operating EBITDA / Operating gross profit [2]	**2015 in %**	**34.0**	**36.3**	**35.2**	**38.0**	**−300.0**	**–**	**34.0**
	2014 in %	35.4	42.1	30.7	38.4	−125.9	–	37.0
Investments in non-current assets (Capex) [3]	**2015**	**29.8**	**27.2**	**7.2**	**2.8**	**0.2**	**–**	**67.2**
	2014	20.0	13.1	5.8	2.0	−0.5	–	40.4

D.16 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8 / Q4 2015

[1] Further information on segment reporting in accordance with IFRS 8 is to be found under Note 31.).
[2] External sales less cost of materials.
[3] The other additions to property, plant and equipment and intangible assets are shown as Investments in non-current assets.
[4] Europe, Middle East & Africa.

GLOSSARY

A

ACCOUNTS RECEIVABLE SECURITIZATION PROGRAMME | Financing instrument that secures the lender by transferring trade receivables.

ADDITIONAL PAID-IN CAPITAL | Part of equity resulting from contributions by the shareholders, e.g. if new shares are issued at a price above the par value as part of a capital increase.

AD-HOC PUBLICITY | Obligation of issuers of securities to immediately report and publish any inside information that directly affects them. The obligation to release such inside information without delay is contained in Section 15 of the German Securities Trading Act. The aim is to avoid the abuse of inside information and enhance market transparency.

B

BEARER SHARE | Bearer shares are not issued in a person's name and is therefore wholly owned by whoever hold the physical share certificate. It grants the holder of the share all shareholder rights. As a result, these shares can be bought or sold without any formal process.

BEST PRACTICES | A best practice is a method or technique that has consistently shown results superior to those achieved by other means and that is used as a benchmark.

BOARD OF MANAGEMENT | In addition to the → Supervisory Board, the Board of Management is the second body of a stock corporation required according to the German Stock Corporation Act. The Board of Management is, among other things, responsible for the management of the company and its representation. It is appointed by the Supervisory Board for maximum periods of five years.

BOND | Security which represents a loan liability of the issuer and is generally traded on a stock market. The buyer of the bonds therefore becomes a lender and, in return, receives interest payments which are specified in the coupon.

BOND WITH WARRANT UNITS | A special form of a → bond that, in addition to the bond portion, includes option rights to buy Brenntag AG shares. The bond with warrant units is composed of a straight bond and warrants. Both portions can be detached as well as combined again by the investor. The bond with warrant units, the straight bond and the warrants each have their own ISIN and can therefore be traded separately on the stock exchange. The bond portion was issued at a discount reflecting the warrant premium. This discount will be appreciated over the lifetime of the instrument. The warrant premium was recognized in the additional paid-in capital.

C

CAGR | CAGR is the abbreviation for compound annual growth rate and refers to the average annual growth rate.

CAPEX | Capex is the abbreviation for capital expenditure and is an indicator for investments in non-current assets. At Brenntag, Capex is defined as additions to property, plant and equipment as well as acquired software, licences and similar rights, as far as they are not related to a business combination (see the Notes to the Consolidated Financial Statements, Notes 20 and 21).

CASH FLOW | This is an indicator of the liquidity of an entity. The total change in cash and cash equivalents consists of the cash flow from operating activities (operating cash flow), the cash flow used in investing activities and the cash flow from financing activities. Cash flow from operating activities is available e.g. for investments, repayment of debt or distribution of → dividends.

CASH FLOW HEDGE RESERVE | If certain criteria are met, the effective part of the fair value measurement of hedging instruments designated as a → cash flow hedge can be recognized in other comprehensive income (OCI).

CASH FLOW HEDGES | Cash flow hedges are used to hedge the risk of cash flow fluctuations. This risk can relate either to assets or liabilities recognized in the balance sheet or arise from a planned transaction. Cash flow fluctuations can be caused, for example, by variations in interest rates or exchange rates, which are counteracted e.g. by concluding → interest rate swaps or → foreign exchange forward transactions.

CASH GENERATING UNIT (CGU) | Identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other (groups of) assets. It is used to determine potential impairments of assets that cannot be calculated separately.

