

**Brenntag AG
General Shareholders' Meeting
on June 9, 2015**

Speech by the Board of Management



**Steven Holland
Chief Executive Officer**



**Georg Müller
Chief Financial Officer**

Check against delivery

Dear Shareholders,
Members of the Supervisory Board,
Representatives of the media,
Ladies and gentlemen,

On behalf of the Board of Management of Brenntag AG, please allow me to warmly welcome you to this year's ordinary General Shareholders' Meeting!

I am delighted to be able to report to you – our owners – today on the development of the Brenntag Group over the past year, but above all we would also like to look ahead with you and to provide you with a deeper insight into our business. Georg Müller, our Chief Financial Officer, will also provide you with further details regarding our financial situation.

But I would like to start off by looking back at 2014 and by focusing, in particular, on a number of key events in Brenntag's development.

Highlights in 2014

Despite market conditions that remained challenging, in the past year we once again achieved all-time highs for our two key earnings parameters, "gross profit" and "operating EBITDA".

Moreover, we adhered to our proven strategy, which includes acquisitions, and we made purchases in the USA, Europe and Latin America.

The continued harmonization and streamlining of our operational processes as well as various growth initiatives led to positive results in 2014, and in the current year as well we expect these measures to provide further growth.

Another key milestone was the refinancing of our financial liabilities, which we successfully implemented in March last year. My colleague, Georg Müller, will provide you with further information on the details of this transaction later.

In the third quarter of 2014, we carried out a 1:3 stock split with the goal of improving the liquidity in our share.

And last but not least, we rolled out our new slogan “ConnectingChemistry” worldwide. In the course of this General Shareholders’ Meeting, I shall outline why this addition is so much more than just branding.

Sustainable and highly profitable growth

To give you a sense of the resilience of our business model, I would like to start by looking at Brenntag's long-term development together with you.

This very clearly shows that the Group has achieved continuous growth in both its operating gross profit and EBITDA and even during the financial crisis of 2008/2009 we were able to demonstrate a highly resilient business performance

Key financial figures in 2014

Let us look now at 2014, which further demonstrated this positive trend.

Despite a persistently difficult global economic and political environment, the Group continued to grow and achieved a strong result for the 2014 financial year.

Its **gross profit** increased by 4.2% to more than 2 billion EUR. Adjusted for exchange rate effects, this represents growth of 4.8%.

On a constant currency basis, **operating EBITDA** increased by 4.3% and amounted to 726.7 million EUR

Brenntag's so-called "conversion ratio", i.e. its **operating EBITDA to gross profit ratio**, amounted to 35.8%.

The “**free cash flow**” indicator once again illustrates the attractiveness of our business model. In the reporting period, cash flow was a considerable 521.6 million EUR.

Business Segments in 2014 – Europe

Let us now take a look at our four regions. Over the next few pages, you will see bar charts that compare the development of operating gross profit and operating EBITDA in 2013 and 2014.

In the past year, the **Europe segment** was once again characterized by a difficult macroeconomic environment, which only recovered gradually. Nevertheless, on a constant currency basis Brenntag increased its operating gross profit in this region by 4.3% to 972.0 million EUR. Adjusted for exchange rate effects, our operating EBITDA figure also saw very positive growth of 12.4% to reach 335.9 million EUR.

During the last 2 years we have implemented our pan-European approach, after having managed the European countries individually in the past. We have now an established European management team and have the basis for long term sustainable success.

We have made a solid start to the current financial year and expect ongoing efficiency and growth initiatives to continue to contribute as a result. We are optimistic for the remainder of the financial year in Europe.

Business Segments in 2014 – North America

In **North America**, the economic environment was positive overall, and we were able to smoothly integrate our acquisitions in this region into the Group.

We achieved a very positive increase of 6.0% in our operating gross profit to 802.2 million EUR on a constant currency basis. However, the development of Brenntag's earnings in this region suffered temporarily due to various cost factors, and our operating EBITDA decreased by 0.2% on a constant currency basis.

The North America segment once again posted good results in the first quarter of 2015, and we already see a considerably better cost situation in the current year.

Business Segments in 2014 – Latin America

In **Latin America**, the economic and political situation continued to pose significant challenges for us in 2014. Following a weak start to the year, our earnings trend improved towards the end of 2014. The Latin America region increased its operating gross profit by 6.1% and its operating EBITDA by 2.9% – in each case on a constant currency basis.

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These positive trends support our expectations of the growth opportunities in this region. Overall, we are now well placed here and have the necessary experience to tackle the economic and political challenges that we face in individual Latin American countries.

