

**Brenntag AG
Annual General Shareholders' Meeting on
June 17, 2014**

Speech of the Board of Management



**Steven Holland
(CEO)**



**Georg Müller
(CFO)**

Check against delivery

Dear Shareholders,
Members of the Supervisory Board,
Representatives of the Media,
Ladies and Gentlemen,

Good morning. I would like to welcome you to Brenntag's ordinary General Shareholders' Meeting, also on behalf of my Board colleagues!

Before I start with the presentation, we would like to express our feelings and sympathy for those here in the Duesseldorf area affected by the storm last week.

Chart 2 (Agenda)

The General Shareholders' Meeting is **your** forum and we are pleased to have the opportunity to provide you with more details about Brenntag AG today. Many of you already know us as the global market leader in chemical distribution. However, today we would also like to talk to you about the development of business last year and give you a snapshot from the Brenntag world under the motto "24/7 – on time worldwide". I would like to begin with an overview of the 2013 financial year.

Chart 3 (One business model – four regions)

Most of you know our business model.

We buy large quantities of industrial and specialty chemicals from the chemical producers and usually store them at our more than 480 locations all over the world. Here, the chemicals are repackaged into smaller quantities, for example, small containers, drums and canisters.

However, chemical distribution is much more than "merely" supplying chemical products from A to B. In line with our customers' wishes, we offer a wide range of value-added services which give us a decisive competitive advantage – that makes us the global market leader in chemical distribution.

With this successful business model, we are represented in all relevant parts of the world. The two regions, Europe and North America, are our cornerstones but we have also been well positioned for years in the emerging countries in Latin America and Asia Pacific. We are the No. 1 in Europe and Latin America, the No. 2 in North America and one of the top five in Asia Pacific. This high regional diversification with locations in more than 70 countries is one of the reasons for the Brenntag Group's extremely high resilience. While Europe and North America each contribute slightly more than 40% to operating EBITDA, Latin America and Asia Pacific currently account for 7% each. As our business is strongly based on local business relations, we are very proud of our

global workforce of more than 13,000. Above all in the Latin America and Asia Pacific regions, our almost 3,000 employees definitely differentiate us from any other chemical distributor.

Chart 4 (Highlights in 2013)

Ladies and Gentlemen,

Let's now take a look at what we achieved last year:

We are pleased that, despite the still challenging market environment, we can again report an increase in our key earnings parameters "operating EBITDA" and "gross profit" on a constant currency basis.

We addressed these challenges while remaining true to our proven strategy. Furthermore, this year we again managed to acquire attractive companies in the USA, Australia and India.

In 2013, we continued to work on harmonizing our processes in Europe. For some years now, we have been pursuing a pan-European management approach, which we successfully developed further in 2013.

Another important milestone was the successful refinancing of our financial liabilities. The project was successfully completed this March and we would like to explain the advantages of this transaction to you in more detail later.

Last but not least – in 2013, Brenntag published its first sustainability report which focuses on our core values of health, safety and environmental protection. You will find printed copies at the registration desks.

Chart 5 (Financial figures 2013)

Let us take a look at the financial figures for 2013.

In spite of continued difficult global economic and political conditions, the Group again managed to achieve sound growth and recorded a strong result for the 2013 financial year.

Gross profit increased by 1.0% or by 3.7% on a constant currency basis to over EUR 1.9 billion.

On a constant currency basis, **operating EBITDA** increased by 1.6% to EUR 698.3 million. On the basis of the reported figures, it was just under the prior-year earnings.

The so-called "conversion ratio", that is to say **the ratio of operating EBITDA to gross profit**, was 35.9%.

Free cash flow was again very stable at EUR 543.4 million in the reporting period.

Chart 6 (Segments 2013 – Europe)

We now come to the segments. On the following slides we have dark blue bars, which show the development of gross profit and light blue ones, which show the development of operating EBITDA from 2012 to 2013. The development of earnings also showed great resilience last year in spite of challenging conditions.

The environment for our **business in Europe** was marked by a decline in industrial output. Nevertheless, earnings continually improved over the course of the year as a result of strict cost management and the further optimization of our business processes in this region.

Operating gross profit increased in the region by 1.3% to EUR 930.0 million on a constant currency basis. Operating EBITDA totalled EUR 297.4 million, which is a slight decrease of 1.5% over the year on a constant currency basis. However, adjusted for special effects, operating EBITDA increased by 0.4% on a constant currency basis.