COMPLIANCE | General term for the observance of all applicable laws, external and internal regulations, principles, procedures and standards.

CONSOLIDATED FINANCIAL STATEMENTS | Consolidated financial statements comprise the financial statements of a group of entities as if they were a single entity. All relationships between the legally independent but economically affiliated entities are eliminated, so that the consolidated financial statements only show the activities of the Group with third parties.

CONTINGENT LIABILITY | Possible obligation which must not be recognized due to significant uncertainty regarding its occurrence and/or amount. Contingent liabilities are to be reported as additional information in the Notes.

CONTROLLING | Corporate Controlling provides analyses on the performance of Group entities using numerous key performance indicators and supports the decision-making process on resource allocation (e.g. investments). The department is also responsible for the monthly management reporting process as well as the forecasting and planning processes.

CONVERSION RATIO | The conversion ratio at Brenntag is calculated as the quotient of operating EBITDA and gross profit. It represents one of the most important efficiency ratios.

CORPORATE GOVERNANCE | This refers to the regulatory framework for the management and monitoring of a company. A large proportion of this regulatory framework is included in the → German Corporate Governance Code.

COST OF SALES | Cost of sales includes cost of materials for merchandise, raw materials and supplies, services purchased, inventory changes in finished and semi-finished goods, other own work capitalized and operating costs.

COVENANTS | This term refers to clauses or (subsidiary) agreements in loan agreements and bond conditions. They are contractually binding warranties given by the borrower or bond debtor for the term of a loan agreement.

CROSS-DEFAULT CLAUSE | Clause in a loan agreement or bond conditions under which a default is deemed to have occurred if the borrower is in default with other creditors without being in default of the loan agreement containing the clause.

CROSS-SELLING | At Brenntag, we understand cross-selling to mean both the selling of our existing product portfolio to new customers, e.g. those who come to Brenntag as a result of acquisitions, and also the selling of newly acquired product portfolios to our existing customers.

CURRENCY SWAP | Financial transaction with a counterparty (generally a bank) undertaken as part of foreign currency management. The two parties to the contract first swap two sums in different currencies and, at the same time, conclude an agreement to reverse the swap at a future point in time. The underlying exchange rates for the two swaps are usually different.

D

D&O INSURANCE | Directors' and officers' insurance is a liability insurance for pure financial damages that covers bodies of the company against claims by third parties and by the company for breaches of their duty of care.

DAX | The "Deutsche Aktienindex DAX® " (DAX® German stock exchange index) is the top index on the German stock exchange and measures the development of the 30 largest and highest-selling companies on the German stock market.

DEFERRED TAX ASSETS | Deferred tax assets are recognized as future tax benefit resulting from temporary differences between the IFRS carrying amount and tax balance sheet carrying value as well as from tax loss carryforwards. Deferred tax assets may result in future tax refunds. However, at the reporting date, there are no effective tax receivables from tax authorities resulting from deferred taxes.

DEFERRED TAX LIABILITIES | Deferred tax liabilities are recognized as the amount of income tax payable in future periods in respect of differences between the IFRS carrying amount and tax balance sheet carrying amount. Deferred tax liabilities may result in future tax payments. However, at the reporting date, there are no effective tax liabilities to tax authorities resulting from deferred taxes.

DERIVATIVES | Derivatives → financial instruments or derivatives are linked to a price, index, exchange rate or similar variable and require no or only a minor initial investment compared with contracts with a similar response to changes in market factors. Examples of derivatives are → foreign exchange forward transactions and → interest rate swaps.

DESIGNATED SPONSOR | A designated sponsor is a credit institute, brokerage company or securities trading house admitted to the stock exchange as a market participant. It provides additional liquidity in the Xetra® electronic trading system for the issuers of shares by undertaking to enter binding bid and ask limits for the supported shares in the order book in continuous trading and in auctions. This enables investors to buy or sell supported shares at any time at prices in line with market conditions.

DISCOUNTED CASH FLOW METHOD | Method for valuing assets, particularly companies. The company's value is equal to the present value of the future cash flows generated by the company which are available to the investors. When calculating the present value, the future cash flows are discounted at a risk-adjusted interest rate to the valuation date.

