ConnectingChemistry

BRENNTAG

GLOBAL MARKET LEADER

IN CHEMICAL
DISTRIBUTION

INTERIM REPORT
Q2 2016

KEY FINANCIAL FIGURES AT A GLANCE

CONSOLIDATED INCOME STATEMENT

		Q2 2016	Q2 2015
Sales	EUR m	2,664.0	2,691.4
Gross profit	EUR m	603.6	585.3
Operating EBITDA	EUR m	215.8	215.4
Operating EBITDA / gross profit	%	35.8	36.8
Profit after tax	EUR m	102.1	108.1
Earnings per share	EUR	0.66	0.69

CONSOLIDATED BALANCE SHEET

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

CONSOLIDATED CASH FLOW

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

KEY FIGURES BRENNTAG SHARE

		Jun. 30, 2016	Dec. 31, 2015
Share price	EUR	43.43	48.28
No. of shares (unweighted)		154,500,000	154,500,000
Market capitalization	EUR m	6,710	7,459
Free float	%	100.0	100.0

PROFILE OF BRENNTAG

Brenntag is the global leader in chemical distribution. The company manages complex supply chains for both chemicals 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.

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Dear Shareholders,

In the second quarter of 2016 Brenntag achieved solid results despite continuing strong headwinds from weak demand of customers from the oil and gas sector in North America and weak macroeconomic developments globally. Our operating EBITDA amounted to EUR 215.8 million, an increase of 3.3% on a constant currency basis. Gross profit rose significantly by 6.3% on a constant currency basis to EUR 603.6 million.

Against the background of slower macroeconomic developments in EMEA and Asia Pacific, we are pleased with the strong earnings performance in these regions. This was attributable to both organic growth and contributions from acquisitions. Our Latin America business excluding Venezuela showed stable results despite continued volatility in larger economies like Brazil and overall political and economic uncertainty.

The performance in North America remained challenging due to the sustained weakness in the oil and gas sector and the overall difficult macro economy. The contributions from the acquisitions executed end of 2015 in that region only partly offset this decline.

Due to the diverse nature of the Group in terms of geographies, industries, products and services we were able to demonstrate the resilience of our business in a more volatile macroeconomic environment.

In the second quarter we acquired a leading specialty chemicals distributor mainly focusing on the Food industry in South Korea. In addition, we acquired the remaining shares of Zhong Yung in China, which provides an excellent platform for further growth and expansion in the Chinese chemicals distribution market. So far, we invested around EUR 130 million and will continue to follow our value accretive acquisition strategy going forward.

Besides the key financial figures we also strive to set standards in our industry to enhance sustainability. In July we published our 2016 Sustainability Report illustrating our achievements in the areas of safety, environmental protection, supply chain responsibility, employees and social involvement.

With these second quarter results we also want to provide you with an outlook of the full year. In light of our earnings performance in the first six months of 2016 and the current difficult macroeconomic conditions, we believe that the Brenntag Group will see growth in key performance indicators of operating gross profit and operating EBITDA on a constant currency basis. We strongly strive to enhance our business development through new products and services in a persistently low growth global macroeconomic environment. For the year 2016 we expect the Group to generate an operating EBITDA between EUR 800 million and EUR 840 million. This assumes that the average US dollar / euro exchange rate will not change significantly during the remainder of this year compared to the first half of the year.

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

Mülheim an der Ruhr, August 9, 2016

Steven Holland
Chief Executive Officer

BRENNTAG ON THE STOCK MARKET

SHARE PRICE PERFORMANCE

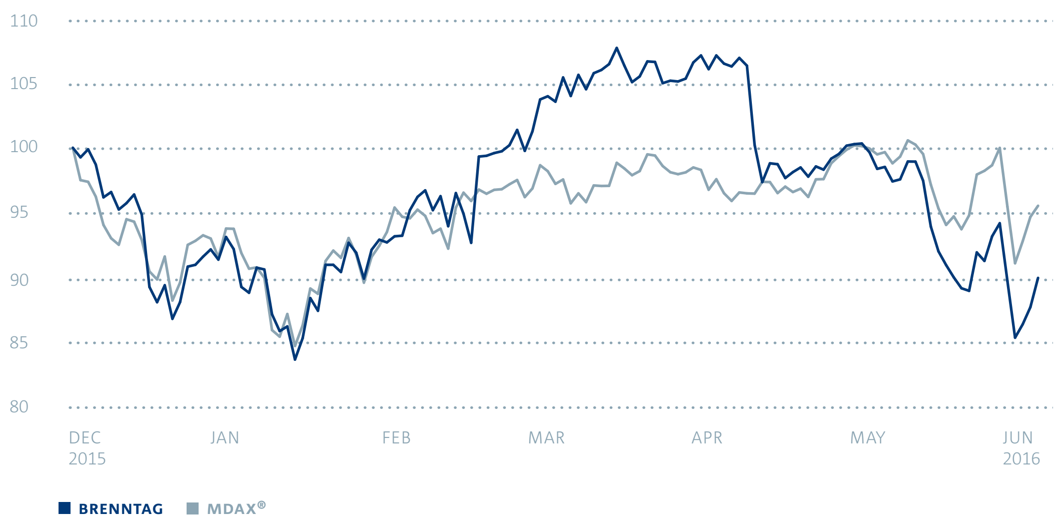
Following a more volatile first quarter of 2016, stock prices on equity markets around the world stabilized at the beginning of the second quarter. Towards the end of the quarter, volatility increased again as attention turned to the upcoming referendum on the United Kingdom's membership of the European Union. The vote for "Brexit" came as a surprise to most market participants, putting pressure on global capital markets.

During the second quarter, the European Central Bank started its previously announced programme to purchase corporate bonds, thereby underlining its capital market-friendly stance. On the currency market, the euro remained at weak levels against the US dollar. Oil prices showed a recovering trend and increased in the course of the quarter.

Germany's leading index, the DAX®, declined by almost 10% in the first half of 2016 to close at 9,680 points at the end of June 2016. Although the MDAX® performed better, ending the first half at 19,843 points, it was also down by 4.5%. Brenntag shares closed the first half of 2016 at EUR 43.43, a decline of 10.0% compared with the 2015 closing price. In June, Brenntag paid a dividend of EUR 1.00 per share, an increase of more than 10% on the dividend paid a year ago.

According to Deutsche Börse AG's ranking, Brenntag AG ranked 34th among all listed companies in Germany by market capitalization at the end of June 2016. The average number of Brenntag shares traded daily on Xetra® in the first half of 2016 totalled about 320,000 compared with around 285,000 shares in the first half of 2015.

BRENNTAG SHARE PRICE PERFORMANCE (INDEXED)



A.02 BRENNTAG SHARE PRICE PERFORMANCE (INDEXED)

SHAREHOLDER STRUCTURE

As at June 30, 2016, notification had been received from the following shareholders under Section 21, para. 1 of the German Securities Trading Act (WpHG) that their share of the voting rights now exceeds the 3% or 5% threshold:

SHAREHOLDER STRUCTURE

Shareholder	Interest in %	Date of notification
BlackRock	>5	June 24, 2016
Norges Bank	>5	May 19, 2016
Sun Life / MFS	>5	July 3, 2012
Allianz Global Investors	>3	February 26, 2014
Oppenheimer Funds, Inc.	>3	December 7, 2015
Threadneedle	>3	June 27, 2016

A.03 SHAREHOLDER STRUCTURE

KEY DATA ON THE BRENNTAG SHARES

		IPO Mar. 29, 2010 [1]	Dec. 31, 2015	**Jun. 30, 2016**
Share price (Xetra® closing price)	EUR	16.67	48.28	43.43
Free float	%	29.03	100.0	100.0
Free float market capitalization	EUR m	748	7,459	6,710

Primary stock exchange	Xetra®
Indices	MDAX®, MSCI, STOXX EUROPE 600
ISIN / WKN / trading symbol	DE000A1DAHH0/A1DAHH/BNR

A.04 KEY DATA ON THE BRENNTAG SHARES

[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 in line with the stock split.

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 Finance B.V., Amsterdam, Netherlands, an indirectly wholly-owned subsidiary of Brenntag AG, successfully completed the placement of a senior, unsecured bond with warrant units maturing in 2022 in the final amount of USD 500 million and bearing a coupon of 1.875% per annum. The warrants provide the option to acquire no-par value ordinary registered Brenntag AG shares upon payment of an exercise price of EUR 72.8486 currently.

On July 19, 2011, Brenntag Finance B.V. issued a corporate bond in the amount of EUR 400 million. The seven-year bond bears a coupon of 5.50% per annum. The issue price was 99.321% of par value.

KEY DATA ON THE BONDS OF THE BRENNTAG GROUP

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

A.05 KEY DATA ON THE BONDS OF THE BRENNTAG GROUP

GROUP INTERIM MANAGEMENT REPORT

for the period from January 1 to June 30, 2016

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GROUP OVERVIEW

BUSINESS ACTIVITIES AND GROUP STRUCTURE

BUSINESS ACTIVITIES

Brenntag's growth opportunities along with its resilient business model are based 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 in 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

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 June 30, 2016 include Brenntag AG, 30 domestic (Dec. 31, 2015: 27) and 195 foreign (Dec. 31, 2015: 194) consolidated subsidiaries including structured entities. Five associates (Dec. 31, 2015: 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.

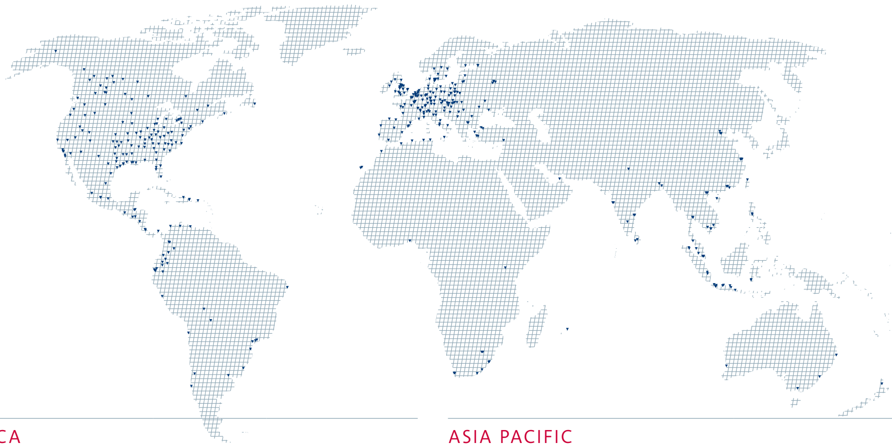
The following graphic gives an overview of the global network and the locations of the Brenntag Group:

NORTH AMERICA

		H1 2016
External sales	EUR m	1,876.4
Operating gross profit	EUR m	490.5
Operating EBITDA	EUR m	177.8
Employees[1]		4,409

EMEA

		H1 2016
External sales	EUR m	2,360.5
Operating gross profit	EUR m	546.4
Operating EBITDA	EUR m	188.8
Employees[1]		6,575



LATIN AMERICA

		H1 2016
External sales	EUR m	385.3
Operating gross profit	EUR m	86.5
Operating EBITDA	EUR m	23.8
Employees[1]		1,484

ASIA PACIFIC

		H1 2016
External sales	EUR m	481.9
Operating gross profit	EUR m	87.5
Operating EBITDA	EUR m	32.2
Employees[1]		1,841

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

2020 VISION

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

- We are the safest 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.