Above all the positive trend over the course of 2013, which also continued in the first quarter of 2014, gives us cause to be optimistic for our business in Europe and we are looking to the future with confidence. We are firmly convinced that we have initiated the right measures and are well positioned in this region.

Chart 7 (Segments 2013 – North America)

The **North America** segment enjoyed a positive development in spite of the challenging economic environment and was the region with the highest operating EBITDA in 2013. The acquisitions and the growth initiatives we implemented last year both contributed to the growth in earnings. The region's maintained its already high efficiency level throughout 2013.

For example, in the reporting period this segment increased operating gross profit by 6.7% and grew operating EBITDA by 4.9%, in each case on a constant currency basis. The growth rates on an as reported basis are slightly lower as the US dollar fell considerably against the euro from 2012 to 2013.

Chart 8 (Segments 2013 – Latin America)

In **Latin America**, the economic and political situation presented us with major challenges. Brenntag Latin America grew operating gross profit slightly by 2.1% on a constant currency basis. However, at EUR 47.0 million, operating EBITDA was 12.3% down on the previous year on a constant currency basis, and therefore did not meet our expectations. We still believe, however, in the region's growth opportunities and took measures in 2013 to sustainably counteract the negative development.

Unfortunately, both the economic situation and general conditions in Venezuela have again deteriorated considerably in recent months, also

affecting our business there. However, given the small scale of our business operations, there should be no appreciable effects for the Group.

Chart 9 (Segments 2013 – Asia Pacific)

In the **Asia Pacific segment**, we reported an increase in earnings for 2013 as a whole. Operating gross profit rose on a constant currency basis by 11.3% to EUR 121.7 million and operating EBITDA by 4.2% to EUR 47.5 million. The development of the region's economies varies but, in the long term, we are expecting above-average growth rates here. For this reason, we have invested in the development of our local management team's capacity and capability. This will push up costs in the short term but should provide the basis for sound growth in the region in the long term.

The situation in Thailand remains unclear and we must keep an eye on what happens in this country. Just like Venezuela, however, this country is only of minor importance for the Group as a whole.

Chart 10 (Business development Q1 2014)

And so we now come to the business development in the 1st quarter of 2014, when we saw the first signs of an improvement in the economy.

While **gross profit** improved year-on-year by 4.4% to EUR 483.6 million on a constant currency basis, **operating EBITDA** grew by 2.8% on a constant currency basis to EUR 164.0 million.

Compared to the first quarter of 2013, the US dollar was much weaker against the euro. The effects of this can be seen in the growth rates reported: the negative growth in EBITDA of -0.4% on the basis of the figures reported becomes an increase of 2.8% in this metric on a constant currency basis. In order to assess the development of the Group and its regions, we always look at these adjusted growth rates as they better reflect the development of actual business operations.

The positive development of business in particular contributed to the pleasing growth in the key earnings parameters. However, business would have been even better if our operations in North America had not been so badly hit by the effects of the hard winter.

Free cash flow in the first quarter of 2014 amounted to EUR 75.7 million.

Chart 11 (Successful acquisitions in 2013)

Those of you who got to know our business since the IPO, know that company acquisitions have long since been an important element in our strategy. In 2013, we acquired the following businesses and successfully integrated them into the Brenntag Group:

Lubrication Services

- is a multi-regional distributor of lubricants and chemicals in North America and recorded sales of EUR 105 million in 2012.
- This acquisition is an excellent addition to the core product offering of our subsidiaries in the USA.

Blue Sky Environment

- This acquisition enables us to benefit from the growth prospects in the Australian market and to establish our company as one of the leading AdBlue suppliers.

The **Zytex business**, which we acquired last September,

- has among others strengthened our nutrition business.
- At the same time, important customer relations and the existing product portfolio are being expanded.

We have already been active on the acquisition front in 2014 as well and strengthened our business in Brazil and the USA with two acquisitions. So, as you can see, we are continuing to put a lot of

energy and enthusiasm into the development of our business throughout the world.

Chart 12 (Agenda)

At this point, I would like to hand over to my colleague, Georg Müller, who will be presenting the financial figures for 2013.

Thank you Steve!

Chart 13 (Consolidated income statement)

Shareholders, Ladies and Gentlemen,

As my colleague has already said - like all companies, we had to stand our ground last year in a continued challenging macroeconomic environment.

However, the results for 2013 reflect the excellent positioning of Brenntag and the strength of our business model especially under these conditions. We have prepared some of the most important key figures for you in this condensed consolidated income statement.