DISTRIBUTABLE PROFIT / LOSS | The distributable profit / loss is designated by the provisions of German commercial law in relation to corporations as that part of the profit on the use of which the → General Shareholders' Meeting or general meeting decides. It constitutes the upper limit of any distribution of profit / → dividends. The distributable profit / loss is an item in → single-entity financial statements drawn up in accordance with the provisions of the German Commercial Code (HGB) and is not shown in consolidated IFRS financial statements.

DIVERSIFICATION | Diversification at Brenntag means a broad range as regards geography, end markets, customers, products and suppliers. This high extent of diversification makes Brenntag largely independent of individual market segments or regions.

DIVIDEND | The dividend is the proportion of the profit paid out for each share owned. The → General Shareholders' Meeting decides on the amount of dividend.

E

EARNINGS PER SHARE | Performance indicator calculated by dividing the portion of profit after tax attributable to shareholders of Brenntag AG by the average weighted number of shares in circulation.

EBITA | Earnings Before Interest, Taxes and Amortization. EBITA is a profitability performance indicator.

EBITDA | Earnings Before Interest, Taxes, Depreciation and Amortization. At Brenntag, EBITDA is a key performance indicator of the Group.

EMEA | Europe, Middle East & Africa

EQUITY METHOD | Accounting method for investments in companies that are not fully included with their assets and liabilities in the → consolidated financial statements. The carrying amount is adjusted to reflect changes in pro-rata equity of the investment. This change is recognized in the consolidated income statement.

EURIBOR | This is the abbreviation for European Interbank Offered Rate and it serves as both a reference interest rate for loans and invested funds in the short-term customer sector as well as for fixed-time deposits in the interbank sector (between the banks). To calculate EURIBOR, banks in the eurozone state at what interest rates they are lending money to other banks and what rates they are being offered.

EXTERNAL SALES | External sales cover all sales with third parties occurring as part of the normal course of business. Sales between consolidated subsidiaries including structured entities are not included.

F

FAIR VALUE | Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date.

FEDERAL GAZETTE "BUNDESANZEIGER" | The electronic German Federal Gazette is the central platform for official publications and announcements and for legal news about companies.

FINANCE LEASE | Agreement to convey the right to use an asset in return for a single or series of payment(s) transferring substantially all the risks and rewards incidental to the ownership of the asset. The asset is to be recognized by the lessee (owner of the right to use the asset).

FINANCIAL COVENANTS | Subgroup of covenants in which the lender agrees to meet specific performance indicators.

FINANCIAL INSTRUMENTS | Financial instruments as defined by IFRSs are contracts that give rise to a financial asset (cash, shares, receivables etc.) of one entity and, at the same time, a financial liability or equity instrument (residual interest in the assets of an entity after deducting all its liabilities) of another entity.

FOCUS INDUSTRIES | Brenntag has identified six focus industries in which we expect above-average growth. These are the ACES segments (adhesives, coatings, elastomers, paints and sealants), the food industry, the oil and gas industry, the personal care industry, pharmaceuticals and water treatment.

FOREIGN EXCHANGE FORWARD | Transaction involving a fixed agreement between two parties to perform a currency transaction at a fixed rate on a future date.

FORWARD CONTRACT | Financial transaction with a counterparty (generally a bank) undertaken as part of foreign currency management. The two parties to the contract conclude an agreement to swap two currencies at a future point in time at a specified exchange rate.

FREE CASH FLOW | Ratio for measuring operational cash generation. At Brenntag, free cash flow is defined as → EBITDA less → Capex plus/less changes in → working capital.

FREE FLOAT | Free float refers to shares that are not owned by major shareholders and can therefore be acquired and traded by the general public. As a rule, the larger the free float, the easier it is for investors to buy and sell the stock.

FUEL ADDITIVES | Fuel additives are substances added to fuels to obtain additional effects, e.g. engine cleaning or increased fuel storage life.

FULL-TIME EQUIVALENTS | Number of employees on a full-time equivalent basis, i.e. part-time jobs are weighted according to the number of hours worked.

