BRENNTAG

24/7

ON TIME WORLDWIDE

ANNUAL REPORT 2013

KEY FINANCIAL FIGURES AT A GLANCE

CONSOLIDATED INCOME STATEMENT		2013	2012	Change	Change (fx adj.)
Sales	EUR m	**9,769.5**	9,689.9	0.8%	3.3%
Gross Profit	EUR m	**1,945.5**	1,925.7	1.0%	3.7%
Operating EBITDA	EUR m	**698.3**	707,0	−1.2%	1.6%
Operating EBITDA / Gross Profit	%	**35.9**	36.7		
EBITDA	EUR m	**696.8**	707.0	−1.4%	1.4%
Profit after tax	EUR m	**338.9**	337.8	0.3%	
Earnings per share	EUR	**6.59**	6.52	1.1%	

CONSOLIDATED BALANCE SHEET		DEC. 31, 2013	DEC. 31, 2012
Total Assets	EUR m	**5,627.3**	5,708.1
Equity	EUR m	**2,093.7**	1,944.2
Working capital	EUR m	**1,044.4**	1,018.6
Net financial liabilities	EUR m	**1,341.7**	1,482.9

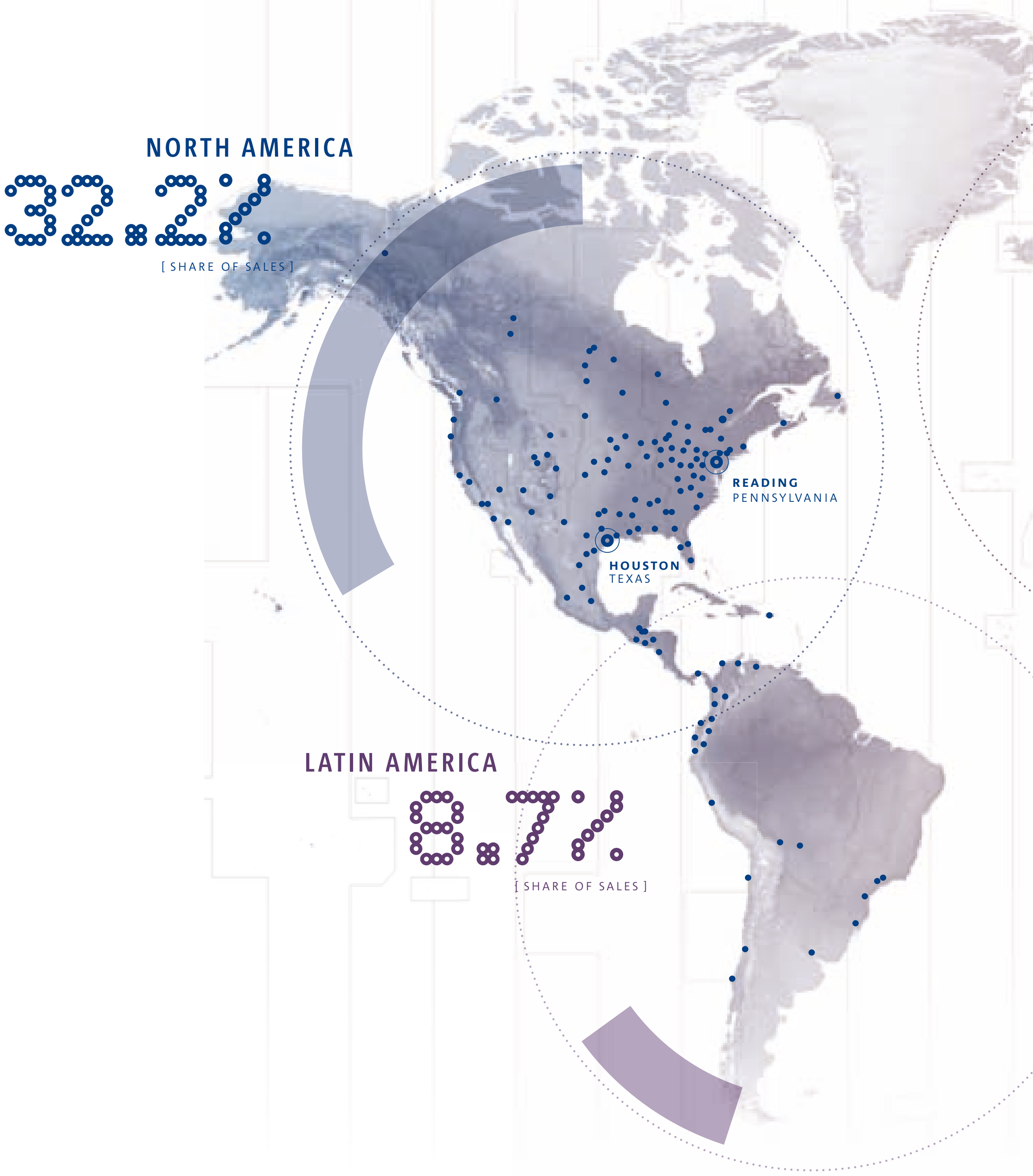
CONSOLIDATED CASH FLOW		2013	2012
Cash provided by operating activities	EUR m	**357.8**	433.0
Investments in non-current assets (Capex)	EUR m	**−97.2**	−94.7
Free cash flow	EUR m	**543.4**	579.3

KEY FIGURES BRENNTAG SHARE		DEC. 31, 2013	DEC. 31, 2012
Share price	EUR	**134.75**	99.43
No. of shares (unweighted)		**51,500,000**	51,500,000
Market capitalization	EUR m	**6,939**	5,121
Free float	%	**100**	100

OUR GOALS

- TO BE THE **SAFEST** CHEMICAL DISTRIBUTOR
- TO BE THE **FASTEST-GROWING** CHEMICAL DISTRIBUTOR
- TO BE THE **MOST PROFITABLE** CHEMICAL DISTRIBUTOR
- TO OFFER OUR CUSTOMERS INDUSTRIAL AND SPECIALTY CHEMICALS AND SERVICES **GLOBALLY**
- TO BE THE **PREFERRED CHEMICAL DISTRIBUTOR** FOR OUR CUSTOMERS AND SUPPLIERS

SEGMENTS



NORTH AMERICA

Brenntag is one of the market leaders in North America. With more than 150 distribution centres, we operate in all important industrial areas in the USA. Almost 4,000 emloyees ensure that our customers in the region have all the services they need.

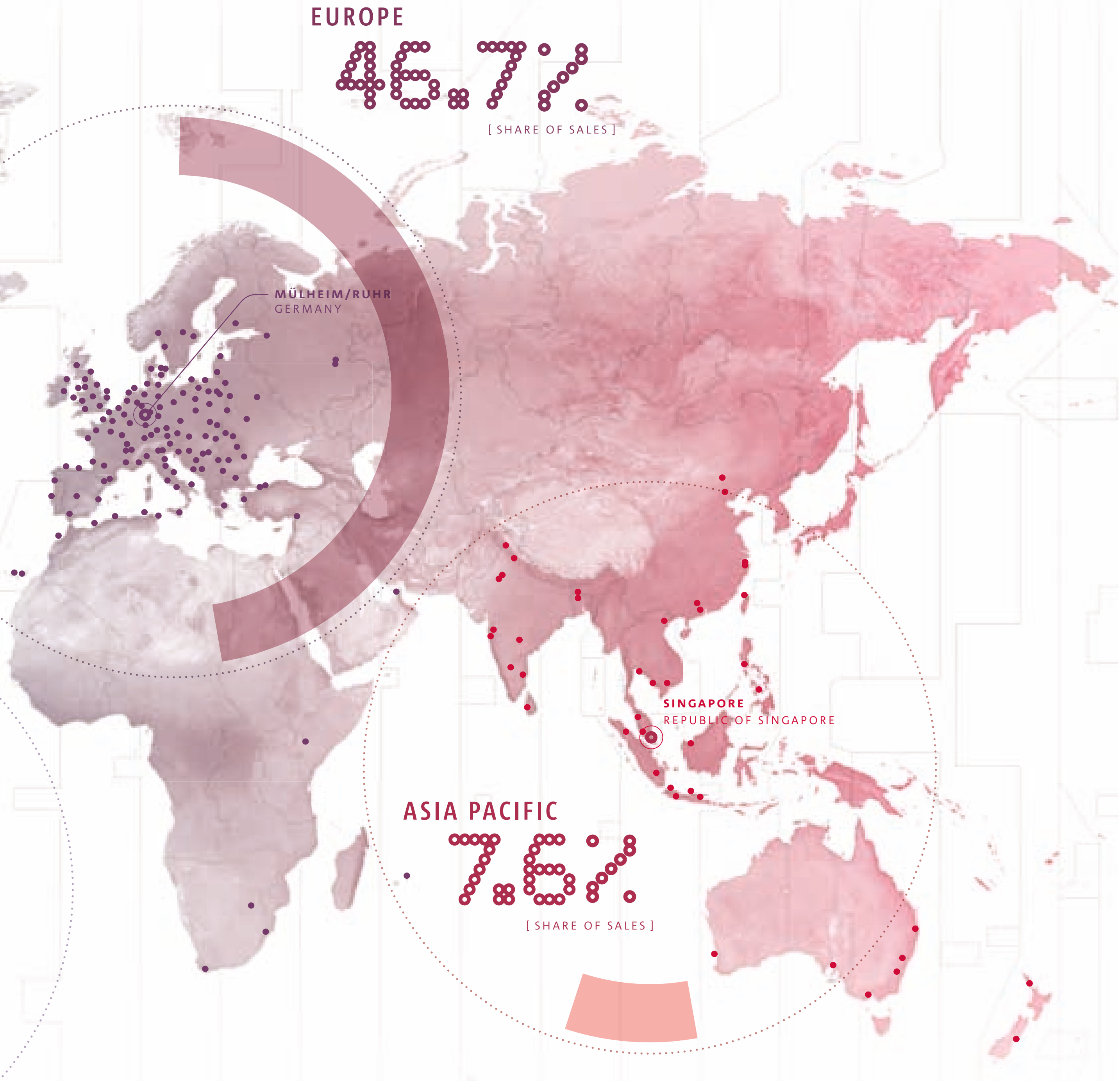
in EUR m	2013	2012
External sales	**3,143.6**	3,065.2
Operating gross profit	**763.1**	742.3
Operating expenses	**−437.4**	−420.6
Operating EBITDA	**325.7**	321.7

LATIN AMERICA

In Latin America, Brenntag is the only large trans-regional chemical distributor which covers the whole continent with its broad portfolio of chemical products and services. Our customers are serviced by over 1,400 employees from more than 60 locations in the 20 most important Latin American countries.

in EUR m	2013	2012
External sales	**849.2**	919.0
Operating gross profit	**163.6**	169.6
Operating expenses	**−116.6**	−112.7
Operating EBITDA	**47.0**	56.9

Figures exclude All Other Segments, which, in addition to various holding companies, comprise the international activities of Brenntag International Chemicals.



EUROPE

Brenntag is the clear market leader in Europe. The company has a dense network of more than 200 distribution centres in the region. From these locations, our workforce of more than 6,100 employees provides the Brenntag customers with the chemicals and services they need.

in EUR m	**2013**	2012
External sales	**4,558.3**	4,549.0
Operating gross profit	**930.0**	927.9
Operating expenses	**−632.6**	−622.0
Operating EBITDA	**297.4**	305.9

ASIA PACIFIC

Asia Pacific is the youngest region in Brenntag's network. We established the business with the acquisition of Rhodia's distribution network in the region. This network was expanded with several acquisitions in the years 2010 to 2012. In over 65 locations in 14 countries, we have established a workforce of more than 1,500 employees which provides all our customers in this region with chemical products and services.

in EUR m	**2013**	2012
External sales	**738.0**	708.6
Operating gross profit	**121.7**	113.5
Operating expenses	**−74.2**	−66.7
Operating EBITDA	**47.5**	46.8

24/7 ON TIME WORLDWIDE

Brenntag is the global market leader in chemical distribution! With the theme of this Annual Report **"24/7 – ON TIME WORLDWIDE"**, Brenntag focuses in particular on its competence in providing value-added services to customers and suppliers all around the globe and all around the clock.

"IT'S ALWAYS BRENNTAG TIME!"

Whether in sales, finance or purchasing: Somewhere in the world someone is always working on behalf of Brenntag and its partners.

We operate a complex and efficient network with more than 480 locations in more than 70 countries. Our more than 13,000 highly motivated employees are committed to not only providing tailor-made business-to-business distribution solutions but also addressing and fulfilling the individual needs of our stakeholders – 24 hours per day, 7 days per week.

STEVEN HOLLAND
CEO

Dear Shareholders and Colleagues,

Whilst 2013 proved to be a challenging year for the global economy, we successfully addressed these challenges at Brenntag and report a strong financial year for the Group.

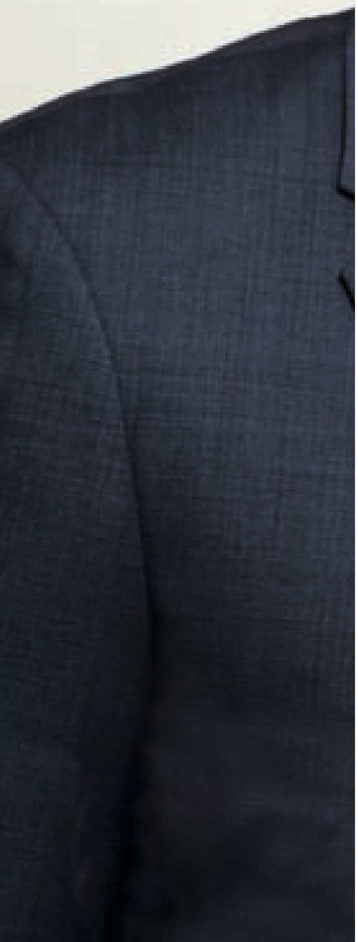
Within our Annual Report we aim to show all stakeholders some of the essential characteristics of our business model which places Brenntag into a strong position to adapt and grow in challenging markets. We have included examples from around the globe which we believe help demonstrate many of the reasons why we are often selected as preferred chemical distributor for our customers and suppliers. Thanks to our outstanding global network, we can be close to our customers and suppliers and offer them the best service in the industry across all time zones. And it goes without saying that we are working continuously to improve our service excellence in all regions of the world.

Building on these foundations, we record further sales growth in 2013. On a constant currency basis, sales increased by 3.3% to EUR 9,769.5 million. Gross profit, which is an even more important performance indicator for Brenntag, gained 3.7% on a constant currency basis to EUR 1,945.5 million. Adjusted operating EBITDA amounted to EUR 715.1 million, up 2.4% on the previous year on a constant currency basis and adjusting for the extraordinary provision increases. These results underline the benefits of our business model, which allowed us to continue on our growth path in spite of the difficult macroeconomic environment. Our growth is complemented by solid cost management, which enabled us to achieve strong EBITDA development in Europe.

During the year we continued to make acquisitions and successfully integrated new companies in our regions North America and Asia Pacific. We continue to observe the market for acquisitions carefully in order to expand our track record of diligent execution of our acquisition strategy. We are confident that we will deliver a substantial increase in investment volume in the year ahead.

In the past year, we published the first Sustainability Report for the Brenntag Group. The report focuses on our core values of health, safety and environmental protection. These have long been fundamental principles of our company and are essential for the long term future growth of our business.

Brenntag's share price again demonstrated a strong performance, rising by 35% over the course of 2013. The Board of Management and the Investor Relations team presented and discussed Brenntag's business development in detail with investors and analysts at a number of roadshows and investor conferences in major financial centres during the year. We are encouraged by the significant time and interest taken by investors and analysts alike to understand more about our company and the services we provide.



Our strong results enable us again to offer to our shareholders the prospect of an attractive dividend for the year under review. The Board of Management and the Supervisory Board will propose to the General Shareholders' Meeting a dividend of EUR 2.60 per share, up 8.3% on the previous year.

We are optimistic with regard to 2014 and are anticipating improved economic conditions to support growth. Having successfully overcome the difficult market conditions in recent years, we expect Brenntag to benefit strongly from the forecasted improvement in the global economic situation in 2014. By continuously adjusting our market approach to economic challenges we have created the right platform for growth.

Our strategy remains geared towards the steady organic growth through our products and services along the entire value chain supported by targeted acquisitions. In addition to these growth initiatives, we are striving to continually expand our network, promote best practices throughout the Group and further optimize our warehousing and transportation logistics.

On behalf of my colleagues on the Board of Management, I would like to take this opportunity to thank our dedicated employees around the world whose expertise and reliability make a vital contribution to the positive development of the Group.

We would also like to thank our business partners worldwide for the confidence they have placed in the Brenntag Group and its employees. Furthermore, we would like to express our particular thanks to our shareholders for their continued support and encouragement as we pursue our growth strategy.

Kind regards

Steven Holland
Chief Executive Officer
Mülheim an der Ruhr, March 18, 2014

STEVEN HOLLAND
CEO

"Our strategy remains geared towards the steady organic growth through our products and services along the entire value chain supported by targeted acquisitions"

24/7
ON TIME WORLDWIDE

With this trip around the world, we are showing one point in time at Brenntag. As the global market leader in full-line chemical distribution, Brenntag provides business-to-business solutions for industrial and specialty chemicals to its partners. As the company operates a varied range of business activities, in this Annual Report we are showing one example of our diverse services for each region.

PAGE 06

22:48:00

BANGKOK
THAILAND

The world tour starts in the Asia Pacific region where specialty chemicals play an important part. While the team focusing on the food industry in Thailand concludes another successful day with a dinner after a customer seminar for customers, our sales representative in the Mixing & Blending business unit in Germany is in vital talks with a customer asking for a specific blend to optimize his production process.

PAGE 12

DUISBURG
GERMANY

"Blending Solutions" is not just about mixing different ingredients. As a full-service partner we support our customers in improving the formulations of products that already exist and producing new and innovative blends on customer request. Thereby we support our customers to streamline their value chain.

16:48:00

PAGE 18

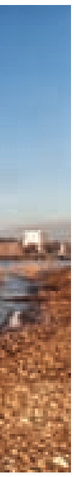
PHILADELPHIA
USA

At the same time, the day in North America has just begun for Brenntag employees in the Customer Service department. While talking to well-known customers on the phone, the customer service representatives are able to immediately check different parameters with the help of an IT system in order to confirm an order. Afterwards, they interact with several internal departments to guarantee a smooth order handling process.

PAGE 24

SANTIAGO DE QUERÉTARO
MEXICO

In Mexico, our sales force starts the day with the development of a marketing plan for one of our global suppliers, who wants to introduce a new product to different local Latin American markets at the same time. Using its business intelligence, Brenntag is able to perfectly interact between customers and suppliers.



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BANGKOK
THAILAND

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WE SUPPORT OUR CUSTOMERS – EVEN LONG BEFORE DELIVERY

PREECHA TONSAGUNRATTANACHAI

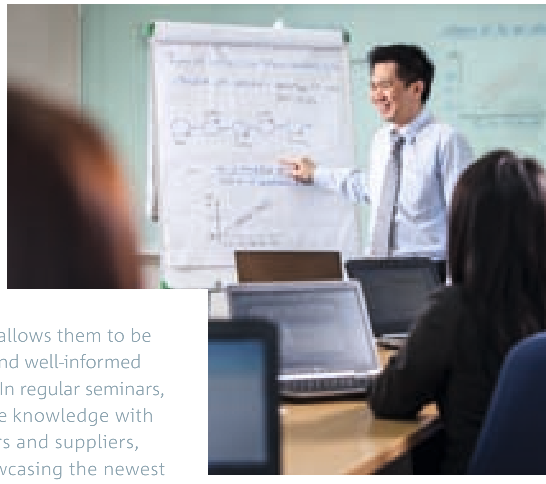
SENIOR SALES MANAGER
FOOD & BEVERAGE

22:48:00

BANGKOK
THAILAND

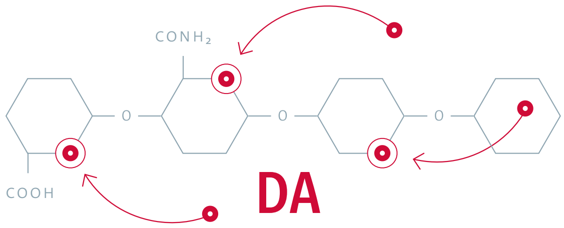
08:42:00

Knowing the market and latest trends is a key factor to success in the specialties business. Brenntag sales managers regularly present at trade fairs and networking events, ...



11:36:00

... which allows them to be reliable and well-informed advisors. In regular seminars, they share knowledge with customers and suppliers, also showcasing the newest ingredients available on the market.



DA

This is the molecule of pectin – a well-known food additive – which is treated during the manufacturing process and often a topic during Brenntag product training sessions.

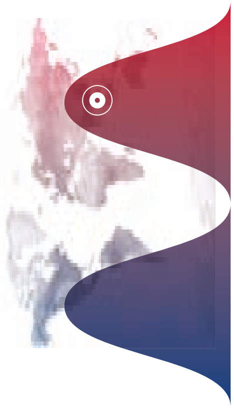
15:04:00

The secret to every perfect formulation is a complex process of testing and prototyping that requires state-of-the art equipment and close cooperation between all parties involved.

17:23:00

Specialty ingredients can improve food quality with regard to preservation, colour, texture and safety throughout shelf-life.

OUR SPECIAL KNOWLEDGE MEETS HIGHLY INDIVIDUAL NEEDS



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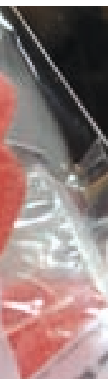
BANGKOK
THAILAND

TAILORED SERVICES FOR DISCERNING CUSTOMERS As the world market leader in chemical distribution, Brenntag sells more than 10,000 products around the globe. These products comprise the full range of industrial and specialty chemicals. In the Asia Pacific region the distribution of specialty chemicals plays an important part. While industrial chemicals are often well-understood products in the market, specialty chemicals are far more complex. Also, the distribution of specialty chemicals requires a highly technically trained sales force with extensive knowledge of a variety of different industries such as food, personal care and pharmaceuticals but also cleaning, polymers plastics. Specialty products in the food sector, for example, are used to improve the quality of finished goods with regard to conservation, colour, texture and flavour.

GENERATING SUCCESS BY SHARING KNOWLEDGE At Brenntag, we think that it is a crucial part of our value-added services to provide the most suitable solutions for our customers – and that involves sharing dedicated know-how with our business partners. As a recent investment in operational excellence, Brenntag opened a new innovation and training centre in Bangkok, Thailand, to meet customers' and suppliers' demand for training sessions and seminars. Moreover, in the Asia Pacific region and all over the world, Brenntag operates an extensive network of application laboratories specifically designed for quality testing, product development and prototyping to strengthen suppliers' and customers' value chains by offering technical support and laboratory resources.

PREECHA TONSAGUNRATTANACHAI
SENIOR SALES MANAGER
FOOD & BEVERAGE

As Senior Sales Manager, Preecha links Brenntag's business expertise and market knowledge with customer service. In regular supplier meetings and customer seminars, he will present new trends and possibilities – as a reliable partner for the development of new products.



COMBINING OPERATIONAL EXCELLENCE AND MARKET INTELLIGENCE Our dedicated team of sales representatives comprises experts with a scientific background and experience in laboratory work and product development. Each team focuses on specific industries and has in-depth technical expertise. Regular presence at significant international trade fairs and networking enable us to identify trends early on and gather technical expertise as well as detailed market knowledge. During our regular supplier meetings and customer seminars, Brenntag does not just focus on the newest market developments but rather acts as a direct link among all partners.

“THE MOST IMPORTANT FACTOR IS TIME”

INTERVIEW WITH PREECHA TONSAGUNRATTANACHAI on the characteristics of the Thai and Asian specialties sector and its outlook, Brenntag’s added-value services and what it takes to create the perfect prototype.

What are the latest trends for specialties in Thailand?

PREECHA TONSAGUNRATTANACHAI: The food industry is a main contributor to Thailand’s economy, with exports mainly to Japan, Europe and the USA. One of the latest trends are ready-to-eat products. Local specialty herbs and fruit extracts are coupled with healthy ingredients such as fibre and protein, while sodium is kept on a low level. Worldwide, the demand for nutraceutical ingredients is forecast to rise by 7.2% annually to USD 30 billion in 2017 – a development that will further stimulate the Thai food industry.

Apart from being world leader in chemical distribution – why is Brenntag one of the most favoured partners for specialty chemicals in the region?

P. T.: We provide full support and fast service, including samples, technical support and product training sessions. We offer elaborated solutions to customer problems – whether during the production process or concerning a finished product. Our health, safety and environmental standards and extensive product portfolio ensure best quality.

What is the key to being a valuable business partner for customers and suppliers?

P. T.: The most important factor in creating and upholding a good business relationship is time. The customers know their sales representatives well and they expect frequent visits, information about the latest trends and innovations as well as technical knowledge to be shared. We continuously run seminars for our partners that are centred on product benefits, formulation and global trends. In today’s competitive and dynamic global environment, providing real value to partners is critical to the success and progress of our company.

When it comes to product development, what services does Brenntag provide?

P. T.: We organize weekly seminars, where customers can taste new products. The most challenging part is creating a sample that is most similar to the final product the customer requests. I remember working on a marshmallow that had to be particularly soft and fluffy. To get the texture right, we had to control the speed of the beater manually in each batch – it took us a while to figure it out, but we got there in the end.

In Asia, food has to be fresh and savoury. The local food markets combine traditional recipes and modern trends – a constant source of inspiration for Preecha Tonsagunrattanachai.

FROM ZERO TO INNOVATION – THE BRENNTAG SPECIALTIES SELLING PROCESS

IT'S ALL ABOUT COOPERATION Brenntag is passionate about meeting the expectations of all customers. Therefore, our service includes every aspect of the product development process – from market research to delivery. As a means of achievement, Brenntag Specialties Asia Pacific combines an extensive network and specialized technology into a flexible, secure and effective way of developing innovative products. Because we are successful when our customers are.