Business Segments in 2014 – Asia Pacific

The **Asia Pacific region** is another emerging markets region and poses continuous challenges in terms of its macroeconomic and political environment.

The operating gross profit was at broadly the same level as in the previous year and amounted to 120.7 million EUR. On a constant currency basis, that represents an increase of 1.9%.

Our operating EBITDA decreased by 13.1% on a constant currency basis to 41.2 million EUR. This decline is partly attributable to planned growth initiatives that required additional set up costs. Among other measures, we expanded our management team for the Asia Pacific region, which initially entailed higher costs.

The Asia Pacific segment has been characterized by uneven economic development for some time now. While Australia and Thailand remain weaker than expected, in China we have observed a continuous improvement in our earnings. What is fundamentally positive is that

since the fourth quarter of 2014, we have once again seen a positive trend in this region.

Business performance in the 1st quarter of 2015

This brings us now to the very favourable development of our key financial figures in the first quarter of 2015.

Our **gross profit** improved year-on-year by an outstanding 15.2% to 557.3 million.EUR On a constant currency basis, this still represents an increase of 4.3%.

In terms of our **operating EBITDA**, we even saw growth of 22.2% compared to the previous year, which represents an increase of 9.7% after adjustment for exchange rate effects. Operating EBITDA therefore reached 195.0 million EUR in the first quarter.

These very strong growth rates are partly attributable to the US dollar's significantly stronger exchange rate against the euro, which has provided something of a tailwind for our earnings development. However, our exchange-rate-adjusted growth rates are also respectable and we are highly satisfied with our quarterly result.

Free cash flow for the first quarter of 2015 has more than doubled by comparison with the same quarter in the previous year and has increased significantly to 161.0 million.EUR

Successful acquisitions in 2014

In the past year, we once again adhered to our proven strategy. Besides organic growth, we see acquisitions as a key pillar of our successful business development.

We are delighted with the fact that we significantly stepped up our acquisition activities in the past year. In various regions of the world, we realized takeovers with a total purchase price volume of around 140 million EUR.

First of all, Gafor in Brazil.

- Gafor is a distributor of specialty solvents headquartered in Sao Paolo. The largest industries served by Gafor are coatings, adhesives, personal care and chemical manufacturing.
- In 2014, Gafor generated sales of approximately EUR 49 million.
- This acquisition will help us to expand our market presence and provides us with an appropriate size in this Latin American country.

Philchem in Houston, Texas

- Philchem is specialized in managing supply and demand imbalances in selected product groups. The company has long-term relationships with key suppliers and excellent logistics expertise.
- In 2014, the company generated sales of around EUR 113 million.

In September last year, we acquired **Chimab SPA in Italy**.

- The company is a supplier of food ingredients and semi-finished products for several food sub-sectors and
- generated sales of around EUR 34 million in 2014.
- Through Chimab, we have further expanded our market position in the food industry in Italy.

In December 2014, a further acquisition followed with **SurtiQuímicos S. A. in Colombia**,

- which focuses on the distribution of specialty chemical products and formulations for the paint, food & beverages, textile and construction industries.
- In 2014, the company generated sales of EUR 10.5 million.
- With this company, we will strengthen our presence in Latin America in the specialty chemicals segment.

Moreover, at the end of last year we also announced the acquisition of **Fred Holmberg & Co. AB in Sweden**, which we closed in the current year.

- The company is focused on the distribution of organic and inorganic chemicals.
- In 2014, its sales amounted to around EUR 78 million.
- With this acquisition, we will strengthen our infrastructure and expand our portfolio of industrial chemicals in Scandinavia.

Agenda – key financial figures for 2014

I will now hand over to my colleague, Georg Müller, who will provide you with the key financial figures for 2014.

Georg, if you please!

Income statement

Good morning, ladies and gentlemen.

I should like to begin today with an abridged consolidated income statement, in which we have prepared some of the key financial figures for you.

In 2014, the macroeconomic and political environment remained difficult in a number of countries and regions. Although global economic growth was not all that strong, Brenntag demonstrated the strengths and also the resilience of its business model by posting very strong figures.

- In the past year, sales increased by 3.2% on a constant currency basis and amounted to a good EUR 10 billion.
- Gross profit was in excess of EUR 2 billion and thereby increased by a good 4.8% on the previous year on a constant currency basis.
- At EUR 727 million and with a growth rate of 4.3%, operating EBITDA reached a new all-time high on a constant currency basis.

- The frequently cited ratio of operating EBITDA to gross profit amounted to 35.8% and remained more or less stable by comparison with the previous year.
- Earnings before tax amounted to EUR 507.8 million and increased by 2.5% compared to 2013.
- This resulted in a profit after tax of EUR 339.7 million.

