

**Brenntag AG
General Shareholders' Meeting
on 14 June 2016**

Speech by the Board of Management



**Steven Holland
Chief Executive Officer**



**Georg Müller
Chief Financial Officer**

Check against delivery
Not to be published until the speech begins

Dear shareholders,
members of the Supervisory Board,
and guests,
ladies and gentlemen,

We are delighted to have the pleasure of your company here today and, on behalf of the Board of Management of Brenntag AG, warmly welcome you to this year's ordinary General Shareholders' Meeting!

Today, I am joined by our CFO Georg Müller and I will give you an overview of the key events and developments at Brenntag during 2015. But first I would like to present our Company, the leader in chemicals distribution!

#1 – Global market leader in chemicals distribution

We are the global market leader in chemicals distribution – and for good reason. In this highly fragmented market, we are uniquely positioned. We see ourselves as the leader, out in front in many aspects. This applies in particular to:

- Customers!
- Service reliability – which is quite rightly expected of us!
- Our suppliers – with whom we maintain relationships of trust!
- Financials – which are an essential ingredient in the Company's strength!
- Specialty chemicals – an area of chemicals distribution where we are already market leader and seek to grow further!
- The markets we serve are diverse and cover the world
- Finally business excellence in safety and long term sustainability.

Quality of service is key to success

Brenntag is the preferred partner for its 180,000 customers because we follow an unparalleled approach. Our colleagues in sales and marketing actively engage with our customers. Thanks to our dense network of locations and full-line product portfolio of industrial and specialty chemicals, we are always able to meet customers' individual requirements.

But the key factor in chemicals distribution is service. The broad range of value-added services we provide every day gives us an important competitive edge. These value-added services may be quite simple, such as ensuring constant product availability, prompt delivery or the quality of individual product range. They may also be much more complex, however, extending to technical support in the use of specialty chemicals products.

Proven reliability in many respects

Being a chemicals distributor requires a high level of responsibility on many fronts, such as safety, the environment. Our business partners depend on us which therefore places great emphasis on offering them reliability! As the global market leader and a leading brand in the chemicals distribution market, it is imperative to provide reliability on the various fronts.

Active supplier relationship management ensures growth

Brenntag acts as a link between chemicals manufacturers and end customers in a number of customer industries. Establishing and maintaining partnerships with our suppliers is paramount and gives us a decisive competitive edge. These strong relationships pave the way for stable business performance and result in business expansion. Our customers benefit from these relationships in that we are able to offer them the broadest range of products and optimum product availability. It is therefore important for us to remain our producers' preferred partner in chemicals distribution.

Lasting financial success

As you all know, Brenntag has an excellent financial profile, essential as the leader in chemical distribution and enabling us to set ourselves firmly apart from our competitors. This is acknowledged by customers and suppliers in particular. Brenntag continues to demonstrate rising earnings and regularly generates strong cash flows, from which we are able to pay you, our shareholders, an attractive dividend. Our

financial stability is also reflected in our credit rating: last year, Moody's joined Standard & Poor's in assigning the Company an investment grade rating, underlining our excellent reputation on the debt markets as well.

Outstanding position in attractive market for specialty chemicals distribution

As a full-line distributor, Brenntag is the global market leader. But we also take the lead in the distribution of specialty chemicals.

Specialty chemicals feature in the food and cosmetics industries, for example, where they are used as raw materials or additives in manufacturing products. Brenntag is recognized as the leading partner in the sale and application of specialty chemicals in the market. Customers and suppliers come to us and together with our specialists develop formulations for innovative products. At our application centres around the globe, we offer technical training and seminars for our business partners.

At Group level too, the strategic focus is on expanding this profitable business with strong growth prospects.

Tracking current market trends

Brenntag is diversified across a broad range of customers, suppliers, countries and industries. One of our competitive advantages is that we combine our global scale with local proximity to our customers.. We use our existing infrastructure for both industrial and specialty chemicals. Our specialists are in touch with the latest market trends and customers' requirements in their respective industries. Through our constant contact with customers and suppliers, we gain important knowledge, which we make available to our business partners, thereby continually optimizing access to markets.

Excellence in execution

Chemicals distribution is an attractive business. But to stand out from competitors and keep pace with the market, a company must continue to ensure high quality across the board.