Unique and complimentary product portfolio for target market

Logistic efficiency

PRODUCT IDENTIFICATION

- Product improvement
- Product development
- Product change to meet changing market condition

FORMULA IDENTIFICATION

- Starting point formulas
- Performance requirements of formulated systems
- Product sample

PRODUCT DEVELOPMENT PROCESS

- Laboratory testing
- R&D feedback and problem resolution
- Finished product for target application

SUPPLY

- Pricing
- Packaging
- Lead time / supply projections

DELIVERY

- Availability
- Timely

Highly technically trained sales force

System selling to customer's R&D laboratories providing solutions

16:48:00

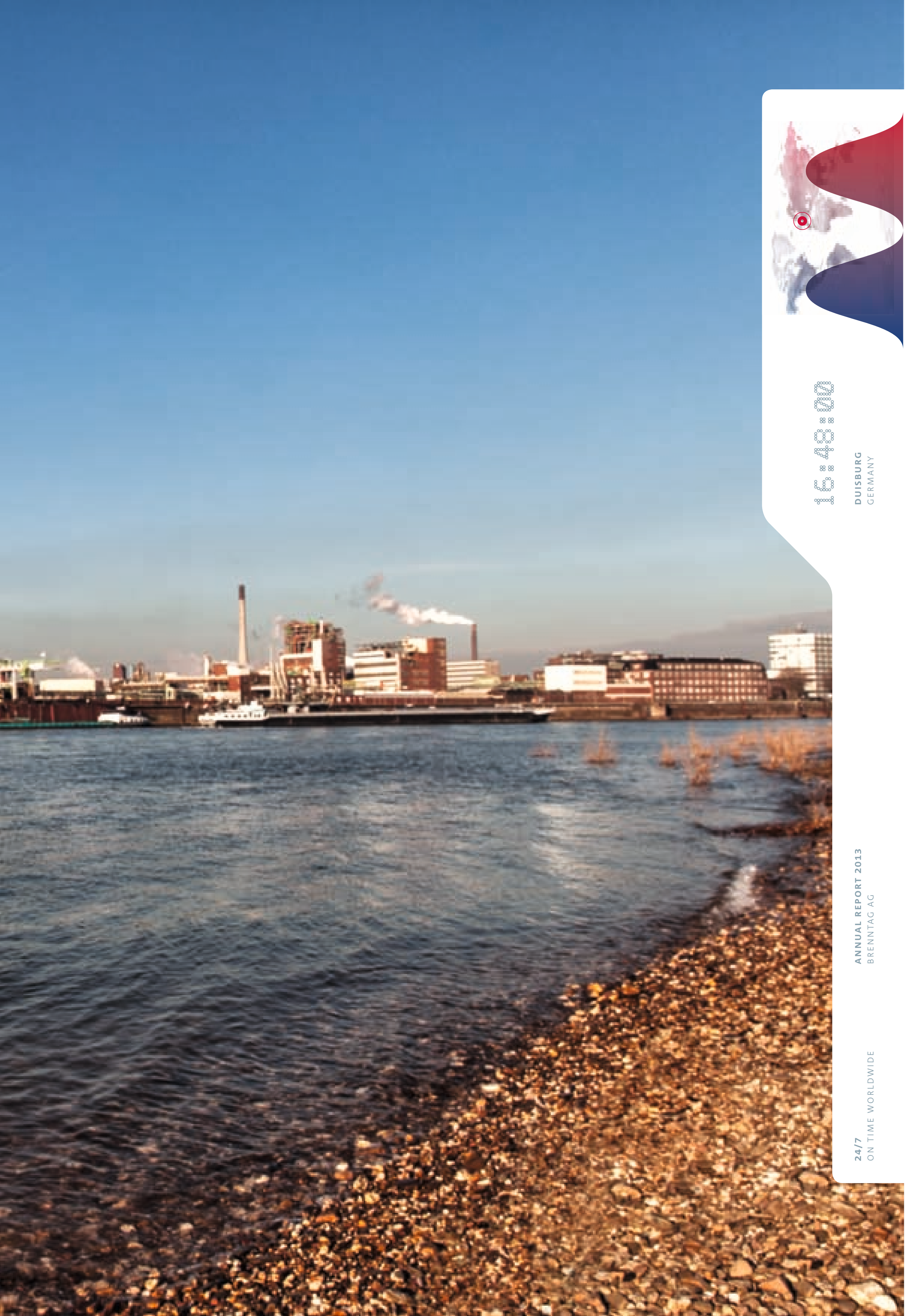
DUISBURG
GERMANY

+01:00 [GMT]

WE REDUCE COMPLEXITY FOR OUR CUSTOMERS – BY PROVIDING SOPHISTICATED SOLUTIONS AND A DENSE NETWORK

ANIKA DREESSEN

SALES REPRESENTATIVE
MIXING & BLENDING



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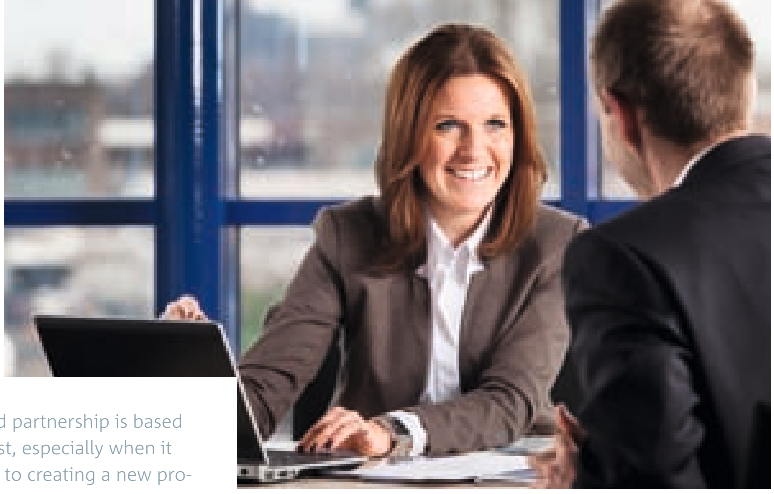
DUISBURG
GERMANY

ANNUAL REPORT 2013
BRENNTAG AG

24/7
ON TIME WORLDWIDE



08:42:00

A good partnership is based on trust, especially when it comes to creating a new product. This is why our sales representatives always stay in close contact with their customers.

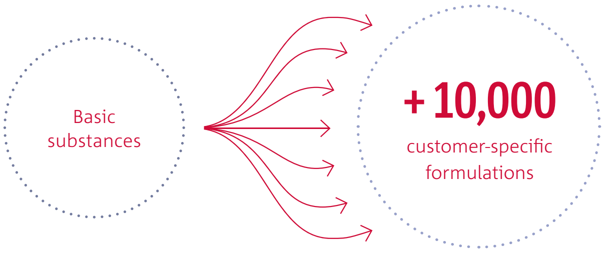
DUISBURG
GERMANY

11:36:00

Every blend consists of a variety of ingredients that need to be combined at just the right mix. Our chemists will do several trials to find the best combination possible.

15:04:00

This formulation will then be tested further and produced on a large scale. To satisfy discerning customers, Brenntag needs to stay informed on the latest trends in each industry.



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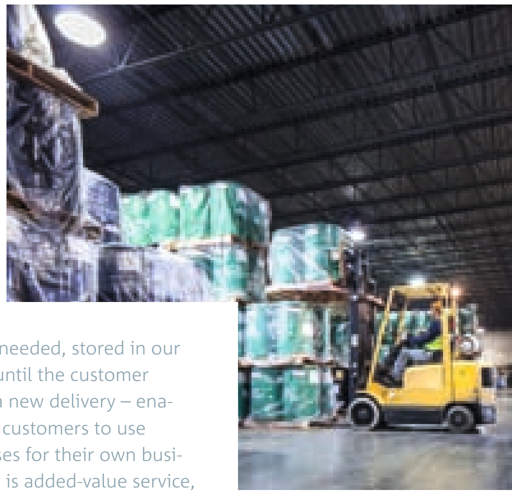
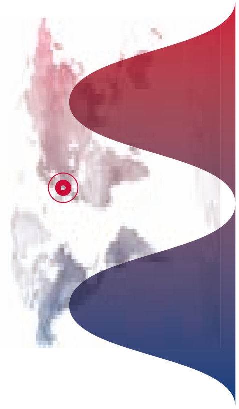
We offer our customers the full service: Finished products will be delivered in individually labelled packages ...



17:37:00

... and, if needed, stored in our facilities until the customer requires a new delivery – enabling our customers to use warehouses for their own business. This is added-value service, the Brenntag way.

OUR SERVICE STRENGTHENS THE CUSTOMERS' VALUE CHAIN



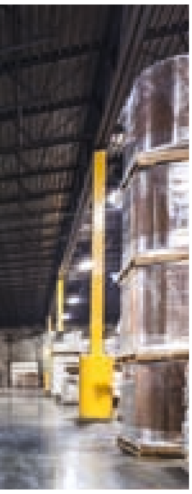
FINDING THE RIGHT MIX FOR EVERY CUSTOMER Brenntag doesn't only offer a full-line product portfolio of chemicals. With value-added services such as blending solutions, Brenntag supports its customers with the individual mixing of different chemicals, enabling them to outsource specific parts of their value chain, thus focusing on their core business. As a full-service partner, we support our customers and suppliers in producing new and innovative blends and improving existing formulations.

ADDING VALUE IN VARIOUS CUSTOMER INDUSTRIES Blending solutions are not just about mixing different ingredients. Whether in Europe or all over the world – each Brenntag team consists of highly trained experts and is designed to bundle skills, knowledge and resources in sourcing, technical expertise, quality management, applications as well as logistics and infrastructure. Our sales representatives and technical experts give support in extensive testing and provide product samples as well as execute feasibility studies and licensing procedures. Moreover, we continuously invest in the construction of state-of-the-art application laboratories and centres of competence across Europe. Each blend is made to meet the highest health, safety and environmental standards. Individual labelling and storage in a perfectly tempered environment complement the all-round service.

ANIKA DREESSEN
SALES REPRESENTATIVE
MIXING & BLENDING

As Sales Representative, Anika is responsible for making contact to potential new customers as well as taking care of existing partnerships. Working closely with the laboratory staff, she will find solutions to customers' blending requests.

REDUCING COMPLEXITY – MAXIMIZING QUALITY Our blending solutions bring competitive advantages to our customers' production process. Working with Brenntag enables them to diversify their product portfolio without the need to invest in technical equipment, personnel training or storage. Brenntag strives to deliver the optimum combination of product quality and security of supply. Based on trust and performance, we establish strategic relationships with our customers enabling them to concentrate on their core business and ultimately making them more successful.

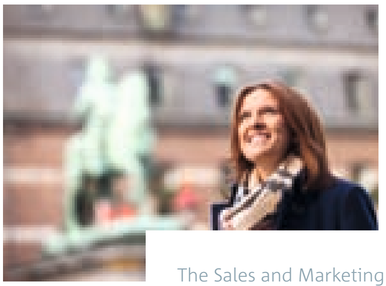


"WE ARE DOING MUCH MORE THAN 'JUST' DISTRIBUTION"

ANIKA DREESSEN IN ACTION **Although Brenntag has been the global market leader in chemical distribution for many years, there are still times when our extensive portfolio of value-added services manages to surprise customers. "It's not only about logistics" – that's the summary of one of many projects that Anika Dreessen, Sales Representative Mixing & Blending at Brenntag GmbH, is handling.**

Sometimes, it's being proactive that leads to success. And, of course, a great deal of passion. The medium-sized paper producing company had not previously been a Brenntag customer when Anika Dreessen made contact. She wanted to know why – and explained that Brenntag offers not only a full-line portfolio of both industrial and specialty chemicals, but also an extensive range of value-added services. "We are doing much more than 'just' distribution," says Anika Dreessen.

TAKING ADVANTAGE OF A FULL-LINE PRODUCT PORTFOLIO This potential customer, a company with international operations and headquarters in Germany, mostly uses industrial chemicals and was looking for a solvent to clean fragile paper screens. The solutions had to be of especially high quality, long-lasting, safe in delivery and individually labelled. This was the list of requirements Anika Dreessen discussed with her colleague Dr Dieter Nikolaus, an experienced application engineer. In this case, an already established blend of different chemicals met all the requirements – and after a safety data sheet was devised, a container of the solution was sent to be tested at the customer's factory.



The Sales and Marketing teams at Brenntag build longstanding trustful relationships to customers and suppliers. This is the basis for a mutually successful partnership.

INTERNAL COOPERATION AS A KEY TO GOOD SERVICE As for the Brenntag sales force, direct contact to the customers is an important part of the job. Anika Dreessen attended the factory testing personally, and the customer was satisfied with the results. But the process did not end here: Internal cooperation between the different Brenntag departments was key when for example documentation had to be filed and safety rules fulfilled. Also, only after a thorough internal quality management process was a contract signed that ensures benefits for both parties: While Brenntag acquired a new customer, the customer can now get all required solutions from one distributor with warehouses and laboratories close to every customer location, guaranteeing just-in-time-delivery. By outsourcing the storage and dissolution of the product, the customer's value chain has been streamlined.

BUILDING A TRUSTFUL PARTNERSHIP AND EXPANDING COLLABORATION "We want our customer relations to be as strong and beneficial for our partners as possible," says Anika Dreessen. And after some months of partnership, several additional services evolved, that Brenntag now provides for the customer. "With this", she says, "we are strengthening the customer's loyalty and creating longstanding trustful relationships." While this cooperation is limited to Germany so far, Anika Dreessen is optimistic: "We're talking about expanding the contract to other countries in the near future."

TOGETHER, WE FORMULATE SUCCESS – FOR MANY INDUSTRIES

EXTENSIVE NETWORK More than 7,000 European customers rely on our Mixing & Blending services. Based on trust and confidentiality, we mix and blend more than 10,000 customer-specific formulations. Our aim is to provide customers with innovative solutions and new opportunities – with ingredients that can be used in multiple industries.

10:48:00

– 05:00 [GMT]

PHILADELPHIA
USA

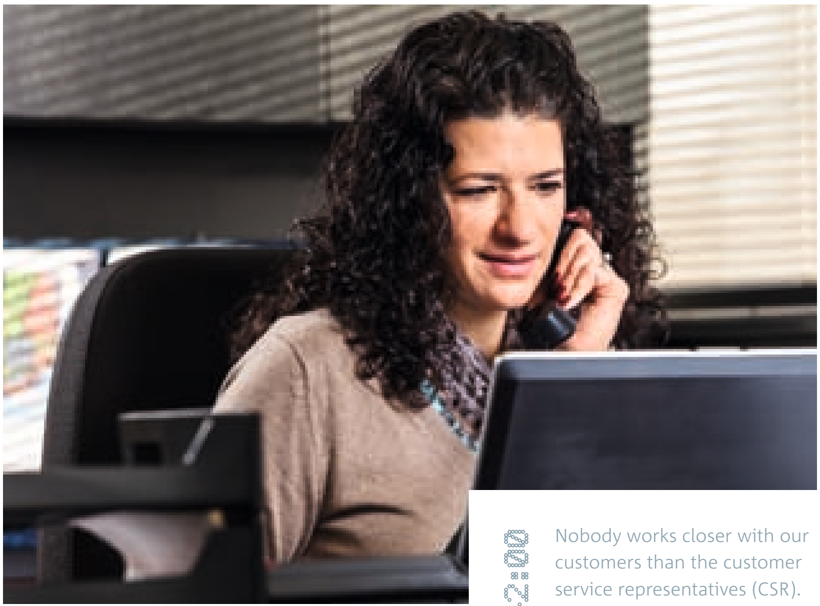
WE MEET OUR CUSTOMERS' NEEDS – AS THEIR SUCCESS IS OUR OBJECTIVE

MELISA STEINRUCK

CUSTOMER SERVICE MANAGER

10:48:00

PHILADELPHIA
USA

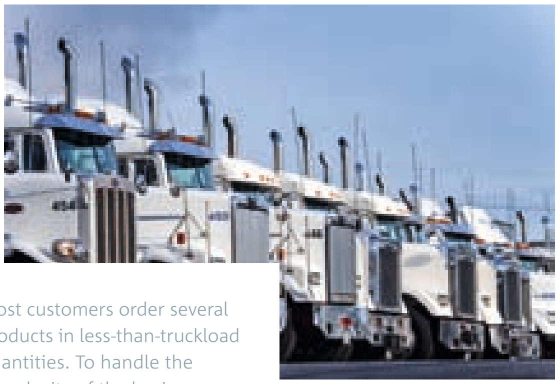


08:42:00

Nobody works closer with our customers than the customer service representatives (CSR). They are their first line of contact with Brenntag, taking their orders and acting as the link to all internal departments.

11:36:00

As the global market leader in chemical distribution, Brenntag always has an extensive range of products on stock.



15:04:00

Most customers order several products in less-than-truckload quantities. To handle the complexity of the business, Brenntag has devised an innovative logistics system that ensures just-in-time-delivery, every time.

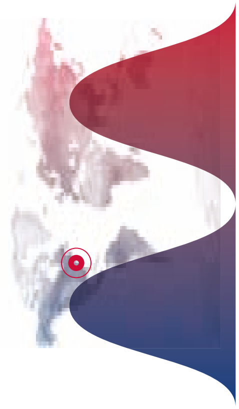
RADIUS

The requested products are then transported to customers around a Brenntag warehouse.

17:23:00

The Brenntag service does not end with just-in-time delivery: To further support our customers, we take back the packaging material and guarantee environmentally friendly disposal or reuse.

OUR FLEXIBILITY ADDRESSES INDIVIDUAL CUSTOMERS' REQUIREMENTS



10:48:00

PHILADELPHIA
USA

DILIGENCE IN A COMPLEX BUSINESS Brenntag operates in more than 70 countries with a dense network of more than 480 locations worldwide. Less-than-truckload deliveries are Brenntag's core business activity – an efficient and dedicated Sales and Marketing organization ensures that the specific requirements of every individual customer are met. With its full-line portfolio, Brenntag is a one-stop-shop solution for its customers.

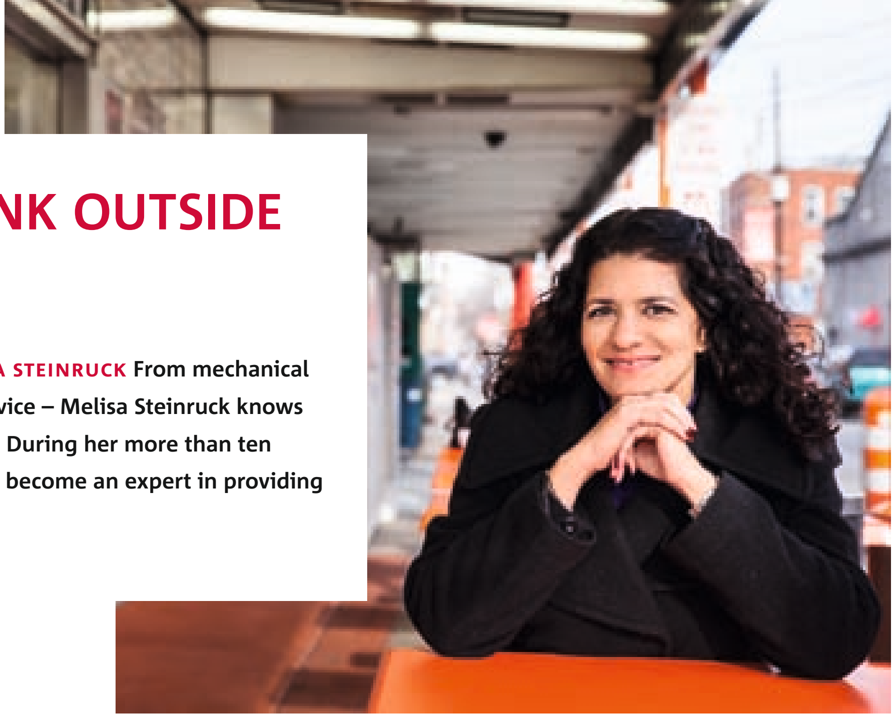
FOCUS ON CUSTOMERS' NEEDS We think that customer-oriented service contains much more than just-in-time delivery. That is why we support our customers with a refined and comprehensive portfolio of added-value services, including packaging and labelling, mixing and blending as well as inventory management and drum return service. A frequently seen Brenntag customer – one of around 170,000 all over the world – will order two to four products in less-than-truckload quantity. Usually, orders are placed on short notice and since the products are essential for a smooth production process for the customer, delivery has to be guaranteed within 48 hours.

GLOBAL EXCELLENCE MEETS LOCAL MARKETS Whether in North or Latin America, Europe or Asia Pacific – each customer has high expectations of accuracy and tailored solutions. To meet those requirements, Brenntag has to identify with the cultures of local markets. Our sales and customer relationship representatives have been working closely with our customers for several years. They have built longstanding trustful relationships enabling them to understand the customers' businesses perfectly. By working with a state-of-the-art IT system, they can ensure that products are on stock, delivery capacities are managed efficiently and every order is being processed in a reliable way. The requested products are then transported to customer locations close to a warehouse. We make sure our customers get the right products in the right quality, in the right quantity at the right time.

MELISA STEINRUCK
CUSTOMER SERVICE MANAGER

In charge of several key accounts, Melisa represents Brenntag to the outside world. Internally, she and her team will interact with every department, making sure every request is processed in a timely and reliable fashion.

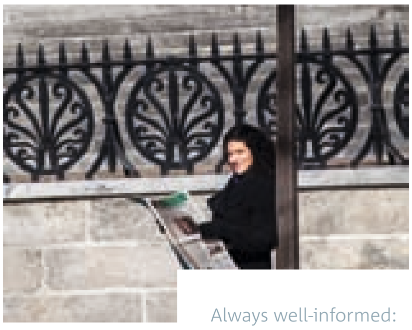
"ALWAYS THINK OUTSIDE THE BOX"



THE UNIQUE PATH OF MELISA STEINRUCK From mechanical engineering to customer service – Melisa Steinruck knows different parts of a company. During her more than ten years with Brenntag, she has become an expert in providing solutions.

COMMUNICATION SKILLS REQUIRED Melisa Steinruck knows that life can be full of surprises: While the 40-year-old originally studied to become a mechanical engineer, she soon discovered that it was the direct contact to customers that she enjoyed even more than the technical part. She started as a customer service representative (CSR) for Brenntag North America, Inc. and was promoted to Customer Service Manager in 2007. Today she supervises a team of eleven representatives and is in charge of several key accounts.

As customer service is a crucial part of Brenntag distribution, trainees have to know the business as well as internal processes within the company in detail and have excellent communication skills. New CSRs follow a comprehensive schedule that also includes practical training sessions that comprise observing the drumming of products, accompanying truck drivers to customers' sites and placing inventory orders. For customers, the CSR team is one of the first lines of contact to Brenntag. The team members take the orders mostly via direct phone contact with the customer, who can be a purchaser, procurement professional, a maintenance person or sometimes the owner of the company.



Always well-informed: Melisa Steinruck combines technical skills with in-depth market knowledge and a commitment to excellence.

When entering an order into the IT system, the system provides detailed information on product availability, specifications of each product, current prices, accounting details, delivery times and an order track record of each customer. But the CSR's work does not end by confirming the order to the customer. Internally, they coordinate with all relevant departments in order to guarantee a smooth order handling process or solve any problem that might come up.

ENSURING EXCELLENCE BY COOPERATION Due to the diversity of the customer base, the complexity of the orders and differences in customer requirements, a CSR's work should be marked by accuracy and flexibility. "The challenge is to always think outside the box," says Melisa Steinruck. "After all, it is our job to solve problems and keep customer satisfaction levels to the highest possible standards."

While flexibility seems to come naturally to the canny mother-of-two, accuracy in the daily work is also strengthened by actively sharing knowledge: In regular meetings, the North American customer service managers discuss how performance can be improved, and how best practices can be developed and shared within the organization. Also, throughout the rest of the year, whenever an especially demanding situation arises, they work together as a group to find a solution. "Commitment to excellence" for Steinruck is not just an abstract objective, but a personal attitude.

CONNECTING ALL RESOURCES

CUSTOMER SERVICE REPRESENTATIVE (CSR) The CSR is where everything comes together: In charge of several accounts, the customer service representative will act as a link between the customer and the different Brenntag departments. By providing one contact person for all requests, Brenntag wishes to simplify processes for the customer – and lay the foundation for a long-lasting and trustful partnership.

PROFILE CUSTOMER 1

- Branch: Reading
- 1 order per week
- 60 employees
- Metal plating, industrial

PROFILE CUSTOMER 2

- Branch: New York
- 3 orders per month
- 35 employees
- Screen printing manufacturing

PROFILE CUSTOMER 3

- Branch: Pittsburgh
- 2 orders per month
- 700 employees
- Personal care

CSR
CUSTOMER SERVICE REPRESENTATIVE

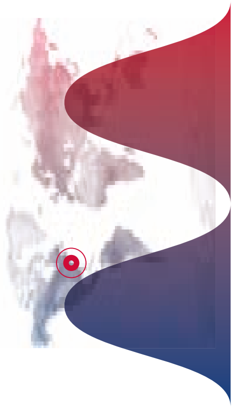
FINANCE

TRAFFIC / DISPATCH

PURCHASING

OPERATIONS

SALES



09:48:00

– 06:00 [GMT]

SANTIAGO DE QUERÉTARO
MEXICO

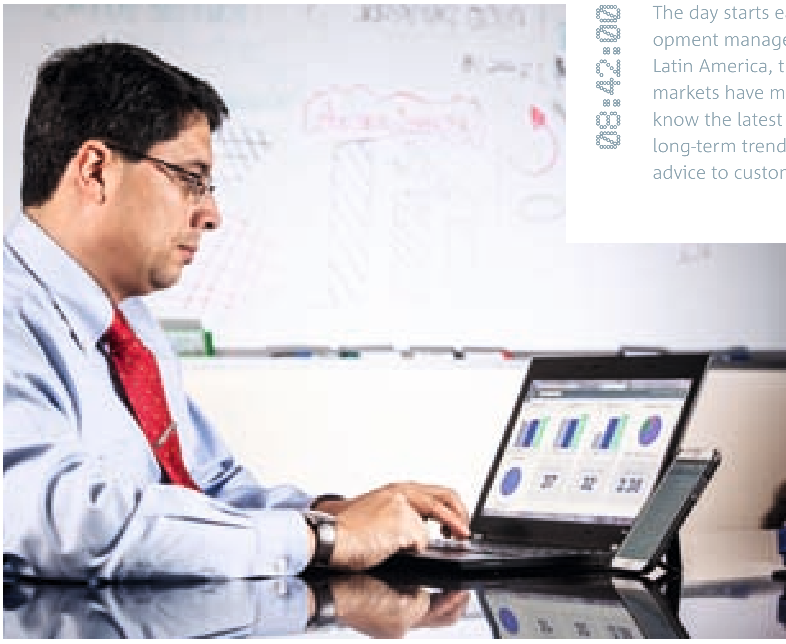
WE RECOGNIZE OUR SUPPLIERS' POTENTIAL – AND MAKE SURE OUR CUSTOMERS ALL AROUND THE WORLD DO, TOO

FELIPE LAVERDE

BUSINESS DEVELOPMENT MANAGER

09:48:00

SANTIAGO DE QUERÉTARO
MEXICO

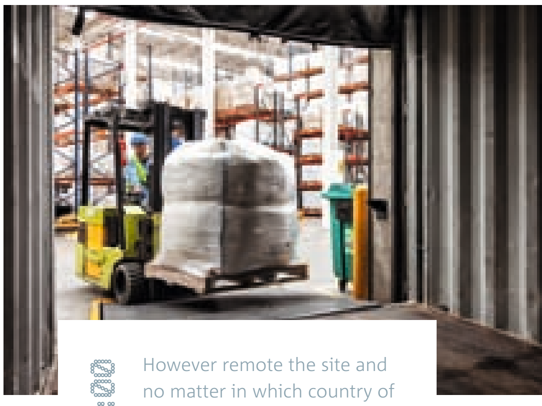


08:42:00

The day starts early for our business development managers. While it was night in Latin America, the European and Asian markets have moved on. It is crucial to know the latest developments as well as long-term trends in order to give good advice to customers and suppliers.