Consolidated balance sheet as at December 31, 2014

Let us now look at the consolidated balance sheet, which remains very strong. There have only been minor changes by comparison with the previous year. It is worth mentioning that we have increased equity by a good EUR 260 million to EUR 2.4 billion. For 2014, the equity ratio therefore comes to 38%.

Free cash flow in 2014

On the following page, you can see the development of free cash flow. Brenntag has seen a very positive development in free cash flow for many years now. Funds resulting from free cash flow are normally used for acquisitions and for the payment of a dividend to our shareholders.

In 2014, we again achieved a strong free cash flow. The slight decline on the previous year mainly reflects changes in working capital. Investments in non-current assets – or capex – increased slightly to EUR 104.8 million, which is attributable to an increased volume of

business. However, we remained cost-conscious and have spent a bit less than we had expected for 2014.

Dividend

Since our stock market flotation in 2010, we have paid you, our shareholders, an attractive and increasing dividend every year.

And in the current year, we will continue to adhere to this policy. On behalf of the Board of Management and the Supervisory Board, we would like to propose to this General Shareholders' Meeting a dividend payment of 90 cents per share for the 2014 financial year. This represents a payout ratio of 41.0%.

Long-term maturity profile and investment grade rating

I will now come to our Group financing, which is a cornerstone of the success and also the flexibility of the Brenntag Group.

The maturity profile for our financial liabilities was agreed in March 2014. The key element of our financial liabilities – namely our syndicated loan agreement – has been extended ahead of schedule and its term now expires in March 2019. At the same time, our interest margins have been significantly reduced, resulting in annual savings of at least EUR 6.0 million. Moreover, our revolving credit facility has been increased by EUR 100 million to the current EUR 600 million.

In March this year, the rating agency Moody's upgraded Brenntag's credit rating to "Baa3", thereby raising it to the especially high investment grade level. Standard & Poor's already awarded us this status some time ago. For the first time, Brenntag now has an investment grade rating from these two internationally respected rating agencies.

On the basis of this adjustment of its conditions, the Group's financing has now been placed on a very long-term footing, and these improvements reflect Brenntag's continued positive development. Together with our investment grade rating, this not least underlines our excellent reputation on the capital markets.

Sustainable share price increase of the Brenntag share

Before I comment on the development of the share price in 2014, I would like to mention a few highlights in relation to the Brenntag share:

- Since our stock market flotation a good five years ago, our share price has increased by more than 240%.
- We have outperformed the DAX in every year since our flotation.
- The market capitalization of the Brenntag Group now amounts to some EUR 9 billion – we are therefore a genuine heavyweight on the MDAX.
- And this also accounts for why we are repeatedly a candidate for a DAX entry – we are regularly placed around 30th in Deutsche Börse's market capitalization ranking.

Let us now take a look at the price trend for the Brenntag share over the past year.

In 2014, the trend on the stock markets was shaped by relatively high fluctuations in both directions. In the second half of the year, the European Central Bank's interest-rate policy provided positive momentum on the markets.

The Brenntag share followed this trend and ended the year close to its all-time high, following a strong performance in the last few months of the year. Its closing price in 2014 was EUR 46.51, which represents an increase of 3.6% on the closing price for the previous year.

This positive trend has remained intact since the start of 2015, and the share has developed in line with the DAX and MDAX indexes.

As at June 5, 2015, our share price amounted to EUR 52.50.

Outlook for 2015

Looking ahead to the future, the trend remains wholly positive for 2015. We expect that the global economic situation will continue to ease, and our strong position as the market leader will result in further **sales growth**.

However, the more important point for us is that we anticipate growth in **gross profit**, which serves as the basis for the development of our **EBITDA** figure – Brenntag’s key performance indicator.

Our EBITDA will likewise develop positively in 2015 – thanks, primarily, to our two key regions **Europe** and **North America**.

In **Europe**, we expect that the macroeconomic situation will continue to ease, which will help us to achieve further growth. Internally, we are continuously optimizing our business processes and our commercial excellence.

In **North America**, we expect to regain our historical strength, namely to improve our earnings and our efficiency, which both suffered in the past year due to a series of costs.

For the **Latin America** and **Asia Pacific** regions, we anticipate a trickier economic and political environment overall in several countries, which will have a knock-on effect. However, over the medium and long term, we see the strongest market and growth potential in these regions, and in the Asia Pacific region especially.

Please allow me to briefly summarize my comments:

Brenntag's development as the global market leader in chemical distribution and as a listed company is a genuine success story. We have demonstrated that we are able to hold our own even in a challenging environment, and the Group remains well positioned. In Europe especially, we have achieved positive momentum for our business in 2014.