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.

STRATEGIC INITIATIVES

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

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

In order to offer our business partners the best service in the industry, we are continuously working worldwide 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 put particular emphasis on our employees' continuing development and on targeted succession planning.

SUSTAINABILITY

As the global market leader in full-line chemical distribution, we also aim to lead the industry in sustainability. 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
- Environmental protection
- Responsibility within the supply chain
- Compliance
- Employees
- Social responsibility

We remain committed to the principles of responsible care and responsible distribution as well as the principles of the UN Global Compact. We are also a member of "Together for Sustainability", an industry initiative that aims to enhance sustainability across the entire chemical supply chain. Detailed information on our sustainability management can be found in our latest sustainability report and in the "Health, Safety and Environmental Protection, Quality Management" chapter of our 2015 Annual Report.

REPORT ON ECONOMIC POSITION

ECONOMIC ENVIRONMENT

Global economic performance remained subdued in the second quarter of 2016. The Global Manufacturing Purchasing Managers' Index (PMI) stood at 50.4 in June 2016, a reading barely above the 50 neutral mark. Global industrial production grew by around 1.8% year on year in the first two months of the second quarter of 2016.

The European economy continued to deliver moderate growth. Industrial production expanded by 1.6% year on year in the first two months of the second quarter of 2016.

The USA saw a continuation of the weak trend, with industrial production in contraction for the third quarter in succession. Partly because of the persistently low oil price and reduced investment by the oil and gas industry, industrial production contracted by 1.2% year on year in the second quarter of 2016.

Latin America continued to experience an economic downturn. Venezuela is into its third year of severe recession in 2016. The massive devaluation of the local currency is hindering any import-driven business in Venezuela. Overall, industrial production in Latin America contracted by approximately 3.8% year on year in the first two months of the second quarter of 2016.

The economies of Asia, particularly China, continued to see slower growth momentum. Industrial production across the region as a whole grew by around 5.3% year on year in the first two months of the second quarter of 2016.

BUSINESS PERFORMANCE

MAJOR EVENTS IMPACTING ON BUSINESS

At the end of May, Brenntag purchased the remaining shares in Chinese distributor Zhong Yung. The first tranche comprising 51% of the shares was acquired back in 2011 and the company has since performed well. As Zhong Yung was already included in Brenntag's consolidated financial statements before the second tranche was acquired, the purchase of the remaining shares results in a change in the presentation of non-controlling interests. The investment in Zhong Yung at that time gave Brenntag its strategic entry into the rapidly expanding Chinese chemicals distribution market. Zhong Yung provides an excellent base for strong future growth and an ideal platform for further acquisitions.

In mid-June, Brenntag acquired South Korean specialty chemicals distributor Whanee Corporation. Based in Gwacheon near Seoul, the company mainly serves the South Korean food and beverages industry. The acquisition gives Brenntag access to the attractive national specialty chemicals market. Whanee Corporation generated sales of EUR 16.8 million in financial year 2015.

STATEMENT BY THE BOARD OF MANAGEMENT ON BUSINESS PERFORMANCE

In the second quarter of 2016, the Brenntag Group posted operating EBITDA about on a par with the previous year. On a constant currency basis, operating EBITDA grew by 3.3%.

We achieved strong growth through acquisitions and a clear increase in operating EBITDA in the existing business in EMEA and the Asia Pacific region. This was offset by the decline in business with customers in the oil & gas sector and challenges in other customer industries in North America. The loss of earnings in Venezuela had an additional adverse impact.

The business in EMEA delivered a very encouraging performance. It recorded a strong increase in operating EBITDA clearly in excess of the growth in operating gross profit. This increase is attributable mainly to the performance turned in by the existing business and only to a small extent to the contribution from the acquisitions.

Earnings in North America continued to be impacted by sustained weak demand from the oil & gas sector. We also posted a decline in earnings in the other customer industries in North America. This decline was only partly offset by the contribution made by the acquisitions in North America.

As expected, the business in Latin America was heavily impacted by the loss of earnings in Venezuela as a result of the challenging macroeconomic environment. Operating EBITDA in the Latin America segment declined overall.

Meanwhile, the business in the Asia Pacific region continued to perform very well due to both growth in the existing business and the contribution from TAT Group, which we acquired at the end of the previous year.

We were able to reduce working capital slightly year on year and increase annualized working capital turnover in the second quarter of 2016.

As planned, capital expenditure on property, plant and equipment showed a year-on-year increase in the second quarter of 2016. We continue to make appropriate investment in our existing infrastructure and in growth projects.

Free cash flow reached a high level again in the second quarter of 2016.

Key areas of the Brenntag Group, particularly EMEA and Asia Pacific, showed healthy growth in operating EBITDA in the second quarter of 2016. Acquisitions also contributed to earnings performance. However, the aforementioned headwinds in North America and Venezuela held the Brenntag Group's operating EBITDA in check. Overall, our second-quarter earnings performance emphasized the resilience of our broadly diversified business model.

RESULTS OF OPERATIONS

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

			Change		
in EUR m	**Q2 2016**	Q2 2015	abs.	in %	in % (fx adj.)[1]
Sales	2,664.0	2,691.4	−27.4	−1.0	2.0
Operating gross profit	617.4	599.1	18.3	3.1	6.2
Operating expenses	−401.6	−383.7	−17.9	4.7	7.9
Operating EBITDA	**215.8**	**215.4**	**0.4**	**0.2**	**3.3**
Depreciation of property, plant and equipment	−28.4	−27.2	−1.2	4.4	8.0
EBITA	187.4	188.2	−0.8	−0.4	2.6
Amortization of intangible assets	−12.0	−9.8	−2.2	22.4	28.7
Net finance costs	−19.4	−17.8	−1.6	9.0	–
Profit before tax	156.0	160.6	−4.6	−2.9	–
Income tax expense	−53.9	−52.5	−1.4	2.7	–
Profit after tax	102.1	108.1	−6.0	−5.6	–

			Change		
in EUR m	**H1 2016**	H1 2015	abs.	in %	in % (fx adj.)[1]
Sales	5,244.1	5,265.3	−21.2	−0.4	1.7
Operating gross profit	1,217.8	1,170.3	47.5	4.1	6.2
Operating expenses	−809.9	−759.9	−50.0	6.6	8.7
Operating EBITDA	**407.9**	**410.4**	**−2.5**	**−0.6**	**1.4**
Depreciation of property, plant and equipment	−57.2	−53.7	−3.5	6.5	8.7
EBITA	350.7	356.7	−6.0	−1.7	0.3
Amortization of intangible assets	−24.2	−19.0	−5.2	27.4	32.2
Net finance costs	−69.1	−41.5	−27.6	66.5	–
Profit before tax	257.4	296.2	−38.8	−13.1	–
Income tax expense	−89.3	−96.9	7.6	−7.8	–
Profit after tax	168.1	199.3	−31.2	−15.7	–

B.02 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

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

SALES AND VOLUMES

The Brenntag Group generated sales of EUR 2,664.0 million in the second quarter of 2016, a slight decrease on the prior-year period (–1.0%) or, on a constant currency basis, a rise of 2.0%. The sales growth is due to an increase in volumes attributable to the contribution from the acquisitions, particularly J.A.M. Distributing Company, G.H. Berlin-Windward and TAT Group.

Sales for the first half of 2016 were down slightly on the prior-year figure (–0.4%). On a constant currency basis, however, they were up by 1.7%.

Whereas for manufacturing companies, sales play a key role, for us as a chemicals distributor, operating gross profit is a more important factor for increasing our enterprise value over the long term.

OPERATING GROSS PROFIT

The Brenntag Group generated operating gross profit of EUR 617.4 million in the second quarter of 2016, a rise of 3.1% compared with the second quarter of 2015. This represents growth of 6.2% on a constant currency basis and is due to higher volumes. This increase is primarily attributable to the contribution from the acquisitions made and more than offset the decline in operating gross profit from customers in the oil & gas sector in the North America segment.

Operating gross profit for the first half of 2016 was up by 4.1%, or 6.2% on a constant currency basis.

OPERATING EXPENSES

The Brenntag Group's operating expenses increased by 4.7% to EUR 401.6 million in the second quarter of 2016. This is a rise of 7.9% on a constant currency basis and due mainly to the acquisition-driven business growth, which resulted in higher personnel, rent and transport costs. Operating expenses for the existing business were only moderately higher.

In the first half of 2016, the Brenntag Group's operating expenses increased by 6.6% and, on a constant currency basis, by 8.7%.

OPERATING EBITDA

The Brenntag Group generated operating EBITDA of EUR 215.8 million overall in the second quarter of 2016, putting it on a par with the previous year (+0.2%). On a constant currency basis, this represents an increase of 3.3%. The strong growth in EMEA and the Asia Pacific region in combination with the acquisitions made, particularly J.A.M. Distributing Company, G.H. Berlin-Windward and TAT Group, offset the decrease in earnings in the oil & gas business in North America and the difficult situation in Venezuela.

In the first half of 2016, the Brenntag Group achieved operating EBITDA of EUR 407.9 million, a slight reduction of 0.6%. On a constant currency basis, this represents growth of 1.4% compared with the first half of 2015.

DEPRECIATION, AMORTIZATION AND NET FINANCE COSTS

Depreciation of property, plant and equipment and amortization of intangible assets amounted to EUR 40.4 million in the second quarter of 2016, with depreciation of property, plant and equipment accounting for EUR 28.4 million of this amount and amortization of intangible assets for EUR 12.0 million. Compared with the second quarter of 2015, total depreciation and amortization was up by EUR 3.4 million, a rise due mainly to higher amortization charges on customer relationships resulting from acquisitions.

In the first half of 2016, depreciation of property, plant and equipment and amortization of intangible assets amounted to EUR 81.4 million (H1 2015: EUR 72.7 million).

Net finance costs amounted to EUR 19.4 million in the second quarter of 2016 (Q2 2015: EUR 17.8 million). This slight increase in costs was driven mainly by the bond with warrant units issued in the amount of USD 500.0 million in November 2015. The slight overall increase in interest costs is also reflected in net interest expense, which is a component of net finance costs and amounted to EUR 21.8 million (Q2 2015: EUR 18.2 million).