11:36:00

A marketing plan devised by Brenntag is not only based on in-depth market knowledge, but also on close cooperation with the supplier. Only by taking both sides into account can a product be introduced successfully.



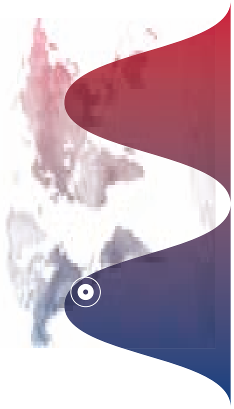
17:23:00

However remote the site and no matter in which country of the subcontinent – Brenntag delivers the suppliers' products anywhere, thanks to a dense network and a sophisticated system.

15:04:00

To be ahead of our competition, our sales force is trained regularly by experts in the business. With many years of experience not only in the chemical industry but also in regional markets and customs, they still know: You never stop learning.

OUR MARKET EXPERTISE SUPPORTS THE SUCCESS OF OUR SUPPLIERS



LINKING SUPPLIERS' EXPERTISE TO LOCAL MARKET OPPORTUNITIES With more than a third of all 13,000 employees working in Sales & Marketing, Brenntag is much more than a chemical distributor. Focusing on service, Brenntag supports its suppliers in expanding their business globally, especially in new markets. Having access to around 170,000 customers worldwide, Brenntag functions as a direct link between suppliers and customers thus enabling the company to introduce high-potential products to individual local markets. By combining its global reach with a comprehensive knowledge of these markets, Brenntag successfully places suppliers' products in different countries in different regions at the same time – however remote they may be.

ANALYZING POTENTIAL WITH IN-DEPTH KNOWLEDGE Introducing a product to a new market is a collaborative and dynamic process. At Brenntag, we are convinced that only by knowing the objectives of our suppliers well are we able to unfold the full potential of their products in the respective markets around the world. This is why our regional marketing managers as well as our sales force stay in close contact to both suppliers and customers by regularly attending industry meetings and chemical congresses. Our experienced regional marketing managers work with sophisticated customer relationship management systems that allow Brenntag to safely capture all relevant information and fully analyze the potential for a specific product.

FELIPE LAVERDE

BUSINESS DEVELOPMENT MANAGER

Familiar with economy, culture and people, Felipe is an expert of the Latin American market – using his knowledge to enable chemical suppliers to introduce their products in the region and thereby expand suppliers´ reach.

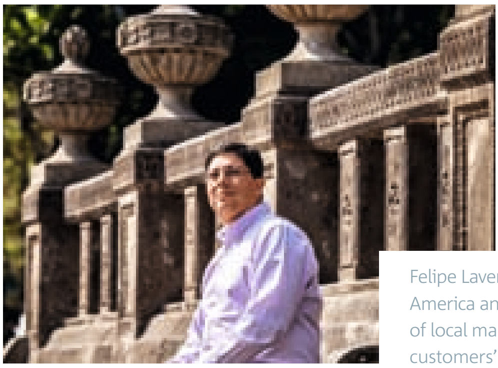
REDUCING COMPLEXITY AND BUILDING STRONG NETWORKS In Latin America alone, ten thousands of active customers offer vast potential for Brenntag to handle this diversity for suppliers and help them to penetrate these local markets. By empowering suppliers to expand their global reach in a safe and efficient manner, Brenntag reinforces their business development process, hence serving as a source of innovation to the supplier. Moreover, since health, safety and environmental standards are a must in our business model, we are the first choice for many chemical suppliers – not only in Latin America.

"WE UNDERSTAND THE LOCAL MARKETS"

FELIPE LAVERDE, Business Development Manager for Brenntag Latin America, talks about his work – and how he and the team introduce new products to the region.

I am a bilingual chemical engineer with an MBA in marketing and executive education in advanced management. Since 2011, I've been working as a Business Development Manager for Brenntag Latin America. When asked to describe my position, I like to say that I am acting as the link between suppliers from all over the world and customers from 17 countries of Latin America. In this role, I focus on developing business for the suppliers, generating market share and penetrating areas that they would have difficulties accessing.

As a team of professionals with longstanding experience in the Latin American markets, we understand the different cultures, levels of development and requirements of each customer in the region and can link the various suppliers' strategies to these individual circumstances and needs.



Felipe Laverde is an expert on Latin America and understands the language of local markets. For Brenntag, he links customers' requirements to suppliers' strategies.

BRINGING FRAGRANCES TO LATIN AMERICA While some of our suppliers provide a dedicated marketing plan for their products and ask for support in executing and bringing the products to the markets, others make particular use of our business intelligence. This includes a detailed analysis of the market potential. Brenntag's powerful Sales and Marketing organization conducts several hundred customer meetings per week. The information we gain out of these meetings helps us understand the different industries.

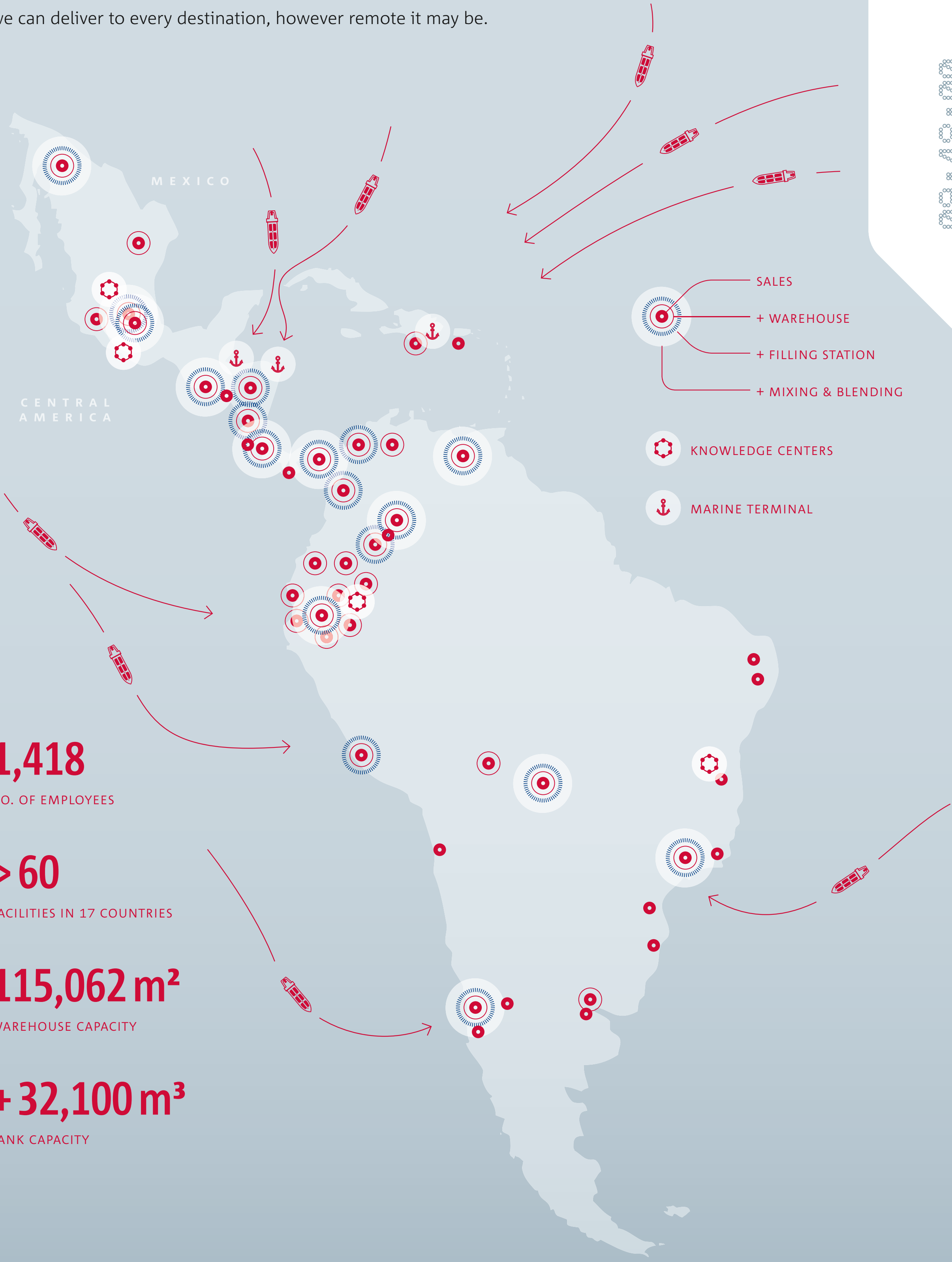
One of our biggest suppliers wanted to introduce fragrances used for many industries such as food and cosmetics to the Latin American market. After extensive market research, as well as an evaluation of our internal business intelligence and with the professional input of one of our team members, we were able to introduce the product and deliver fast results. Primarily with a view to starting up the business for our small and medium-sized customers but then also to gradually growing the business by acquiring new and bigger customers.

ENABLING INNOVATION THROUGH COOPERATION
Another aspect of the business is the sourcing of materials on a global scale. Based on our excellent relationships with suppliers around the world, we help customers in Latin America to have access to the most competitive raw materials, always making sure they adhere to local requirements. Moreover, we provide our customers with samples and world-class technical support.

So there is much more to our job than introducing new products to the market: Since we work with our customers on a very close basis, we are always right at the heart of the industry. By understanding both the suppliers' and customers' needs and managing to use this knowledge, Brenntag positions itself as the direct link between these stakeholders and functions as a source of powerful innovation.

FROM METROPOLIS TO CAJAMARCA

ALWAYS ON SITE Combining global reach and market expertise with highly developed regional infrastructure enables Brenntag to serve not only as a distributor, but also as a business partner. Especially in Latin America, where culture, language and economic characteristics vary substantially from country to country, our market knowledge has become a vital commodity to our suppliers. Having established a dense network of facilities all over the subcontinent, we can deliver to every destination, however remote it may be.

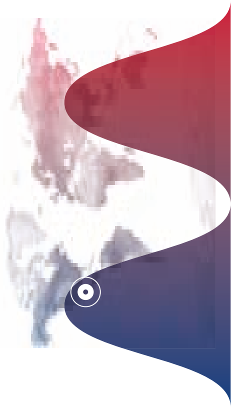


1,418
NO. OF EMPLOYEES

> 60
FACILITIES IN 17 COUNTRIES

115,062 m²
WAREHOUSE CAPACITY

+ 32,100 m³
TANK CAPACITY



BRENNTAG ON THE STOCK MARKET

DEVELOPMENT OF THE SHARE PRICE In 2013, there was no noticeable recovery of the global economy and the economic conditions the companies had to face remained challenging. However, the uncertainties regarding the debt crisis in the eurozone and high US national debt, which were dominating issues in the past years, faded more and more into the background. Slight signs of a stabilization of the global economy and the hope of a rapid revival led to sharply rising share prices and many stock markets recorded all-time highs in the fourth quarter of 2013.

35 %

share price increase compared with 2012 closing price

The DAX® index also climbed to new highs, rising by 25 % in 2013 and closing at the end of December 2013 at 9,552 points. The MDAX® index did even better, finishing the year at 16,574 points, which represents an increase of 39 %. The Brenntag share price followed this positive trend and showed a strong development over the course of the year. The closing price on December 30, 2013 was EUR 134.75, marking a sharp increase of 35 % compared with the 2012 closing price. According to the ranking list of Deutsche Börse AG, the Brenntag share took 29th place among all listed companies in Germany in terms of market capitalization at the end of December 2013.

The average number of Brenntag shares traded on XETRA® each day in 2013 was approximately 100,000, which corresponds to an average daily trading volume of EUR 11.9 million. In the prior-year period, the average daily trading volume was EUR 12.8 million with an average number of shares of 142,000.

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

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

Further information at www.brenntag.com under Investor Relations

In 2013, we again attached significant importance to personal contact with the capital market participants. The Board of Management and the Investor Relations team were in constant dialogue with investors and analysts worldwide. We discussed the company's business performance in detail in numerous one-on-one and group meetings at road shows, investors conferences, a capital market day and at the Annual General Shareholders' Meeting. In addition to the above-mentioned activities, the Board of Management and the Investor Relations team regularly provided investors, analysts and private shareholders with information on Brenntag AG in numerous phone calls.

Furthermore, we provide comprehensive and up-to-date information on the Brenntag share and the bond on the website at www.brenntag.com under Investor Relations.

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

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

SHAREHOLDER STRUCTURE As of March 1, 2014 notifications have been received, in accordance with Section 21, para. 1 of the German Securities Trading Act (WpHG), from the following shareholders that their percentage of the voting rights now exceeds the 3 % or 5 % threshold:

SHAREHOLDER STRUCTURE A. 02

Shareholder	No. of Brenntag shares	Proportion in %	Date of notification
Threadneedle / Ameriprise	2,763,932	5.37	Jul. 27, 2012
BlackRock	2,678,905	5.20	Apr. 5, 2012
Sun Life / MFS	2,590,260	5.03	Jul. 3, 2012
Newton	1,614,966	3.14	Nov. 6, 2013
Longview Partners	1,597,984	3.10	Jul. 11, 2012
Manning & Napier	1,552,555	3.01	Jul. 2, 2013
Allianz Global Investors	1,545,144	3.00	Feb. 25, 2014

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

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

KEY FIGURES AND MASTER DATA ON THE SHARE A. 03

		IPO	Dec. 31, 2012	**Dec. 31, 2013**
Number of shares (unweighted)		51,500,000	51,500,000	51,500,000
Highest share price (XETRA® closing price)			102.60	134.75
Lowest share price (XETRA® closing price)			71.40	99.46
Price at the end of 2013 (XETRA® closing price)			99.43	134.75
Free float *	%	29.03	100.00	100.00
Free float market capitalization *	EUR m	748	5,121	6,939

Ranking list of Deutsche Börse AG (as per Dec. 31, 2013)	29th in terms of f ree float market capitalization 40th in terms of stock market turnover
Most important stock exchange	XETRA®
Indices	MDAX®, MSCI, STOXX EUROPE 600
ISIN / WKN / trading symbol	DE000A1DAHH0 / A1DAHH / BNR

* On July 6, 2012 the free float increased to 100% following a placing by Brachem Acquisition S.C.A., Luxembourg.

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

ANALYSTS' OPINIONS Currently (as of March 1, 2014) 18 banks regularly publish studies on the latest development of our company and give recommendations. Nine analysts give a buy recommendation for the Brenntag share, five recommend holding the share and four are advising to sell. Many analysts value Brenntag highly as a growth share with high cash flow generation.

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

DEVELOPMENT OF THE PRICE OF THE BRENNTAG BOND A. 04

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

KEY FIGURES AND MASTER DATA ON THE BOND A. 05

		Dec. 31, 2012	Dec. 31, 2013
Bond price	%	112,867	111,864
Issuer			Brenntag Finance B.V.
Guarantors			Brenntag AG, other Group companies
Listing			Luxembourg stock exchange
ISIN			XS0645941419
Aggregate principal amount	EUR m		400
Denomination			1,000
Minimum transferrable amount	EUR		50,000
Coupon	%		5.50
Interest payment			July 19
Maturity			July 19, 2018

GENERAL SHAREHOLDERS' MEETING The 2013 Annual General Shareholders' Meeting of Brenntag AG was held in Düsseldorf on June 19. Based on the Board of Management's report on the development of the company in the 2012 financial year and the future strategy of the Group as well as the general discussion, the shareholders present were able to gain a comprehensive picture of Brenntag AG. 27.95 % of the share capital of 51,500,000 shares was represented.

The Annual General Shareholders' Meeting approved the distribution of a dividend of EUR 2.40 per share (prior year: EUR 2.00). The payout ratio was 36.8 % of the profit after tax attributable to shareholders of Brenntag AG for 2012.

ATTRACTIVE DIVIDEND PROPOSAL FOR 2013 It is Brenntag's declared policy to pay an annual dividend of 30 % to 45 % of its consolidated profit after tax attributable to shareholders of Brenntag AG. The Board of Management and Supervisory Board will recommend to shareholders at the General Shareholders' Meeting that a dividend of EUR 2.60 per share be paid. The payout ratio on the basis of the consolidated profit after tax attributable to shareholders of Brenntag AG for the year is therefore 39.5%. With this slightly higher payout ratio we would like our shareholder base to participate at the positive cash flow development of the company.

EUR **2.60**
dividend proposal

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

Despite the continued difficult economic conditions, Brenntag can look back positively on a successful financial year 2013. The company was once again able to demonstrate its resilience.

COMPOSITION OF THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT In the reporting year, there were no changes in the composition of the Supervisory Board of Brenntag AG, nor were there any changes on the composition of the Board of Management. Jürgen Buchsteiner resigned at the end of the reporting period on December 31, 2013 at the end of tenure provided by his service agreement. The Supervisory Board thanks Mr Buchsteiner most warmly for his many years of service to the company as well as for his significant contribution to the successful development of Brenntag and wishes him all the best for the future.

In October 2013 the Supervisory Board passed a resolution via circulation extending the appointment of member of the Board of Management, William A. Fidler, by a further year until December 31, 2014.

COOPERATION BETWEEN THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD In the year under review, the Supervisory Board of Brenntag AG diligently performed the duties assigned to it by law, by the company's Articles of Association and by its rules of procedure. Also the Supervisory Board passed all the necessary resolutions. Further details on the duties of the Supervisory Board are given in the Corporate Governance Report on pages 49 ff. We have continuously advised the Board of Management in matters relating to the management of the company and have also monitored its activities. The Board of Management provided us with regular, timely and comprehensive information (in both written and oral form) regarding the course of business, profitability, company planning, strategic further development, the Group's current situation as well as the risk situation, including risk management and compliance. Any deviations from planned business activities were explained to us in detail. In addition, the Board of Management consulted us on matters relating to the strategic orientation of the company. Business transactions that were of key importance for the company were discussed in detail based on Board of Management reports. We approved resolutions proposed by the Board of Management after examining and discussing them extensively. Please refer to the section "Topics addressed in the Supervisory Board meetings" for details.

The Supervisory Board came together for four meetings during the period under review. In addition to all members of the Supervisory Board, all members of the Board of Management also attended the Supervisory Board meetings.

TOPICS ADDRESSED IN THE SUPERVISORY BOARD MEETINGS On March 11, 2013, the Supervisory Board held a telephone conference. The telephone conference was convened by the chairman of the Supervisory Board to discuss the proposal to the Annual General Shareholders' Meeting for the distribution of the dividend for the 2012 financial year.

At the meeting on March 18, 2013, the Supervisory Board approved the consolidated financial statements as well as the management report for the 2012 financial year combined with the Group management report, which had been prepared by the Board of Management and audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf (PwC), who issued an unqualified audit certificate. Furthermore, it adopted the annual financial statements of Brenntag AG. In addition, the dividend proposal to the General Shareholders' Meeting was discussed and set at a level of EUR 2.40. Upon the recommendation of the Audit Committee it was also decided to recommend the election of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, as auditors and consolidated group auditors for the 2013 financial year.

During the meeting, the Board of Management reported on various topics including the current results of the company in the first months of 2013 and gave a forecast for the next months. Furthermore, current and planned acquisition projects were on the agenda and the Board of Management explained the progress of the integration process for the companies acquired in the Asia Pacific region. Finally, the Supervisory Board dealt with long-term personnel planning at Brenntag as well as various capital market related topics.

A Supervisory Board meeting was held following the General Shareholders' Meeting in Düsseldorf on June 19, 2013. The subjects discussed included the current business performance, the project for further developing the structures in Europe as well as the investigations of the French Competition Authority. The Board of Management also reported on the Group-wide HR development programme for executives, succession planning at top management level, active mergers & acquisition projects as well as on the current status of health, safety and environment at Brenntag.

In the Supervisory Board meeting on September 11, 2013, the main items on the agenda were Brenntag's business performance in the individual regions. The Board of Management also gave information on current M&A projects. The Chief Operating Officer of the European Brenntag organization, Karsten Beckmann, was a guest at the meeting and reported in detail on the next steps in the project further developing the structures in Europe, which had already been presented in the Supervisory Board meeting in June. The Board of Management also reported on the intended promotion of Markus Klähn and Karsten Beckmann with effect as of October 1, 2013 to Chief Executive Officer in their respective regions North America and Europe.

In the last meeting of the reporting period on December 18, 2013, the members of the Supervisory Board discussed the projected results for the current financial year as well as the budget planning for 2014 and the mid-term strategy of the Brenntag Group. Furthermore, the Board of Management provided information on succession planning and the future HR strategy, current and planned acquisition projects as well as on investor relations and compliance subjects. The chairman reported on the efficiency review of the Supervisory Board which was performed in the reporting year. After careful examination and consultation, the Supervisory Board decided to submit the declaration of conformity with the German Corporate Governance Code which, in accordance with Section 161 of the German Stock Corporation Act (AktG), was signed jointly by the chairmen of the Board of Management and the Supervisory Board on the same day.

SUPERVISORY BOARD COMMITTEE ACTIVITIES As in the previous reporting year, the Supervisory Board of Brenntag AG had two committees, the Audit Committee and the Presiding and Nomination Committee. The chairman reported in detail on the current work of the committees in the Supervisory Board meetings.

In the reporting period, the Audit Committee, which is made up of Prof. Dr Edgar Fluri (Chairman), Doreen Nowotne and Stephen Clark, convened for four meetings, with Stephen Clark taking part in the meeting on May 6, 2013 by telephone. The Audit Committee dealt in particular with the following core topics in these meetings: the audit of the 2012 consolidated financial statements as well as the 2012 annual financial statements of Brenntag AG, monitoring by Corporate Internal Audit, the effectiveness of the internal control system and the further development of compliance monitoring activities. Further subjects were the work of the auditors as well as the recommendation for the election of the auditor for 2013, the publication of the updated Code of Business Conduct & Ethics, the publication of the sustainability report, which reflects Brenntag's sustainability strategy in the areas of health, safety and environmental protection, as well as the respective quarterly results.

In advance of the Supervisory Board meeting on September 11, 2013, the Presiding and Nomination Committee with members Stefan Zuschke (chairman), Dr Thomas Ludwig and Dr Andreas Rittstieg convened for a meeting to discuss the extension of William Fidler's service agreement as well as the medium and long term succession planning.

GERMAN CORPORATE GOVERNANCE CODE The Supervisory Board of Brenntag AG regularly discusses various corporate governance requirements and their implementation. In line with the requirements of the German Corporate Governance Code, the Supervisory Board is to inform the Annual General Shareholders' Meeting in its report of any conflicts of interest among Supervisory Board members which have arisen. The Supervisory Board was not made aware of any such conflicts of interest in the entire reporting period.

In the declaration of conformity of December 18, 2013, the Supervisory Board and the Board of Management jointly declared that Brenntag AG complies and plans to continue to comply with the recommendations issued by the Government Commission "German Corporate Governance Code" in the version dated May 13, 2013, as published by the Federal Ministry of Justice in the official part of the Federal Gazette (Bundesanzeiger) but declares a deviation from the recommendation in number 4.2.3, para. 3 of the Code for precautionary reasons. This is the recommendation that, for Board of Management pension schemes, the Supervisory Board should establish the level of provision aimed for in each case – also considering the length of time for which the individual has been a Board of Management member – and take into account the resulting annual and long-term expense for the company. Brenntag AG generally follows this recommendation. However, for one member of the Board of Management there is a defined contribution plan which does not aim to achieve a specific level of pensions.

The Board of Management and Supervisory Board also declare that Brenntag AG has complied in the reporting period with all recommendations of the German Corporate Governance Code in the version dated May 15, 2012 since its last declaration of conformity dated December 19, 2012. Details on corporate governance in the company can be found in the Corporate Governance Report on pages 38 ff.

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

The annual financial statements of Brenntag AG for the year ended December 31, 2013, and the combined Group management report and management report of Brenntag AG were prepared by the Board of Management in accordance with the regulations of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG), and the consolidated financial statements according to Section 315a of the German Commercial Code in accordance with the principles of the International Financial Reporting Standards (IFRS) as adopted in the EU.

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

The annual financial statements of Brenntag AG, the consolidated financial statements, the combined management report as well as the audit reports were given to all members of the Supervisory Board in good time before the Audit Committee meeting on March 10, 2014, and the Supervisory Board meeting on the financial statements on March 17, 2014. The financial statement documents were discussed in great detail in the Audit Committee and in the Supervisory Board's meeting on the financial statements – the auditors were present at both meetings and gave a report.

The Supervisory Board endorses the findings of the audit. After the pre-review by the Audit Committee and the Supervisory Board's own review during its meeting on March 17, 2014, no objections were to be raised. The Supervisory Board approved the above-mentioned annual financial statements as prepared by the Board of Management; the annual financial statements were thus adopted on March 17, 2014. We concur with the Board of Management's proposal to use the unappropriated profit to pay a dividend of EUR 2.60 for each share entitled to a dividend.

The Supervisory Board would like to express its gratitude and appreciation to the Brenntag Board of Management and all employees for their hard work in the 2013 financial year.

On behalf of the Supervisory Board

Stefan Zuschke
Chairman

Mülheim an der Ruhr, March 2014

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

Corporate governance is the good and responsible management and monitoring of a company. In this chapter, which also makes reference to the Remuneration Report, the Board of Management and the Supervisory Board of Brenntag AG report in detail, in accordance with number 3.10 of the German Corporate Governance Code in the version dated May 13, 2013 (hereinafter referred to as "Code"), on the principles of responsible corporate governance at Brenntag.

COMMITMENT TO RESPONSIBLE CORPORATE GOVERNANCE Brenntag has always attached great importance to responsible and prudent corporate governance. As in the previous year, the Board of Management and the Supervisory Board thoroughly examined the requirements of the Code and their fulfilment in this reporting period. On the basis of these deliberations, the Board of Management and Supervisory Board issued, on December 18, 2013, the declaration of conformity with the recommendations of the Code, made in accordance with Section 161, para. 1 of the German Stock Corporation Act. The exact wording of the declaration of conformity is given on page 43 of this Annual Report and is also posted on the Brenntag AG website, where declarations of previous years will remain accessible as well. If there are any changes in the handling of the recommendations of the Code, the declaration of conformity will be updated during the year and posted in its amended form on the website of Brenntag AG.

On May 13, 2013, the Government Commission "German Corporate Governance Code" again resolved amendments to the Code. The amended version was published in the Bundesanzeiger (Federal Gazette) on June 10, 2013. The amendments to the Code mainly refer to the rules on Board of Management remuneration, which the specific requirements of the Code are to make more transparent and understandable. Detailed comments on these new recommendations are made on page 40.

Since its last declaration of conformity in December 2012, Brenntag AG has continued to comply without exception with the recommendations of the Code in the version dated May 15, 2012 and, since June 2013, with one exception, with the recommendations of the new Code, and also plans to comply in future with the recommendations of the Code in its latest version with one exception.

The deviation from the recommendations contained in the current declaration of conformity with regard to pension schemes was made for precautionary reasons since, for one member of the Board of Management, there is a defined contribution plan which does not aim to achieve a specific level of pensions.