- Sales increased last year on a constant currency basis by 3.3% to over EUR 9.7 billion.
- Gross profit was almost EUR 1.95 billion, therefore growing on a constant currency basis by 3.7% compared to last year.

- Operating EBITDA topped EUR 698 million, therefore increasing by 1.6% on a constant currency basis.
- The ratio of operating EBITDA to gross profit, which is often used by the capital markets to measure performance, was 35.9%.
- Profit before tax was EUR 495.2 million compared to EUR 478.8 million in 2012, an increase of 3.5%.
- Profit after tax was EUR 338.9 million.

Chart 14 (Consolidated balance sheet as of 31 December 2013)

This year, the consolidated balance sheet is again a firm part of this presentation. The chart shows a stable development compared to the previous year and there have only been minor changes. However, I would particularly like to point out our high equity of some EUR 2.1 billion, which corresponds to an equity ratio for 2013 of over 37%.

Chart 15 (Free cash flow)

In the following chart, you can see the development of free cash flow. It has enjoyed a positive development at Brenntag for a long time and is the basis for the performance of acquisitions and payment of an attractive dividend to our shareholders.

We also recorded high free cash flow in 2013. The slight decrease compared to the previous year is largely due to the cash out flow for the further build-up of working capital. Capital expenditure (Capex), that is to say investments in non-current assets, increased slightly to EUR 97.2 million as a result of higher business volumes.

Chart 16 (Dividend)

It is our declared aim to pay you, Ladies and Gentlemen, an attractive dividend.

Thanks to the good development of earnings last year, we have been able to increase the earnings per share to EUR 6.59. I am therefore delighted, on behalf of the Board of Management and the Supervisory Board, to propose to the Annual General Shareholders' Meeting the distribution of a dividend of EUR 2.60 per share for the 2013 financial year. That is an increase of a good 8% compared to the dividend payout for 2012. The payout ratio also increased by 2.7% compared to the previous year and is now 39.5%.

Chart 17 (Improved maturity profile after extension of the existing syndicated loan ahead of schedule)

In this chart you can see the **new** maturity profile of our financial indebtedness. At the end of this March, we extended the syndicated loan agreement concluded in 2011 ahead of schedule. It now matures in March 2019. At the same time, the interest margins were considerably reduced and we are therefore expecting annual savings of at least EUR 6.0 million. Another positive change concerns the revolver, which was increased by EUR 100 million to EUR 600 million.

As a result of this extension of the loan agreement and the amended conditions, the Group's financing is now geared to the very long term

and our financial flexibility has increased further. These improvements also reflect the continuing positive development of Brenntag and our excellent reputation on the capital markets.

Chart 18 (Sustainable increase in the Brenntag share price)

In 2013, there was no noticeable recovery of the global economy but the business cycle did stabilize slightly, leading to rising share prices over the course of last year.

Last year, the Brenntag share showed a sustained positive development, increasing by 35%. It therefore clearly outperformed the DAX and developed on a par with the MDAX. It closed last year at a price of EUR 134.75.

At the beginning of 2014, there was a very volatile development on the capital markets. The Brenntag share has largely followed the development of the two benchmark indices, the DAX and MDAX, since the start of the year.

On 13 June 2014, the share price was EUR 137.05.

Let me briefly summarize my comments on the financials as follows:

We have continued and will further continue Brenntag's success story as a listed company. We have addressed and will continue to address

the global economic challenges and in our opinion we have positioned the Group well.

Chart 19 (Explanatory notes on the agenda):

Shareholders, this Annual General Shareholders' Meeting is your event! You already received the documents for this year's meeting in advance. I am sure you have noticed that our agenda this year is slightly more extensive. I would like to take this opportunity to provide you with a few brief – and hopefully easy-to-understand – explanations on the agenda.

Items 1 to 5 on the agenda are regular topics at a general shareholders' meeting.

Item 6 – "Capital increase from company funds through the issue of new shares". This item on the agenda, which sounds relatively complicated, refers to a so-called share split. The Brenntag share has performed outstandingly since the IPO in 2010. The share price has almost tripled. In the meantime, the absolute price for one single share of more than EUR 130 looks relatively high compared to the shares of many other companies in Germany. With the capital increase through issuing new shares under a share split, we want to further increase the attractiveness of the Brenntag share for an even broader group of shareholders. We would therefore like to propose a share split in a ratio of 1 to 3 to the General Shareholders' Meeting. If you agree to this motion, the registered share capital will be tripled by converting

additional paid-in capital through the issue of new shares. Each shareholder will then receive two more new shares for each share held without any additional payment. After the share split, the share price should fall to one third of its previous price and the total capital invested by each shareholder will remain unchanged. Also there will not be any dilution of the shares. Provided that you agree, we will perform the share split in the weeks following this General Shareholders' Meeting.