FX-ADJUSTED | Adjusted for translation effects of exchange rates varying over time. Comparability of financial data relating to two reporting periods with different exchange rates is improved by translating both values at the same current exchange rate.

G

GENERAL SHAREHOLDERS' MEETING (GSM) | The GSM is the institution where shareholders can exercise their rights from their shareholding. An ordinary GSM takes place regularly and at least once a year. The GSM is, inter alia, responsible for: the appointment and removal of the members of the Supervisory Board (but not of the employee representatives, if existing); decides on the appropriation of profits; discharge of the Board of Management and Supervisory Board.

GERMAN CORPORATE GOVERNANCE CODE | A collection of rules on corporate governance compiled by the German government commission on the "Corporate Governance Code". The Code focuses on rules concerning the shareholders and the general shareholders' meeting, cooperation between the management and supervisory boards, the management and supervisory boards themselves and general rules on transparency, accounting and auditing. As well as repeating statutory regulations, the Code also contains "recommendations" and "suggestions". According to Section 161 of the German Stock Corporation Act, the Board of Management and the Supervisory Board are obliged to publish a declaration of conformity with the Code and explain deviations from the "recommendations".

GLOBAL KEY ACCOUNTS | At Brenntag, we take care of our key accounts at local, national, pan-regional and global level and develop and implement tailor-made concepts for their optimum supply with industrial and specialty chemicals. For our customers, this means they can concentrate on their core business secure in the knowledge that they have a partner they can rely on.

GOODWILL | Goodwill is the difference between the purchase price of an investment in a subsidiary and the → fair value of the acquired share in net assets at the date of acquisition.

GROSS PROFIT | Gross profit is defined as → operating gross profit less production and → mixing & blending costs.

(GROUP) TREASURY | Designates the Group finance department, which looks after matters such as financing, cash investment and the management of financial risks.

H

HEDGING | Hedging is a strategy to protect against interest rate, currency or share price risks, e.g. by → derivative financial instruments (options, swaps and forward contracts etc.).

HSE | HSE stands for Health, Safety and Environment. HSE therefore covers topics concerning occupational health and safety and environmental protection.

HUB-AND-SPOKE SYSTEM | Brenntag sites are generally operated via an efficient 'hub and spoke' model. Large bulk quantities are received at Brenntag's 'hub' locations which have large tank farms, warehouses and mixing and blending facilities, plus sometimes white room facilities. From our hubs we supply our 'spoke' facilities which accommodate smaller tank farms and warehouses and are located in close proximity to our customers to ensure prompt and smooth delivery.

I

IBC | IBC stands for intermediate bulk container. Consisting of a plastic tank and tubular metal frame, these are used mostly for liquids. A capacity of 1,000 litres is typical.

ICCTA | The International Council of Chemical Trade Associations (established in 1991) represents the interests of over 1,500 chemical distributors worldwide. ICCTA was set up to fill the need to have a worldwide chemical association coordinating work on issues and programmes of international interest across chemical trade associations.

IFRS / IAS | International accounting standards issued by the IASB (International Accounting Standards Board) with the aim of creating transparent and comparable accounting principles. By decree of the European Parliament and the European Council, these are to be used by publicly traded EU companies. IFRS stands for International Financial Reporting Standards. IAS means International Accounting Standards.

IMPAIRMENT TEST | The carrying amount of an asset is compared with its recoverable amount. The recoverable amount is the higher of → fair value less costs of disposal and value in use. The value in use is the present value of future cash flows expected to be obtained from the use. If the carrying amount is higher than the recoverable amount, the carrying amount has to be adjusted to the recoverable amount (impairment).

INDUSTRIAL CHEMICALS | Industrial chemicals is the term used at Brenntag to distinguish standard chemical products that have specific properties and effects from → specialty chemicals. The manufacturer of the product is generally irrelevant for the user.

INSIDER INFORMATION | Insider Information as defined in Section 13 of the German Securities Trading Act (WpHG) is any concrete information about any circumstances or events in connection with an issuer of insider securities or with insider securities themselves such as shares as well as options or trading in futures in connection with such shares is are not known to the public and that could, in the event of becoming publically known, significantly influence the stock exchange price or the market value of such insider securities.