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

COMPOSITION OF THE BOARD OF MANAGEMENT With the appointment of Georg Müller, the Board of Management of Brenntag AG has, for the first time, been made up of four members since April 1, 2012. However, since the resignation of Jürgen Buchsteiner with effect from December 31, 2013, the Board of Management is composed of three members. Steve Holland remains Chairman of the Board of Management (CEO).

COMPOSITION OF THE SUPERVISORY BOARD The number of members of the Supervisory Board remained unchanged with six members in the reporting period. There have also been no changes in the persons serving on the Supervisory Board since Stephen Clark was elected at the General Shareholders' Meeting on June 22, 2011.

In line with the recommendation in number 5.4.1, para. 2 in conjunction with number 5.4.2 of the Code, in December 2012 the Supervisory Board specified concrete objectives regarding its composition which, whilst considering the specifics of the company, take into account the company's international activities, potential conflicts of interest, the number of independent Supervisory Board members, diversity and an appropriate degree of female representation:

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

As in the previous year, the Supervisory Board not only complies with the requirements of the Code but again fully meets the objectives with regard to its composition which it has set itself.

The composition of the Supervisory Board of Brenntag AG must be chosen in such a way that effective monitoring of and advice to the Board of Management are ensured. Therefore, members are to be chosen for their professional qualifications, their knowledge and their particular experience. In detail, Dr Thomas Ludwig has many years of experience in the industry. Stefan Zuschke and Doreen Nowotne have already been advising Brenntag Management GmbH since 2006 and, following its conversion into a stock corporation, Brenntag AG, and therefore have special company and industry-specific knowledge. Stephen Clark has been working for Brenntag since 1981, from 2006 to 2011 as the Chief Executive Officer of the Brenntag Group. Through the election of the Swiss national, Prof. Dr Edgar Fluri, who has particularly great experience abroad, as well as the election of the US citizen Stephen Clark, who was President and Chief Executive Officer of Brenntag North America, Inc. from 1990 to 2006, the company is also documenting its claim to internationality, also with regard to its Supervisory Board members. In line with the Supervisory Board's objectives, as of December 31, 2013 only two members of the Supervisory Board hold office (advisory board and administrative board mandates) at customers', suppliers' or lenders' of the company.

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

SHARES HELD BY THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD On December 31, 2013, no member of the Board of Management or the Supervisory Board held share packages of Brenntag AG or financial instruments relating to such shares, which in each case exceed 1% of the shares in Brenntag AG either directly or indirectly. At that date, the total number of shares held by all members of the Board of Management and Supervisory Board together also did not exceed 1% of the shares issued by the company.

Detailed list of mandates pages 53 ff.

AVOIDANCE OF CONFLICTS OF INTEREST ON THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD There were again no advisory or other service agreements and contracts for work between a member of the Supervisory Board and the company or the other consolidated subsidiaries in the reporting period 2013. There were no conflicts of interest of Board of Management or Supervisory Board members which are to be reported immediately to the Supervisory Board owing to the duty of loyalty to the company. Further relevant details are to be found in the Report from the Supervisory Board. Further mandates held by the members of the Supervisory Board on supervisory boards to be established by law or on comparable domestic and foreign supervisory bodies of business enterprises are listed in detail on pages 53 ff. In line with the recommendation of the Code (cf. number 5.4.5, para. 1), no member of the Board of Management has accepted more than a total of three supervisory board mandates in non-Group listed companies or in supervisory bodies of non-Group companies which make similar requirements.

REPORTABLE SECURITIES TRANSACTIONS OF BOARD OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS Pursuant to Section 15a of the German Securities Trading Act (WpHG), members of the Board of Management and Supervisory Board as well as related parties are obliged to report transactions involving Brenntag shares or related financial instruments if the value of the transactions which they have made in one calendar year reaches or exceeds EUR 5,000. In the 2013 financial year, seven transactions were reported to Brenntag AG, all of which were duly published and can also be accessed at any time on the website of Brenntag AG under the section "Directors' Dealings".

MATERIAL AMENDMENTS TO THE GERMAN CORPORATE GOVERNANCE CODE As in previous years, the Government Commission's focus in the amendments to the Code was on the appropriateness of Board of Management remuneration. In view of this, the Board of Management and the Supervisory Board of Brenntag AG focused particularly on the amendments to the Code contained in numbers 4.2.2, para. 2, sentence 3, 4.2.3, para. 2, sentence 6 as well as 4.2.3, para. 3 of the Code.

In accordance with number 4.2.2, para. 2 of the Code, the Supervisory Board is to determine an appropriate amount of total remuneration for the individual members of the Board of Management. In doing so, the Supervisory Board shall consider the relationship between the remuneration of the Board of Management and that of senior management and the staff overall, particularly in terms of its development over time. For this comparison, the Supervisory Board shall determine how senior managers and the relevant staff are to be differentiated. A new insertion in the Code is sentence 3 which now regulates a concrete procedure for determining the appropriateness of the Board of Management remuneration, as already provided for by the German Stock Corporation Act and regularly followed by the Supervisory Board. In line with this recommendation, the Supervisory Board has established corresponding peer groups and considered the relationship between the remuneration of the Board of Management and these groups, in terms of its development over time. In this detailed review, the Supervisory Board came to the conclusion that the Board of Management remuneration is appropriate taking into account the tasks of the individual member of the Board of Management, his personal performance, the economic situation, the performance and outlook of Brenntag AG as well as the common level of remuneration in peer companies and the remuneration structure in place in other areas of the company.

Furthermore, in accordance with number 4.2.3, para. 2, sentence 6 of the Code, the amount of remuneration of the Board of Management members is to be capped, both overall and with regard to their variable remuneration components. All service agreements of the Board of Management at Brenntag AG meet these requirements. Further details are to be found in the Remuneration Report on pages 85 ff.

Moreover, a recommendation was newly inserted in number 4.2.3, para. 3 of the Code that, for pension schemes, the Supervisory Board should establish the level of provision aimed for in each case – also considering the length of time for which the individual has been a Board of Management member – and take into account the resulting annual and long-term expense for the company. In principle, the relevant agreements made with the members of the Board of Management meet these requirements. However, the deviation from the recommendation contained in the current declaration of conformity was made for precautionary reasons since, for one member of the Board of Management, there is a defined contribution plan, which does not aim to achieve a specific level of pensions. The Supervisory Board therefore does not establish the targeted level of pensions in this respect. This approach even is preferable from the company's point of view opposed to the approach of a defined benefit plan, as external risks and investment risks are not being shifted to the company.

For financial years starting after December 31, 2013 certain information stated in number 4.2.5 para. 3 of the Code regarding the remuneration of members of the Board of Management only shall be presented in the enclosed model tables in the remuneration report 2014. Therefore, for Brenntag AG the recommendation does not apply for the financial year 2013.

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

APPROPRIATE CONTROL AND RISK MANAGEMENT An effective risk management and control system is a prerequisite for the Board of Management and Supervisory Board of Brenntag AG to ensure that opportunities and risks arising from the business activities of Brenntag AG and its subsidiaries are handled appropriately. One particular focus remains the financial risks, in particular the liquidity and credit default risks. Systematic risk management enables potential uncertainties to be identified and assessed at an early stage and risk positions to be optimized. The Board of

Details on the internal control and risk management system pages 102 ff.

Management reports regularly to the Supervisory Board on any existing risks and their development. The Audit Committee of the Supervisory Board is responsible for monitoring the accounting process, effectiveness and efficiency of the company's internal controls, risk management and the internal audit system. The Audit Committee's work is described in detail on pages 51 ff.

Brenntag AG's controlling, risk management and audit systems are continually refined and regularly adapted to changing conditions. Details on the internal control and risk management system are to be found on pages 102 ff.

TRANSPARENCY AND EQUAL TREATMENT THROUGH COMPREHENSIVE INFORMATION Brenntag AG aims to ensure that communications with the capital market are as transparent as possible and that all shareholders are treated equally. Hereby, it is ensured that all market participants receive information continuously and promptly. For Brenntag AG, close dialogue with its shareholders and potential investors is a matter of course. Various measures are implemented to ensure the aim of a fair communication policy is achieved. For example, Brenntag AG regularly informs investors about the current development of business and takes part in various investors conferences and road shows. Shareholders also have the opportunity to take up contact with the Board of Management at the Annual General Shareholders' Meeting. All relevant information is published on the Brenntag AG website in German and English, including, in particular, ad-hoc news, the Articles of Association, the financial reports, current presentations as well as details on the Annual General Shareholders' Meeting and the financial calendar. The financial calendar is also published on the last page of this Annual Report.

SHAREHOLDERS AND GENERAL SHAREHOLDERS' MEETING As provided for in the Articles of Association, the shareholders of Brenntag AG exercise their rights before or during the General Shareholders' Meeting and, in this respect, may also exercise their voting rights. Each share carries one vote in the General Shareholders' Meeting. The General Shareholders' Meeting resolves, among other things, on the appropriation of profit, the discharge of the Board of Management and of the Supervisory Board and on the election of the auditors. The chairman of the Supervisory Board presides over the General Shareholders' Meeting. The ordinary General Shareholders' Meeting takes place once a year. Shareholders who are registered with the share register of the company and whose application for participation is received by the company or any other body designated in the notice of the respective General Shareholders' Meeting in good time before the General Shareholders' Meeting are entitled to participate in the General Shareholders' Meeting and exercise their voting rights. Shareholders may exercise their right to vote in the General Shareholders' Meeting either personally or through a representative of their choice, or by a company-appointed proxy acting on their instructions. As in the previous year, shareholders were offered the option of exercising their right to vote at the 2013 General Shareholders' Meeting in writing by postal vote, without appointing a person to represent them. It is also planned to offer the option of postal voting for the 2014 General Shareholders' Meeting. To provide information for the shareholders, Brenntag AG posts the Annual Report on the past financial year on its website promptly after the Supervisory Board meeting at which the annual financial statements are adopted. As in the previous year, notice of the 2014 General Shareholders' Meeting will be given at least 36 days before the date on which it is to be held. The invitation to attend will include a list of items on the agenda as well as an explanation of conditions for attendance and the rights of the shareholders. All documents and information on the forthcoming General Shareholders' Meeting are also available in good time for downloading from the website of Brenntag AG. After the General Shareholders' Meeting, Brenntag AG also publishes attendance and the results of votes on the Internet.

ACCOUNTING AND FINANCIAL STATEMENT AUDITING Both the consolidated financial statements and the interim reports of Brenntag AG are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The statutory financial statements of Brenntag AG, on which the dividend payment is based, are drawn up in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). For the 2013 financial year, we again agreed with the financial statement auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, that the chairman of the Audit Committee would be informed immediately of any possible grounds for exclusion or bias arising during the audit insofar as they are not immediately eliminated, and that the auditors would report immediately on any findings or occurrences during the audit which have a significant bearing on the duties of the Supervisory Board. It was also agreed that the auditors would inform the Supervisory Board or make a note in the audit report of any facts ascertained during their examination that conflict with the declaration of conformity with the recommendations known of the Government Commission "German Corporate Governance Code"; this declaration was issued by the Board of Management and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act.

DECLARATION ON CORPORATE GOVERNANCE

DECLARATION OF CONFORMITY WITH THE RECOMMENDATIONS OF THE GOVERNMENT COMMISSION "GERMAN CORPORATE GOVERNANCE CODE" On December 18, 2013, the Board of Management and Supervisory Board made the following declaration on the recommendations of the Government Commission "German Corporate Governance Code" in accordance with Section 161, para. 1 of the German Stock Corporation Act:

"The Board of Management and the Supervisory Board hereby declare that Brenntag AG complies and plans to continue to comply with the recommendations of the Government Commission "German Corporate Governance Code" in the version dated May 13, 2013, announced by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette) with the exception of the recommendation in number 4.2.3, para. 3 of the Code. The deviation from the recommendation is declared for precautionary reasons and is based on the following considerations:

Brenntag AG generally follows this recommendation. However, for one member of the Board of Management there is a defined contribution plan which does not aim to achieve a specific level of pensions. The Supervisory Board therefore does not establish the targeted level of pensions is this respect.

Furthermore, the Board of Management and the Supervisory Board hereby declare that Brenntag AG has complied with the recommendations of the Government Commission "German Corporate Governance Code" in the version dated May 15, 2012 since its last declaration of conformity dated December 19, 2012."

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

COMPLIANCE REPORT AND DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES In all its business activities, Brenntag is committed to acting honestly, fairly and in good faith in its dealings with customers, suppliers and competitors as well as with its employees and the public.

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

Following an intensive analysis of our major compliance risks and a comparison with the codes of conduct of other listed companies, a new Code of Business Conduct and Ethics was developed in the reporting year.

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

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

The Brenntag Code of Business Conduct and Ethics, which is of central importance for Brenntag's reputation, is freely available and can be downloaded on the website at www.brenntag.com/compliance/index.html.

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

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

Material complaints and reports are discussed with the relevant member of the Compliance Committee, an internal advisory body whose members include several heads of department of Brenntag AG. General questions on compliance are also discussed in the Compliance Committee.

The chairman of the Compliance Committee reports to the Audit Committee of the Supervisory Board on a regular basis on current compliance cases as well as on the further development of the Group-wide compliance organization and structures.

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

WORKING PRACTICES OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD AS WELL AS COMPOSITION AND WORKING PRACTICES OF THEIR COMMITTEES In accordance with the German Stock Corporation Act (AktG) and the Articles of Association of Brenntag AG, the Board of Management and the Supervisory Board form the two bodies of the company which together govern the company and are guided by the principles of the Code as well as their respective rules of procedure. The working practices of both bodies are geared to responsible corporate governance.

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

BOARD OF MANAGEMENT

Since January 1, 2014, the Board of Management of Brenntag AG is made up of three members. Steven Holland remains Chairman of the Board of Management.

Since then the areas of responsibility of the individual Board of Managment members were reassigned as follows:

1 GEORG MÜLLER, CFO
- Corporate Controlling
- Corporate Finance & Investor Relations
- Corporate Group Accounting
- Corporate IT
- Corporate Legal
- Corporate Risk Management
- Corporate Tax

2 STEVEN E. HOLLAND, CEO
- Asia Pacific region
- Corporate Communications
- Corporate Development
- Corporate Human Resources
- Corporate Health, Safety and Environment
- Corporate Internal Audit
- Corporate M&A
- Europe region

3 WILLIAM A. FIDLER
- Global Sourcing
- Latin America region
- North America region


Mexico City
Philadelphia
Duisburg
Bangkok
2
3

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

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

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

- Board of Management's reports to the Supervisory Board,
- fundamental organizational measures, such as the conclusion of company agreements, transformation measures within the meaning of the German Transformation of Companies Act or acquisitions, carve-outs or the sale of material parts of the company as well as strategy and business planning issues (Section 90, para. 1, No. 1 of the German Stock Corporation Act),
- measures related to the implementation and controlling of a monitoring system (Section 91, para. 2 of the German Stock Corporation Act),
- issuance of the declaration of conformity (Section 161, para. 1 of the German Stock Corporation Act),
- preparation of the annual financial statements and the management report,
- convening of the General Shareholders' Meeting as well as the Board of Management's requests and proposals for resolutions to be dealt with and voted on at the General Shareholders' Meeting,
- matters with respect to which the chairman of the Board of Management or any two members have requested a resolution by the Board of Management.

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

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

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

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

Furthermore, the prior consent of the Supervisory Board is required for some major Board of Management decisions, including but not limited to major changes in the business strategy of the Brenntag Group, the acquisition or sale of major plots of land, companies or business operations, agreements in connection with the granting or raising of loans or the assumption of guarantees, the amount of which exceeds EUR 50 million in each specific case.

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

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

As in the previous year, the Supervisory Board of Brenntag AG has six members. The chairman of the Supervisory Board is Stefan Zuschke. There are no employee representatives on the Supervisory Board of Brenntag AG as the German One-Third Employee Participation Act (Drittelbeteiligungsgesetz) and the German Codetermination Act (Mitbestimmungsgesetz) are not applicable. The Supervisory Board members are in principle elected for a period up to the conclusion of the General

Shareholders' Meeting which resolves on the formal discharge of the Supervisory Board for the fourth financial year after commencement of the respective term of office. The financial year in which the term of office starts is not counted for this purpose. The General Shareholders' Meeting can determine a shorter term of office for the Supervisory Board members. The re-election of members of the Supervisory Board is possible.

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

The Supervisory Board has regulated the work of the Board of Management in rules of procedure for the Board of Management, in particular matters which have to be dealt with by the entire Board of Management as well as the necessary majority for Board of Management resolutions. Information on the remuneration of the Supervisory Board members can be found in the Remuneration Report on pages 85 ff of the combined management report.

The Supervisory Board reviews the efficiency of its activities on a regular basis but at least once every two years. The last efficiency review took place in December 2013. The Supervisory Board examined in particular whether the existing internal rules of procedure have proved to be appropriate for good corporate governance, how the activities of the Supervisory Board can be made even more efficient and whether there are further opportunities to implement the corporate governance requirements even more effectively.

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

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

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

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

AUDIT COMMITTEE The Supervisory Board of Brenntag AG has set up an audit committee, which meets at least four times in each calendar year and in particular monitors the accounting process and the audit of the annual financial statements. The Audit Committee has three members who are appointed by the Supervisory Board. They are Prof. Dr Edgar Fluri, Doreen Nowotne and Stephen Clark.

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

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

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

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

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

OFFICES OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

MEMBERS OF THE BOARD OF MANAGEMENT The members of the Board of Management hold the following offices on supervisory boards or comparable supervising bodies of companies.

Steven Holland,
North Kilvington, Thirsk / United Kingdom
Chief Executive Officer

- BRENNTAG GmbH (Chairman of the Supervisory Board, until January 31, 2014)
- BRENNTAG (Holding) B.V. (Member of the Supervisory Board, until August 2, 2013)
- Brenntag HoldCo B.V. (Member of the Supervisory Board, until August 2, 2013)
- Brenntag Nederland B.V. (Member of the Supervisory Board)
- BRENNTAG Polska sp. z o.o. (Chairman of the Supervisory Board)
- BRENNTAG QUIMICA, S.A.U. (Member of the Administrative Board)
- BRENNTAG SA (Chairman of the Supervisory Board)
- HCI Central Europe Holding B.V. (Member of the Supervisory Board, until August 2, 2013)

Georg Müller,
Essen / Germany
Chief Financial Officer

- BRENNTAG GmbH (Chairman of the Supervisory Board, since February 1, 2014)

Jürgen Buchsteiner,
Monte Sereno, California / USA
Member of the Board of Management (until December 31, 2013)

- Brenntag (Shanghai) Chemical Trading Co., Ltd. (Supervisor / Supervisory body, until December 31, 2013)
- HCI U.S.A .Holdings B.V. (Member of the Supervisory Board, until August 2, 2013)
- Holland Chemical International B.V. (Member of the Supervisory Board, until August 2, 2013)

William Fidler,
Henderson, Kentucky / USA
Member of the Board of Management

- None

These offices are exclusively offices held in Group company bodies.

MEMBERS OF THE SUPERVISORY BOARD The members of the Supervisory Board hold the following offices on supervisory boards or comparable supervising bodies of companies.

Stefan Zuschke,
Hamburg / Germany, Business Consultant
Chairman of the Supervisory Board

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

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

- Bandstahl Schulte & Co. GmbH (Chairman of the Advisory Board)
- DALLI-WERKE GmbH & Co. KG (Member of the Advisory Board, until December 18, 2013)
- Grünenthal GmbH (Deputy Chairman of the Advisory Board)
- Plasticum Group B.V. (Chairman of the Advisory Board, until April 8, 2013)
- 7(S)Personal GmbH (Chairman of the Advisory Board)
- TRIMET ALUMINIUM SE (Deputy Chairman of the Supervisory Board)
- TRIMET SE (Chairman of the Supervisory Board)
- Weener Plastik GmbH (Chairman of the Advisory Board)

Stephen Clark,
Wyomissing / USA, Businessman
Member of the Supervisory Board

- None

Prof. Dr Edgar Fluri,
Binningen / Switzerland, Swiss Certified Public Accountant
Member of the Supervisory Board

- Galerie Beyeler AG (Member of the Administrative Board)
- Nobel Biocare Holding AG (Member of the Administrative Board)
- Orior AG (Member of the Administrative Board)

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

- OME Acquisition S.C.A. (Member of the Advisory Board, until April 30, 2013)
- OME Investment Acquisition S.C.A. (Member of the Advisory Board, until April 30, 2013)
- Pucc Investments S.C.A. (Member of the Advisory Board, until May 24, 2013)
- SMIT Transformatoren B.V. (Member of the Supervisory Board, until March 31, 2013)

Dr Andreas Rittstieg,
Hamburg / Germany, Lawyer
Member of the Supervisory Board

- Berenberg Bank (Member of the Administrative Board)
- Hapag-Lloyd AG (Member of the Supervisory Board)
- Hapag-Lloyd Holding AG (Member of the Supervisory Board, until August 19, 2013)
- Huesker Holding GmbH (Member of the Advisory Board)
- Kühne Holding AG (Member of the Administrative Board)
- Tomorrow Focus AG (Deputy Chairman of the Supervisory Board)

COMBINED GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT OF BRENNTAG AG

for the Financial Year from
January 1 to December 31, 2013

CONTENTS

BASIC INFORMATION ABOUT THE GROUP

GROUP BUSINESS MODEL

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

Linking 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 to around 170,000 customers a full-line range of chemical products and value-added services. 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 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 are active worldwide 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 regionally structured segments in Europe, 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). High diversification means that Brenntag is largely independent from the volatility of any single specific market segment or region.

Brenntag is the global market leader in full-line chemical distribution. We define market leader 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 overall safety performance in the Group.

Further information on HSE pages 96 ff

GROUP STRUCTURE As the parent company, Brenntag AG is responsible for the strategy of the Group, risk management and central financing. Further central functions of Brenntag AG are Corporate Controlling, Corporate HSE (Health, Safety and Environment), Corporate Investor Relations, Corporate IT, Corporate Accounting, Corporate Mergers & Acquisitions, Corporate International Human Resources Management, Corporate Development, Corporate Communications, Corporate Legal, Corporate Internal Audit and Corporate Tax.

The consolidated financial statements as at December 31, 2013 include Brenntag AG, 26 domestic (December 31, 2012: 26) and 181 foreign (December 31, 2012: 194) fully consolidated subsidiaries and special purpose entities. Five associates (December 31, 2012: five) have been accounted for at equity.

SEGMENTS AND LOCATIONS The Brenntag Group is managed by the regionally structured segments Europe, North America, Latin America and Asia Pacific. Furthermore, all other Segments cover the central functions for the entire Group and the international business of Brenntag International Chemicals.

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

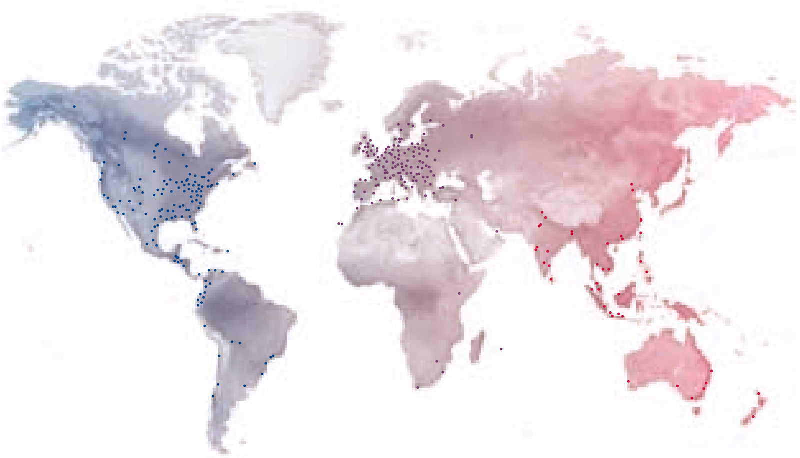
GLOBAL NETWORK OF THE BRENNTAG GROUP B. 01

NORTH AMERICA

		2013
External sales	EUR m	3,143.6
Operating gross profit	EUR m	763.1
Operating EBITDA	EUR m	325.7
Employees [1]		3,970

EUROPE

		2013
External sales	EUR m	4,558.3
Operating gross profit	EUR m	930.0
Operating EBITDA	EUR m	297.4
Employees [1]		6,145



LATIN AMERICA

		2013
External sales	EUR m	849.2
Operating gross profit	EUR m	163.6
Operating EBITDA	EUR m	47.0
Employees [1]		1,418

ASIA PACIFIC

		2013
External sales	EUR m	738.0
Operating gross profit	EUR m	121.7
Operating EBITDA	EUR m	47.5
Employees [1]		1,536

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.

OBJECTIVES AND STRATEGIES

Sustained global trends such as demographic change, increasing urbanization and globalization mean that the worldwide demand for chemicals is rising continuously and is opening up attractive opportunities for Brenntag.

Against this background, our goal for the future is to remain 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.

Extending our market leadership

ORGANIC GROWTH AND ACQUISITIONS We strive to extend our market leadership by steadily enhancing our product and service offering capabilities in line with the requirements of the regional markets. In doing so, we benefit from leveraging our extensive global activities and key strengths. Our proactive sales approach focuses on providing customers with total solutions along the entire value chain rather than just products.

In addition, we continue to seek acquisition opportunities that support our overall 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. Today, we already generate almost 30% of our total sales in these emerging markets. 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, also 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, and achieving the resulting economies of scale are major levers for increasing our profitability and returns.

The systematic implementation of our strategy is based on global and regional initiatives. We seek to effectively leverage our capabilities through accelerated and targeted growth in the particularly attractive industries: water treatment, personal care, pharmaceuticals, food & beverages, oil & gas as well as adhesives, coatings, elastomers and sealants. We are also focusing on further expanding business with regional, pan-regional and global key accounts, sectors where our broad product offering and far-reaching geographic network provide unrivalled service capabilities. In addition, we will continue to actively realize the potential offered by the trend for chemical producers to outsource activities. Further initiatives focus on growing the customer-specific mixing and blending business by providing value-added services.

Besides our growth initiatives, we continue to optimize our network, to adopt best practice solutions throughout the Brenntag Group and to improve operational efficiency by optimizing our warehouse and transport logistics and continually refining the procurement and sales processes on a regional and global level.

All of our top initiatives are based on our guiding strategic principles:

- intense customer orientation
- full-line product portfolio focused on value-added services
- complete geographic coverage
- accelerated growth in target markets
- commercial and technical competence

We are committed to the principles of responsible care and responsible distribution. Safety and the protection of the environment are paramount in everything we do. For more information on our HSE strategy, please refer to the chapter "Health, Safety and Environmental Protection, Quality Management".

Furthermore, at Brenntag, sustainability has always been essential to the way we operate. We believe that the business practices we follow today must also benefit the needs of future generations. It is important to operate safely, act as a true corporate citizen, minimize our impact on the environment and ensure our financial viability.

FINANCIAL MANAGEMENT SYSTEM

Our goal for the future is to remain 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 positions while continually and systematically improving profitability.