The increase in net finance costs in the first half of 2016 to EUR 69.1 million (H1 2015: EUR 41.5 million) is primarily attributable to the change to the official exchange rate mechanisms announced by the Venezuelan government in mid-February and the resulting foreign exchange losses of EUR 27.1 million.

PROFIT BEFORE TAX

Profit before tax amounted to EUR 156.0 million in the second quarter of 2016 (Q2 2015: EUR 160.6 million) and EUR 257.4 million in the first half of 2016 (H1 2015: EUR 296.2 million). The year-on-year decline in profit before tax in the first half of 2016 is mainly the result of foreign exchange losses in Venezuela in 2016.

INCOME TAXES AND PROFIT AFTER TAX

Income tax expense amounted to EUR 53.9 million in the second quarter of 2016 (Q2 2015: EUR 52.5 million).

Income tax expense for the first half of 2016 declined by EUR 7.6 million year on year to EUR 89.3 million (H1 2015: EUR 96.9 million) due to the lower profit before tax.

Profit after tax stood at EUR 102.1 million in the second quarter of 2016 (Q2 2015: EUR 108.1 million) and EUR 168.1 million in the first half of 2016 (H1 2015: EUR 199.3 million).

BUSINESS PERFORMANCE IN THE SEGMENTS

Q2 2016 in EUR m	**Brenntag Group**	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	2,664.0	1,206.3	935.1	193.5	247.8	81.3
Operating gross profit	617.4	278.8	246.3	42.9	45.6	3.8
Operating expenses	−401.6	−178.3	−153.1	−31.5	−28.3	−10.4
Operating EBITDA	**215.8**	**100.5**	**93.2**	**11.4**	**17.3**	**−6.6**

H1 2016 in EUR m	**Brenntag Group**	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	5,244.1	2,360.5	1,876.4	385.3	481.9	140.0
Operating gross profit	1,217.8	546.4	490.5	86.5	87.5	6.9
Operating expenses	−809.9	−357.6	−312.7	−62.7	−55.3	−21.6
Operating EBITDA	**407.9**	**188.8**	**177.8**	**23.8**	**32.2**	**−14.7**

B.03 BUSINESS PERFORMANCE IN THE SEGMENTS

EMEA (EUROPE, MIDDLE EAST & AFRICA)

in EUR m	**Q2 2016**	Q2 2015	Change abs.	Change in %	Change in % (fx adj.)
External sales	1,206.3	1,217.5	−11.2	−0.9	1.4
Operating gross profit	278.8	263.8	15.0	5.7	8.3
Operating expenses	−178.3	−170.9	−7.4	4.3	6.8
Operating EBITDA	**100.5**	**92.9**	**7.6**	**8.2**	**11.2**

in EUR m	**H1 2016**	H1 2015	Change abs.	Change in %	Change in % (fx adj.)
External sales	2,360.5	2,380.4	−19.9	−0.8	1.0
Operating gross profit	546.4	520.2	26.2	5.0	7.1
Operating expenses	−357.6	−339.1	−18.5	5.5	7.3
Operating EBITDA	**188.8**	**181.1**	**7.7**	**4.3**	**6.7**

B.04 BUSINESS PERFORMANCE IN THE SEGMENTS / EMEA

EXTERNAL SALES AND VOLUMES

The EMEA segment generated external sales of EUR 1,206.3 million in the second quarter of 2016, a slight decrease on the second quarter of 2015 (−0.9%). This represents a rise of 1.4% on a constant currency basis and is attributable to an increase in volumes.

External sales for the first half of 2016 declined by 0.8% year on year. On a constant currency basis, they were up by 1.0%.

OPERATING GROSS PROFIT

The operating gross profit generated by the companies in the EMEA segment rose by 5.7% to EUR 278.8 million in the second quarter of 2016. This represents a very strong year-on-year increase of 8.3% on a constant currency basis. The growth was driven predominantly by the existing business, while a number of smaller acquisitions also made a positive contribution in the second quarter.

In the first half of the year, operating gross profit in the EMEA segment climbed by 5.0%, or 7.1% on a constant currency basis, compared with the same period of 2015.

OPERATING EXPENSES

Operating expenses in the EMEA segment amounted to EUR 178.3 million in the second quarter of 2016, an increase of 4.3% compared with the prior-year period. This represents a rise of 6.8% on a constant currency basis and is due primarily to higher personnel, rent and transport costs. The figure reflects the inclusion of the acquisitions.

In the first half of 2016, operating expenses increased by 5.5% and therefore by 7.3% on a constant currency basis.

OPERATING EBITDA

The companies in the EMEA segment generated operating EBITDA of EUR 100.5 million overall in the second quarter of 2016 and thus posted encouraging earnings growth of 8.2%, or 11.2% on a constant currency basis. This is due above all to the positive performance from the existing business. The acquisitions also made a positive contribution.

Operating EBITDA for the first half of 2016 climbed by 4.3% (6.7% on a constant currency basis).

NORTH AMERICA

in EUR m	**Q2 2016**	Q2 2015	Change abs.	Change in %	Change in % (fx adj.)
External sales	935.1	928.4	6.7	0.7	3.4
Operating gross profit	246.3	243.9	2.4	1.0	3.5
Operating expenses	−153.1	−145.5	−7.6	5.2	8.0
Operating EBITDA	**93.2**	**98.4**	**−5.2**	**−5.3**	**−3.1**

in EUR m	**H1 2016**	H1 2015	Change abs.	Change in %	Change in % (fx adj.)
External sales	1,876.4	1,830.6	45.8	2.5	3.2
Operating gross profit	490.5	471.7	18.8	4.0	4.7
Operating expenses	−312.7	−285.4	−27.3	9.6	10.4
Operating EBITDA	**177.8**	**186.3**	**−8.5**	**−4.6**	**−4.1**

B.05 BUSINESS PERFORMANCE IN THE SEGMENTS / NORTH AMERICA

Performance in the North America segment during the second quarter of 2016 was impacted by a mix of effects: the contribution from the newly acquired J.A.M. Distributing Company and G.H. Berlin-Windward contrasted with sustained weak demand from customers in the oil & gas sector and a weak overall economic environment.

EXTERNAL SALES AND VOLUMES

The North America segment generated external sales of EUR 935.1 million in the second quarter of 2016. This growth of 0.7%, or 3.4% on a constant currency basis, is due to higher volumes and attributable to the contribution from acquirees J.A.M. Distributing Company and G.H. Berlin-Windward. In terms of sales, the segment more than offset the decline in volumes sold to customers in the oil & gas sector.

In the first half of 2016, external sales in the North America segment were therefore up by 2.5%, or 3.2% on a constant currency basis.

OPERATING GROSS PROFIT

The operating gross profit generated by the North American companies rose by 1.0% to EUR 246.3 million in the second quarter of 2016. This represents growth of 3.5% on a constant currency basis and is attributable to an increase in volumes. Business with customers in the oil & gas sector continued to be impacted by weak demand in the second quarter. The upstream sector[2)] and midstream sector[2)] in particular were adversely affected. The downstream sector[2)] exceeded the second quarter of 2015 slightly. Adjusted for the oil & gas business and acquirees J.A.M. Distributing Company and G.H. Berlin-Windward, operating gross profit declined by around 4% on a constant currency basis in the second quarter of 2016, due primarily to the weak macroeconomic environment.

The acquisitions contributed EUR 23.6 million to operating gross profit in the second quarter of 2016, moderately less than we expected due primarily to competitive pressures in the marine fuel business.

Operating gross profit for the first half of 2016 increased by 4.0%, or 4.7% on a constant currency basis.

OPERATING EXPENSES

Operating expenses in the North America segment amounted to EUR 153.1 million in the second quarter of 2016, a year-on-year increase of 5.2% (8.0% on a constant currency basis). This is attributable to the acquisition-driven increase in business, which resulted in higher personnel, rent and maintenance costs. Operating costs for the existing business decreased slightly. Since the end of 2014, we have reduced the number of employees in the oil & gas business by more than 15% in order to bring headcount into line with demand in this area of business.

Operating expenses for the first half of 2016 showed a year-on-year increase of 9.6%, or 10.4% on a constant currency basis.

OPERATING EBITDA

The North American companies achieved operating EBITDA of EUR 93.2 million in the second quarter of 2016, a decrease of 5.3%, or 3.1% on a constant currency basis. This was mainly the result of the fall in demand in the oil & gas sector, which was partly offset by cost savings resulting from the reduction in headcount. In addition, with industrial production in contraction, the weak economic trend generated considerable headwinds. The contribution from acquirees J.A.M. Distributing Company and G.H. Berlin-Windward only partly offset the decrease.

In the first half of 2016, operating EBITDA in the North America segment dropped by 4.6% overall compared with the prior-year period and therefore by 4.1% on a constant currency basis.

[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	Q2 2016	Q2 2015	Change abs.	Change in %	Change in % (fx adj.)
External sales	193.5	230.8	−37.3	−16.2	−10.3
Operating gross profit	42.9	50.5	−7.6	−15.0	−9.1
Operating expenses	−31.5	−34.4	2.9	−8.4	−2.2
Operating EBITDA	**11.4**	**16.1**	**−4.7**	**−29.2**	**−24.2**
Operating EBITDA w/o Venezuela	**11.4**	**12.8**	**−1.4**	**−10.9**	**−2.6**

in EUR m	H1 2016	H1 2015	Change abs.	Change in %	Change in % (fx adj.)
External sales	385.3	466.0	−80.7	−17.3	−11.4
Operating gross profit	86.5	100.2	−13.7	−13.7	−7.5
Operating expenses	−62.7	−68.7	6.0	−8.7	−2.3
Operating EBITDA	**23.8**	**31.5**	**−7.7**	**−24.4**	**−18.8**
Operating EBITDA w/o Venezuela	**24.0**	**25.6**	**−1.6**	**−6.3**	**3.0**

B.06 BUSINESS PERFORMANCE IN THE SEGMENTS / LATIN AMERICA

EXTERNAL SALES AND VOLUMES

External sales in the Latin America segment amounted to EUR 193.5 million in the second quarter of 2016, a decrease of 16.2% compared with the prior-year period, or 10.3% on a constant currency basis. Volumes in this period remained almost on a par with the previous year. The devaluation of the bolivar had a significant adverse effect on our business in Venezuela.

In the first half of 2016, external sales in the Latin America segment were down by 17.3%, or 11.4% on a constant currency basis.

OPERATING GROSS PROFIT

The operating gross profit generated by the Latin American companies amounted to EUR 42.9 million in the second quarter of 2016, a decrease of 15.0%, or 9.1% on a constant currency basis. This performance is due mainly to the difficult situation in Venezuela. The rest of the business in Latin America was up by 1.4% on the second quarter of 2015 on a constant currency basis.

In the first half of 2016, operating gross profit in the Latin America segment declined by 13.7%, or 7.5% on a constant currency basis. Adjusted for Venezuela, however, the segment achieved growth of 2.5%.