Items 7 to 9 on the agenda are so-called contingent resolutions which are also customary at German shareholders' meetings. These resolutions apply for a period of five years and, during this time, the Board of Management is authorized to perform those measures adopted simply with an approval of the Supervisory Board.

At Brenntag, these contingent resolutions cover the creation of new authorized capital, new conditional capital as well as a new authorization to purchase treasury shares.

Authorized capital is used for capital increases. Conditional capital permits, for example, the issue of convertible or warrant-linked bonds. The purchase and resale of treasury shares can, for example, be used as a financing instrument in the event of major company acquisitions.

Ladies and Gentlemen, you will have certainly noticed from the way I stressed the word new that all these authorizations have already existed

since our IPO in 2010. But they expire next February – in other words, before the next General Shareholders' Meeting. The proposal for the new resolution today therefore merely serves to extend these authorizations and smaller adaptations and we hope that you, as shareholders, will grant us – the Board of Management and Supervisory Board – the possibility for the next five years to be able to take appropriate financing measures, if and when required. The management has, at present, no specific plans to actually implement such measures. However, we would like to keep this flexibility so we can react quickly to new situations as they arise. As fast reactions are often needed in business life, these measures are certainly also in your interest as our shareholders.

Under item 10 on the agenda, we would also request your agreement to the amendment to an existing profit transfer agreement between Brenntag AG and its wholly-owned subsidiary, Brenntag Holding GmbH. With the proposed amendment, the profit transfer agreement will be brought into line with the current statutory provisions. The amendment is of a technical nature. The existing profit transfer agreement already refers explicitly, as is customary, to the provisions contained in the German Stock Corporation Act on the assumption of loss between the parties to the agreement. An amendment of the tax laws now requires that such profit transfer agreements explicitly refer to the "relevant" ruling version of the German Stock Corporation Act on the assumption of loss, in other words, not only to the provisions at the time the profit

transfer agreement was concluded. We would now like to insert this clarification into the existing profit transfer agreement. You will find further details in the invitation. As many listed companies are affected by this amendment, you may perhaps have already seen very similar items on the agenda at other general shareholders' meetings.

I hope I have explained this matter clearly to you and I would be pleased if there was broad approval of all items on the agenda. I would now like to hand over to Steve Holland who will conclude by reporting on the diverse business activities of Brenntag.

Steve, please go ahead!

Chart 20 (24/7 – on time worldwide)

Thank you, Georg!

Chart 21 (What do we stand for?)

Ladies and gentlemen, before I start to present some key elements of our business model, I would like to exclusively show you some parts of our new logo. This logo with the new claim will be launched worldwide in the next months, but you are the ones who see this first today.

Chart 22 (Connecting chemistry)

Chart 23 (Examples of our diverse business activities)

I would now like to go through some key elements of our business. You know that we have a dense network of locations, our employees work all over the world and there is hardly anywhere in the world where we do not operate. We have therefore given this year's annual report the theme "24/7 – on time worldwide". I would now like to show you, using four examples, that at any given time Brenntag is working somewhere in the world for our customers and suppliers.

Chart 24 (Bangkok / Duisburg)**Bangkok**

We'll start with a snapshot of our Asia Pacific region where the specialty chemicals sector plays an important role. Specialty chemicals are, in most cases, required for a specific purpose. For example, they are used to prolong the shelf life of foods or improve their colour and flavour. The treatment of these specialty chemicals is much more complex than that of industrial chemicals and our sales staff must have specialized technical know-how as well as knowledge of the local markets. In order to pass on this expertise, we regularly hold seminars for customers and suppliers. In this way we can identify the needs of our partners and work on individual solutions and product refinements.

Another representative example comes close by, from **Duisburg**:

Here, our "Mixing & Blending" sales staff concentrate on finding a special mixture of chemicals to optimize the customer's production process.

Our customers value our wide range of services. We not only find and test the right mixture of various chemicals in our application laboratories. We also perform other work for the customer – such as raw material procurement, quality management and last but not least logistics. We thus reduce complexity for our customers and streamline their value added chains.