INSTITUTIONAL INVESTOR | Institutional investors include banks, insurers and asset management companies but also companies investing their retirement contributions in securities.

INTEREST HEDGING | Hedging against interest rate variations that occur with variable interest-rate loans. Instruments used can be → interest-rate swaps or → caps, for example.

INTEREST-RATE SWAP | Financial transaction with a counterparty (generally a bank) concluded in respect of an existing variable interest-rate loan to fix the total interest cost at a previously defined level.

INVESTMENT PROPERTY | Land, buildings or parts of buildings held to earn rentals or for capital appreciation or both.

INVESTOR RELATIONS | Department in charge of communication with shareholders, investors, analysts and financial media. The objective is to provide information that is necessary to evaluate the development of the company.

ISIN NUMBER | The International Securities Identification Number (ISIN) serves to clearly identify securities on a worldwide basis and has in the meantime replaced the national securities identification number (WKN).

ISO | The International Organisation for Standardisation, or ISO for short, is the international association of national standardisation organisations and prepares standards with international validity. The ISO 9001 standard lays down internationally accepted requirements for quality management systems as regards the quality of production, services and development.

J

JUST-IN-TIME DELIVERY | With just-in-time deliveries, the customer does not store supplies but orders the products as required (“just in time”) from the supplier.

L

LEVERAGE | This term has various meanings in the world of finance. In this document, it refers to the ratio of net debt to → EBITDA.

LIBOR | This is the abbreviation for London Interbank Offered Rate and is the reference interest rate on the interbank money market. It serves as a reference interest rate for loans. To calculate it, London banks state at what interest rates they are lending to other banks and what interest rates they are being offered.

LTIR | LTIR stands for Lost Time Injury Rate. This performance indicator gives the number of industrial accidents per hours worked. The $LTIR_1d$ (1 day/1 million) published in the Annual Report gives the number of industrial accidents resulting in at least one day’s absence from work per one million working hours.

M

MARKET CAPITALIZATION | Market capitalization indicates the value of the equity of a listed stock corporation on the market. It is calculated by multiplying the number of shares issued by the current share price.

MDAX | The MDAX® stock index calculated by the German Stock Exchange covers 50 medium-sized companies from the classic industries that follow the 30 DAX® values.

MIXING & BLENDING | The term “mixing & blending” describes the mixing and formulation of solid and liquid chemicals in the correct mixing ratio with constant quality as well as the filling of products in the desired packaging unit. Brenntag offers its customers not just distribution services but the complete mixing & blending of end products at our distribution centres as a value-added service.

MOODY’S | International rating agency → rating.

MSCI | MSCI provides various services for institutional investors and has been calculating a number of indices since 1968.

MULTI-PERIOD EXCESS EARNINGS METHOD | Method for measuring intangible assets. The present value is based on the cash flows generated solely by the intangible asset to be measured. At Brenntag, the multi-period excess earnings method is used to measure acquired customer relationships and similar rights.

N

NET DEBT | This is essentially financial liabilities (debt) less the existing liquidity, although both terms can be defined differently in various (loan) agreements.

NET FINANCIAL LIABILITIES | Part of total financial liabilities not covered by cash and cash equivalents (also see the Notes to the consolidated financial statements, Note 24).

NET INVESTMENT HEDGE | A net investment hedge uses derivative or non-derivative → financial instruments to hedge exchange rate-related fluctuations in the net assets of foreign business operations by recognizing the effective portion of the exchange rate-related fluctuations of the hedging instruments within equity in the net investment hedge reserve and thus compensating the exchange rate-related fluctuations in the net assets of the foreign business operations.

NO-PAR-VALUE SHARE | No-par-value shares have no nominal value. All issued no-par-value shares must represent the same portion of the share capital of a publicly listed company.

O

ONE-STOP SHOP | One-stop shop means that our customers can obtain a comprehensive range of speciality and industrial chemicals and services from a single source.