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

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

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

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

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

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

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

RETURN ON CAPITAL In the Brenntag Group, we measure the return on capital using the metric RONA (Return on Net Assets). It is defined as EBITA divided by the sum of average property, plant and equipment and average working capital.

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

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

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

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

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

Free cash flow is an important performance indicator for us as it shows what level of cash is generated from operating activities and will therefore be available for growth through acquisitions as well as for lenders, shareholders and tax payments.

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

ADDITIONAL PERFORMANCE INDICATORS In addition to the financial performance indicators described in this chapter, we use several other metrics to assess the economic success of our business activities. To determine whether a particular investment project is likely to generate value for Brenntag, we take the modified internal rate of return (MIRR) and the payback period as measures of the risk involved in the project. An investment project is only approved when the MIRR is above the hurdle rate and the combination of return and payback seem attractive. The hurdle rate for the modified internal rate of return varies depending on the risk involved in the project and in particular on the respective country risk.

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

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

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

In addition to these metrics, we have set hurdle rates which generally have to be considered before acquisitions are executed. Potential acquisitions must in particular be able to satisfy a hurdle rate of return in the form of free cash flow on capital employed. The hurdle rate of return again depends above all on the country risk of the acquisition.

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

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

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

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

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

REPORT ON ECONOMIC POSITION

ECONOMIC ENVIRONMENT

The recession in Europe seems to have bottomed out. There are numerous indicators for gradual economic recovery. For example, industrial output in 2013 declined year on year only slightly by about 0.6%. In Western Europe, industrial output decreased by an average of 1.1% whilst, in the East European countries, moderate growth of 1.8% on average was recorded.

Expanding by some 2.0% in 2013, the US economy failed to match the previous year's GDP growth rate of some 2.8%. Industrial output presented a similar picture, growing moderately by some 2.6%, which is a slight decrease from the prior-year growth rate of 3.6%.

Overall economic development in Latin America remained modest in 2013 and varied from country to country. Particularly Mexico recorded weaker growth in 2013 than in 2012 whilst Brazil continued to recover gradually from a slowdown that started in mid-2011. Industrial output in Latin America only grew slightly by about 0.5%.

In the emerging Asian economies, especially in China, economic momentum picked up slightly in the second half of 2013. In the Asian economic region as a whole, industrial output grew by about 7.2% in 2013.

Overall global economic growth in 2013 remained challenging and, at just under 3%, was more or less on a par with the GDP growth rate in 2012. At about 2.4%, global industrial output also grew moderately in 2013 compared with 2012. However, economic momentum picked up in the second half of 2013 in both the industrial countries and in the most important emerging markets. This positive development is also reflected in the Global Manufacturing Purchasing Managers' Index, which, at 53.3 in December 2013, was at its highest level since May 2011.

BUSINESS PERFORMANCE

MAJOR EVENTS IMPACTING ON BUSINESS IN 2013 In early April 2013, Brenntag acquired Lubrication Services L.L.C. (LSi), one of North America's leading multi-regional distributors of lubricants and chemicals. Headquartered in Oklahoma City, USA, LSi has a market position, expertise and infrastructure that will allow Brenntag to further increase its participation in the expected growth of the oil and gas industry. The acquisition is an excellent addition to our core product offering and will strengthen existing distribution relationships with key supply partners. In the 2013 financial year, LSi recorded annual sales of EUR 97.6 million.

Successful acquisitions in 2013

For infringements of the French competition law in the period from 1998 to 2005 in certain parts of France, the French Competition Authority imposed a fine of EUR 47.8 million on BRENNTAG SA and another party at the end of May 2013. A provision had already been made in the past, partly when Brenntag filed for leniency in 2006. In the second quarter of 2013, this provision was increased by EUR 16.8 million so the fine is fully covered. Brenntag had to pay the fine in full in the third quarter of 2013 but does not agree with the legal assessment of the facts and the determination of the fine and has therefore appealed against the decision of the French Competition Authority.

Furthermore, in June 2013, Brenntag acquired the distribution business of Blue Sky Environment Pty Ltd (Blue Sky). Headquartered in Brisbane, Australia, Blue Sky is active as a distributor of AdBlue with a national network across Australia. AdBlue is an environmentally friendly solution that transforms harmful NOx emissions from heavy-duty, diesel-powered vehicles into the harmless components, water vapour and nitrogen. With this acquisition, we are continuing our successful growth path on the fifth continent and, as a leading AdBlue supplier, can benefit from the growth prospects in the Australian AdBlue market. Blue Sky generated annual sales of EUR 4.0 million in 2013.

Brenntag publishes its first sustainability report. Further information at www.brenntag.com under sustainability

At the beginning of September 2013, Brenntag published its first sustainability report with a clear commitment to health, safety and environmental protection representing key company values. Based on the report's "Adding value" concept, the company uses projects from various areas – environmental management, social commitment, occupational health and safety and compliance – to illustrate how added value is created worldwide.

In mid-September 2013, Brenntag signed an agreement to acquire the chemical distribution division of the Zytex Group, a biotechnology company headquartered in Mumbai, India. With this acquisition, Brenntag has further strengthened its nutrition and health distribution business in India. The transaction was closed at the beginning of October 2013. The acquired business, which has been included in the consolidated financial statements for the period October to December 2013, generated sales of EUR 7.4 million on a twelve-month basis.

In early December 2013, Brenntag signed an agreement to acquire part of the operational business of Kemira Water Danmark A/S headquartered in Copenhagen, Denmark. Brenntag takes over the distribution of caustic soda, sulphuric and hydrochloric acids, solvents and packed coagulants and will operate the business from its existing Danish facilities and a new location in the port of Copenhagen. The acquired business generated sales of some EUR 16 million in the 2013 financial year. The transaction was closed at the beginning of 2014.

STATEMENT BY THE BOARD OF MANAGEMENT ON BUSINESS PERFORMANCE Despite the modest development of the global economy in 2013, the Brenntag Group again increased both sales and gross profit year on year. In addition to the ongoing development of our existing business operations, the acquired companies, in particular Altivia Corporation as well as the ISM/Salkat business, which was included for the first full year in 2013, also made a contribution to this growth while the development of exchange rates provided some headwind.

Increasing results despite moderate development of the global economy

Operating expenses rose only moderately in 2013 despite the significant increase in business volume.

As the increase in operating expenses slightly exceeded the growth of operating gross profit, operating EBITDA could not fully reach the 2012 level. This was partly caused by currency translation effects. On a constant currency basis, operating EBITDA in 2013 slightly exceeded the 2012 level.

Average working capital rose only slightly compared with the level in 2012. This increase was mainly due to higher sales. The annualized working capital turnover decreased slightly, partly as a result of the acquisitions made.

Investment in property, plant and equipment increased slightly compared with the level in 2012. We continue to make appropriate investment in our existing infrastructure as well as in growth projects.

Given the overall economic environment, our business performance and the development of the results of operations and the company's financial position were satisfactory in 2013 and the Brenntag Group continued to prove its remarkable resilience. This is also reflected in the free cash flow, which was again at a high level.

RESULTS OF OPERATIONS

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP B. 02

in EUR m	2013 [1]	2012 [2] [3]	Change abs.	Change in %	Change in % (fx adj.) [4]
Sales	9,769.5	9,689.9	79.6	0.8	3.3
Operating gross profit	1,992.3	1,968.4	23.9	1.2	3.9
Operating expenses	– 1,294.0	– 1,261.4	– 32.6	2.6	5.2
Operating EBITDA	**698.3**	**707.0**	**– 8.7**	**– 1.2**	**1.6**
Transaction costs / holding charges	– 1.5	–	– 1.5	–	–
EBITDA (incl. transaction costs / holding charges)	**696.8**	**707.0**	**– 10.2**	**– 1.4**	**1.4**
Depreciation of property, plant and equipment and investment property	– 101.2	– 96.2	– 5.0	5.2	7.7
EBITA	595.6	610.8	– 15.2	– 2.5	0.4
Amortization of intangible assets	– 39.7	– 36.9	– 2.8	7.6	10.6
Financial result	– 60.7	– 95.6	34.9	– 36.5	–
Profit before tax	495.2	478.3	16.9	3.5	–
Income taxes	– 156.3	– 140.5	– 15.8	11.2	–
Profit after tax	338.9	337.8	1.1	–	–

[1] Includes a one-time expense of EUR 16.8 million in connection with a decision by the French Competition Authority regarding the anti-trust proceedings in France.
[2] The figures for the period January 1 to December 31, 2012 were adjusted owing to the first-time application of the revised IAS 19 (Employee Benefits (revised 2011)).
[3] Contains a one-time expense of EUR 11.0 million in connection with the anti-trust proceedings in France.
[4] Change in % (fx adj.) is the percentage change on a constant currency basis.

Despite operating in a difficult economic environment, the Brenntag Group and its segments developed mostly in line with our expectations from last year's forecast report. In the following we only provide comments for developments relative to our expectations, where developments differed from our expectations.

EUR **9,769.5** m
Sales

I. Sales

In the 2013 financial year, the Brenntag Group recorded sales of EUR 9,769.5 million, exceeding the figure for 2012. Sales grew by 0.8% or 3.3% on a constant currency basis as a result of a sharp rise in volumes while the average selling price fell slightly. Alongside positive organic growth of the business, the acquisitions, above all Altivia Corporation, Lubrication Services, L.L.C. and the ISM / Salkat business, made a contribution to this development.

II. Operating gross profit

In 2013, the Brenntag Group grew operating gross profit year on year by 1.2% to EUR 1,992.3 million. On a constant currency basis, that was an increase of 3.9% and was largely due to higher volumes, which were mainly a result of the contribution made by the acquisitions while operating gross profit per unit fell slightly, contrary to expectations.

EUR **1,992.3** m

Operating gross profit

III. Operating expenses

In 2013, operating expenses of the Brenntag Group totalled EUR 1,294.0 million and therefore rose by 2.6% (5.2% on a constant currency basis). On the one hand, the acquired businesses resulted in increased operating expenses. On the other hand, operating expenses in 2012 included an increase of some EUR 11.0 million in a provision in the Europe segment, which was once more increased by EUR 16.8 million in 2013 for the same matter. Adjusted for this effect as well as for the acquisitions, operating expenses rose moderately on a constant currency basis, which was triggered by the organic increase in volumes.

IV. EBITDA

The Brenntag Group posted EBITDA of EUR 696.8 million in 2013 and therefore could not fully match its strong prior-year earnings. However, on a constant currency basis, the Group exceeded the 2012 figure by 1.4%. Adjusted for transaction costs and holding charges, operating EBITDA totalled EUR 698.3 million, and therefore was also slightly lower than the 2012 figure. However, on a constant currency basis, the prior-year figure was exceeded by 1.6%. Adjusted for the aforementioned increase in a provision in the Europe segment, operating EBITDA rose year on year by 2.4% on a constant currency basis and was achieved in a continued weak overall economic climate.

EUR **696.8** m

EBITDA

V. Depreciation, amortization and financial result

Depreciation and amortization amounted to EUR 140.9 million in 2013. Of this figure, EUR 101.2 million relates to depreciation of property, plant and equipment and investment property as well as EUR 39.7 million to amortization of intangible assets. Overall, depreciation and amortization increased by EUR 7.8 million compared to 2012. This slight increase is due to the moderate expansion of capacities as well as higher amortization of customer relationships resulting from acquisitions.

The financial result amounted to EUR –60.7 million in 2013 (2012: EUR –95.6 million). In addition to the somewhat lower interest level in 2013, we also benefited from the fact that several long-term interest swaps expired in 2013, which, from today's point of view, had high fixed interest rates. In addition, the change in the financial results is particularly due to the remeasurement of the purchase price liability for the remaining shares in Zhong Yung (second tranche). On initial recognition at the end of August 2011, the purchase price expected to be paid for the remaining shares in Zhong Yung in 2016 was recorded as a liability at its present value without affecting profit or loss. Any difference resulting from unwinding of discounting and changes in the estimate of the purchase price have since been recognized in profit or loss as a change in the purchase price obligations and liabilities under IAS 32 to minorities are shown within the financial result.

The result in 2013 from the measurement of foreign currency receivables, foreign currency liabilities and foreign currency derivatives totalling EUR –15.5 million (2012: EUR –19.1 million) is largely connected with our activities in Venezuela. The unfavourable political development and tighter exchange restrictions led to expenses for exchange rate-related value adjustments of EUR 5.7 million (2012: EUR 10.5 million). The other exchange rate losses include hedging costs as well as the result of foreign currency items which we intentionally either did not hedge or did not hedge completely.

VI. Profit before tax

In 2013, the profit before tax amounted to EUR 495.2 million and was therefore slightly higher year on year (2012: EUR 478.3 million).

VII. Income taxes and profit after tax

Income tax expense also rose to EUR 156.3 million (2012: EUR 140.5 million).

The profit after tax totalled EUR 338.9 million (2012: EUR 337.8 million).

VIII. Return on net assets (RONA)

RONA B. 03

			Change	
in EUR m	**2013**	2012	abs.	in %
EBITA	595.6	610.8	−15.2	−2.5
Average property, plant and equipment	856.4	860.5	−4.1	−0.5
Average working capital	1,090.0	1,048.8	41.2	3.9
RONA	**30.6%**	**32.0%**	–	–

In 2013, the Brenntag Group generated RONA of 30.6%, a decrease of 1.4 percentage points on the figure for 2012. This development is largely attributable to the decrease in EBITA and the increase in average working capital and could not be fully compensated by the fall in average property, plant and equipment.

BUSINESS PERFORMANCE IN THE SEGMENTS

BUSINESS PERFORMANCE IN THE SEGMENTS 2013

B. 04

in EUR m	**Brenntag Group**	Europe	North America	Latin America	Asia Pacific	All other Segments
External sales	9,769.5	4,558.3	3,143.6	849.2	738.0	480.4
Operating gross profit	1,992.3	930.0	763.1	163.6	121.7	13.9
Operating expenses	−1,294.0	−632.6	−437.4	−116.6	−74.2	−33.2
Operating EBITDA	**698.3**	**297.4**	**325.7**	**47.0**	**47.5**	**−19.3**

EUROPE

B. 05

in EUR m	**2013** [1]	2012 [2) 3)]	Change abs.	Change in %	Change in % (fx adj.)
External sales	4,558.3	4,549.0	9.3	0.2	1.2
Operating gross profit	930.0	927.9	2.1	0.2	1.3
Operating expenses	−632.6	−622.0	−10.6	1.7	2.7
Operating EBITDA	**297.4**	**305.9**	**−8.5**	**−2.8**	**−1.5**

1) Includes a one-time expense of EUR 16.8 million in connection with a decision by the French Competition Authority regarding the anti-trust proceedings in France.
2) Contains a one-time expense of EUR 11.0 million in connection with the anti-trust proceedings in France.
3) Following a change in management responsibilities certain cost items were reallocated between segments and previous-year figures have been adjusted accordingly.

I. External sales, volumes and prices

In the 2013 financial year, the European companies generated external sales of EUR 4,558.3 million. That represents an increase of 0.2% or 1.2% on a constant currency basis compared with the previous year and is mainly due to higher volumes whilst the average selling price fell slightly.

II. Operating gross profit

In the 2013 financial year, operating gross profit totalled EUR 930.0 million in the Europe segment and therefore increased by 0.2% compared to 2012. On a constant currency basis, this represents an increase of 1.3% and is largely due to higher volumes whilst operating gross profit per unit fell slightly contrary to expectations.

III. Operating expenses

Operating expenses in the Europe segment totalled EUR 632.6 million, rising by 1.7% or 2.7% on a constant currency basis. Adjusted for the increase in 2012 of EUR 11.0 million in a provision for the anti-trust proceedings in France and a further EUR 16.8 million in 2013, operating expenses increased only moderately. This is a result of our continuous tight cost management.

IV. Operating EBITDA

In 2013, the European companies posted operating EBITDA of EUR 297.4 million, a slight decrease of 2.8% or 1.5% on a constant currency basis. Adjusted for the increase in the provision in France, earnings were virtually on the prior-year level. On a constant currency basis, earnings even rose. Growth totalled 0.4%, which we consider to be a satisfactory performance given the overall economic situation in Europe.

NORTH AMERICA — B.06

			Change		
in EUR m	**2013**	2012 [1]	abs.	in %	in % (fx adj.)
External sales	3,143.6	3,065.2	78.4	2.6	6.4
Operating gross profit	763.1	742.3	20.8	2.8	6.7
Operating expenses	−437.4	−420.6	−16.8	4.0	8.1
Operating EBITDA	**325.7**	**321.7**	**4.0**	**1.2**	**4.9**

[1] The figures for the period January 1 to December 31, 2012 were adjusted owing to the first-time application of the revised IAS 19 (Employee Benefits (revised 2011)).

I. External sales, volumes and prices

External sales of the North American companies increased in 2013 year on year by 2.6% and by 6.4% on a constant currency basis to EUR 3,143.6 million, largely as a result of higher volumes. Furthermore, the acquisitions, in particular Altivia Corporation and Lubrication Services, L.L.C., also made a positive contribution to growth. By contrast, the average selling price fell, above all as a result of the acquisition of Altivia Corporation whose product mix includes a high proportion of products with a comparatively low average selling price.

II. Operating gross profit

In 2013, the North America segment generated operating gross profit of EUR 763.1 million, which represents an increase compared to the prior-year level. The increase was 2.8% (6.7% on a constant currency basis) and resulted above all from higher volumes, partly due to the acquisitions, whilst operating gross profit per unit was lower than in 2012.

III. Operating expenses

Operating expenses in 2013 totalled EUR 437.4 million, increasing year on year by 4.0% and by 8.1% on a constant currency basis. This increase was mainly due to higher volumes. Personnel expenses, rents and transport costs accounted for the biggest increases in operating expenses.

IV. Operating EBITDA

The North American companies posted operating EBITDA of EUR 325.7 million, and therefore grew earnings in 2013. Earnings increased by 1.2% and by 4.9% on a constant currency basis compared to the previous year. This development was achieved in a challenging economic environment.

LATIN AMERICA

B. 07

in EUR m	2013	2012	Change abs.	Change in %	Change in % (fx adj.)
External sales	849.2	919.0	−69.8	−7.6	−2.0
Operating gross profit	163.6	169.6	−6.0	−3.5	2.1
Operating expenses	−116.6	−112.7	−3.9	3.5	9.4
Operating EBITDA	**47.0**	**56.9**	**−9.9**	**−17.4**	**−12.3**

In last year´s forecast report, Brenntag expected above-average growth in the Latin American economies and therefore had built up additional resources. However, the demand situation was weaker than expected. Brenntag therefore adjusted its capacity and carried out structural changes throughout the segment.

I. External sales, volumes and prices

In 2013, the Latin America segment posted external sales of EUR 849.2 million, a decrease compared to the prior-year period of 7.6% or 2.0% on a constant currency basis. On a constant currency basis, this development resulted from both a slight decrease in the average selling price and a decrease in volumes.

II. Operating gross profit

Operating gross profit amounted to EUR 163.6 million in 2013, which is a decrease of 3.5%. However, on a constant currency basis, an improvement of 2.1% was recorded, although this was lower than expected. This was due to a higher average operating gross profit per unit whilst volumes declined.

III. Operating expenses

In 2013, operating expenses totalled EUR 116.6 million, rising by 3.5% compared to the previous year. On a constant currency basis, that is an increase of 9.4%. This is due to higher rents and above all higher personnel costs, mainly in connection with the aforementioned changes in the region. These measures led overall to a stronger increase in expenses than originally anticipated.

IV. Operating EBITDA

The Latin American companies generated operating EBITDA of EUR 47.0 million, which is a decrease in earnings compared to 2012 of 17.4% (12.3% on a constant currency basis). The reporting period was marked by the unsatisfactory development of operating gross profit. Therefore, measures were taken in 2013 which will, on the one hand, further promote the growth of business operations and, on the other hand, strictly control the development of expenses. These measures were considered particularly necessary as the economic environment also showed signs of slight weakening. Overall the operating EBITDA achieved in 2013 is deemed unsatisfactory and below our expectations.

ASIA PACIFIC

B. 08

			Change		
in EUR m	**2013**	2012 [1) 2)]	abs.	in %	in % (fx adj.)
External sales	738.0	708.6	29.4	4.1	7.4
Operating gross profit	121.7	113.5	8.2	7.2	11.3
Operating expenses	−74.2	−66.7	−7.5	11.2	16.5
Operating EBITDA	**47.5**	**46.8**	**0.7**	**1.5**	**4.2**

[1)] The figures for the period January 1 to December 31, 2012 were adjusted owing to the first-time application of the revised IAS 19 (Employee Benefits (revised 2011)).
[2)] Following a change in management responsibilities certain cost items were reallocated between segments and previous-year figures have been adjusted accordingly.

I. External sales, volumes and prices

The companies in the Asia Pacific segment generated external sales of EUR 738.0 million in 2013, which is an increase of 4.1 % or 7.4 % on a constant currency basis compared to the previous year. As a result of the change in the product mix in favour of high-priced and high-margin products, we saw a decline in volumes, which was, however, more than compensated by the higher average selling price.

II. Operating gross profit

In 2013, operating gross profit increased as forecasted and totalled EUR 121.7 million. Growth was 7.2 % and 11.3 % on a constant currency basis. It was attributable to the higher operating gross profit per unit and was above all due to the ISM / Salkat business, which was included for the first full year in 2013.

III. Operating expenses

Operating expenses totalled at EUR 74.2 million in the reporting period, rising year on year by 11.2 % (by 16.5 % on a constant currency basis). This development was above all due to higher costs for personnel and rents, which increased largely as a result of acquisitions.

IV. Operating EBITDA

In 2013, the companies in the Asia Pacific segment posted operating EBITDA of EUR 47.5 million and therefore grew earnings compared to 2012. The rise was 1.5 % or 4.2 % on a constant currency basis and resulted from the acquisition of the ISM / Salkat business, which was fully consolidated for the first full year.

ALL OTHER SEGMENTS

B. 09

in EUR m	2013	2012 1) 2)	Change abs.	Change in %	Change in % (fx adj.)
External sales	480.4	448.1	32.3	7.2	7.2
Operating gross profit	13.9	15.1	−1.2	−7.9	−7.9
Operating expenses	−33.2	−39.4	6.2	−15.7	−15.7
Operating EBITDA	**−19.3**	**−24.3**	**5.0**	**−20.6**	**−20.6**

1) The figures for the period January 1 to December 31, 2012 were adjusted owing to the first-time application of the revised IAS 19 (Employee Benefits (revised 2011)).
2) Following a change in management responsibilities certain cost items were reallocated between segments and previous-year figures have been adjusted accordingly.

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

In 2013, the operating EBITDA of Brenntag International Chemicals GmbH, Mülheim an der Ruhr, was slightly below the high level of the prior-year period.

In the same period, the holding companies posted operating EBITDA which was well above the figure for the previous year as a result of lower operating expenses, which were partly due to lower personnel expenses and lower costs for the preparation of acquisitions.

Overall, the operating EBITDA of all other segments in the 2013 financial year amounted to EUR −19.3 million and was thus EUR 5.0 million more favourable than the figure for 2012.

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 by Corporate Finance. 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 the financial policy and uniform processes throughout the Group.

The most important component in the financing structure of Brenntag AG is the Group-wide syndicated loan agreement that we concluded with a consortium of international banks on June 27, 2011.

The syndicated loan matures in July 2016 and is based on variable interest rates. The syndicated loan is divided into different tranches with different currencies, which are listed in the following table as at December 31, 2013:

TRANCHES OF THE SYNDICATED LOAN B. 10

Tranche	Amount in drawn currency	Current interest rate above EURIBOR/LIBOR
A1	EUR 255,000,000.00	1.85%
A2	CHF 85,000,000.00	1.85%
A3	CAD 80,000,000.00	1.85%
B	USD 910,000,000.00	1.95%

In addition to the above-mentioned and completely drawn tranches of the syndicated loan, the loan agreement also contains a revolving credit facility of EUR 500.0 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. Major Group companies are liable for the debt under the syndicated loan. Total liabilities (excluding accrued interest and before offsetting of transaction costs) under the syndicated loan amounted to EUR 1,038.6 million as at December 31, 2013. The revolving credit facility was mostly unused on the reporting date.

In April 2013, parts of the floating-rate syndicated loan were hedged against interest rate risks in the long term with suitable financial instruments. Overall, some 50% of the financial indebtedness of the Brenntag Group is currently hedged against the risk of interest rate increases.

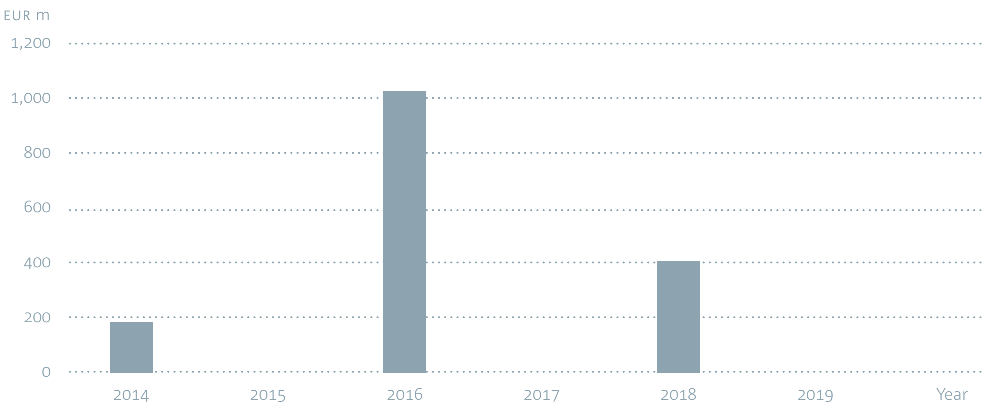
The bond issued by our Group company Brenntag Finance B.V., Amsterdam, Netherlands, in July 2011 has a volume of EUR 400.0 million and matures in July 2018. The bond bears a coupon of 5.5% with interest paid annually. It is guaranteed by Brenntag AG and other Brenntag companies. In view of the identical network of guarantors, the bond has the same ranking as the syndicated loan.

Alongside the syndicated loan and the bond, an international accounts receivable securitization programme is an important component of Group funding. Under this programme, ten Brenntag companies in five countries regularly transfer trade receivables to the consolidated special-purpose entity Brenntag Funding Limited, Dublin, Ireland. The receivables remain in the consolidated balance sheet until payment by the customers. A credit facility of max. EUR 220.0 million is available under this accounts receivable securitization programme, with financial liabilities under the programme totalling the equivalent of EUR 175.6 million (before offsetting of transaction costs) as at December 31, 2013. The programme was extended several times in recent years and currently matures in June 2014. Furthermore, some of our companies make use of credit lines with local banks on a lesser scale in consultation with the Group Treasury department.

According to our short and mid-term financial planning, the capital requirements for operating activities, investments in property, plant and equipment as well as dividends and acquisitions in the size of past practice are expected to be covered by the cash provided by operating activities so that no further loans are necessary for these purposes. Under the syndicated loan, we also have the previously mentioned revolving credit facility available to cover short-term liquidity requirements and for general corporate purposes.