Brenntag has demonstrated its excellent position in many respects. Safety is our top priority. Health and the environment are also issues integral to our business model. We employ highly motivated people who identify with our corporate values and thus shape our corporate culture. We are our customers' first choice because we focus on their individual requirements and deliver the best service – always. We are also successful when it comes to acquisitions and financial transactions because of our well proven and systematic approach.

But be assured that we are constantly working on our business performance and efficiency– which was again the case in 2015.

Overview of financial year 2015

Highlights of 2015

I would now like to provide you with information on the most important events in 2015:

Market conditions were not easy in 2015, but we were able to lift our key earnings metrics, gross profit, EBITDA and net profit, to all-time highs again last year.

We were particularly acquisitive in 2015, making ten acquisitions with a total value of more than EUR 550 million. This is higher than recent years and I will go into the main transactions in more detail later on.

With regard to our financing, I already mentioned our investment grade rating from the two rating agencies Moody's and Standard & Poor's at the beginning.

In addition, in the third quarter of last year, we successfully placed a bond with warrant units in the amount of USD 500 million. Our Chief Financial Officer, Georg Müller, will explain this to you in further detail later on.

At the beginning of the General Shareholders' Meeting, you met my colleagues Karsten Beckmann, Markus Klähn and Henri Nejade, all members of the Board of Management since last year. This expansion of our team addresses the Group's continuous global growth and future strategic direction.

Sustainability also plays a major role at Brenntag! We now publish a sustainability report every year and are making considerable progress in this area. The sustainability report for 2016 will be published in summer!

Sustainable growth combined with high profitability

Let us now move on to two key financial performance indicators we use to measure the Group's performance. Here, you see the long-term path of gross profit and EBITDA since 2005.

We are very proud of the fact that we have achieved continuous growth in both performance indicators over this long period.

Key financial figures for 2015

Let us now look at 2015 in greater detail.

Brenntag operates globally and is clearly influenced by global economic conditions, which remained difficult in financial year 2015.

In this context, I would like to mention in particular the sustained economic weakness in North America and the decline in business with customers in the oil & gas industry in this region.

Despite these challenges, Brenntag posted a solid set of results for financial year 2015.

Gross profit rose by an excellent 11.8% to just under EUR 2.3 billion. On a constant currency basis, it was up by 2.4%.

EBITDA followed this trend, rising by 11.1% to EUR 807.4 million. On a constant currency basis, EBITDA remained stable.

The conversion ratio, that is the **ratio of EBITDA to gross profit**, also remained almost unchanged, at 35.6%.

Free cash flow once again highlights the attractiveness of our business. This indicator showed a significant increase of almost 50% to EUR 764 million.

Segments in 2015 – EMEA

Regionally, Brenntag manages the business on the basis of the EMEA, North America, Latin America and Asia Pacific regions.

The **EMEA** region, i.e. Europe, the Middle East and Africa, saw a weaker macroeconomic environment last year. Nevertheless, Brenntag increased operating gross profit in this region by 3.6% to over EUR 1 billion on a constant currency basis. Operating EBITDA likewise grew by a healthy 3.2% to EUR 353.0 million on a constant currency basis.

This solid result is primarily attributable to the measures we have initiated over the past few years. We have adapted internal processes and structures in line with the requirements of our customers and suppliers, thereby making them more efficient and profitable.

We made a good start to the first quarter of 2016 and are also optimistic about the further course of the financial year in the **EMEA region**.

Segments in 2015 – North America

In **North America**, last year was a picture of two halves. After a good first half, the US economy and the oil & gas sector in particular slowed considerably in the second half of the year.

Ladies and gentlemen, in the press there is always news about the decline in and sustained weakness of the oil price. I would like to quickly explain our exposure in this sector.

Principally, the oil & gas industry plays a role for Brenntag 'only' in North America. This customer industry accounts for approximately 25% of our North American business – and so for approximately 10% of the Group's business.

We provide a wide variety of products for the complete oil & gas value chain, which is generally divided into three parts: The upstream sector focuses on the exploration of crude oil and natural gas. The midstream sector concentrates on processing and the downstream sector transports the raw materials.

Typical Brenntag products in the oil & gas sector include cleaning agents, foaming agents, lubricants and cooling fluids.