OPERATING GROSS PROFIT | Operating gross profit is defined as sales less costs of materials. For Brenntag as a chemicals distributor, operating gross profit is a key performance indicator for the management at Group and segment level.

OPERATING LEASE | Agreement to convey the right to use an asset in return for a single or series of payment(s) not to be classified as → finance lease. There is no asset or liability to be recognized by the lessee. The periodic payments are operating expenses in the lessee's accounts.

OPTION (SHARES) | Right for a certain period of time to buy (call) or sell (put) → shares of the issuer at a strike price.

ORDINARY SHARE | → Share carrying all standard rights, especially voting rights.

OUTSOURCING | Outsourcing at Brenntag is understood to mean that chemicals manufacturers pass on their small and medium-sized customers to Brenntag so that in future they obtain their chemicals from Brenntag.

P

PACKAGING | Packaging refers to packing or packing material.

PACKING DRUM | A packing drum is a packing unit in which a product is sold and delivered. Typical packing drum sizes are e.g. cans, barrels or IBCs (→ IBC).

PAYOUT RATIO | The payout ratio indicates the percentage of the profit after tax distributed to the shareholders as a → dividend.

PLAN ASSETS | Plan assets are assets which are available to be used only to pay or fund employee benefits and are not – even in bankruptcy – available to the entity's own creditors. The assets classified as plan assets are netted against the pension obligations.

PRIME STANDARD | The Prime Standard is an EU-regulated segment and the listing segment for companies that target not only German investors, but also international investors. In addition to the requirements for admission to the General Standard, which imposes the statutory requirements of the regulated market, admission to Prime Standard requires the fulfilment of further transparency criteria. Being listed in Prime Standard is a prerequisite for a company to be included in the selection indices (DAX, MDAX, SDAX, TecDAX) of FWB Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange).

R

RATING | The assessment and valuation of the financial solvency of a debtor or certain financing instruments of a debtor by external, neutral rating agencies. In this document they are the international rating agencies Standard & Poor's and Moody's.

REACH | REACH (Registration, Evaluation, Authorisation of Chemicals) is a regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals.

RECEIVABLES LOAN AGREEMENT | Financing instrument that secures the lender by transferring trade receivables.

RECYCLING | Recycling is generally understood as the re-use or reprocessing of products no longer required.

REGISTERED SHARE | A type of stock – which, contrary to a ➔ bearer share is registered in the name of the owner, who is also recorded in the share register of the company. The share register enables the company to gain a better understanding of its shareholder structure.

REGULATED MARKET | The regulated market is a market segment with strict entry requirements and follow-up requirements. The regulated market is an organized market in accordance with Section 2, para. 5 of the Securities Trading Act. This means that the admission and follow-up requirements for the participants and the organization of trading are legally regulated. In addition to the admission requirements, issuers on the Frankfurt Stock Exchange opt for a transparency standard. Issuers in the regulated market can choose either the general or the prime standard. Issuers in the open market choose the entry standard. This choice determines the follow-up requirements.

RELIEF-FROM-ROYALTY METHOD | Valuation method for intangible assets, in particular ➔ trademarks. The value is determined by estimating the fictitious licence fees which would hypothetically have to be paid to a licensor. The value is the discounted amount of licence fees saved in the future. These licence fees are calculated as a percentage of a reference parameter (usually sales) in line with the industry standard.

RESPONSIBLE CARE / RESPONSIBLE DISTRIBUTION | Responsible Care / Responsible Distribution (RC / RD) is a global initiative of the chemical industry and chemicals traders. It is a voluntary commitment to act responsibly and do more than is required by law: to promote sustainability, demonstrate product stewardship, make plants and the surrounding areas safer as well as improve occupational health and safety and environmental protection.

RETAINED EARNINGS | Part of equity that mainly comprises non-distributed profit and, for the IFRS consolidated financial statements, other comprehensive income (OCI).

RETURN ON CAPITAL | This performance indicator shows a profit in the income statement as a proportion of the capital employed, in other words the interest earned on the capital employed. In the Brenntag Group, we measure the return on capital using the metric ➔ RONA (Return on Net Assets).