MATURITY PROFILE OF OUR CREDIT PORTFOLIO [1)]
AS PER DECEMBER 31, 2013

B. 11



1) Syndicated loan, bond and liabilities under international accounts receivable securitization programme excluding accrued interest and transaction costs.

INVESTMENTS In 2013, investments in property, plant and equipment and intangible assets (excluding additions from company acquisitions) led to a total cash outflow of EUR 98.2 million (2012: EUR 86.3 million).

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

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

Major investment projects in the reporting period were:

- Jankowice site, Poland (EUR 2.9 million): Poland is expected to have huge shale gas resources. In order to benefit from growth potential in this area, the storage capacity of Jankowice will be expanded. In addition, an application and test lab for oil and gas products will be installed. The project also includes the installation of a water treatment plant in order to comply with the latest environmental standards and sustainability aspects.
- Piobesi site, Italy (EUR 1.4 million): In connection with the relocation to a new site in Piobesi (Turin region), investments are being made in filling and mixing & blending facilities, storage and operating equipment. We are thereby ensuring that the new site meets the latest environmental and safety standards. The project was started in 2012.
- Lutterworth site, United Kingdom (EUR 1.1 million): The tank facilities are being refurbished and enlarged in compliance with the latest environmental and safety regulations. The project was started in 2012.

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- Lachine site, Canada (EUR 0.8 million): The project involves the consolidation of the warehouses in the Montreal region (Quebec). The infrastructure at the Lachine site in the area near Montreal is to be relocated and concentrated. This will make processes more efficient and permit further growth. The project was started in 2011.
- Dickinson site, North Dakota, USA (EUR 1.1 million): The site is located in a region of the USA with the fastest growing oil and gas market. With this project, we are improving the transport infrastructure of the site and extending both the production facilities and the storage capacities to enable us to expand this business.
- Odessa site, USA (EUR 1.2 million): The site is located near the Permian Basin, one of the fastest growing regions in the USA in the oil and gas sector. Due to the fast growing volume, it is necessary to increase the storage capacities of our site in order to achieve the maximum possible benefit.
- Guarulhos site, Brazil (EUR 1.1 million): The Brazilian national organization uses a large number of rented special containers for the storage and delivery of high-price products. To achieve cost savings, it was decided to purchase the containers instead of renting them. Containers will still be rented to cover temporary higher demand at peak periods.
- Guarulhos site, Brazil (EUR 0.4 million): The site has expanded its business operations in the oil and gas sector. In this connection, five tanks were purchased for storing special substances.
- Santiago de Chile site, Chile (EUR 1.1 million): The site is being enlarged by acquiring a neighbouring plot of land and building additional production facilities. The investment is necessary to take account of the growing business volume and to bring the facilities in line with the latest environmental and safety requirements.
- San Martin Obispo site, Mexico (EUR 0.8 million): The business activities in the Mexico City area have been pooled at the San Martin Obispo site. In order to be able to handle the additional business, production facilities, laboratories and storage capacities were built.

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

B. 12

in EUR m	2013	2012
Cash provided by operating activities	**357.8**	**433.0**
Cash used for investing activities	**−135.2**	**−312.7**
thereof purchases of consolidated subsidiaries, other business units and other financial assets	−44.0	−234.8
thereof purchases of other investments	−98.2	−86.3
thereof proceeds from divestments	7.0	8.4
Cash used for financing activities	**−115.9**	**−228.0**
Change in cash and cash equivalents	**106.7**	**−107.7**

Consolidated cash flow statement page 124

CASH FLOW The cash of the Group provided by operating activities totalled EUR 357.8 million in the reporting period and was therefore EUR 75.2 million lower than the prior-year figure. The decrease is mainly due to the payment in the third quarter of 2013 of the fine in connection with the anti-trust proceedings in France (EUR 47.8 million) as well as higher tax payments.

Of the cash used for investing activities totalling EUR 135.2 million, EUR 98.2 million was for purchases of intangible assets as well as property, plant and equipment. The purchases of consolidated subsidiaries, other business units and other financial assets totalling EUR 44.0 million include the purchase price of EUR 31.0 million for the business of Lubrication Services, L.L.C. in the USA acquired as part of an asset deal. A further EUR 10.1 million relates to the distribution business of the Zytex Group in India, also acquired as part of an asset deal.

The cash used for financing activities totalled EUR 115.9 million in the reporting period. Of this figure, EUR 123.6 million was the dividend payment to Brenntag shareholders. The other changes are largely attributable to loans taken out (EUR 43.9 million) and redemptions (EUR 24.3 million) on local bank loans.

FREE CASH FLOW

B. 13

in EUR m	**2013**	2012	Change abs.	Change in %
EBITDA (incl. transaction costs/holding charges)	696.8	707.0	−10.2	−1.4
Investments in non-current assets (Capex)	−97.2	−94.7	−2.5	2.6
Change in working capital	−56.2	−33.0	−23.2	70.3
Free cash flow	**543.4**	**579.3**	**−35.9**	**−6.2**

DEVELOPMENT OF FREE CASH FLOW The Brenntag Group's free cash flow amounted to EUR 543.4 million in the 2013 financial year and thus decreased slightly by 6.2% compared to the previous year (EUR 579.3 million).

The main reason for this development was the change in working capital, where Brenntag faced a higher increase than in the prior year. EBITDA did not fully match the prior-year level, partly as a result of the effect of the aforementioned provision increases in the Europe segment. Furthermore, capital expenditure increased slightly due to the higher business volume.

FINANCIAL AND ASSETS POSITION

FINANCIAL AND ASSETS POSITION B. 14

in EUR m	Dec. 31, 2013 abs.	Dec. 31, 2013 in %	Dec. 31, 2012[2] abs.	Dec. 31, 2012[2] in %
Assets				
Current assets	**2,589.8**	**46.0**	**2,529.8**	**44.3**
Cash and cash equivalents	426.8	7.6	346.6	6.1
Trade receivables	1,248.8	22.2	1,266.4	22.2
Other receivables and assets	157.1	2.8	156.4	2.7
Inventories	757.1	13.4	760.4	13.3
Non-current assets	**3,037.5**	**54.0**	**3,178.3**	**55.7**
Intangible assets[1]	2,074.3	36.9	2,171.0	38.0
Other fixed assets	869.4	15.4	902.4	15.8
Receivables and other assets	93.8	1.7	104.9	1.9
Total assets	**5,627.3**	**100.0**	**5,708.1**	**100.0**
Liabilities and Equity				
Current liabilities	**1,656.4**	**29.4**	**1,597.6**	**28.0**
Provisions	37.3	0.7	76.7	1.3
Trade payables	961.5	17.1	1,008.2	17.7
Financial liabilities	293.9	5.2	130.3	2.3
Miscellaneous liabilities	363.7	6.4	382.4	6.7
Equity and non-current liabilities	**3,970.9**	**70.6**	**4,110.5**	**72.0**
Equity	2,093.7	37.2	1,944.2	34.1
Non-current liabilities	1,877.2	33.4	2,166.3	37.9
Provisions	212.5	3.8	251.3	4.4
Financial liabilities	1,474.6	26.2	1,699.2	29.8
Miscellaneous liabilities	190.1	3.4	215.8	3.7
Total liabilities and equity	**5,627.3**	**100.0**	**5,708.1**	**100.0**

[1] Of the intangible assets as of December 31, 2013, some EUR 1,148 million relate 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.
[2] The figures as at December 31, 2012 were adjusted owing to the first-time application of the revised IAS 19 (Employee Benefits (revised 2011)).

As of December 31, 2013, total assets had decreased by 1.4% to EUR 5,627.3 million (December 31, 2012: EUR 5,708.1 million).

Cash and cash equivalents increased by 23.1% to EUR 426.8 million (December 31, 2012: EUR 346.6 million).

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

- Trade receivables fell in the reporting period by 1.4% to EUR 1,248.8 million (December 31, 2012: EUR 1,266.4 million).
- Inventories decreased by 0.4% in the reporting period to EUR 757.1 million (December 31, 2012: EUR 760.4 million).
- With the opposite effect on the change in working capital, trade payables decreased by 4.6% to EUR 961.5 million (December 31, 2012: EUR 1,008.2 million).

Working capital – adjusted for exchange rate effects and acquisitions – has risen since December 31, 2012 by a total of EUR 56.2 million. At 9.0, the annualized working capital turnover [1] in the reporting period was slightly below the level of 2012 (9.2).

The intangible assets and other fixed assets of the Brenntag Group decreased by 4.2% or EUR 129.7 million to EUR 2,943.7 million year on year (December 31, 2012: EUR 3,073.4 million). The change was mainly a result of investments in non-current assets (EUR 97.2 million), on the one hand, as well as scheduled depreciation and amortization (EUR 139.0 million) and exchange rate effects (EUR 105.1 million), on the other.

Current financial liabilities increased by EUR 163.6 million to a total of EUR 293.9 million (December 31, 2012: EUR 130.3 million). This is mainly due to the reclassification of the financial liabilities under the accounts receivable securitization programme (EUR 175.6 million), which, owing to their maturity in June 2014, have been shown within current financial liabilities since the second quarter of 2013.

Non-current financial liabilities fell in the reporting period by EUR 224.6 million or 13.2% to a total of EUR 1,474.6 million (December 31, 2012: EUR 1,699.2 million). This is mainly due to the reclassification described above of financial liabilities in connection with the accounts receivable securitization programme.

Current and non-current provisions amounted to EUR 249.8 million (December 31, 2012: EUR 328.0 million). This figure included pension provisions amounting to EUR 101.0 million (December 31, 2012: EUR 123.5 million).

As of December 31, 2013, the equity of the Brenntag Group totalled EUR 2,093.7 million (December 31, 2012: EUR 1,944.2 million).

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

ANNUAL FINANCIAL STATEMENTS OF BRENNTAG AG

RESULTS OF OPERATIONS AND FINANCIAL POSITION OF BRENNTAG AG

INCOME STATEMENT OF BRENNTAG AG IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB) — B. 15

in EUR m	**2013**	2012
Other operating income	93.6	95.9
Personnel expenses	−23.0	−20.3
Amortization of intangible assets and depreciation of property, plant and equipment	−2.5	−2.4
Other operating expenses	−84.8	−84.6
Financial result	50.3	158.3
Result from ordinary business activities	**33.6**	**146.9**
Income taxes	−6.6	−9.9
Net income for the year	**27.0**	**137.0**
Withdrawal from retained earnings	106.9	–
Appropriation to retained earnings	–	−13.4
Distributable profit	**133.9**	**123.6**

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

By contrast, other operating expenses mainly contain expenses from derivatives and exchange rate losses. In addition, costs of expert reports, consultancy and financial statement auditing as well as of IT and other services are also shown under other operating expenses.

Of the financial result, EUR 41.1 million (2012: EUR 143.5 million) is income from profits transferred by Brenntag Holding GmbH, Mülheim an der Ruhr. The reduction versus the prior year is mainly because it was decided to distribute lower dividends from foreign subsidiaries in comparison to the prior year. The interest result of Brenntag AG is mainly driven by Group internal financing activities. Due to changed financing needs of subsidiaries, the interest result amounted to EUR +9.2 million in 2013 compared to EUR +14.8 million in 2012. Interest income fell due to the lower loan volume and lower base interest rates. By contrast, interest expense increased slightly, mainly as a result of higher liabilities to affiliated companies.

The income taxes amounting to EUR 6.6 million (2012: EUR 9.9 million) relate to corporate income tax and are for 2013 and prior years. As the controlling company, Brenntag AG is the tax debtor for the corporate income tax payable by the fiscal unit.

In line with its function as a holding company, Brenntag AG's future results mainly depend on the receipt of dividends from companies in the Group and therefore also on the economic development of subsidiaries and decisions on dividend distributions. At Brenntag, intra-Group dividends are distributed after taking account of local financing requirements and other considerations. If no intra-Group dividends are distributed to Brenntag AG in a financial year, there are sufficient reserves to pay a reasonable dividend to the Brenntag shareholders.

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

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in EUR m	**Dec. 31, 2013**	Dec. 31, 2012
Fixed assets	2,371.7	2,324.7
Current assets including prepaid expenses and surplus from offsetting	667.3	730.0
Total assets	**3,039.0**	**3,054.7**
Shareholders' equity	2,298.3	2,394.9
Provisions	34.7	29.8
Liabilities	706.0	630.0
Total shareholders' equity and liabilities	**3,039.0**	**3,054.7**

The shareholders' equity of Brenntag AG fell in 2013 by EUR 96.6 million to EUR 2,298.3 million. With net income for 2013 of EUR 27.0 million, this decrease is due to the payment of EUR 123.6 million as a dividend for the 2012 financial year.

The full annual financial statements of Brenntag AG certified by the auditors PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, are published electronically in the Federal Gazette and can be ordered as an offprint from Brenntag AG. The annual financial statements of Brenntag AG are also posted on the Brenntag website at www.brenntag.com.

APPROPRIATION OF DISTRIBUTABLE PROFIT OF BRENNTAG AG

EUR **2.60**

Dividend proposal

Further information at www.brenntag.com/general_shareholders_meeting

The net income of Brenntag AG as at December 31, 2013 was EUR 27,021,076.29. After allowing for the withdrawal of EUR 106,878,923.71 from retained earnings, the distributable profit is EUR 133,900,000.00.

At the General Shareholders' Meeting on June 17, 2014, the Board of Management and the Supervisory Board will propose that the distributable profit of Brenntag AG amounting to EUR 133,900,000.00 be used to distribute a dividend of EUR 2.60 per no-par-value share entitled to a dividend; that is a total of EUR 133,900,000.00.

REMUNERATION REPORT

This remuneration report outlines the remuneration system and the individual remunerations for the members of the Board of Management and the Supervisory Board of Brenntag AG. It takes into account the ruling provisions of the German Commercial Code (HGB), the German Stock Corporation Act in the version of the Act on the Appropriateness of Board of Management Remuneration (VorstAG) as well as the principles of the German Corporate Governance Code.

REMUNERATION OF THE BOARD OF MANAGEMENT

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

REMUNERATION COMPONENTS The current total remuneration of the Board of Management consists of three components: a fixed annual base salary, a short-term, capped variable cash remuneration (annual bonus with cap) and a long-term variable remuneration (virtual share performance bonus). In addition to the above-mentioned remuneration components, the members of the Board of Management receive individually agreed benefits under a company pension scheme as well as contractually agreed non-cash remuneration and other benefits such as a company car for business and private use or a car allowance. Group accident and Directors & Officers insurances are also in place. The remuneration of Steven Holland and William Fidler is taxed partly in the UK (Steven Holland) or in the USA (William Fidler) and partly in Germany. They will be reimbursed for any tax disadvantages which they incur as a result of the taxation of part of their remuneration in Germany compared to taxation solely in their respective home country (tax parity agreement). As the actual tax burden can only be determined with a time lag when the tax returns are made, there may be subsequent tax parity obligations for Brenntag which will then subsequently be contained in future remuneration reports.

ANNUAL BASE SALARY AND SHORT-TERM VARIABLE REMUNERATION The annual base salary is payable in twelve equal monthly instalments.

The short-term variable remuneration (annual bonus) depends on the achievement of certain targets. The targets for the respective following financial year are agreed between the Supervisory Board and the Board of Management.

The annual bonus is calculated as follows: 40% on operating EBITDA, 20% on operating gross profit, 20% on free cash flow and 20% on RONA of the Group (key performance indicators).

The annual bonus is determined on the basis of the achievement of the key performance indicator (KPI) targets set both for the specific financial year and the two preceding years (in each case on a consolidated basis). If the target for a KPI is not reached, this part of the bonus is reduced by 3% for each 1% shortfall. In case of outperformance, the maximum bonus for that KPI is nonetheless capped at the full achievement amount.

For William Fidler, who has been a member of the Board of Management since March 21, 2011, the following exceptions applied to the 2011 and 2012 financial years:

a) The annual bonus for the year 2011 was uniquely calculated on the basis of the achievement of the targets of the annual bonus plan 2011.

b) 50% of the annual bonus for the year 2012 was based on the achievement of the targets of the annual bonus plan 2011 and 50% on the achievement of the targets of the annual bonus plan 2012.

Contrary to the above, for Georg Müller, who has been a member of the Board of Management since April 1, 2012, the following exceptions shall apply to the 2012, 2013 and 2014 financial years:

a) The annual bonus for the year 2012 was uniquely calculated on the basis of the achievement of the targets of the annual bonus plan 2012.

b) 9/21 of the annual bonus for the year 2013 will be calculated on the basis of the achievement of the targets of the annual bonus plan 2012 and 12/21 will be calculated on the basis of the achievement of the targets of the annual bonus plan 2013.

c) 9/33 of the annual bonus for the year 2014 will be calculated on the basis of the achievement of the targets of the annual bonus plan 2012 and in each case 12/33 will be calculated on the basis of the achievement of the targets of the annual bonus plans 2013 and 2014.

NON-CASH AND OTHER BENEFITS In addition to the above-mentioned remuneration components, the members of the Board of Management receive non-cash remuneration and other benefits such as a company car with private use or a car allowance and benefits from tax parity agreements. A group accident insurance is also in place. The members of the Board of Management receive no additional payment for offices held in Group companies or minority shareholdings. Furthermore, a Directors & Officers insurance (liability insurance against financial losses) has been taken out for the members of the Board of Management. In accordance with the Act on the Appropriateness of Board of Management Remuneration (VorstAG), this provides for a deductible of 10% of each claim limited to 150% of the annual base salary per year.

LONG-TERM VARIABLE REMUNERATION The members of the Board of Management also participate in a long-term, share-based remuneration programme on the basis of virtual shares (virtual share plan). The virtual share performance bonus depends on the achievement of quantitative and qualitative targets (quantitative targets are the targets set with regard to the annual bonus) in the year of grant and the two preceding years as well as the performance of Brenntag's share over the following four years in each case.

Under this programme, the members of the Board of Management are awarded a base amount for each financial year. The base amount is based on points subject to the outperformance of quantitative criteria (these are the KPIs defined above) and the achievement of qualitative criteria in the relevant financial year and the two preceding years. Each earned point will result in 1% of the base amount, whereby the qualitative criteria shall not account for more than 45 points and the quantitative criteria may account for up to 90 points. Any outperformance of any KPI in one of the three relevant financial years by 1% will result in one point being allocated. In total the base amount is capped at 135% of the initial base amount.

For William Fidler, who has been a member of the Board of Management since March 21, 2011, the following exceptions applied to the 2011 and 2012 financial years:

a) The base amount for the year 2011 was uniquely calculated on the basis of the achievement of the targets of the annual bonus plan 2011. Any outperformance of any KPI by 1% resulted in 3% being added.

b) The base amount for the year 2012 was based on the achievement of the targets of the annual bonus plan 2011 and of the targets of the annual bonus plan 2012. Any outperformance of any KPI by 1% in one of the two relevant financial years resulted in 1.5% being added.

Contrary to the above, for Georg Müller, who has been a member of the Board of Management since April 1, 2012, the following exceptions shall apply to the 2012, 2013 and 2014 financial years:

a) The base amount for the year 2012 was uniquely calculated on the basis of the achievement of the targets of the annual bonus plan 2012. Any outperformance of any KPI by 1% results in 3% being added.

b) The base amount for the year 2013 will be calculated on the basis of the achievement of the targets of the annual bonus plans 2012 and 2013. Any outperformance of any KPI in the 2012 financial year by 1% results in 9/7 points being added and any outperformance of any KPI in the 2013 financial year by 1% results in 12/7 points being added.

c) The base amount for the year 2014 will be calculated on the basis of the achievement of the targets of the annual bonus plans 2012, 2013 and 2014. Any outperformance of any KPI in the 2012 financial year by 1% results in 9/11 points being added and any outperformance of any KPI in the 2013 financial year or 2014 financial year by 1% results in 12/11 points being added.

MANAGEMENT REPORT
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FURTHER INFORMATION

Each year, 50% of the earned base amount is allocated to virtual shares (allocated virtual shares). The share price taken as the basis for determining the number of virtual shares to be allocated is the weighted average Brenntag share price on the Frankfurt stock exchange over the prior three months.

Four years after allocation, the number of allocated virtual shares is multiplied by the sum of

(i) the average share price, whereby the last trading day on the Frankfurt stock exchange of the fourth financial year after the conversion day is relevant, plus

(ii) all dividends paid per share within the four-year period, such sum to be adjusted for all capital measures and share splits (total shareholder return).

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

VIRTUAL SHARES [1)] B. 17

	Steven Holland	Jürgen Buchsteiner	William Fidler	Georg Müller (from April 1, 2012)	**Total**
2013	**1,798**	**1,129**	**1,095**	**939**	**4,961**
2012	4,361	3,005	1,490	763	9,619

[1)] The numbers of shares mentioned for the 2013 financial year are provisional figures which were taken as a basis for determining a provision and they have not yet been finally allocated by the Supervisory Board. The number of virtual shares for 2012 was adjusted in line with the final parameters approved by the Supervisory Board.

The remaining 50% of the base amount not converted into virtual shares of any financial year (retained base amount) is multiplied by a factor resulting from the relation of the total shareholder return for Brenntag's shares (average share price plus paid dividends, adjusted for all capital measures and share splits) to the development of the MDAX for a performance period of four years, starting with the last trading day of the relevant financial year and ending on the last trading day of the fourth financial year after the end of such relevant financial year, for which the relevant base amount has been determined (performance period). Every percentage point by which the total shareholder return is over or underperformed by the MDAX results in the retained base amount being decreased or increased by 2%. The relevant MDAX value is determined on the basis of the average of the MDAX (total return index) during the 20 trading days ending on the relevant date.

The maximum annual payout from this virtual share plan must not exceed 250% of the original base amount (cap).

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

To build up a retirement pension, Steven Holland receives an annual amount of 13.5 % of his fixed base salary and variable target bonus, rounded up to full thousand euros. The relevant amount is paid every year as deferred compensation into the retirement plan of Brenntag AG. The pension plan also contains an arrangement for the widows and orphans pension which would amount to 60 % and 20 % respectively of the full pension entitlements. The reinsurance policy taken out with Steven Holland as the beneficiary is pledged to him.

Jürgen Buchsteiner is entitled to a retirement pension, an invalidity pension and a pension for surviving dependants. The monthly retirement pension and the invalidity pension each amount to 50 % of the gross monthly salary applicable as at June 30, 2012. The pension plan also contains an arrangement for the widows and orphans pension which would amount to 60 % and 20 % respectively of the full pension entitlements. Retirement age is reached on his 60th birthday. At the end of 2008, Jürgen Buchsteiner acquired full entitlement (100 %) to a retirement pension and invalidity pension. The reinsurance policy taken out with Jürgen Buchsteiner as the beneficiary is pledged to him.

William Fidler participates in the USA in the usual local defined contribution pension plans which were set up for staff and management on an equal basis. In 2013, as in the previous year, payments were made into the defined contribution plans: the "Profit Sharing Plan" and the "Pension Plan".

Georg Müller has an entitlement to a company pension in accordance with the Benefits Plan 2000 (Leistungsordnung 2000) for executives of Brenntag AG. The assessment rate for calculating the pension components is 4 % for the parts of the assessment basis up to the contribution assessment ceiling (West) plus 10 % for the parts of the assessment basis above the contribution assessment ceiling (West), but no more than three times the contribution assessment ceiling. Moreover, he receives a further annual amount to build up a retirement pension. The relevant amount is paid into the pension plan of Brenntag AG as deferred compensation. The total annual amount to build up a retirement pension is 13.5 % of his fixed base salary and variable target bonus, rounded up to full thousand euros. The pension plan also contains an arrangement for the widows and orphans pension which would amount to 60 % and 20 % respectively of the full pension entitlements. The reinsurance policy taken out with Georg Müller as the beneficiary is pledged to him.

The total remuneration of the Board of Management members in the 2013 financial year amounts to EUR 5,417k (2012: EUR 5,578k). The total remuneration of the individual members of the Board of Management is as follows:

TOTAL REMUNERATION OF THE BOARD OF MANAGEMENT IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB) B. 18

in EUR k		Steven Holland	Jürgen Buchsteiner	William Fidler	Georg Müller (from April 1, 2012)	Total
Term of service agreement		(until February 28, 2015)	(until December 31, 2013)	(until December 31, 2014)	(until March 31, 2017)	
Annual base salary	**2013**	**720**	**450**	**452**	**440**	**2,062**
	2012	720	495	420	300	1,935
Company pension (defined contribution plan)	**2013**	**–**	**–**	**25**	**–**	**25**
	2012	–	–	26	–	26
Non-cash and other benefits	**2013**	**378** [1]	**104** [2]	**23**	**11**	**516**
	2012	55	31	23	6	115
Total non-performance-related remuneration	**2013**	**1,098**	**554**	**500**	**451**	**2,603**
	2012	775	526	469	306	2,076
Short-term variable remuneration	**2013**	**553**	**346**	**337**	**332**	**1,568**
	2012	563	386	407	222	1,578
Long-term variable remuneration [3] [4]	**2013**	**452**	**283**	**275**	**236**	**1,246**
	2012	869	599	296	160	1,924
Total performance-related remuneration	**2013**	**1,005**	**629**	**612**	**568**	**2,814**
	2012	1,432	985	703	382	3,502
Total remuneration (in accordance with the German Commercial Code (HGB))	**2013**	**2,103**	**1,183**	**1,112**	**1,019**	**5,417**
	2012	2,207	1,511	1,172	688	5,578

[1] Incl. EUR 329k (relating to the years 2007 to 2010) from tax parity agreement
[2] Incl. EUR 80k for leave accrued but not taken
[3] Fair value of the share-based remuneration granted at the date of grant.
[4] The figures mentioned for the 2013 financial year are based on provisional parameters which were taken as a basis for determining a provision and which have not yet been approved by the Supervisory Board. The 2012 figures were adjusted on the basis of the parameters finally approved by the Supervisory Board.

PENSION COMMITMENTS (DEFINED BENEFIT PLANS) IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB) B. 19

in EUR k		Steven Holland	Jürgen Buchsteiner	William Fidler	Georg Müller (from April 1, 2012)	Total
Cost of pension commitments	**2013**	**283**	**1,056**	**–**	**216**	**1,555**
	2012	255	−336	–	124	43
Present value of pension commitments	**2013**	**920**	**5,801** [1]	**–**	**973** [1]	**7,694**
	2012	637	4,745 [1]	–	756 [1]	6,138

[1] Of which EUR 1,596k (2012: EUR 1,479k) self-financed by Mr Buchsteiner and EUR 312k (2012: EUR 312k) self-financed by Mr Müller under a deferred compensation plan.