OPERATING EXPENSES

The Latin America segment reduced operating expenses by 8.4% to EUR 31.5 million in the second quarter of 2016. This represents a reduction of 2.2% on a constant currency basis.

In the first half of 2016, operating expenses in the Latin America segment fell by 8.7% year on year, or 2.3% on a constant currency basis.

OPERATING EBITDA

The Latin American companies generated operating EBITDA of EUR 11.4 million overall in the second quarter of 2016, a decrease of 29.2%. This represents a fall of 24.2% on a constant currency basis and is primarily attributable to the situation in Venezuela. The steady devaluation of the Venezuelan bolivar resulted in Venezuela making a much weaker contribution to earnings. Adjusted for the business in Venezuela, earnings were down by 2.6% on a constant currency basis.

In the first half of the year, operating EBITDA in the Latin America segment declined by 24.4% overall, or 18.8% on a constant currency basis. However, operating EBITDA from business in Latin America outside Venezuela increased by 3.0% on a constant currency basis.

ASIA PACIFIC

in EUR m	Q2 2016	Q2 2015	Change abs.	Change in %	Change in % (fx adj.)
External sales	247.8	218.8	29.0	13.3	20.3
Operating gross profit	45.6	36.9	8.7	23.6	31.2
Operating expenses	−28.3	−23.2	−5.1	22.0	30.1
Operating EBITDA	**17.3**	**13.7**	**3.6**	**26.3**	**33.1**

in EUR m	H1 2016	H1 2015	Change abs.	Change in %	Change in % (fx adj.)
External sales	481.9	413.6	68.3	16.5	22.6
Operating gross profit	87.5	70.3	17.2	24.5	31.0
Operating expenses	−55.3	−45.5	−9.8	21.5	28.3
Operating EBITDA	**32.2**	**24.8**	**7.4**	**29.8**	**35.9**

B.07 BUSINESS PERFORMANCE IN THE SEGMENTS / ASIA PACIFIC

EXTERNAL SALES AND VOLUMES

The Asia Pacific segment generated external sales of EUR 247.8 million in the second quarter of 2016 and thus posted sales growth of 13.3%. This represents a rise of 20.3% on a constant currency basis and is attributable to an increase in volumes. In addition to the positive performance from the existing business, the growth was also supported by the contribution from TAT Group.

External sales for the first half of 2016 rose by 16.5% year on year, or 22.6% on a constant currency basis.

OPERATING GROSS PROFIT

The operating gross profit generated by the companies in the Asia Pacific segment rose by 23.6% year on year to EUR 45.6 million in the second quarter of 2016. This represents growth of 31.2% on a constant currency basis and is due mainly to an increase in volumes.

Operating gross profit for the first half of 2016 climbed by 24.5% year on year, or 31.0% on a constant currency basis.

OPERATING EXPENSES

Operating expenses in the Asia Pacific segment amounted to EUR 28.3 million in the second quarter of 2016, an increase of 22.0%, or 30.1% on a constant currency basis. This rise in costs compared with the second quarter of the previous year is due mainly to the larger volume of business, which was driven both by the growth in the existing business and by the inclusion of TAT Group.

In the first half of 2016, operating expenses increased by 21.5% (28.3% on a constant currency basis).

OPERATING EBITDA

The companies in the Asia Pacific segment generated operating EBITDA of EUR 17.3 million overall in the second quarter of 2016 and thus posted earnings growth of 26.3% compared with the prior-year period. On a constant currency basis, this represents an increase of 33.1% due to both the inclusion of the acquiree TAT Group and the encouraging performance turned in by the existing business. Despite the weaker economic trend, our business in China also showed clear growth in the second quarter of 2016. We are very pleased with this result, especially in the light of the weak pace of economic growth.

Following another excellent quarter, operating EBITDA increased by 29.8% overall in the first half of 2016, or by 35.9% on a constant currency basis.

ALL OTHER SEGMENTS

in EUR m	**Q2 2016**	Q2 2015	Change abs.	Change in %	Change in % (fx adj.)
External sales	81.3	95.9	−14.6	−15.2	−15.2
Operating gross profit	3.8	4.0	−0.2	−5.0	−5.0
Operating expenses	−10.4	−9.7	−0.7	7.2	7.2
Operating EBITDA	**−6.6**	**−5.7**	**−0.9**	**15.8**	**15.8**

in EUR m	**H1 2016**	H1 2015	Change abs.	Change in %	Change in % (fx adj.)
External sales	140.0	174.7	−34.7	−19.9	−19.9
Operating gross profit	6.9	7.9	−1.0	−12.7	−12.7
Operating expenses	−21.6	−21.2	−0.4	1.9	1.9
Operating EBITDA	**−14.7**	**−13.3**	**−1.4**	**10.5**	**10.5**

B.08 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.

The operating EBITDA posted by the holding companies in the second quarter of 2016 were slightly lower year on year.

Overall, the operating EBITDA of all other segments fell by EUR 0.9 million year on year to EUR −6.6 million in the second quarter of 2016.

Earnings for the first half of 2016 declined by EUR 1.4 million to EUR −14.7 million.

FINANCIAL POSITION

CAPITAL STRUCTURE

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

The most important component in the financing structure of Brenntag AG is the Group-wide syndicated loan agreement 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 1,208.5 million as at June 30, 2016. 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 risk using appropriate financial instruments. Some of these financial instruments expired in July 2016 and were not extended. Accordingly, more than 50% of the Brenntag Group's financial liabilities are currently hedged against the risk of rises in interest rates.

The EUR 400 million bond (Bond 2018) issued by our Group company Brenntag Finance B.V., Amsterdam, Netherlands, in July 2011 matures in July 2018 and bears a coupon of 5.5% with interest paid annually. It is guaranteed by Brenntag AG. If any of the events of default defined in the conditions of issue occurs, each holder of the Bond 2018 may terminate his bond and request that it be repaid immediately. Should the issuer not be able to meet its repayment obligations, the bondholders are entitled to call on the guarantee provided by Brenntag AG as security.

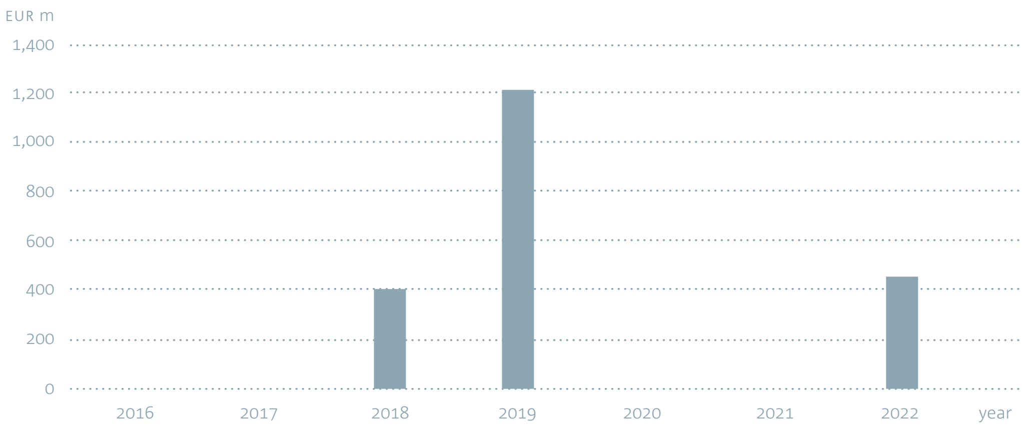
Furthermore, in November 2015, Brenntag Finance B.V. issued a bond with warrant units in the amount of USD 500.0 million maturing in December 2022. The bond (Bond (with Warrants) 2022) was issued at 92.7% of par and bears a coupon of 1.875% p.a. with interest payable semi-annually. It is guaranteed by Brenntag AG. The interest expense from the Bond (with Warrants) 2022 comprises the aforementioned interest payments and the ongoing amortization of the discount. The discount (7.3% or USD 36.5 million) is the warrant premium on the warrants issued together with the Bond (with Warrants) 2022 to purchase Brenntag AG shares. The warrant premium was recognized in the Group's additional paid-in capital. 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 JUNE 30, 2016



B.09 MATURITY PROFILE OF OUR CREDIT PORTFOLIO

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

INVESTMENTS

In the first half of 2016, investments in property, plant and equipment and intangible assets (excluding additions from company acquisitions) led to a total cash outflow of EUR 49.7 million (H1 2015: EUR 39.7 million).

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

As the market leader and a responsible 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	H1 2016	H1 2015
Net cash provided by operating activities	**214.0**	**166.7**
Net cash used in investing activities	**−92.4**	**−81.7**
thereof payments to acquire consolidated subsidiaries, other business units and other financial assets	(−46.3)	(−44.5)
thereof payments to acquire intangible assets and property, plant and equipment	(−49.7)	(−39.7)
thereof proceeds from divestments	(3.6)	(2.5)
Net cash used in financing activities	**−219.8**	**−276.0**
Change in cash and cash equivalents	**−98.2**	**−191.0**

B.10 CASH FLOW

The Group's net cash inflow from operating activities amounted to EUR 214.0 million in the reporting period, an increase of EUR 47.3 million on the prior-year figure. Besides current earnings (after adjustment for currency-related write-downs), cash flow was positively impacted primarily by the reduction in tax payments in the current financial year. Conversely, working capital showed a larger increase year on year.

Of the net cash of EUR 92.4 million used in investing activities, EUR 49.7 million comprised payments to acquire intangible assets and property, plant and equipment. Payments to acquire consolidated subsidiaries, other business units and other financial assets amounted to EUR 46.3 million and included, among other items, the purchase prices for the acquisition of Leis Polytechnik polymere Werkstoffe GmbH based in Ramstein-Miesenbach, Germany, ACU PHARMA und CHEMIE Group (ACU) based in Apolda, Germany and Whanee Corporation based in Gwacheon near Seoul in South Korea.

Of the net cash of EUR 219.8 million used in financing activities, EUR 154.5 million related to the dividend payment to Brenntag shareholders. A further EUR 55.9 million related to the partial repayment of the liability to acquire the remaining shares in Zhong Yung (second tranche). The other changes comprise local bank loans taken out in the amount of EUR 31.7 million and repayments on local bank loans of EUR 33.3 million.

FREE CASH FLOW

in EUR m	H1 2016	H1 2015	Change abs.	Change in %
Operating EBITDA	407.9	410.4	−2.5	−0.6
Investments in non-current assets (Capex)	−44.1	−37.6	−6.5	17.3
Change in working capital	−67.9	−44.7	−23.2	51.9
Free cash flow	**295.9**	**328.1**	**−32.2**	**−9.8**

B.11 FREE CASH FLOW

The Brenntag Group’s free cash flow amounted to EUR 295.9 million in the first half of 2016, a decrease of 9.8% on the first half of 2015 (EUR 328.1 million).