ROAD SHOW | Presentation of a company to shareholders and potential investors in various financial centres. The road show is an important investor relations measure to stimulate interest in the company and help market the share.

ROCE | Return on Capital Employed (ROCE) is defined as ➔ EBITA divided by the average carrying amount of equity + the average carrying amount of financial liabilities less the average carrying amount of cash and cash equivalents. The average carrying amounts in the denominator are defined for a particular year as the arithmetic average of the amounts at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year. At Brenntag, ROCE is used for the measurement of the ➔ return on capital.

RONA | Return on Net Assets (RONA) is defined as ➔ EBITA divided by the total of average property, plant and equipment and average ➔ working capital. At Brenntag, RONA is used for the measurement of the ➔ return on capital.

S

SEGMENT | Component of an entity which is reported separately. In general, the definition is based on the internal reporting (management approach). The Brenntag Group is managed by geographically structured segments.

SHARE | Security representing a part of a company's overall share capital. Owning a share entitles the shareholder, among others, to participate in General Shareholders' Meetings, to vote at General Shareholders' Meetings and to receive → dividends.

SHARE REGISTER | Companies, which – like Brenntag AG, have issued → registered shares, maintain a share register, in which the name, date of birth and address of the shareholder and the number of shares held are kept (Section 67 of the Stock Corporation Act (Aktiengesetz)).

SHARE SPLIT | A share split is an action in which a company divides its existing shares into multiple shares. The primary motive is to make shares more affordable and improve the marketability of its shares. Although the number of shares outstanding increases by a specific multiple, the total value of the shares remains the same compared to pre-split amounts. The proportion that each individual shareholder holds in the company is unchanged. The shareholder holds a greater number of shares than before the split as the company's assets are distributed over more shares than before.

SINGLE-ENTITY FINANCIAL STATEMENTS | Single-entity financial statements are the annual financial statements of a separate company. In Germany, they must be prepared in accordance with the statutory provisions of the German Commercial Code (HGB) and generally accepted accounting principles ("GoB"). They are the basis for determining the distribution of → dividends and also taxation.

SOURCING ACTIVITIES | Brenntag has extensive experience and know-how in managing efficient sourcing relationships with national and international suppliers of chemical products.

SPECIALTY CHEMICALS | Speciality chemicals which are often developed for customized applications are distinguished from → industrial chemicals by their individual formulations. Which manufacturer produces the speciality chemical is of prime importance for the user.

STANDARD & POOR'S | International rating agency → rating

SUBSCRIBED CAPITAL | The subscribed capital of a stock corporation is the share capital which is laid down in the Articles of Association.

SUPERVISORY BOARD | Mandatory control body of a stock corporation, regulated in the German Stock Corporation Act. The members of the Supervisory Board are in general elected by the General Shareholders' Meeting. The most important functions of the Supervisory Board are the appointment and removal of the Board of Management as well as the monitoring of its management and the approval of the annual financial statements.

SUPPLY CHAIN MANAGEMENT | Brenntag provides large chemical producers and the processing industry with efficient logistic networks. We provide transport, warehousing and distribution and assist production and marketing processes. We warrant highest efficiency and best safety standards. We optimize supply chains, synchronize distribution, take on monitoring tasks and assume responsibility for VMI (Vendor Managed Inventory) stocks, and control and scheduling of follow-up orders for goods.

SWAP CONTRACTS | Financial transaction with a counterparty (generally a bank) to hedge financial risks (such as interest rate and currency risks) arising in the course of business.

SYNDICATED FACILITIES AGREEMENT | Loan in which at least two lenders grant a loan to one (or more) borrower(s) on uniform terms and conditions.

SYNDICATED LOAN | Loan in which at least two lenders grant a loan to one (or more) borrower(s) on uniform terms and conditions.

T

TRADEMARK | A trademark generally refers to a brand name and at Brenntag includes both the name and the blue-red logo.

TRADING SYMBOL | A three-digit combination of letters and possibly numbers. The trading symbol is allocated by WM Datenservice, the body responsible for issuing the WKN and ISIN in Germany. Any share can be unambiguously identified from both trading symbol and also the WKN (German securities ID number) or ISIN (International Securities Identification Number).