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

BOARD OF MANAGEMENT REMUNERATION IN ACCORDANCE WITH IFRS B. 20

in EUR k		Steven Holland	Jürgen Buchsteiner	William Fidler	Georg Müller (from April 1, 2012)	**Total**
Total non-performance-related remuneration	**2013**	**1,098**	**554**	**500**	**451**	**2,603**
	2012	775	526	469	306	2,076
Short-term variable remuneration	**2013**	**553**	**346**	**337**	**332**	**1,568**
	2012	563	386	407	222	1,578
Long-term variable remuneration (share-based remuneration earned in current year)	**2013**	**1,393**	**1,707**	**458**	**84**	**3,642**
	2012	995	1,388	380	31	2,794
Current service cost for pension entitlements earned in the current year (defined benefit plans)	**2013**	**179**	**129**	**–**	**109**	**417**
	2012	179	109	–	75	363
Board of Management remuneration (in accordance with IFRS)	**2013**	**3,223**	**2,736**	**1,295**	**976**	**8,230**
	2012	2,512	2,409	1,256	634	6,811

No remuneration was paid to former Board of Management members and their surviving dependants nor did any pension obligations to former Board of Management members exist.

SEVERANCE PAYMENT CAP FOR PREMATURE TERMINATION OF BOARD OF MANAGEMENT DUTIES
In accordance with the German Corporate Governance Code, the service agreements of all Board of Management members have a severance payment cap. Under the cap, payments to a Board of Management member for a premature termination of Board of Management duties without important cause may not exceed the value of two years' total remuneration or the total remuneration for the remainder of the member's service agreement, whichever is less.

CHANGE-OF-CONTROL RULE Steven Holland and William Fidler may terminate their service agreement at the end of a month giving six months' notice in writing to the chairman of the Supervisory Board if

(i) a shareholder of the company acquires control within the meaning of sections 29, 30, 35, para. 1 of the German Securities Acquisition and Takeover Act (WpÜG),

(ii) the company is delisted, or

(iii) the form of the company is changed, unless the form of the company is changed into a European Company (SE) or a German partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA)

(all cases (i) – (iii) are hereinafter referred to as change of control).

In the event of the termination of the service agreement after a change of control, the above-mentioned members of the Board of Management shall, in addition to the benefits they are entitled to until the end of the service agreement, receive a severance payment in the amount of the annual base salary due to them for the duration of the remaining term of the service agreement, but for not more than three years, as well as a severance payment in the amount of the average annual bonus of the previous years multiplied by the number of years between the termination date and the expiry of the regular term of the service agreement, but not more than three average annual bonus amounts, as well as a severance payment in the amount of the average base amount of the previous financial years multiplied by the number of incomplete and complete years between the termination date and the expiry of the regular term of the service agreement, but not more than three average base amounts. The total change-of-control severance amount must not exceed 150% of the severance payment cap. If the employment of a Board of Management member is terminated prematurely without important cause, any payments and other benefits to be agreed with the Board of Management member may not exceed the amount of two annual remunerations (severance payment cap) nor the amount of the remuneration that would be paid until the end of the term of the service agreement.

POST-CONTRACTUAL NON-COMPETITION CLAUSE A post-contractual non-competition clause has been agreed with Jürgen Buchsteiner, which provides for compensation to be paid by the company for the duration of the existence of the post-contractual twelve-month ban on competition. This compensation amounts to EUR 990k. This sum will be paid out monthly in 2014 in twelve equal amounts due to the departure of Jürgen Buchsteiner from the Board of Management with effect from December 31, 2013.

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

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board is regulated in the rules of procedure of the Supervisory Board of Brenntag AG by resolution of the General Shareholders' Meeting dated March 19, 2010. It is based on the responsibility and the scope of work of the Supervisory Board members as well as on the economic situation and success of the Group.

Accordingly, the members of the Supervisory Board each receive an annual fixed remuneration in the amount of EUR 60,000 in addition to the reimbursement of their expenses.

Chair and membership of the Supervisory Board committees are remunerated separately in accordance with the German Corporate Governance Code. The chairman of the Supervisory Board receives an additional EUR 40,000 per year, the deputy chairman an additional EUR 10,000 per year, the chairman of the Audit Committee an additional EUR 20,000 per year and the chairman of the Presiding Committee and other members of the Audit or Presiding Committee an additional EUR 10,000 per year.

Each member of the Supervisory Board receives an attendance fee in the amount of EUR 1,500 for each meeting of the Supervisory Board or its committees which they attend.

The variable remuneration of the members of the Supervisory Board is measured as follows:

a) If the operating EBITDA for a specific financial year is more than EUR 490 million and less than EUR 510 million, the variable remuneration for that financial year is EUR 25,000.

b) The variable remuneration is reduced by EUR 2,500 for each amount of EUR 10 million by which the operating EBITDA for a specific financial year falls short of the amount of EUR 500 million; therefore, if the operating EBITDA is EUR 400 million or less, the Supervisory Board members receive no variable remuneration.

c) The variable remuneration increases by EUR 1,000 for each amount of EUR 10 million by which the operating EBITDA for a specific financial year exceeds the amount of EUR 500 million.

d) The variable remuneration of a member of the Supervisory Board for a specific financial year may not exceed the fixed remuneration to be paid for that specific financial year. Therefore, if the operating EBITDA is EUR 850 million or more, the variable remuneration is EUR 60,000 and is not increased further.

The right of Supervisory Board members to the variable remuneration for a specific financial year expires if the Supervisory Board member does not provide evidence within a prescribed period that,

- during the period of ten trading days following the receipt of the variable remuneration, they have purchased on the stock exchange shares in the company for a purchase price at least in the amount of the variable remuneration,

- the shares so purchased have been deposited in a securities portfolio account in the name of the Supervisory Board member, the account being held solely for depositing the Brenntag shares acquired as part of the Supervisory Board remuneration.

The Supervisory Board members must keep the acquired shares in each case for a period of not less than three years. The retention obligation expires when the respective Supervisory Board member leaves the Supervisory Board.

The following table shows the amounts attributable to the individual Supervisory Board members in 2013:

TOTAL REMUNERATION OF THE SUPERVISORY BOARD B. 21

in EUR k		Fixed remuneration	Office bonuses	Attendance fee	Variable remuneration	**Total**
Stefan Zuschke (Chairman)	**2013**	**60**	**50**	**6**	**44**	**160**
	2012	60	50	8	45	163
Dr Thomas Ludwig (Deputy Chairman)	**2013**	**60**	**20**	**6**	**44**	**130**
	2012	60	20	6	45	131
Stephen Clark	**2013**	**60**	**10**	**12**	**44**	**126**
	2012	60	10	18	45	133
Prof. Dr Edgar Fluri	**2013**	**60**	**20**	**12**	**44**	**136**
	2012	60	20	18	45	143
Doreen Nowotne	**2013**	**60**	**10**	**12**	**44**	**126**
	2012	60	10	18	45	133
Dr Andreas Rittstieg	**2013**	**60**	**10**	**6**	**44**	**120**
	2012	60	10	8	45	123
Total remuneration	**2013**	**360**	**120**	**54**	**264**	**798**
	2012	360	120	76	270	826

Furthermore, a Directors & Officers insurance (liability insurance against financial losses) has been taken out for the members of the Supervisory Board. In accordance with the Act on the Appropriateness of Board of Management Remuneration (VorstAG), this provides for a deductible of 10% of each claim but it is limited per year to 150% of the annual fixed remuneration.

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

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

EMPLOYEES

As of December 31, 2013, Brenntag had 13,185 employees worldwide. The total number of employees is determined on the basis of full-time equivalents, i.e. part-time jobs are weighted according to the number of hours worked.

The increase in the total number of people employed in the Brenntag Group by some 200 employees or 1.5% compared with the previous year is due to the acquisitions made in 2013. Nearly 90% of the total workforce of 13,185 is employed outside Germany.

EMPLOYEES PER SEGMENT B. 22

	Dec. 31, 2013		Dec. 31, 2012 [1]	
Full-Time Equivalents (FTE)	**abs.**	**in %**	abs.	in %
Europe	6,145	46.6	6,128	47.2
North America	3,970	30.1	3,886	29.9
Latin America	1,418	10.8	1,414	10.9
Asia Pacific	1,536	11.6	1,447	11.1
All other Segments	116	0.9	113	0.9
Brenntag Group	**13,185**	**100.0**	**12,988**	**100.0**

[1] Following a change in management responsibilities, certain cost items or employees respectively were reallocated between segments and previous-year figures have been adjusted accordingly.

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

EMPLOYEES PER AREA OF WORK B. 23

						Dec. 31, 2013	
Full-Time Equivalents (FTE)	Europe	North America	Latin America	Asia Pacific	All other Segments	**abs.**	**in %**
Sales	2,331	1,342	512	772	10	4,967	37.7
Distribution	772	842	83	142	–	1,839	13.9
Warehouses	1,951	1,456	456	237	–	4,100	31.1
Administration	1,091	330	367	385	106	2,279	17.3
Brenntag Group	**6,145**	**3,970**	**1,418**	**1,536**	**116**	**13,185**	**100.0**

Personnel expenses including social insurance contributions totalled EUR 720.0 million (2012: EUR 721.6 million).

The Brenntag staff turnover rate in 2013 was 5.8% worldwide.

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

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

The employees' qualifications are also an investment in the future. As a global company, Brenntag attaches great importance to high-quality, international HR development of its managers and staff. The high competence and commitment of our staff at all levels are the key to global success.

In line with the growth strategy of the Brenntag Group, an Executive Management Programme exists to support the global development initiatives. Conducted by INSEAD, one of the world's leading graduate business schools, the programme was designed for experienced high-performers in the Brenntag Group worldwide. Participants are given the opportunity to further develop their individual skills and management capabilities in three sequential modules. The programme promotes the development of systematic, international knowledge transfer at management level. Furthermore, supported by cascading mentorship, the programme participants are sustainably networked and therefore the exchange of practice and experience at management level is strengthened.

HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION, QUALITY MANAGEMENT

Health and safety are an absolute priority for Brenntag

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

BRENNTAG'S HSE STRATEGY

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

PRODUCT STEWARDSHIP POLICY Brenntag takes appropriate measures to ensure the proper handling of our products while they are under the Group's stewardship. This includes procurement, packaging, classification and labelling, handling and storage, possible disposal as well as product dossiers and safety instructions.

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

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

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

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

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

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

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

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

Brenntag has developed several programmes which measure performance in the fields of quality, safety, health and the environment. The evaluation criteria of the individual programmes are based on regional requirements and are geared to promoting the overall safety culture, avoiding accidents and improving workplace safety. The following programmes were in place in the different regions:

- Europe: “Safety First Award” and “Cornerstone Programme”
- North America: “Brenntag Cornerstone Process”
- Latin America: “CASA Management System”
- Asia Pacific: “5-Star Facility Award”

Accidents at work and similar occurrences are recorded and evaluated centrally according to a standardized system. Key lessons learned are communicated throughout the entire organization and included in the aforementioned HSE manuals. Brenntag’s policy of continually improving processes has led to the number of reportable industrial accidents within the Group falling again in 2013. This led to a reduction in the Lost Time Injury Rate (3 days / 1 million) [2] from 2.0 in 2012 to 1.8 in 2013.

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

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

The basis for quality management within the Brenntag Group is the internationally applicable ISO 9001 standard. By December 31, 2013, 88% of our operating sites had introduced quality management systems certified according to this standard. Furthermore, 108 sites are certified according to the international standard ISO 14001 for environmental management systems.

[2] Lost Time Injury Rate (LTIR) – number of industrial accidents resulting in at least three days absence from work per one million working hours.

REACH – the chemicals regulation of the European Union – has formed the legal framework for handling chemicals to protect the environment and human health since it came into force on June 1, 2007. The registration of all chemical substances as a basis for REACH will span a period of eleven years. Furthermore, REACH regulates the safe use of chemical substances and preparations at user level. Brenntag is affected in several respects by REACH as part of its business operations as a distributor, importer and formulator and in certain cases, producer of chemicals. With its transnational REACH team, consisting of a European network of experienced HSE and REACH experts, as well as with the support of the management, Brenntag is well equipped to meet the numerous requirements of the REACH regulation in full.

Further information at
www.brenntag-reach.com

SUBSEQUENT EVENTS

In early January 2014, Brenntag acquired part of the business operations of Kemira Water Danmark A/S with its head office in Copenhagen, Denmark. Brenntag is taking over the distribution of caustic soda, sulphuric and hydrochloric acids, solvents and packed coagulants.

REPORT ON EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS

REPORT ON EXPECTED DEVELOPMENTS

According to a forecast by the International Monetary Fund, the **global economy**, measured in terms of GDP, is likely to grow in 2014 at rates slightly higher than in 2013. As regards regional distribution, while the national economies in Asia and Latin America are expected to report above-average growth rates, the more mature markets in Europe and North America will probably grow at a below-average pace. Using the size of the countries within the Brenntag Group measured in terms of sales, this results in an overall weighted average growth rate of 2.3 %.

Against this background, in 2014 we are currently anticipating the following Group and segment developments in local currencies, i.e. excluding exchange rate effects and after adjustment of the 2013 figures for the above-mentioned one-time effect in Europe:

Further growth of all relevant KPIs expected

For the **Brenntag Group**, we expect to see all relevant earnings parameters grow. Operating gross profit should meaningfully increase both as a result of higher volumes and a rise in operating gross profit per unit. All segments are expected to support this development albeit to different degrees. Operating EBITDA should grow moderately also with all segments contributing to this growth. Similar to the expectations with regard to the macroeconomic development, we believe that our segments Latin America and Asia Pacific will grow at a faster pace than the segments Europe and North America.

In the **Europe segment**, we predict a moderate increase in operating gross profits. This estimate is largely based on the assumption of higher volumes, particularly as a result of growth in our focus industries. We are confident that we can limit the increase in operating expenses by continuing tight cost control and expect the growth rate of operating EBITDA to be higher than that of operating gross profit.

In the **North America segment**, we believe that operating gross profit will grow significantly. This will be partly driven by the planned expansion of our oil and gas business as well as the anticipated growth in our other focus industries. We also expect the operating gross profit per unit to contribute to this development. A moderate increase in operating EBITDA is expected.

For the **Latin America segment**, we are expecting a significant increase in operating gross profit. We believe that we will achieve this growth largely through higher volumes. As a result of the planned implementation of measures to optimize our value chain, we expect to be able to keep the operating expenses on a reasonable level. After changes carried out in 2013 we are well positioned to take advantage of the economic growth forecast for Latin America. We expect to achieve a significant and above-average increase in operating EBITDA compared to the Group as a whole following the decline experienced in 2013.

In the **Asia Pacific segment**, we are confident that we can profit from the enlargement of our product portfolio and the expansion of our sales markets given the positive economic momentum in this region. Therefore, we forecast significant growth in operating gross profit. The effect of the full-year consolidation of our aquisitions in 2013 is likely to be of relatively minor relevance. We expect a significant increase in operating expenses due to various planned structural expenses aimed at further improving and expanding our infrastructure in this region. Nevertheless, we believe that operating EBITDA will increase significantly, supported by significant growth of our Chinese business bundled in the Zhong Yung Group.

Given the above-mentioned increase in business volume and higher prices, we are forecasting a moderately higher **working capital** compared to the end of 2013. We will continue to focus on the management of customer and supplier relationships and work on the sustained optimization of warehouse logistics. As a result, we expect to maintain the high level of working capital turnover achieved in 2013 despite increasing pressure from customers and suppliers.

In order to adjust property, plant and equipment capacities to the increasing business volume, we are planning **investments** in property, plant and equipment on an appropriate scale in 2014. We are expecting a significant increase in investments compared to 2013, primarily as a result of projects for expanding our business operations.

Overall, we believe that **free cash flow** in 2014 will be meaningfully higher than in 2013 so we should be able to continue our acquisition strategy and dividend policy while maintaining an adequate liquidity position without increasing net debt.

DESCRIPTION OF THE INTERNAL CONTROL / RISK MANAGEMENT SYSTEM

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

RISK REPORTING (EARLY DETECTION SYSTEM) We continually identify and analyze risks in the Group companies and constantly improve internal workflows throughout the Group and the IT systems used.

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

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

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

a) Possible extent of damage:

- Insignificant
- Low
- Medium
- High
- Critical

b) Probability of occurrence:

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

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

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

RISK ASSESSMENT MATRIX B. 24

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

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

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

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

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

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

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

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

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

INTERNAL CONTROL SYSTEM WITH REGARD TO THE (GROUP) ACCOUNTING PROCESS (REPORT IN ACCORDANCE WITH SECTION 289, PARA. 5 AND SECTION 315, PARA. 2, NO. 5 OF THE GERMAN COMMERCIAL CODE (HGB)) The Group accounting process is controlled by the Group Accounting department. A major element of the internal control system with regard to the (Group) accounting process is an IFRS accounting manual applicable throughout the Group which specifies accounting and measurement policies for all companies included in the consolidated financial statements. Preparation of the consolidated financial statements is supported by the use of uniform, standardized reporting and consolidation software (SAP SEM-BCS) containing comprehensive testing and validation routines. The services of external experts are used for special areas of accounting, e.g. the annual goodwill impairment test as well as environmental and pension actuarial reports to determine the relevant provisions.

Furthermore, there are other Group-wide guidelines which have concrete effects on accounting, above all the “Internal Control Guideline”, which contains requirements on the performance of monitoring routines as well as the separation of functions, 4-eyes principle and access authorizations, the “Transfer Pricing Guideline” as well as the “Finance Guideline”.

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

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

REPORT ON OPPORTUNITIES AND RISKS

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

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

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

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

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

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

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

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

We see major **sales opportunities**, which are of strategic significance for Brenntag, in the above-average growth of our focus industries water treatment, personal care, pharmaceuticals, food and beverages, oil & gas as well as adhesives, sealants, coatings and elastomers. Our global network and our comprehensive portfolio of products and services also place us in a unique position to meet customers' increasing demands for pan-regional and global total solutions. The growing demand for customer-specific solutions, blending and services also opens up further growth opportunities.

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

In terms of product sourcing, our global presence enables us to achieve economies of scale. The optimization of our local product portfolios through sales partnership agreements with chemical producers for new products or product categories as well as the sustained trend among various chemical producers to outsource their sales activities to distributors offer further potential. The high density of our distribution network and the experienced professional organization at all levels of the Brenntag Group are key elements for tapping this potential.

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

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

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

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

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

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

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

Special negative impacts may arise in this connection, also through unfavourable political developments and financial policy decisions in specific countries. In 2013, the tighter exchange restrictions in Venezuela led to expenses from exchange-rate-related value adjustments of EUR 5.7 million.

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

The Brenntag Group is partly financed with debt capital. We believe our loan agreements, credit lines, the bond issued and liquid funds available are adequate to cover the future liquidity needs of our Group, even if requirements should increase unexpectedly. Like comparable loan agreements, our syndicated loan contains a number of customary affirmative and negative covenants for the following financial metrics:

- leverage ratio: net debt to EBITDA
- interest coverage ratio: EBITDA to interest expense

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

The terms and conditions of the financing instruments are also influenced by the Group's credit rating. A change in the rating which the international rating agencies Standard & Poor's and Moody's give Brenntag may have influence on the Group's financing conditions. The rating may have a positive or a negative effect. Moody's upgraded the outlook on the Brenntag rating to "positive" in 2013.

The majority of Brenntag's financing is based on variable interest rates which are subject to fluctuations in market interest rates. This means that Brenntag has both the opportunity to participate in falling market interest rates but also the risk of incurring higher interest cost as a result of rising market interest rates. We hedge some of the risks from our financing by using derivative instruments, such as foreign exchange forwards, interest rate and currency swaps or combined instruments. Financial risks are mainly hedged by the Treasury department at the head office of the Group. If individual companies hedge operational risks themselves, this is done in consultation with and under the supervision of Group headquarters. This permits a balancing of risks throughout the Group. Further information on the financial risks is to be found in the Notes to the consolidated financial statements under note 36.) Reporting of financial instruments.

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

- **Environmental and safety risks:**
We counter the risks arising from the distribution of chemicals by maintaining a high standard of safety precautions at our warehouses and – where necessary – improving them. Environmental and safety risks are monitored on the basis of a uniform environmental and safety strategy as

well as through Group-wide standards set as binding requirements in regional manuals (health, safety and environmental protection). Furthermore, we regularly inform our employees and customers about how to handle chemicals safely and about emergency procedures in the event of accidents.

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

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

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

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

- **Personnel risks and opportunities:**
  Although not a problem to date, personnel risks mainly result from the potential turnover of staff in key positions. Brenntag limits these risks by targeted long-term succession planning as well as performance-based compensation with success-based incentive systems and substitute regulations. Moreover, we offer worldwide career opportunities. Information on our staff development programmes is provided in the chapter “Employees”. The staff turnover rate was 5.8% worldwide in 2013.

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

- **Acquisition risks and opportunities:**
  In the Brenntag Group, every decision to buy is linked to minimum requirements on the internal rate of return (IRR) of the particular investment. The company valuations which include the findings of due diligence work performed are of central importance in acquisitions. The acquisition of companies always involves risks surrounding the integration of employees and business operations. We strive to limit these risks with adequate transaction structures by conducting opportunity and risk analyses at an early stage in the approval process, with the support of external

consultants and with specific contract structures (e.g. incentive, warranty and retention clauses). In the past, M&A activities focused on Europe, North America and Asia. For future acquisitions in emerging markets like Asia, Latin America and Central-Eastern Europe, typical characteristics for target companies in these countries are relatively high purchase prices coupled with higher risks (e.g. compliance risks, higher working capital funding requirements, integration risks, foreign currency risks). However, there are also considerably greater opportunities in these countries owing to the higher growth rates.

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

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

At the end of May 2013, Brenntag received the decision of the French Competition Authority in relation to the allocation of customers and coordination of prices. In this, the Authority imposed against Brenntag SA and another party a fine of EUR 47.8 million for violations of the French competition law in the period from 1998 until 2005. Brenntag had to pay the fine in full in the third quarter of 2013 but does not agree with the legal assessment of the facts and the determination of the fine and has therefore appealed against the decision of the French Competition Authority. Brenntag France applied for leniency in 2006 and has actively contributed to the investigation and provided all information and proof working closely together with the French Competition Authority regarding the clarification of the facts. Regarding different still ongoing allegations brought against BRENNTAG SA, the status of the investigations does not permit a reliable assessment of the outcome. Based on current knowledge, Brenntag further assumes that third-party claims for civil liability are not sufficiently substantiated.

In the course of investigations against a French manufacturer of medical devices (Poly Implant Prothese (PIP)), accusations have also been made, amongst others, against Brenntag as one of its suppliers. In this connection, claims are being asserted against Brenntag. The company is convinced there was no misconduct on the part of Brenntag.

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

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

SUMMARY OF THE OPPORTUNITIES AND RISK SITUATION

In the year under review, we once again continually updated and assessed the risk situation for the Brenntag Group. In comparison to the previous year, in 2013 we determined only minor changes in the risks reported as high or medium in our risk inventory. In our opinion, the risks described in the chapter "Opportunities and Risks" do not jeopardize the continued existence of the company, either individually or collectively. We are convinced that we can continue to successfully master the challenges arising from the risks described above.

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

COMPOSITION OF THE SUBSCRIBED CAPITAL As of December 31, 2013, the subscribed capital of Brenntag AG totalled EUR 51,500,000. The share capital is divided into 51,500,000 no-par-value registered shares, each with a notional value of EUR 1.00. According to article 7, para. 3 of the Articles of Association of Brenntag AG, any right of shareholders to certification of their shares is excluded to the extent permitted by law and that certification is not required under the rules of any stock exchange on which the share is admitted for trading. The company is entitled to issue share certificates embodying several shares (consolidated certificates). Pursuant to section 67, para. 2 of the German Stock Corporation Act (AktG) only those persons recorded in the company's share register will be recognized as shareholders of Brenntag AG. For purposes of recording the shares in the company's share register, shareholders are required to submit to Brenntag AG the number of shares held by them, and, in the case of individuals, their name, address and date of birth, or in the case of legal entities, their company name, business address and registered offices. All shares confer the same rights and obligations. At the General Shareholders' Meeting, each share has one vote and accounts for the shareholders' proportionate share in the net income of Brenntag AG. Excepted from this rule are any treasury shares held by Brenntag AG that do not entitle Brenntag AG to any rights. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Act, in particular by sections 12, 53a ff., 118 ff. and 186 of the German Stock Corporation Act.

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

DIRECT OR INDIRECT INTERESTS IN THE CAPITAL OF THE COMPANY EXCEEDING 10% OF THE VOTING RIGHTS Section 21 of the German Securities Trading Act (WpHG) requires that any investor whose percentage of voting rights in Brenntag AG reaches, exceeds or falls below certain thresholds as the result of purchases, disposals or otherwise must notify Brenntag AG and the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). As of December 31, 2013, the company is not aware of any direct or indirect interests in the capital of Brenntag AG that exceed 10% of the voting rights. All voting right notifications in accordance with section 21 of the German Securities Trading Act received by Brenntag AG in the reporting period can be viewed on the company's website at http://www.brenntag.com/en/pages/InvestorRelations/CorporateGovernance/21WPHGMeldungen/index.html.

SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL There are no shares with special rights conferring powers of control.

SYSTEM OF CONTROL OF ANY EMPLOYEE PARTICIPATION SCHEME WHERE THE CONTROL RIGHTS ARE NOT EXERCISED DIRECTLY BY THE EMPLOYEES Brenntag AG does not have a general employee participation scheme.

LEGISLATION AND PROVISIONS OF THE ARTICLES OF ASSOCIATION APPLICABLE TO THE APPOINTMENT AND REMOVAL OF THE MEMBERS OF THE BOARD OF MANAGEMENT AND GOVERNING AMENDMENTS TO THE ARTICLES OF ASSOCIATION The appointment and removal of members of the Board of Management are subject to the provisions of sections 84 and 85 of the German Stock Corporation Act. According to article 12, para. 4 of the Articles of Association of Brenntag AG, the Supervisory Board appoints the members of the Board of Management by simple majority of votes. In the event of a tie, the chairman of the Supervisory Board has the casting vote. According to article 8, para. 1 of the Articles of Association of Brenntag AG, the Board of Management consists of one or more persons. The specific number of members of the Board of Management is determined by the Supervisory Board.

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

Contrary to section 133, para. 1 and section 179, para. 2, sentence 1 of the German Stock Corporation Act, article 19 of the Articles of Association of Brenntag AG stipulates that in cases where the majority of the share capital represented is required, the simple majority of the capital represented is sufficient. This, on the other hand, does not apply to amendments to the object of the company as section 179, para. 2, sentence 2 of the German Stock Corporation Act only permits amendments to a company's Articles of Association regarding the object of the company to be adopted with larger majorities so that the requirements of section 179, para. 2, sentence 1 of the German Stock Corporation Act remain thus far. Other majorities for amendments to the Articles of Association required by law result, in particular, from section 97, para. 2, sentence 4 and section 98, para. 4, sentence 2 of the German Stock Corporation Act. The authority to adopt purely formal amendments to the Articles of Association is transferred to the Supervisory Board under article 13, para. 2 of the Articles of Association of Brenntag AG. In addition, by resolution of the General Shareholders' Meeting on March 19, 2010, the Supervisory Board is authorized to amend the Articles of Association in connection with the creation of new authorized capital after implementation of the capital increase and after expiry of the authorization period without use of the authorized capital.