This is due primarily to the increase in working capital. In the first half of the previous year, the increase in working capital was smaller due to low prices on the chemicals market. Nevertheless, we were able to limit the increase in working capital in the first half of 2016 and improve working capital turnover.

We also recorded a planned increase in capital expenditure, as we are investing in the expansion of our infrastructure. Operating EBITDA were almost on a par with the previous year.

FINANCIAL AND ASSETS POSITION

	Jun. 30, 2016		Dec. 31, 2015	
in EUR m	abs.	in %	abs.	in %
Assets				
Current assets	**3,151.7**	**45.1**	**3,098.8**	**44.4**
Cash and cash equivalents	463.4	6.6	579.1	8.3
Trade receivables	1,572.8	22.5	1,426.5	20.4
Other receivables and assets	235.0	3.4	196.1	2.8
Inventories	880.5	12.6	897.1	12.9
Non-current assets	**3,830.8**	**54.9**	**3,877.4**	**55.6**
Intangible assets [1]	2,761.6	39.6	2,772.1	39.7
Other fixed assets	973.2	13.9	994.4	14.3
Receivables and other assets	96.0	1.4	110.9	1.6
Total assets	**6,982.5**	**100.0**	**6,976.2**	**100.0**
Liabilities and Equity				
Current liabilities	**1,755.3**	**25.1**	**1,738.9**	**24.9**
Provisions	40.1	0.6	42.1	0.6
Trade payables	1,126.7	16.1	1,055.5	15.1
Financial liabilities	166.4	2.4	160.8	2.3
Miscellaneous liabilities	422.1	6.0	480.5	6.9
Equity and non-current liabilities	**5,227.2**	**74.9**	**5,237.3**	**75.1**
Equity	2,668.0	38.2	2,690.5	38.6
Non-current liabilities	2,559.2	36.7	2,546.8	36.5
Provisions	318.5	4.6	272.0	3.9
Financial liabilities	2,064.1	29.6	2,094.4	30.0
Miscellaneous liabilities	176.6	2.5	180.4	2.6
Total liabilities and equity	**6,982.5**	**100.0**	**6,976.2**	**100.0**

B.12 FINANCIAL AND ASSETS POSITION

[1] Of the intangible assets as at June 30, 2016, some EUR 1,271 million relates to goodwill and trademarks that were capitalized as part of the purchase price allocation performed on the acquisition of the Brenntag Group by funds advised by BC Partners Limited, Bain Capital, Ltd. and subsidiaries of Goldman Sachs International at the end of the third quarter of 2006 in addition to the relevant intangible assets already existing in the previous Group structure.

As at June 30, 2016, total assets had increased by EUR 6.3 million compared with the end of the previous year to EUR 6,982.5 million (Dec. 31, 2015: EUR 6,976.2 million).

Cash and cash equivalents declined to EUR 463.4 million (Dec. 31, 2015: EUR 579.1 million) mainly as a result of the dividend payment by Brenntag AG in the amount of EUR 154.5 million.

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

- Trade receivables increased by 10.3% in the reporting period to EUR 1,572.8 million (Dec. 31, 2015: EUR 1,426.5 million).
- Inventories decreased by 1.9% in the reporting period to EUR 880.5 million (Dec. 31, 2015: EUR 897.1 million).
- With the opposite effect on working capital, trade payables increased by 6.7% to EUR 1,126.7 million (Dec. 31, 2015: EUR 1,055.5 million).

Adjusted for exchange rate effects and acquisitions, working capital rose by a total of EUR 67.9 million compared with December 31, 2015. At 8.1 in the reporting period, annualized working capital turnover[3)] was on a par with the the prior-year period (8.1).

The Brenntag Group's intangible and other non-current assets declined by 0.8% or EUR 31.7 million year on year to EUR 3,734.8 million (Dec. 31, 2015: EUR 3,766.5 million). The decline is mainly the result of depreciation and amortization (EUR 81.4 million) and exchange rate effects (EUR 36.8 million). This was partly offset by additions from acquisitions (EUR 45.2 million) and investments in non-current assets (EUR 44.1 million).

Current financial liabilities showed a slight increase of EUR 5.6 million to EUR 166.4 million in total (Dec. 31, 2015: EUR 160.8 million). Current financial liabilities consist mostly of temporary local loans taken out by Brenntag companies. Non-current financial liabilities declined by 1.4% year on year to EUR 2,064.1 million (Dec. 31, 2015: EUR 2,094.4 million). This slight reduction in non-current financial liabilities is due to exchange rate effects.

Current and non-current provisions amounted to a total of EUR 358.6 million (Dec. 31, 2015: EUR 314.1 million). This figure included pension provisions in the amount of EUR 198.7 million (Dec. 31, 2015: EUR 150.9 million).

As at June 30, 2016, the equity of the Brenntag Group totalled EUR 2,668.0 million (Dec. 31, 2015: EUR 2,690.5 million).

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

EMPLOYEES

As at June 30, 2016, Brenntag had 14,439 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.

	Jun. 30, 2016		Dec. 31, 2015	
Full-time Equivalents (FTE)	**abs.**	**in %**	abs.	in %
EMEA	6,575	45.5	6,482	44.8
North America	4,409	30.5	4,525	31.3
Latin America	1,484	10.3	1,511	10.5
Asia Pacific	1,841	12.8	1,814	12.5
All other segments	130	0.9	127	0.9
Brenntag Group	**14,439**	**100.0**	**14,459**	**100.0**

B.13 EMPLOYEES PER SEGMENT

REPORT ON EXPECTED DEVELOPMENTS

The International Monetary Fund forecasts that growth in the **global economy**, measured in terms of GDP, will remain at a low level in 2016. In North America, growth this year is expected to slow even further from the low level seen in 2015. The economy is likely to continue to be adversely affected by the uncertainty surrounding oil price developments. Growth in Europe is expected to be low and slightly weaker than in 2015 and the UK referendum has added to the uncertainty about future performance. 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 2.1%.

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:

We believe that the **Brenntag Group** will see growth in our key performance indicators operating gross profit and operating EBITDA. Operating gross profit should increase meaningfully due to the acquisitions carried out in 2015 and higher volumes in the existing business. Leaving the situation in Venezuela aside, all regions are expected to support performance in terms of operating gross profit, albeit to different degrees. The effects of the downturn in the oil & gas business in North America weigh on the otherwise positive trend expected in the regions. Overall, we expect the Brenntag Group's operating EBITDA excluding one-time effects to be between EUR 800 million and EUR 840 million for

2016 as a whole. This is based on the assumption that, over the period to year-end, the average exchange rate of the various currencies to the euro, particularly the US dollar, will not change significantly compared with rates in the first half of the year.

For the **EMEA segment,** we expect a meaningful increase in operating gross profit, based mainly on the higher volumes forecast. Among other things, we aim to grow by extending the life science, lubricants and water treatment businesses while at the same time expanding in high-growth regions such as Africa and the Middle East. Overall, we expect meaningful growth in operating EBITDA.

In the **North America segment,** we predict a moderate 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 continued uncertainty about the near-term direction of the oil & gas sector due to the sustained low level of the crude oil price. Our diversified portfolio across the entire oil & gas value chain and active cost management will help to mitigate the short-term effects of the weakness in this sector. We believe that we will be able to achieve a slight increase in operating EBITDA.

In the **Latin America segment,** we expect a significant decline in operating gross profit and believe that operating EBITDA will be down significantly on the high level reached in the previous year despite the positive trend in many countries. The decline is due mainly to the devaluation and change to the currency exchange mechanism that took place in Venezuela in February 2016, which will cause earnings there to drop by around EUR 12 million year on year.

In the **Asia Pacific segment,** we expect both organic growth and the successful integration of TAT Group to continue. 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 the Asia Pacific segment's existing business.

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 increase slightly compared with year-end 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 improve the working capital turnover achieved in 2015.

We continue to invest in capacities to support the increasing volume of business and organic growth. 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 decline in chemical pricing. As the reduction in working capital is not expected to be repeated in 2016, we expect a moderate decrease in free cash flow despite the positive trend in operating 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.

REPORT ON OPPORTUNITIES AND RISKS

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

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

The impact of the UK referendum on economic performance is almost impossible to estimate at the present time. Although growth in Europe is expected to be lower than in the previous year, partly as a result of the referendum, we do not yet believe that this will have a significant effect on our business.

In the first half of 2016, there were otherwise no significant changes in the opportunities and risks for the Brenntag Group described in detail in the 2015 Annual Report. Other risks that we are currently unaware of or that we now consider immaterial might also negatively impact our business operations. Currently, there are no indications of risks that may jeopardize the continued existence of the company.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

at June 30, 2016

CONTENTS

CONSOLIDATED INCOME STATEMENT

in EUR m	Note	**Jan. 1, – Jun. 30, 2016**	Jan. 1, – Jun. 30, 2015	**Apr. 1, – Jun. 30, 2016**	Apr. 1, – Jun. 30, 2015
Sales		5,244.1	5,265.3	2,664.0	2,691.4
Cost of sales		−4,053.9	−4,122.7	−2,060.4	−2,106.1
Gross profit		**1,190.2**	**1,142.6**	**603.6**	**585.3**
Selling expenses		−780.5	−731.8	−388.1	−372.8
Administrative expenses		−90.9	−82.8	−44.6	−39.4
Other operating income		14.7	19.0	8.1	10.4
Other operating expenses		−7.0	−9.3	−3.6	−5.1
Operating profit		**326.5**	**337.7**	**175.4**	**178.4**
Share of profit or loss of equity-accounted investments		1.4	2.0	1.0	1.0
Interest income	1.)	1.4	1.2	0.3	0.5
Interest expense	2.)	−43.5	−37.6	−22.1	−18.7
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	3.)	−1.6	−1.8	−0.4	−0.9
Other net finance costs	4.)	−26.8	−5.3	1.8	0.3
Net finance costs		**−69.1**	**−41.5**	**−19.4**	**−17.8**
Profit before tax		**257.4**	**296.2**	**156.0**	**160.6**
Income tax expense	5.)	−89.3	−96.9	−53.9	−52.5
Profit after tax		**168.1**	**199.3**	**102.1**	**108.1**
Attributable to:					
Shareholders of Brenntag AG		167.4	197.8	101.5	107.2
Non-controlling interests		0.7	1.5	0.6	0.9
Basic earnings per share in euro	6.)	**1.08**	**1.28**	**0.66**	**0.69**
Diluted earnings per share in euro	6.)	**1.08**	**1.28**	**0.66**	**0.69**