Agenda – ConnectingChemistry

Let me now hand back over to Steve Holland, who will outline Brenntag's strategic development for you.

Steve, if you would be so kind.

Focusing on the needs of customers and suppliers

Ladies and gentlemen, as you know, we have an extremely successful business model in an attractive market. Thanks to our strong diversification, we are extremely resilient and also enjoy growth opportunities. The ongoing process of consolidation on the chemical distribution market is highly positive from our point of view and offers us opportunities.

As the global market leader, Brenntag is outstandingly positioned in chemical distribution. We have a strong presence in every region of the world and have very solid and long-standing relationships with our customers and suppliers.

All this makes for an excellent platform from which the company can continue to develop positively. However, we are also aware that this will not happen on its own, and that is why we are continuously seeking to improve the quality of our services and to further develop every aspect of our business.

And it is precisely this message that we aim to communicate through our new branding “ConnectingChemistry”, which we rolled out worldwide last year. For Brenntag and its employees, this slogan is therefore much more than just an addition to the “Brenntag” brand.

Of course, we always focus on achieving long-term and sustainable growth in the value of our company.

Outstanding quality in chemical distribution

“ConnectingChemistry” stands for our commitment to bringing together customers and suppliers in a profitable partnership. Externally, we connect chemistry at every level, while internally we have defined goals and values throughout our Group that every Brenntag employee is

committed to upholding. We therefore actively live our vision of “ConnectingChemistry”!

Today, ladies and gentlemen, you will find us and Brenntag’s products in many areas of everyday life. I would like to provide you with a few examples that illustrate the nature of our business and our products.

Living – oil & gas

You will certainly have noticed how everyone is currently talking about the oil & gas industry. Oil and gas resources provide a significant share of our society’s energy requirements. We need energy for cooking, to heat our homes, as fuel for our cars and to provide electricity.

Brenntag supplies products and services for every part of the value chain in the oil and gas industry. We understand this business and the needs of our customers. We guarantee timely delivery of even very small quantities of chemicals, be it for the exploration, processing or distribution of oil and gas. Our ability to deliver to even the farthest-flung locations is crucial in the oil and gas industry.

Living – coatings & construction

Coatings and construction are another important area in which Brenntag operates. Here, we supply products for every aspect of your daily lives. The table surface in front of you contains additives from Brenntag, as do windows in buildings, chairs, carpets and even the concrete that we use

to build our cities. Here, we offer our customers a broad range of services, from consulting, to improved formulations, to complex logistics solutions. We enable our customers to outsource part of their manufacturing process and thereby reduce the level of complexity within their business.

Lifestyle – food

Through our commitment to the food and cosmetics industry, we always have our finger on the pulse.

The food industry is more than any other industry influenced by global and rapidly evolving trends. In order for us to be the preferred partner for our customers and suppliers in this sector, quality, flexibility and comprehensive expertise in terms of ingredients, fields of application and markets are essential. Many of our customers appreciate the expertise which we are able to draw upon through our international network. This helps us to stand out against the competition.

Lifestyle – cosmetics

It is a similar picture in the cosmetics industry. Beauty, anti-ageing and personal care are all part of today's lifestyle. This industry is highly creative, but above all fast-moving and consumer-oriented. Brenntag supplies raw materials and solutions here, and helps manufacturers to bring their products to market efficiently. Our proximity to customers and our market expertise enable us, together with manufacturers, to react

rapidly to changes in customer behaviour therefore help our partners to compete.

Dear shareholders, that was only a brief overview of our operating activities, but our strategy remains clearly defined.

Strategic focus on further profitable growth

We are the global market leader in chemical distribution and the only chemicals distributor with a genuinely global orientation. We have highly motivated employees and one of the most efficient distribution and marketing organizations in the industry. We are also working continuously on various initiatives that will ultimately lead to further efficiency gains and earnings improvements.

We have a robust and sustainable business model – focused on safety, environmental protection and growth. Our core business is the supply of small quantities of chemicals, and our large number of value-added services set us clearly apart from the competition.

As in the past, in the future we will continue to grow organically as well as through acquisitions and seek to further develop our competitive advantages of scale and excellent local service

Ladies and gentlemen,

As the shareholders of this great company, the Board of Management of Brenntag AG would like to take this opportunity to express their heartfelt thanks to you, as well as to our workforce of more than 13,000 employees and our business partners, for your loyalty and for the confidence that you have placed in us. Together with you, we would like to take Brenntag forward into an equally successful future.

Thank you for your attention, and I look forward to your questions.