Over 2015 as a whole, operating gross profit in North America rose by 17.5% to EUR 942.6 million. On a constant currency

basis, it held steady year on year. Operating EBITDA was more adversely impacted by the effects mentioned, declining by almost 5% on a constant currency basis. In 2015, we implemented cost-cutting measures to counter this.

In the **North America region**, we envisage a weak macroeconomic environment again in 2016. However, in the coming months, we expect demand in the oil & gas business to stabilize at the lower level now reached.

The integration of our two large acquirees in the USA, J.A.M. and Berlin-Windward, is fully under way and we expect them to make solid contributions to earnings for 2016.

Segments in 2015 – Latin America

Economically and politically, **Latin America** is a very volatile region. Especially in light of this backdrop, we are very pleased with this segment's results for 2015.

Latin America increased operating gross profit by almost 10% and operating EBITDA by a little under 30%, in each case on

a constant currency basis. Due to the strong US dollar, the growth rates reported were even higher, as you can see in the presentation.

In past years, Venezuela had always made a solid contribution to earnings. Due to the dramatic political and economic situation in the country, we do not expect Venezuela to make any meaningful contribution in 2016. Overall, however, we believe we are very well positioned in the Latin America region. The steps we have taken in past years to reposition the business will continue to bear fruit going forward.

Segments in 2015 – Asia Pacific

We also posted good rates of growth in the Asia Pacific region and are very pleased with this segment's performance.

Operating gross profit stood at EUR 140.0 million, an increase of 2.3% on a constant currency basis.

Operating EBITDA grew at a much stronger pace, rising by 7.0% on a constant currency basis to EUR 50.3 million overall.

In recent years in the Asia Pacific region, we have created a very stable platform geared to growth. We now operate in 15 countries there with a workforce of almost 1,800 employees.

We believe this region harbours the greatest opportunities for future growth. We acquired the remaining 49% of Zhong Yung in China just a few days ago and expect further opportunities for expansion.

Business performance in the first quarter of 2016

I would now like to look at our business performance in the first quarter of 2016.

Gross profit climbed by just over 6.2% year on year to EUR 586.6 million on a constant currency basis.

We were not quite able to match the high **EBITDA** figure achieved in the first quarter of 2015 due mainly to the strong

decline in earnings in the oil & gas sector and to general economic weakness in North America. In addition, as already mentioned, we have to forgo the contribution to earnings from Venezuela. EBITDA was almost stable year on year at EUR 192.1 million.

Free cash flow for the first quarter of 2016 was strong again at EUR 131.2 million.

Successful acquisitions in 2015

We were particularly acquisitive last year. As already mentioned, we made acquisitions totalling more than EUR 550 million. That is by far the highest figure since our stock market flotation in 2010. In the following, I would like to give you some details on our main acquisitions in 2015.

We were active in almost all regions. In North America, we acquired two of the leading lubricants distributors, J.A.M. in Texas and Berlin-Windward in the New England states. We are now the market leader in this field.

In EMEA we made selected acquisitions in Sweden, Spain and Turkey that help us to strengthen our market position and expand our presence in the countries. In South Africa, we expanded our specialty chemicals business and, in Dubai, we made a strategic break into the market in the Middle East region by acquiring Trychem.

In the Asia Pacific region, the acquisition of TAT Group was of major strategic importance. It expands our industrial chemicals business significantly.

Although we were much more active in 2015, we still expect the average annual value of the acquisitions we make to be between EUR 200 and 250 million in the coming years.

Agenda – key financial figures for 2015

I will now hand over to our Chief Financial Officer, Georg Müller, who will provide you with the key financial figures for 2015. Georg, if you please!

Consolidated income statement

Good morning, ladies and gentlemen.

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

In 2015, the macroeconomic and political environment remained challenging in a number of countries and regions. Although the global economy grew only slightly, Brenntag exceeded the prior-year results by a clear margin.

- The Group's sales increased by 3.3% to EUR 10.3 billion. At this point, I would like to reiterate that we manage the Group not on the basis of sales, but primarily on the basis of gross profit and EBITDA. Sales are heavily dependent on chemicals prices, which are beyond our control, but gross profit and EBITDA are not. Both figures increased significantly year on year.
- The often-watched ratio of EBITDA to gross profit likewise remained almost stable year on year at 35.6%.
- Profit before tax amounted to EUR 549.3 million, an increase of 8.2% compared with 2014.
- Profit after tax was therefore EUR 368.1 million, an increase of 8.4%.