C.01 CONSOLIDATED INCOME STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR m	Note	**Jan. 1, – Jun. 30, 2016**	Jan. 1, – Jun. 30, 2015	**Apr. 1, – Jun. 30, 2016**	Apr. 1, – Jun. 30, 2015
Profit after tax		**168.1**	**199.3**	**102.1**	**108.1**
Remeasurements of defined benefit pension plans	9.)	−46.6	20.5	−16.9	43.2
Deferred tax relating to remeasurements of defined benefit pension plans	9.)	12.4	−5.7	4.1	−12.1
Items that will not be reclassified to profit or loss		**−34.2**	**14.8**	**−12.8**	**31.1**
Change in exchange rate differences on translation of consolidated companies		−1.3	83.8	34.9	−55.5
Change in exchange rate differences on translation of equity-accounted investments		0.4	0.6	0.6	−0.7
Change in net investment hedge reserve		2.2	−3.3	−0.1	1.6
Change in cash flow hedge reserve		−5.4	−1.9	−1.0	1.1
Deferred tax relating to change in cash flow hedge reserve		2.1	0.8	0.5	−0.4
Items that may be reclassified subsequently to profit or loss		**−2.0**	**80.0**	**34.9**	**−53.9**
Other comprehensive income		**−36.2**	**94.8**	**22.1**	**−22.8**
Total comprehensive income		**131.9**	**294.1**	**124.2**	**85.3**
Attributable to:					
Shareholders of Brenntag AG		132.9	289.8	123.5	85.7
Non-controlling interests		−1.0	4.3	0.7	−0.4

C.02 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED BALANCE SHEET

ASSETS

in EUR m	Note	**Jun. 30, 2016**	Dec. 31, 2015
Current assets			
Cash and cash equivalents		463.4	579.1
Trade receivables		1,572.8	1,426.5
Other receivables		160.4	137.0
Other financial assets		21.7	10.2
Current tax assets		51.9	47.9
Inventories		880.5	897.1
Non-current assets held for sale		1.0	1.0
		3,151.7	**3,098.8**
Non-current assets			
Property, plant and equipment		951.0	971.9
Intangible assets		2,761.6	2,772.1
Equity-accounted investments		22.2	22.5
Other receivables		19.8	21.1
Other financial assets		17.4	38.4
Deferred tax assets		58.8	51.4
		3,830.8	**3,877.4**
Total assets		**6,982.5**	**6,976.2**

LIABILITIES AND EQUITY

in EUR m	Note	Jun. 30, 2016	Dec. 31, 2015
Current liabilities			
Trade payables		1,126.7	1,055.5
Financial liabilities	7.)	166.4	160.8
Other liabilities		363.4	370.5
Other provisions	8.)	40.1	42.1
Liabilities relating to acquisition of non-controlling interests	10.)	6.2	63.3
Current tax liabilities		52.5	46.7
		1,755.3	**1,738.9**
Non-current liabilities			
Financial liabilities	7.)	2,064.1	2,094.4
Other liabilities		2.3	2.6
Other provisions	8.)	119.8	121.1
Provisions for pensions and other post-employment benefits	9.)	198.7	150.9
Liabilities relating to acquisition of non-controlling interests	10.)	5.1	5.4
Deferred tax liabilities		169.2	172.4
		2,559.2	**2,546.8**
Equity			
Subscribed capital		154.5	154.5
Additional paid-in capital		1,491.4	1,491.4
Retained earnings		947.1	938.0
Accumulated other comprehensive income		68.0	62.5
Equity attributable to Brenntag shareholders	11.)	**2,661.0**	**2,646.4**
Equity attributable to non-controlling interests	11.)	7.0	44.1
		2,668.0	**2,690.5**
Total liabilities and equity		**6,982.5**	**6,976.2**

C.03 CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in Mio. EUR	Subscribed capital	Additional paid-in capital	Retained earnings
Dec. 31, 2014	**154.5**	**1,457.1**	**700.7**
Dividends	–	–	−139.1
Profit after tax	–	–	197.8
Other comprehensive income	–	–	14.8
Total comprehensive income	**–**	**–**	**212.6**
Jun. 30, 2015	**154.5**	**1,457.1**	**774.2**

Dec. 31, 2015	**154.5**	**1,491.4**	**938.0**
Dividends	–	–	−154.5
Business combinations	–	–	–
Transactions with owners	–	–	30.4
Profit after tax	–	–	167.4
Other comprehensive income	–	–	−34.2
Total comprehensive income	**–**	**–**	**133.2**
Jun. 30, 2016	**154.5**	**1,491.4**	**947.1**

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**
17.1	**−6.4**	**4.1**	**−1.6**	**2,325.5**	**31.4**	**2,356.9**
–	–	–	–	−139.1	–	−139.1
–	–	–	–	197.8	1.5	199.3
81.6	−3.3	−1.9	0.8	92.0	2.8	94.8
81.6	**−3.3**	**−1.9**	**0.8**	**289.8**	**4.3**	**294.1**
98.7	**−9.7**	**2.2**	**−0.8**	**2,476.2**	**35.7**	**2,511.9**

C.04 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / JUN. 30, 2015

70.3	**−8.6**	**1.2**	**−0.4**	**2,646.4**	**44.1**	**2,690.5**
–	–	–	–	−154.5	–	−154.5
–	–	–	–	–	0.1	0.1
5.8	–	–	–	36.2	−36.2	–
–	–	–	–	167.4	0.7	168.1
0.8	2.2	−5.4	2.1	−34.5	−1.7	−36.2
0.8	**2.2**	**−5.4**	**2.1**	**132.9**	**−1.0**	**131.9**
76.9	**−6.4**	**−4.2**	**1.7**	**2,661.0**	**7.0**	**2,668.0**

C.05 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / JUN. 30, 2016

CONSOLIDATED CASH FLOW STATEMENT

in EUR m	Note	**Jan. 1, – Jun. 30, 2016**	Jan. 1, – Jun. 30, 2015	**Apr. 1, – Jun. 30, 2016**	Apr. 1, – Jun. 30, 2015
	12.)				
Profit after tax		**168.1**	**199.3**	**102.1**	**108.1**
Depreciation and amortization		81.4	72.7	40.4	37.0
Income tax expense		89.3	96.9	53.9	52.5
Income taxes paid		−89.0	−110.7	−45.2	−56.9
Net interest expense		42.1	36.4	21.8	18.2
Interest paid (netted against interest received)		−23.6	−21.6	−16.2	−10.2
Dividends received		2.1	0.3	2.1	0.3
Changes in provisions		−3.5	−8.0	−3.7	−5.1
Changes in current assets and liabilities					
Inventories		8.8	13.8	−0.9	−9.0
Receivables		−180.9	−122.2	−62.2	−10.9
Liabilities		86.1	29.9	30.9	−15.4
Non-cash change in liabilities relating to acquisition of non-controlling interests		1.6	1.8	0.4	0.9
Other non-cash items and reclassifications		31.5	−21.9	−8.4	−2.9
Net cash provided by operating activities		**214.0**	**166.7**	**115.0**	**106.6**
Proceeds from the disposal of intangible assets and property, plant and equipment		3.6	2.5	1.2	1.7
Payments to acquire consolidated subsidiaries and other business units		−46.1	−44.4	−15.0	−18.8
Payments to acquire other financial assets		−0.2	−0.1	–	–
Payments to acquire intangible assets and property, plant and equipment		−49.7	−39.7	−25.7	−20.7
Net cash used in investing activities		**−92.4**	**−81.7**	**−39.5**	**−37.8**
Dividends paid to Brenntag shareholders		−154.5	−139.1	−154.5	−139.1
Profits distributed to non-controlling interests		−1.0	−1.3	−1.0	−1.3
Repayments of liabilities relating to acquisition of non-controlling interests		−55.9	–	−41.4	–
Proceeds from borrowings		31.7	88.2	14.3	79.5
Repayments of borrowings		−40.1	−223.8	−16.4	−203.2
Net cash used in financing activities		**−219.8**	**−276.0**	**−199.0**	**−264.1**
Change in cash and cash equivalents		**−98.2**	**−191.0**	**−123.5**	**−195.3**
Effect of exchange rate changes on cash and cash equivalents		−17.5	18.1	6.7	−11.2
Cash and cash equivalents at beginning of period		579.1	491.9	580.2	525.5
Cash and cash equivalents at end of period		**463.4**	**319.0**	**463.4**	**319.0**

C.06 CONSOLIDATED CASH FLOW STATEMENT

CONDENSED NOTES

KEY FINANCIAL FIGURES BY SEGMENT

for the period from January 1 to June 30

SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8

in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Consoli-dation	**Group**
External sales	**2016**	**2,360.5**	**1,876.4**	**385.3**	**481.9**	**140.0**	**–**	**5,244.1**
	2015	2,380.4	1,830.6	466.0	413.6	174.7	–	5,265.3
	Change in %	−0.8	2.5	−17.3	16.5	−19.9	–	−0.4
	fx adjusted change in %	1.0	3.2	−11.4	22.6	−19.9	–	1.7
Inter-segment sales	**2016**	**4.0**	**5.9**	**1.4**	**−0.1**	**0.1**	**−11.3**	**–**
	2015	5.3	3.6	1.2	–	0.4	−10.5	–
Operating gross profit [1]	**2016**	**546.4**	**490.5**	**86.5**	**87.5**	**6.9**	**–**	**1,217.8**
	2015	520.2	471.7	100.2	70.3	7.9	–	1,170.3
	Change in %	5.0	4.0	−13.7	24.5	−12.7	–	4.1
	fx adjusted change in %	7.1	4.7	−7.5	31.0	−12.7	–	6.2
Gross profit	**2016**	**–**	**–**	**–**	**–**	**–**	**–**	**1,190.2**
	2015	–	–	–	–	–	–	1,142.6
	Change in %	–	–	–	–	–	–	4.2
	fx adjusted change in %	–	–	–	–	–	–	6.3
Operating EBITDA [2] (Segment result)	**2016**	**188.8**	**177.8**	**23.8**	**32.2**	**−14.7**	**–**	**407.9**
	2015	181.1	186.3	31.5	24.8	−13.3	–	410.4
	Change in %	4.3	−4.6	−24.4	29.8	10.5	–	−0.6
	fx adjusted change in %	6.7	−4.1	−18.8	35.9	10.5	–	1.4
Investments in non-current assets (capex) [3]	**2016**	**20.1**	**17.1**	**3.0**	**3.8**	**0.1**	**–**	**44.1**
	2015	19.5	13.1	2.1	2.5	0.4	–	37.6

C.07 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8 FOR THE PERIOD JAN. 1 – JUN. 30

[1] External sales less cost of materials.
[2] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges. These are certain costs charged between holding companies and operating companies. At Group level they net to zero. Operating EBITDA therefore corresponds to EBITDA at Group level.
[3] Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.