V

VOTING RIGHT | The shareholder is entitled to vote on resolutions that are proposed at the → General Shareholders' Meeting of the company he or she is a shareholder of. The weight of his or her vote depends on the amount of → shares held

W

WACC | The WACC (Weighted Average Cost of Capital) is a company-specific capital cost rate and is calculated as the weighted average of cost of equity and borrowing costs.

WORKING CAPITAL | Brenntag defines working capital as trade receivables plus inventories less trade payables. Working capital is an indicator for funds tied up in the operating business activities that are available in the short term.

WORKING CAPITAL TURNOVER, ANNUALISED | Working capital turnover is defined as sales divided by average → working capital. Average working capital is defined for a particular year as the average of the values for working capital at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

X

XETRA | The term Xetra® stands for the electronic stock exchange trading system of Deutsche Börse AG (Exchange Electronic Trading System).

TABLE DIRECTORY

A TO OUR SHAREHOLDERS

B MANAGEMENT REPORT

Table Directory

C CONSOLIDATED FINANCIAL STATEMENTS

FIVE-YEAR OVERVIEW

CONSOLIDATED INCOME STATEMENT

		2015	2014	2013	2012	2011
Sales	EUR m	10,346.1	10,015.6	9,769.5	9,689.9	8,679.3
Gross profit	EUR m	2,266.0	2,027.5	1,945.5	1,925.7	1,768.0
Operating EBITDA	EUR m	807.4	726.7	698.3	707.0	660.9
Operating EBITDA/Gross profit	%	35.6	35.8	35.9	36.7	37.4
EBITDA	EUR m	807.4	726.9	696.8	707.0	658.8
Profit after tax	EUR m	368.1	339.7	338.9	337.8	279.3
Earnings per share	EUR	2.36	2.20	2.20	2.17	1.80

D.17 CONSOLIDATED INCOME STATEMENT

CONSOLIDATED BALANCE SHEET

		Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec 31, 2012	Dec 31, 2011
Total assets	EUR m	6,976.2	6,215.0	5,627.3	5,708.1	5,570.9
Equity	EUR m	2,690.5	2,356.9	2,093.7	1,944.2	1,737.6
Working capital	EUR m	1,268.1	1,226.8	1,044.4	1,018.6	961.1
Net financial liabilities	EUR m	1,676.1	1,409.7	1,341.7	1,482.9	1,493.6

D.18 CONSOLIDATED BALANCE SHEET

CONSOLIDATED CASH FLOW

		2015	2014	2013	2012	2011
Cash provided by operating activities	EUR m	593.7	369.7	357.8	433.0	349.6
Investments in non-current assets (Capex)	EUR m	−130.1	−104.8	−97.2	−94.7	−86.0
Free cash flow	EUR m	764.3	521.6	543.4	579.3	511.8

D.19 CONSOLIDATED CASH FLOW

KEY FIGURES BRENNTAG SHARE

		Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec 31, 2012	Dec 31, 2011
Share price	EUR	48.28	46.51	44.92	33.14	23.98
No. of shares (unweighted)		154,500,000	154,500,000	154,500,000	154,500,000	154,500,000
Market capitalization	EUR m	7,459	7,186	6,939	5,121	3,705
Free float	%	100.00	100.00	100.00	100.00	63.98

D.20 KEY FIGURES BRENNTAG SHARE

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Information on the Annual Report
This translation is only a convenience translation. In case of any differences only the German version is binding.

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

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

FINANCIAL CALENDAR 2016

APR 7
2016
Mainfirst Corporate Conference
[COPENHAGEN]

MAY 9
2016
Interim Report Q1 2016

MAY 11
2016
JP Morgan Business Services Conference
[LONDON]

JUN 8–9
2016
Deutsche Bank German / Austrian Corporate Conference
[BERLIN]

JUN 14
2016
General Shareholders' Meeting
[DÜSSELDORF]

AUG 10
2016
Interim Report Q2 2016

NOV 9
2016
Interim Report Q3 2016

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