Consolidated balance sheet as at December 31, 2015

Let us now look at the consolidated balance sheet, which remains very strong. There have not been any significant changes compared with the previous year. Financial liabilities rose by approximately EUR 350 million, due mainly to the placement of the bond with warrant units and the repayment of the accounts receivable securitization programme. At the same time, the strong cash flow enabled us to increase cash and cash equivalents by around EUR 90 million. It is also worth mentioning that we lifted equity by more than EUR 300 million to just under EUR 2.7 billion. For 2015, the equity ratio is therefore almost 40%.

Free cash flow

Chemicals distribution is also a very attractive business in terms of cash flow generation.

Brenntag has seen very good free cash flow figures for many years now. We normally use these funds to pay a dividend to you, our shareholders, and for acquisitions.

In 2015, we achieved a particularly strong free cash flow, which at EUR 764.3 million was up by almost 50% on the prior-year figure.

Attractive dividend performance since the IPO

We do of course wish to allow you to participate directly in the Company's success again this year by paying a dividend and propose to the General Shareholders' Meeting a dividend payment for financial year 2015 of EUR 1.00 per share. This represents a payout ratio of 42.3%.

Long-term maturity profile

I now come to our Group financing, which is an important building block of the Brenntag Group's stability and flexibility.

The maturity profile of our financial liabilities currently comprises three key components:

- a bond maturing in 2018,
- a syndicated loan agreement expiring in 2019 and
- a bond with warrant units added in November last year and maturing in 2022.

A few details on these:

In the fourth quarter of 2015, we very successfully placed the bond with warrants units in the amount of USD 500 million and bearing a coupon of 1.875% p.a. The bond has a term of seven years – that is to say, it matures in 2022. The bond was issued together with warrants on Brenntag shares, which entitle holders to purchase Brenntag shares at a fixed price. When the bond with warrant units was issued, that price was EUR 72.93, representing a premium of some 45% on the price of Brenntag shares at the issue date.

We were able to market the offering very quickly by disapplying shareholders' pre-emptive rights. Only in this way were we able to swiftly take advantage of the favourable market environment. We

obtained very good terms for Brenntag AG and extended our maturity profile considerably.

The reason for this transaction is as follows: Brenntag generates approximately 50% of its cash flow in US dollars, which is why we also wish to structure our financial profile mainly on a US dollar basis. This serves primarily to hedge against fluctuating exchange rates.

In light of this background, we are very pleased with the placement.

At this point, though, I would like to mention that this would not have been possible without your consent, as you approved the general meeting resolutions authorizing us to carry out such transactions at our General Shareholders' Meeting in 2014. So once again, thank-you very much for that!

[Handover back to Steve]

Steve!

Agenda – Outlook

Outlook for 2016

Ladies and gentlemen, let us now look ahead to the future and at our regions.

In the **EMEA** region, we are positioned better than ever and expect the economy as a whole to gain momentum slightly in the further course of the year. The first quarter reinforces our belief that we are very well positioned.

In the short to medium term, the **North America** region will continue to be marked by the weakness in the oil & gas industry and also by the general economic weakness. Over the long term, however, we expect a recovery here.

Leaving Venezuela aside, we are pleased with performance in **Latin America**. Even if we are always having to grapple with economic and political challenges in some countries in the region including the most recent issues seeing in Brazil.

We believe the Asia Pacific region harbours the greatest growth potential. We expect a significant increase in earnings here – due in part to the contribution from the recent acquisitions.

Acquisitions are a key part of Brenntag's strategy. Already this year, we have made acquisitions in Germany, South Africa and South Korea and purchased the remaining shares in our company in China, spending almost EUR 110 million in total. And we will continue to work on attractive acquisitions in the course of the year.

Ladies and gentlemen,

We are the global market leader in chemicals distribution and the only chemicals distributor of truly global scale. We are very aware of both the responsibility that market leadership entails and the responsibility we have towards you, our shareholders. We have a robust and resilient business model focused on safety, environmental protection and growth.

Be assured that we are committed to sustain Brenntag's record of success for all our stakeholders but particularly our shareholders both today and in the future.

Once again thank you for joining us today and being part of our journey into the future!