KEY FINANCIAL FIGURES BY SEGMENT

for the period April 1 to June 30

SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8

in EUR m		EMEA	North America	Latin America	Asia Pacific	All other segments	Consoli-dation	Group
External sales	**2016**	**1,206.3**	**935.1**	**193.5**	**247.8**	**81.3**	**–**	**2,664.0**
	2015	1,217.5	928.4	230.8	218.8	95.9	–	2,691.4
	Change in %	−0.9	0.7	−16.2	13.3	−15.2	–	−1.0
	fx adjusted change in %	1.4	3.4	−10.3	20.3	−15.2	–	2.0
Inter-segment sales	**2016**	**1.9**	**2.7**	**1.3**	**–**	**–**	**−5.9**	**–**
	2015	2.9	1.5	–	–	0.2	−4.6	–
Operating gross profit [1]	**2016**	**278.8**	**246.3**	**42.9**	**45.6**	**3.8**	**–**	**617.4**
	2015	263.8	243.9	50.5	36.9	4.0	–	599.1
	Change in %	5.7	1.0	−15.0	23.6	−5.0	–	3.1
	fx adjusted change in %	8.3	3.5	−9.1	31.2	−5.0	–	6.2
Gross profit	**2016**	**–**	**–**	**–**	**–**	**–**	**–**	**603.6**
	2015	–	–	–	–	–	–	585.3
	Change in %	–	–	–	–	–	–	3.1
	fx adjusted change in %	–	–	–	–	–	–	6.3
Operating EBITDA [2] (Segment result)	**2016**	**100.5**	**93.2**	**11.4**	**17.3**	**−6.6**	**–**	**215.8**
	2015	92.9	98.4	16.1	13.7	−5.7	–	215.4
	Change in %	8.2	−5.3	−29.2	26.3	15.8	–	0.2
	fx adjusted change in %	11.2	−3.1	−24.2	33.1	15.8	–	3.3
Investments in non-current assets (capex) [3]	**2016**	**12.3**	**10.2**	**1.7**	**2.2**	**0.1**	**–**	**26.5**
	2015	11.9	7.6	1.4	1.4	0.4	–	22.7

C.08 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8 FOR THE PERIOD APR. 1 – JUN. 30

[1] External sales less cost of materials.
[2] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges. These are certain costs charged between holding companies and operating companies. At Group level they net to zero. Operating EBITDA therefore corresponds to EBITDA at Group level.
[3] Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.

GROUP KEY FINANCIAL FIGURES

in EUR m	**Jan. 1, – Jun. 30, 2016**	Jan. 1, – Jun. 30, 2015	**Apr. 1, – Jun. 30, 2016**	Apr. 1, – Jun. 30, 2015
Operating EBITDA	407.9	410.4	215.8	215.4
Investments in non-current assets (capex)[1]	−44.1	−37.6	−26.5	−22.7
Change in working capital[2] [3]	−67.9	−44.7	−24.6	−25.6
Free cash flow	**295.9**	**328.1**	**164.7**	**167.1**

C.09 FREE CASH FLOW

[1] Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.
[2] Definition of working capital: trade receivables plus inventories less trade payables.
[3] Adjusted for exchange rate effects and acquisitions.

in EUR m	**Jan. 1, – Jun. 30, 2016**	Jan. 1, – Jun. 30, 2015	**Apr. 1, – Jun. 30, 2016**	Apr. 1, – Jun. 30, 2015
Operating EBITDA[1] [2]	**407.9**	**410.4**	**215.8**	**215.4**
Depreciation of property, plant and equipment	−57.2	−53.7	−28.4	−27.2
Impairment of property, plant and equipment	–	–	–	–
EBITA	**350.7**	**356.7**	**187.4**	**188.2**
Amortization of intangible assets[3]	−24.2	−19.0	−12.0	−9.8
Impairment of intangible assets	–	–	–	–
EBIT	**326.5**	**337.7**	**175.4**	**178.4**
Net finance costs	−69.1	−41.5	−19.4	−17.8
Profit before tax	**257.4**	**296.2**	**156.0**	**160.6**

C.10 RECONCILIATION FROM OPERATING EBITDA TO PROFIT BEFORE TAX

[1] At Group level, operating EBITDA corresponds to EBITDA.
[2] Including operating EBITDA all other segments.
[3] This figure includes amortization of customer relationships in the amount of EUR 18.4 million (H1 2015: EUR 14.8 million).

in EUR m	**Jan. 1, – Jun. 30, 2016**	Jan. 1, – Jun. 30, 2015	**Apr. 1, – Jun. 30, 2016**	Apr. 1, – Jun. 30, 2015
Operating gross profit	**1,217.8**	**1,170.3**	**617.4**	**599.1**
Production / mixing & blending costs	−27.6	−27.7	−13.8	−13.8
Gross profit	**1,190.2**	**1,142.6**	**603.6**	**585.3**

C.11 RECONCILIATION OF OPERATING GROSS PROFIT TO GROSS PROFIT

CONSOLIDATION POLICIES AND METHODS

STANDARDS APPLIED

These interim consolidated financial statements for the period from January 1 to June 30, 2016 have been prepared in accordance with the requirements of IAS 34 (Interim Financial Reporting). The Notes are presented in condensed form compared with the Notes to the consolidated financial statements as at December 31, 2015.

With the exception of the standards and interpretations required to be applied for the first time in the period beginning January 1, 2016, the same accounting policies have been applied as for the consolidated financial statements as at December 31, 2015.

Income taxes have been recognized on the basis of the latest estimate of the Group tax rate expected for financial year 2016.

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

- 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.

SCOPE OF CONSOLIDATION

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

	Dec. 31, 2015	Additions	Disposals	Jun. 30, 2016
Domestic consolidated companies	28	3	–	31
Foreign consolidated companies	194	3	2	195
Total consolidated companies	**222**	**6**	**2**	**226**

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.

Five associates (Dec. 31, 2015: five) are accounted for using the equity method.

BUSINESS COMBINATIONS IN ACCORDANCE WITH IFRS 3

In early February, Brenntag fully acquired Leis Polytechnik polymere Werkstoffe GmbH based in Ramstein-Miesenbach, Germany, which specializes in the development, production and distribution of high-performance polymer compounds. This acquisition strengthens Brenntag's market presence in Germany and expands its portfolio in the specialty polymers industry.

At the end of February, Brenntag fully acquired ACU PHARMA und CHEMIE Group (ACU) based in Apolda, Germany. This will enable it to benefit from the outsourcing trend among chemicals producers. Brenntag is thus continuing to systematically expand its portfolio of value-added services, particularly for customers in the life science segment.

In March, Brenntag additionally acquired 100% of the shares in specialty chemicals distributor Plastichem Pty. Ltd. based in Kempton Park, South Africa. Plastichem distributes high-performance polymers for plastics and rubber. With a larger range of specialty chemicals, Brenntag is diversifying its current product portfolio in South Africa.

In mid-June, Brenntag acquired all shares in South Korean specialty chemicals distributor Whanee Corporation. Based in Gwacheon near Seoul, the company mainly serves the South Korean food and beverages industry. The acquisition gives Brenntag access to the attractive national specialty chemicals market.

Purchase prices, net assets and goodwill relating to the acquisitions carried out in 2016 break down as follows:

in Mio. EUR	Provisional fair value
Purchase price	**49.2**
of which consideration contingent on profit targets	3.6
Assets	
Cash and cash equivalents	5.0
Trade receivables, other financial assets and other receivables	10.6
Other current assets	9.5
Non-current assets	16.3
Liabilities	
Current liabilities	9.4
Non-current liabilities	4.7
Net assets	**27.3**
Goodwill	**21.9**
of which deductible for tax purposes	–

C.13 NET ASSETS ACQUIRED

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

Measurement of the assets acquired and liabilities assumed (among others customer relationships and deferred taxes) has not yet been completed 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 and similar rights).

Acquisition-related costs in the amount of EUR 0.8 million were recognized under other operating expenses.

Since their acquisition by Brenntag, the businesses acquired in 2016 have generated sales in the amount of EUR 17.8 million and profit after tax of EUR 1.8 million.

If the above-mentioned business combinations had taken place with effect from January 1, 2016, sales in the amount of about EUR 5,257 million would have been reported for the Brenntag Group in the reporting period. Profit after tax would have been about EUR 169 million.

As a result of subsequent acquisition costs, goodwill from BWE, LLC (G.H. Berlin-Windward), which was acquired in December 2015, increased by EUR 1.3 million and goodwill from TAT Group, which was acquired at the end of December, increased by EUR 4.9 million.

CURRENCY TRANSLATION

The euro exchange rates of major currencies changed as follows:

	Closing rate		Average rate	
EUR 1 = currencies	**Jun. 30, 2016**	Dec. 31, 2015	**Jan. 1, – Jun. 30, 2016**	Jan. 1, – Jun. 30, 2015
Canadian dollar (CAD)	1.4384	1.5116	1.4844	1.3774
Swiss franc (CHF)	1.0867	1.0835	1.0960	1.0567
Chinese yuan renminbi (CNY)	7.3755	7.0608	7.2965	6.9408
Danish crown (DKK)	7.4393	7.4626	7.4497	7.4562
Pound sterling (GBP)	0.8265	0.7340	0.7788	0.7323
Polish zloty (PLN)	4.4362	4.2639	4.3688	4.1409
Swedish crown (SEK)	9.4242	9.1895	9.3019	9.3401
US dollar (USD)	1.1102	1.0887	1.1159	1.1158

C.14 EXCHANGE RATES OF MAJOR CURRENCIES

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

1.) INTEREST INCOME

Interest income in the amount of EUR 1.4 million (H1 2015: EUR 1.2 million) is interest income from third parties.

2.) INTEREST EXPENSE

in EUR m	**Jan. 1 – Jun. 30, 2016**	Jan. 1 – Jun. 30, 2015
Interest expense on liabilities to third parties	−39.3	−33.0
Expense from the fair value measurement of interest rate swaps	−1.4	−1.6
Net interest expense on defined benefit pension plans	−1.7	−1.7
Interest expense on other provisions	−0.8	−0.8
Interest expense on finance leases	−0.3	−0.5
Total	**−43.5**	**−37.6**

C.15 INTEREST EXPENSE

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

in EUR m	**Jan. 1 – Jun. 30, 2016**	Jan. 1 – Jun. 30, 2015
Unwinding of discounting of liabilities relating to acquisition of non-controlling interests	−1.4	−1.3
Final purchase price adjustment for the acquisition of Zhong Yung	0.4	–
Change in liabilities recognized in profit or loss arising from limited partners' rights to repayment of contributions	−0.6	−0.5
Total	**−1.6**	**−1.8**

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

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

4.) OTHER NET FINANCE COSTS

As already outlined in the section of the 2015 Annual Report on events after the end of the reporting period, in mid-February 2016 the Venezuelan government further devalued the country's currency, the bolivar, by more than 90%. In February 2016, the existing, three-tier model in place since February 2015 was converted to a dual model, under which DIPRO (formerly CENCOEX) and DICOM (formerly SIMADI) will be the only official exchange mechanisms available. For Brenntag, this gave rise to losses of EUR 27.1 million triggered by exchange rate movements and recognized in other net finance costs.