Chart 25 (Philadelphia / Santiago de Querétaro)

Philadelphia

Let's now jump across the Atlantic – from Europe to North America – and take a look at our customer service.

Ladies and Gentlemen, you know that we are highly diversified. We are not only represented all over the world and work for customers in a wide range of industries. We also have to deal with the complexity of around 170,000 customers and more than 10,000 products.

However, the "typical" Brenntag customer orders just 2 to 4 products at a time, and the average order volume is roughly EUR 2,000.

Nevertheless, our customers expect – and quite rightly so – prompt delivery within 48 hours and maximum accuracy and care in this highly complex business.

Our customer service staff are the first point of contact. They have generally known their customers for years and can accommodate their individual wishes. They take the orders – generally by phone – and can check a wide variety of parameters using an IT system. Be it product availability, certain specifications, the product price or the delivery time.

However, the work of customer service staff is by no means finished after they have confirmed the order: they have to liaise with all the relevant in-house departments, such as purchasing, process management and shipment, in order to guarantee smooth handling.

It is exactly this reliability and flexibility that our partners value so highly – in North America and around the world!

Santiago de Querétaro

... and you have already noticed – we often use the word "**partners**" – for we not only work for our customers but also cooperate very closely with our suppliers.

And so we continue our journey to Mexico. Here, we have selected one of our Business Development Teams as an example because it focuses on cooperation with our suppliers.

To put it simply, it's all about the link between supply and demand: the chemical producers, who are our suppliers, want to offer promising and innovative products. And because we at Brenntag are represented all over the world but are also close to the customer, we know the various sales markets. We therefore help the suppliers to launch their products on the right markets and realize their full potential, sometimes even simultaneously in various countries or even on different continents!

So, Ladies and Gentlemen, that concludes our world tour and I hope that with these snapshots I have been able to give you a vivid impression of Brenntag's numerous activities.

Chart 26 (Strategic focus on continued profitable growth)

We have talked a lot about the past year, about what happens in the Group on a day-to-day basis. To conclude, I would like to take a look

forward and give you an impression of how we imagine the future at Brenntag.

I can promise you one thing – we will not rest on our laurels. But at the same time, we also believe that the Group is already very well positioned today to continue to grow profitably. Our previous success has shown that it is right to keep to what has been tried and tested. We will continue to grow through acquisitions, we would also like to grow organically in future and, of course, we are working constantly on a wide range of initiatives which will ultimately lead to greater efficiency and higher earnings. All this is based on our outstanding business model and some other important aspects: our core business is still less-than-truckload deliveries – in other words, very small quantities of chemicals. The numerous value added services which we offer clearly set us apart from the competition. Roughly one third of our employees work in the customer-focused departments, sales and marketing. This enables us to meet our customers' very individual needs and fulfill their wishes. And these customers come from a large number of diverse industries. This means we are very broadly diversified both in relation to our customers, suppliers, products and geographic coverage – and therefore optimally positioned for the future.

The most important factor for successful business is, however, our employees who have great expertise and many personal relationships with customers and suppliers.

Our ambition on safety and environmental protection is simply to have zero accidents and zero incidents.

Chart 27 (Outlook for 2014)

This brings me to the outlook for 2014.

We are expecting **sales to also grow** in 2014. Acquisitions still remain an important part of our growth strategy and we are aiming for further successful purchases this year. As the global market leader, we are very well positioned to continue participating in the long-term growth trends in chemical distribution.

We are also expecting **gross profit** to increase.

In **Europe**, the positive macroeconomic development in the first quarter of 2014 should continue throughout the year. At the same time, we are continuing to work on optimizing the business processes in this region.

For the **North America** segment, we are expecting an improvement in earnings after costs were impacted in the first quarter of 2014 by the bad weather.

For the **Latin America** and **Asia Pacific** regions, we are anticipating difficult economic and political conditions overall which will not improve

in the short term. In Latin America, this applies in particular to Venezuela and in Asia especially to Thailand.

At Brenntag, **EBITDA** is the key performance indicator and here, too, we are expecting a further increase for the Group for 2014 as a whole. The basis for this earnings growth should be the development of gross profit.

Ladies and Gentlemen,

Brenntag has a history of over 130 years and in this time has developed to become the global market leader in chemical distribution. All of you – our shareholders, our customers and suppliers, our employees worldwide – are contributing to the success of this company. And for that I would like to sincerely thank to you – also on behalf of my board colleagues. Together with you, we would like to continue to successfully shape the future of the company.

I would like to thank you for listening to me and look forward to your questions.