5.) INCOME TAX EXPENSE

Income tax expense comprises current tax expense of EUR 87.9 million (H1 2015: current tax expense of EUR 95.6 million) and deferred tax expense of EUR 1.4 million (H1 2015: deferred tax expense of EUR 1.3 million).

Tax expense for the first half of 2016 was calculated using the Group tax rate expected for financial year 2016. Some items of income and expense that cannot be planned with sufficient accuracy are disregarded when determining the expected Group tax rate and calculating tax expense for the reporting period.

	Jan. 1 – Jun. 30, 2016			Jan. 1 – Jun. 30, 2015		
in EUR m	Profit before tax	Tax rate	Income tax expense	Profit before tax	Tax rate	Income tax expense
excluding unplannable tax-neutral income / expenses	259.0	34.5	89.3	298.0	32.5	−96.9
tax-neutral income / expenses that cannot be planned with sufficient accuracy	−1.6	–	–	−1.8	–	–
including unplannable tax-neutral income / expenses	257.4	34.7	89.3	296.2	32.7	−96.9

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

The expected Group tax rate for financial year 2016 is 34.5%. Compared with the expected Group tax rate for 2015, this represents a rise of 2 percentage points due mainly to foreign exchange losses in Venezuela in 2016. Those losses, which are disregarded for tax purposes, are the result of the devaluation of the bolivar exchange rate relative to the functional currency, the US dollar.

6.) EARNINGS PER SHARE

Earnings per share in the amount of EUR 1.08 (H1 2015: EUR 1.28) are determined by dividing the share of profit after tax of EUR 167.4 million (H1 2015: EUR 197.8 million) attributable to the shareholders of Brenntag AG by the average weighted number of shares in circulation.

The warrants from the bond (Bond (with Warrants) 2022) issued in October 2015 had no diluting effect as the average Brenntag share price is lower than the warrant strike price of EUR 72.8486. The diluted earnings per share are therefore the basic earnings per share.

7.) FINANCIAL LIABILITIES

in EUR m	**Jun. 30, 2016**	Dec. 31, 2015
Liabilities under syndicated loan	1,202.3	1,214.7
Other liabilities to banks	135.8	134.2
Bond 2018	418.2	406.5
Bond (with Warrants) 2022	417.6	423.2
Finance lease liabilities	12.2	14.4
Derivative financial instruments	5.9	4.3
Other financial liabilities	38.5	57.9
Total	**2,230.5**	**2,255.2**
Cash and cash equivalents	463.4	579.1
Net financial liabilities	**1,767.1**	**1,676.1**

C.18 DETERMINATION OF NET FINANCIAL LIABILITIES

8.) OTHER PROVISIONS

Other provisions break down as follows:

in EUR m	**Jun. 30, 2016**	Dec. 31, 2015
Environmental provisions	101.7	104.8
Provisions for personnel expenses	20.3	21.4
Miscellaneous provisions	37.9	37.0
Total	**159.9**	**163.2**

C.19 OTHER PROVISIONS

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

In the interim consolidated financial statements as at June 30, 2016, the present value of pension obligations was determined using a discount rate of 1.4% (Dec. 31, 2015: 2.4%) in Germany and the other countries of the euro zone, 0.25% (Dec. 31, 2015: 0.7%) in Switzerland and 3.5% (Dec. 31, 2015: 4.2%) in Canada.

Due to the remeasurement of defined benefit plans, provisions for pensions and other post-employment benefits increased by an amount of EUR 46.6 million recognized directly in retained earnings. This is mainly the result of the reduction in the discount rate. Net of deferred taxes, actuarial losses recognized in other comprehensive income consequently increased by EUR 34.2 million.

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

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

in EUR m	**Jun. 30, 2016**	Dec. 31, 2015
Liabilities relating to acquisition of non-controlling interests	9.9	67.0
Liabilities arising from limited partners' rights to repayment of contributions	1.4	1.7
Total	**11.3**	**68.7**

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

At the end of May Brenntag acquired the remaining shares (49%) in the Chinese distributor Zhong Yung. 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 were recognized in profit or loss.

As the entire liability was included in net investment hedge accounting, the exchange rate-related change in the liability was recognized within equity in the net investment hedge reserve. The effects of unwinding of discounting and the final purchase price adjustment are presented in Note 3.).

11.) EQUITY

As proposed by the Board of Management and the Supervisory Board, the ordinary General Shareholders' Meeting of Brenntag AG on June 14, 2016 passed a resolution to pay a dividend of EUR 154,500,000.00. Based on 154.5 million shares, that is a dividend of EUR 1.00 per no-par-value share entitled to a dividend.

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

in EUR m	Subscribed capital, retained earnings and additional paid-in capital	Exchange rate differences	Non-controlling interests
Dec. 31, 2014	**26.1**	**5.3**	**31.4**
Profit after tax	1.5	–	1.5
Other comprehensive income	–	2.8	2.8
Total comprehensive income	**1.5**	**2.8**	**4.3**
Jun. 30, 2015	**27.6**	**8.1**	**35.7**

C.21 CHANGE IN NON-CONTROLLING INTERESTS / JUN. 30, 2015

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

C.22 CHANGE IN NON-CONTROLLING INTERESTS / JUN. 30, 2016

Transactions with owners relate to the acquisition of the remaining shares (49%) in Chinese distributor Zhong Yung.

12.) CASH FLOW STATEMENT DISCLOSURES

The net cash inflow from operating activities amounting to EUR 214.0 million was influenced by cash outflows from the increase in working capital of EUR 67.9 million.

The increase in working capital resulted from changes in inventories, gross trade receivables and trade payables as well as from valuation allowances on trade receivables and inventories as follows:

in EUR m	**Jan. 1, – Jun. 30, 2016**	Jan. 1, – Jun. 30, 2015
Decrease in inventories	8.8	13.8
Increase in gross trade receivables	−156.7	−106.1
Increase in trade payables	81.8	45.3
Valuation allowances on trade receivables and on inventories[1]	−1.8	2.3
Change in working capital[2]	**−67.9**	**−44.7**

C.23 CHANGE IN WORKING CAPITAL

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

At 8.1 in the reporting period, annualized working capital turnover[1] was on a par with the prior-year period (8.1).

13.) LEGAL PROCEEDINGS AND DISPUTES

In the first half of 2016, there were no significant changes within the Group compared with the legal proceedings and disputes described in the 2015 Annual Report.

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

14.) REPORTING OF FINANCIAL INSTRUMENTS

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

in EUR m	2016					
Measurement in the balance sheet:	At amortized cost	At fair value			Jun. 30, 2016	
Classification of financial assets:	Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Total carrying amount	Fair value
Cash and cash equivalents	463.4	–	–	–	463.4	463.4
Trade receivables	1,572.8	–	–	–	1,572.8	1,572.8
Other receivables	85.6	–	–	–	85.6	85.6
Other financial assets	23.4	14.4	1.3	–	39.1	39.1
Total	**2,145.2**	**14.4**	**1.3**	**–**	**2,160.9**	**2,160.9**

C.24 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / JUN. 30, 2016

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	Loans and receivables	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.25 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / DEC. 31, 2015

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 94.6 million (Dec. 31, 2015: EUR 76.4 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	2016						
Measurement in the balance sheet:	At amortized cost		At fair value			**Jun. 30, 2016**	
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	1,126.7	–	–	–	–	1,126.7	1,126.7
Other liabilities	171.7	–	–	–	–	171.7	171.7
Liabilities relating to acquisition of non-controlling interests	5.1	6.2	–	–	–	11.3	11.3
Financial liabilities	2,212.4	–	2.5	3.4	12.2	2,230.5	2,267.9
Total	**3,515.9**	**6.2**	**2.5**	**3.4**	**12.2**	**3,540.2**	**3,577.6**

C.26 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / JUN. 30, 2016

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.27 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / DEC. 31, 2015

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 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 194.0 million (Dec. 31, 2015: EUR 186.1 million) are not financial liabilities within the meaning of IFRS 7. They are mainly liabilities from value-added tax and other taxes, as well as deferred income.

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

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	**Jun. 30, 2016**
Financial assets at fair value through profit or loss	–	14.4	–	14.4
Financial liabilities at fair value through profit or loss	–	2.5	–	2.5
Derivatives designated in hedge accounting with a negative fair value	–	3.4	–	3.4
Available-for-sale financial assets	1.3	–	–	1.3

C.28 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / JUN. 30, 2016

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.29 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / DEC. 31, 2015

RESPONSIBILITY STATEMENT

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

Mülheim an der Ruhr, August 9, 2016

Brenntag AG

BOARD OF MANAGEMENT

Steven Holland   Karsten Beckmann   Markus Klähn

Georg Müller   Henri Nejade

REVIEW REPORT

To Brenntag AG, Mülheim an der Ruhr

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, income statement and statement of comprehensive income, cash flow statement, statement of changes in equity and selected explanatory notes – and the interim group management report of Brenntag AG, Mülheim an der Ruhr, for the period from January 1 to June 30, 2016 which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, August 9, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

sgd. Thomas Tandetzki
Wirtschaftsprüfer
(German Public Auditor)

sgd. ppa. Frank Schemann
Wirtschaftsprüfer
(German Public Auditor)

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B MANAGEMENT REPORT

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IMPRINT AND CONTACT

Issuer
Brenntag AG
Stinnes-Platz 1
45472 Mülheim an der Ruhr, Germany
Phone: + 49 (0) 208 7828 0
Fax: + 49 (0) 208 7828 698
E-mail: info@brenntag.de
Internet: www.brenntag.com

Contact
Brenntag AG
Corporate Finance & Investor Relations
Thomas Langer, Diana Alester, René Weinberg
Phone: +49 (0) 208 7828 7653
Fax: +49 (0) 208 7828 7755
E-mail: IR@brenntag.de

Concept and text
Brenntag AG
Corporate Finance & Investor Relations

Design
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Untere Zahlbacher Straße 13
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Phone: + 49 (0) 61 31 95 69 0
Fax: + 49 (0) 61 31 95 69 112
E-mail: info@mpm.de
Internet: www.mpm.de

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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.

FINANCIAL CALENDAR 2016

SEP 8
2016
HSBC Business Services Conference
[FRANKFURT]

SEP 22
2016
Baader Investment Conference
[MUNICH]

NOV 9
2016
Interim Report Q3 2016

Brenntag AG
Corporate Finance & Investor Relations
Stinnes-Platz 1
45472 Mülheim an der Ruhr
Germany

Phone: + 49 (0) 208 7828 7653
Fax: + 49 (0) 208 7828 7755
E-mail: IR@brenntag.de