POWERS OF THE BOARD OF MANAGEMENT TO ISSUE AND REPURCHASE SHARES:

AUTHORIZATION TO CREATE AUTHORIZED CAPITAL In the period ending on February 28, 2015, the Board of Management is authorized, subject to the consent of the Supervisory Board, to increase the registered share capital of Brenntag AG in one or more tranches by up to EUR 25,750,000 in aggregate by issuing up to 25,750,000 new no-par-value registered shares against cash contributions or non-cash contributions. In principle, shareholders are to be granted a pre-emption right. However, the Board of Management is authorized, subject to the consent of the Supervisory Board, to exclude the statutory pre-emption right in relation to one or more increases in the share capital within the scope of the authorized share capital. Details of the Articles of Association of Brenntag AG are to be found on the website at www.brenntag.com.

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

AUTHORIZATION TO ACQUIRE AND SELL TREASURY SHARES IN ACCORDANCE WITH SECTION 71, PARA. 1, NO. 8 OF THE GERMAN STOCK CORPORATION ACT By resolution of the General Shareholders' Meeting on March 19, 2010, the company was authorized to purchase its own shares up to a total of 10% of the company's share capital at the time of the resolution provided that the shares purchased on the basis of this authorization and other shares of the company which Brenntag AG has already purchased and still owns do not in aggregate at any time amount to more than 10% of the share capital. The authorization may be exercised in one or more tranches, once or several times. It became effective at the close of the General Shareholders' Meeting on March 19, 2010 and remains in effect until February 28, 2015. If the shares are purchased on the stock exchange, the purchase price may not be more than 10% lower or higher than the arithmetic mean of the share price on the stock exchange in Frankfurt am Main on the last five trading days before the shares are purchased or an obligation to purchase the shares is entered into. If the shares are purchased by a public offer to all shareholders or by other means in accordance with section 53a of the German Stock Corporation Act, the purchase price paid to the shareholders may not be more than 10% lower or higher than the arithmetic mean of the share price on the stock exchange in Frankfurt am Main on the last five trading days before announcement of the offer or, in the case of purchase by other means, before such purchase. The authorization may be exercised for any purpose permitted by law.

As far as subsequent use is made to the exclusion of the shareholders' pre-emption rights, the right to a report by the Board of Management in accordance with section 71, para. 1, No. 8, and section 186, para. 4, sentence 2 of the German Stock Corporation Act on the reason for the exclusion of the statutory pre-emption right was irrevocably waived.

AUTHORIZATION TO ISSUE CONVERTIBLE BONDS OR WARRANT-LINKED BONDS OR PROFIT-SHARING CERTIFICATES WITH CONVERSION OR OPTION RIGHTS, CREATION OF CONTINGENT CAPITAL AND CORRESPONDING AMENDMENTS TO THE ARTICLES OF ASSOCIATION By resolution of the General Shareholders' Meeting on March 19, 2010, the Board of Management was authorized, with the consent of the Supervisory Board, until February 28, 2015 to issue once or several times bearer or registered convertible bonds or warrant-linked bonds or profit-sharing certificates with conversion or option rights with limited or unlimited maturities up to an aggregate principal amount of EUR 2,000,000,000 (hereinafter jointly referred to as bonds) and to grant the bond holders or creditors conversion or option rights to up to 20,500,000 new shares of Brenntag AG with a pro-rata amount of the share capital of up to EUR 20,500,000 in accordance with the more detailed terms and conditions of the convertible bonds, warrant-linked bonds and/or profit-sharing certificates (hereinafter referred to as conditions). Said bonds may be denominated in euros or – in the equivalent amount - in another legal currency. The individual issues may be divided into partial bonds, each bearing identical rights. The bonds may also be issued against non-cash contributions. The Board of Management is authorized, under certain circumstances, to exclude, with the consent of the Supervisory Board, shareholders' pre-emption rights to bonds.

If convertible bonds or profit-sharing certificates with conversion rights are issued, the holders shall have the right to convert their bonds to new shares of Brenntag AG in accordance with the bond conditions.

The share capital of Brenntag AG was conditionally increased by up to EUR 20,500,000 through the issuance of up to 20,500,000 new no-par-value registered shares with profit participation rights from the beginning of the financial year in which they are issued. The conditional capital increase serves to issue shares to the holders or creditors of convertible or warrant-linked bonds as well as profit-sharing certificates with option or conversion rights which may be issued until February 28, 2015, based on the aforementioned authorization, by Brenntag AG. The conditional capital increase may only be implemented to the extent that option or conversion rights under warrants or bonds have been exercised or conversion obligations under such warrants or bonds have to be fulfilled and to the extent that neither treasury shares nor new shares from the authorized capital are being used to fulfil such claims. The Board of Management has been authorized to set forth the additional details of the implementation of the conditional capital increase.

The measures described above to which the Board of Management is authorized can be performed both by Brenntag AG and by dependent companies or majority owned subsidiaries of Brenntag AG.

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

Alongside the above-mentioned syndicated loan, the international accounts receivable securitization programme has similar provisions to those of the SFA. The extent of the financial liabilities under this programme is also detailed in the chapter "Capital Structure". The main contractual basis is a Receivables Loan Agreement, which, in the event of a change of control, gives the lenders the possibility to immediately recall the loans. A change of control as defined in this agreement is when a new investor or a group of investors acting in concert directly or indirectly holds more than 50% of the voting rights in Brenntag AG.

The bond for EUR 400,000,000 issued by Brenntag Finance B.V. on July 19, 2011 also contains provisions for the event of a change of control under Article 5 of the Conditions of Issue. According to said provisions, the bond creditors may demand early repayment of the bond if the rating (in each case as defined in the Conditions of Issue) has been downgraded within a certain period after the change of control.

COMPENSATION AGREEMENTS WITH MEMBERS OF THE BOARD OF MANAGEMENT OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID Details on compensation agreements in the service agreements of the members of the Board of Management are to be found in the remuneration report.

No such agreements exist with employees.

CORPORATE GOVERNANCE STATEMENT

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

Corporate Governance on pages 38 ff

CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

(International Financial Reporting Standards)
as at December 31, 2013

CONTENTS

CONSOLIDATED INCOME STATEMENT

C. 01

in EUR m	Note	2013	2012 [1]
Sales	1.)	9,769.5	9,689.9
Cost of goods sold	2.)	−7,824.0	−7,764.2
Gross profit		**1,945.5**	**1,925.7**
Selling expenses	3.)	−1,266.3	−1,224.5
Administrative expenses	4.)	−143.9	−151.1
Other operating income	5.)	34.0	40.2
Other operating expenses	6.)	−13.4	−16.4
Operating profit		**555.9**	**573.9**
Result of investments accounted for at equity		3.0	4.6
Finance income	7.)	9.5	9.0
Finance costs	8.)	−83.3	−92.2
Changes in purchase price obligations and liabilities under IAS 32 to minorities	9.)	25.3	2.8
Other financial result	10.)	−15.2	−19.8
Financial result		**−60.7**	**−95.6**
Profit before tax		**495.2**	**478.3**
Income taxes	11.)	−156.3	−140.5
Profit after tax		**338.9**	**337.8**
Attributable to:			
Shareholders of Brenntag AG		339.2	335.8
Minority shareholders	12.)	−0.3	2.0
Undiluted earnings per share in euro	14.)	**6.59**	**6.52**
Diluted earnings per share in euro	14.)	**6.59**	**6.52**

[1] The figures for the period January 1 to December 31, 2012 were adjusted owing to the first-time application of the revised IAS 19 (Employee Benefits (revised 2011)).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

C. 02

in EUR m	2013	2012 [1]
Profit after tax	**338.9**	**337.8**
Remeasurement of defined benefit plans	22.3	−32.1
Deferred tax on remeasurement of defined benefit plans	−6.1	9.2
Non-reclassifiable other comprehensive income [2]	**16.2**	**−22.9**
Change in exchange rate differences of fully consolidated companies	−82,6	−4.1
Change in exchange rate differences of companies accounted for at equity	−5.5	−1.5
Change in net investment hedge reserve	0.6	0.4
Change in cash flow hedge reserve	8.7	–
Deferred tax on change in cash flow hedge reserve	−3.2	–
Reclassifiable other comprehensive income [2]	**−82.0**	**−5.2**
Other comprehensive income	**−65.8**	**−28.1**
Total comprehensive income	**273.1**	**309.7**
Attributable to:		
Shareholders of Brenntag AG	273.8	307.9
Minority shareholders	−0.7	1.8

[1] The figures for the period January 1 to December 31, 2012 were adjusted owing to the first-time application of the revised IAS 19 (Employee Benefits (revised 2011)).
[2] The presentation of the Consolidated Statement of Comprehensive Income was adjusted due to the amendment to IAS 1 (Presentation of Financial Statements) regarding the presentation of the items of other comprehensive income.

CONSOLIDATED BALANCE SHEET

ASSETS C. 03

in EUR m	Note	**Dec. 31, 2013**	Dec. 31, 2012 [1)]	Dec. 31, 2011 [1)]
Current assets				
Cash and cash equivalents	15.)	426.8	346.6	458.8
Trade receivables	16.)	1,248.8	1,266.4	1,220.9
Other receivables	17.)	112.6	110.6	103.1
Other financial assets	18.)	6.6	15.6	20.8
Current tax assets		36.0	27.3	32.6
Inventories	19.)	757.1	760.4	696.8
Non-current assets held for sale	20.)	1.9	2.9	3.3
		2,589.8	**2,529.8**	**2,536.3**
Non-current assets				
Property, plant and equipment	21.)	844.7	873.5	865.8
Investment property	22.)	–	0.5	0.5
Intangible assets	23.)	2,074.3	2,171.0	2,047.0
Investments accounted for at equity	24.)	24.7	28.4	27.8
Other receivables	17.)	13.2	9.5	14.3
Other financial assets	18.)	30.7	30.1	11.2
Deferred tax assets	11.)	49.9	65.3	68.0
		3,037.5	**3,178.3**	**3,034.6**
Total assets		**5,627.3**	**5,708.1**	**5,570.9**

LIABILITIES AND EQUITY

C. 03

in EUR m	Note	Dec. 31, 2013	Dec. 31, 2012 [1]	Dec. 31, 2011 [1]
Current liabilities				
Trade payables	25.)	961.5	1,008.2	956.6
Financial liabilities	26.)	293.9	130.3	140.9
Other liabilities	27.)	322.0	339.3	347.7
Other provisions	28.)	37.3	76.7	74.9
Purchase price obligations and liabilities under IAS 32 to minorities	30.)	–	–	30.1
Current tax liabilities		41.7	43.1	34.5
		1,656.4	**1,597.6**	**1,584.7**
Non-current liabilities				
Financial liabilities	26.)	1,474.6	1,699.2	1,811.5
Other liabilities	27.)	2.0	2.3	2.1
Other provisions	28.)	111.5	127.8	125.6
Provisions for pensions and similar obligations	29.)	101.0	123.5	88.8
Purchase price obligations and liabilities under IAS 32 to minorities	30.)	41.1	68.5	74.6
Deferred tax liabilities	11.)	147.0	145.0	146.0
		1,877.2	**2,166.3**	**2,248.6**
Equity	31.)			
Subscribed capital		51.5	51.5	51.5
Additional paid-in capital		1,560.1	1,560.1	1,560.1
Retained earnings		536.0	304.2	94.3
Other comprehensive income		−82.0	−0.4	4.6
Equity attributable to Brenntag shareholders		**2,065.6**	**1,915.4**	**1,710.5**
Equity attributable to minority shareholders		28.1	28.8	27.1
		2,093.7	**1,944.2**	**1,737.6**
Total liabilities and equity		**5,627.3**	**5,708.1**	**5,570.9**

[1] The figures as at December 31, 2012 and December 31, 2011 were adjusted owing to the first-time application of the revised IAS 19 (Employee Benefits (revised 2011)).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR m	Subscribed capital	Additional paid-in capital	Retained earnings	Exchange rate differences
Dec. 31, 2011	**51.5**	**1,560.1**	**118.0**	**7.7**
Retrospective application of revised IAS 19	–	–	−23.7	–
Dec. 31, 2011 after retrospective application of revised IAS 19	**51.5**	**1,560.1**	**94.3**	**7.7**
Dividends	–	–	−103.0	–
Profit after tax	–	–	335.8	–
Other comprehensive income	–	–	−22.9	−5.4
Total comprehensive income	**–**	**–**	**312.9**	**−5.4**
Dec. 31, 2012	**51.5**	**1,560.1**	**304.2**	**2.3**
Dec. 31, 2012	**51.5**	**1,560.1**	**351.2**	**2.3**
Retrospective application of revised IAS 19	–	–	−47.0	–
Dec. 31, 2012 after retrospective application of revised IAS 19	**51.5**	**1,560.1**	**304.2**	**2.3**
Dividends	–	–	−123.6	–
Profit after tax	–	–	339.2	–
Other comprehensive income	–	–	16.2	−87.7
Total comprehensive income	**–**	**–**	**355.4**	**−87.7**
Dec. 31, 2013	**51.5**	**1,560.1**	**536.0**	**−85.4**

C. 04

Net investment hedge reserve	Cash flow hedge reserve	Deferred taxes cash flow hedge reserve	Equity attributable to Brenntag shareholders	Minority interests	**Equity** [2]
−3.1	**–**	**–**	**1,734.2**	**27.1**	**1,761.3**
–	–	–	−23.7	–	−23.7
−3.1	**–**	**–**	**1,710.5**	**27.1**	**1,737.6**
–	–	–	−103.0	−0.1	−103.1
–	–	–	335.8	2.0	337.8
0.4	–	–	−27.9	−0.2 [1]	−28.1
0.4	**–**	**–**	**307.9**	**1.8**	**309.7**
−2.7	**–**	**–**	**1,915.4**	**28.8**	**1,944.2**
−2.7	**–**	**–**	**1,962.4**	**28.8**	**1,991.2**
–	–	–	−47.0	–	−47.0
−2.7	**–**	**–**	**1,915.4**	**28.8**	**1,944.2**
–	–	–	−123.6	–	−123.6
–	–	–	339.2	−0.3	338.9
0.6	8.7	−3.2	−65.4	−0.4 [1]	−65.8
0.6	**8.7**	**−3.2**	**273.8**	**−0.7**	**273.1**
−2.1	**8.7**	**−3.2**	**2,065.6**	**28.1**	**2,093.7**

[1] Change in exchange rate differences (accumulated exchange rate differences as at Dec. 31, 2013: EUR 2.4 million, Dec. 31, 2012: EUR 2.8 million, Dec. 31, 2011: EUR 3.0 million).
[2] The figures for the period January 1 to December 31, 2012 were adjusted owing to the first-time application of the revised IAS 19 (Employee Benefits (revised 2011)).

CONSOLIDATED CASH FLOW STATEMENT

C. 05

in EUR m	Note	2013	2012 [1]
	32.)		
Profit after tax		**338.9**	**337.8**
Depreciation and amortization	21.) bis 23.)	140.9	133.1
Income taxes	11.)	156.3	140.5
Income tax payments		−159.9	−121.2
Interest result	7.)/8.)	73.8	83.2
Interest payments (netted against interest received)		−73.2	−80.4
Dividends received		1.3	1.2
Changes in provisions		−39.5	4.9
Changes in current assets and liabilities			
Inventories		−18.3	−41.3
Receivables		−21.0	−23.6
Liabilities		−23.9	21.7
Non-cash change in purchase price obligations and liabilities under IAS 32 to minorities	9.)	−25.3	−2.8
Other non-cash items		7.7	−20.1
Cash provided by operating activities		**357.8**	**433.0**
Proceeds from disposals of investments accounted for at equity		–	0.1
Proceeds from disposals of other financial assets		0.2	1.3
Proceeds from disposals of intangible assets as well as property, plant and equipment		6.8	7.0
Purchases of consolidated subsidiaries and other business units		−43.9	−234.5
Purchases of other financial assets		−0.1	−0.3
Purchases of intangible assets as well as property, plant and equipment		−98.2	−86.3
Cash used for investing activities		**−135.2**	**−312.7**
Dividends paid to Brenntag shareholders		−123.6	−103.0
Profits distributed to minority shareholders		−1.5	−1.6
Proceeds from borrowings		43.9	42.4
Repayments of borrowings		−34.7	−165.8
Cash used for financing activities		**−115.9**	**−228.0**
Change in cash and cash equivalents		**106.7**	**−107.7**
Change in cash and cash equivalents due to currency gains/losses		−26.5	−4.5
Cash and cash equivalents at beginning of period	15.)	346.6	458.8
Cash and cash equivalents at end of period	**15.)**	**426.8**	**346.6**

[1] The figures for the period January 1 to December 31, 2012 were adjusted owing to the first-time application of the revised IAS 19 (Employee Benefits (revised 2011)).

NOTES

KEY FINANCIAL FIGURES BY SEGMENT

for the period from January 1 to December 31

SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8 [1]

C. 06

in EUR m		Europe [5]	North America	Latin America	Asia Pacific [5]	All Other Segments [5]	Consoli-dation	Group
External sales	**2013**	**4,558.3**	**3,143.6**	**849.2**	**738.0**	**480.4**	**–**	**9,769.5**
	2012	4,549.0	3,065.2	919.0	708.6	448.1	–	9,689.9
	Change in %	0.2	2.6	−7.6	4.1	7.2	–	0.8
	fx adjusted change in %	1.2	6.4	−2.0	7.4	7.2	–	3.3
Inter-segment sales	**2013**	**7.8**	**6.5**	**3.6**	**2.5**	**0.5**	**−20.9**	**–**
	2012	4.3	5.3	5.1	1.8	0.6	−17.1	–
Operating gross profit [2]	**2013**	**930.0**	**763.1**	**163.6**	**121.7**	**13.9**	**–**	**1,992.3**
	2012	927.9	742.3	169.6	113.5	15.1	–	1,968.4
	Change in %	0.2	2.8	−3.5	7.2	−7.9	–	1.2
	fx adjusted change in %	1.3	6.7	2.1	11.3	−7.9	–	3.9
Gross profit	**2013**	**–**	**–**	**–**	**–**	**–**	**–**	**1,945.5**
	2012	–	–	–	–	–	–	1,925.7
	Change in %	–	–	–	–	–	–	1.0
	fx adjusted change in %	–	–	–	–	–	–	3.7
Operating EBITDA (segment result)	**2013**	**297.4**	**325.7**	**47.0**	**47.5**	**−19.3**	**–**	**698.3**
	2012 [4]	305.9	321.7	56.9	46.8	−24.3	–	707.0
	Change in %	−2.8	1.2	−17.4	1.5	−20.6	–	−1.2
	fx adjusted change in %	−1.5	4.9	−12.3	4.2	−20.6	–	1.6
EBITDA	**2013**	**–**	**–**	**–**	**–**	**–**	**–**	**696.8**
	2012 [4]	–	–	–	–	–	–	707.0
	Change in %	–	–	–	–	–	–	−1.4
	fx adjusted change in %	–	–	–	–	–	–	1.4
Operating EBITDA / Operating gross profit [2]	**2013 in %**	**32.0**	**42.7**	**28.7**	**39.0**	**−138.8**	**–**	**35.0**
	2012 in %	33.0	43.3	33.5	41.2	−160.9	–	35.9
Investments in non-current assets (Capex) [3]	**2013**	**56.1**	**28.2**	**9.5**	**2.5**	**0.9**	**–**	**97.2**
	2012	52.4	29.0	8.3	4.7	0.3	–	94.7

[1] For further information on segment reporting in accordance with IFRS 8 (see Note 33).
[2] External sales less cost of materials.
[3] The other additions to property, plant and equipment and intangible assets are shown as Investments in non-current assets.
[4] The figures for the period January 1 to December 31, 2012 were adjusted owing to the first-time application of the revised IAS 19 (Employee Benefits (revised 2011)).
[5] Following a change in management responsibilities certain cost items were reallocated between segments and previous-year figures have been adjusted accordingly.

GROUP KEY FINANCIAL FIGURES

FREE CASH FLOW

C. 07

in EUR m	2013	2012[4]
EBITDA (incl. transaction costs/holding charges)	**696.8**	**707.0**
Investments in non-current assets (Capex)[1]	−97.2	−94.7
Changes in working capital[2] [3]	−56.2	−33.0
Free cash flow	**543.4**	**579.3**

[1] Investments in non-current assets are 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.
[4] The figures for the period January 1 to December 31, 2012 were adjusted owing to the first-time application of the revised IAS 19 (Employee Benefits (revised 2011)).

RECONCILIATION FROM OPERATING EBITDA TO PROFIT BEFORE TAX

C. 08

in EUR m	2013	2012[4]
Operating EBITDA (segment result)[1]	**698.3**	**707.0**
Transaction costs/holding charges[2]	−1.5	–
EBITDA	**696.8**	**707.0**
Scheduled depreciation of property, plant and equipment	−99.3	−94.5
Impairment of property, plant and equipment	−1.9	−1.7
Impairment of investment property	–	–
EBITA	**595.6**	**610.8**
Scheduled amortization of intangible assets[3]	−39.7	−36.9
Impairment of intangible assets	–	–
EBIT	**555.9**	**573.9**
Financial result	−60.7	−95.6
Profit before tax	**495.2**	**478.3**

[1] Including operating EBITDA All Other Segments.
[2] Transaction costs: Costs connected with restructuring under company law and refinancing. They are eliminated for purposes of management reporting to permit proper presentation of the operating performance and comparability on segment level. Holding charges: Certain costs charged between holding companies and operating companies. On Group level they net to zero.
[3] This figure includes for the period January 1 to December 31 2013 amortization of customer relationships totalling EUR 32.8 million (2012: EUR 29.1 million).
[4] The figures for the period January 1 to December 31, 2012 were adjusted owing to the first-time application of the revised IAS 19 (Employee Benefits (revised 2011)).

DETERMINATION OF RONA — C. 09

in EUR m	2013	2012
EBITA	595.6	610.8
Average property, plant and equipment	856.4	860.5
Average working capital	1,090.0	1,048.8
RONA [1]	**30.6%**	**32.0%**

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

RECONCILIATION OF OPERATING GROSS PROFIT TO GROSS PROFIT — C. 10

in EUR m	2013	2012
Operating gross profit	**1,992.3**	**1,968.4**
Production/mixing & blending costs	−46.8	−42.7
Gross profit	**1,945.5**	**1,925.7**

GENERAL INFORMATION

As one of the world's leading chemical distributors with more than 480 locations, Brenntag [1] offers its customers and suppliers an extensive range of services and global supply chain management as well as a highly developed chemical distribution network in Europe, North and Latin America as well as in the Asia Pacific region.

These consolidated financial statements of Brenntag AG were prepared by the Board of Management of Brenntag AG on March 11, 2014, authorized for publication and submitted to the Supervisory Board for approval at its meeting on March 17, 2014.

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

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

CONSOLIDATION POLICIES AND METHODS

STANDARDS APPLIED The consolidated financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards) – as adopted in the EU.

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

The accounting methods applied comply with all the standards and interpretations existing and adopted by the EU as at December 31, 2013 whose application is mandatory. In addition, the German commercial law provisions to be applied in accordance with section 315a, para. 1 of the German Commercial Code were taken into account.

The following revised standards issued by the International Accounting Standards Board (IASB) had, in principle, to be applied by the Brenntag Group for the first time in the 2013 financial year:

- Amendment to IAS 12 (Income Taxes) regarding the recovery of underlying assets
- Amendment to IAS 1 (Presentation of Financial Statements) regarding the presentation of items of other comprehensive income
- Amendment to IFRS 7 (Financial Instruments: Disclosures) regarding the offsetting of financial assets and financial liabilities
- IFRS 13 (Fair Value Measurement)
- IAS 19 (Employee Benefits (revised 2011))
- Improvements to International Financial Reporting Standards (May 2012)
- IFRIC 20 (Stripping Costs in the Production Phase of a Surface Mine)

The amendment to IAS 12 (Income Taxes) regarding the recovery of underlying assets requires that deferred tax on investment property measured at fair value should be determined on the basis of the tax consequences of a sale. As Brenntag measures investment property at historical acquisition or production costs, this amendment is not relevant for Brenntag.

According to the amendment to IAS 1 (Presentation of Financial Statements) regarding the presentation of items of other comprehensive income, the items of other comprehensive income must be grouped into items that can be subsequently reclassified to profit or loss and those that cannot be reclassified.

The amendment to IFRS 7 (Financial Instruments: Disclosures) regarding the offsetting of financial assets and financial liabilities relates to additional disclosures in the Notes on netted and unnetted rights to offset and on collateral received and granted.

IFRS 13 (Fair Value Measurement) establishes a single source of guidance under IFRS for fair value measurements and extends the necessary disclosures. The application of the standard had no material effect on the presentation of the net assets, financial position and results of operations of the Brenntag Group in comparison to the previous period; therefore, more detailed information is dispensed with.

The revised IAS 19 (Employee Benefits (revised in 2011)) leads to changes which entities must apply retrospectively to the accounting treatment of defined benefit obligations and termination benefits.

For Brenntag, the revised IAS 19 has above all effects on the balance sheet and on the financial result and personnel expenses.

The corridor method previously used by Brenntag is no longer applied. Instead the revised IAS 19 requires that the net pension obligation be recognized in the balance sheet. The net pension obligation is defined as the present value of the defined benefit obligations (DBO) less the fair value of the plan assets. In contrast to the corridor method previously applied, actuarial gains and losses (remeasurement component) are immediately shown in equity to not affect net income. As a result of this amendment, the pension provision or the plan assets recognized in the balance sheet correspond to the underfunding or overfunding of the pension plans. If employees make their own contributions under formal provisions of a plan, risk-sharing between employee and employer is to be taken into account in future, which may lead to a reduction in the present value of the defined benefit obligation.

The interest expense arising from the defined benefit obligations which was determined in the previous IAS 19 using different interest rates and the expected rate of return on plan assets are replaced by the net interest expense. This is calculated by applying in each case a standard discount rate to the respective net pension obligation shown in the balance sheet.

As the corridor method previously used no longer applies, there is no amortization from unrecognized actuarial profits and losses within personnel expenses.

FINANCIAL STATEMENTS
FURTHER INFORMATION

As a result of the retrospective application of the revised IAS 19, the following adjustments were made to the assets and liabilities in the consolidated balance sheet:

EFFECT OF FIRST-TIME APPLICATION OF THE REVISED IAS 19 ON THE BALANCE SHEET

C. 11

in EUR m	**Dec. 31, 2013**	Dec. 31, 2012	Dec. 31, 2011
Assets	**0.8**	**−2.4**	**−4.7**
thereof other receivables	−3.9	−10.7	−8.1
thereof deferred taxes	4.7	8.3	3.4
Liabilities	**30.4**	**44.6**	**19.0**
thereof provisions for pensions and similar obligations	36.9	53.9	23.9
thereof deferred taxes	−6.5	−9.3	−4.9
Equity	**−29.6**	**−47.0**	**−23.7**

Furthermore, the following adjustments were made in the consolidated income statement and in the consolidated statement of comprehensive income of the Brenntag Group:

EFFECT OF FIRST-TIME APPLICATION OF THE REVISED IAS 19 ON TOTAL COMPREHENSIVE INCOME

C. 12

in EUR m	**2013**	2012
Profit after tax	**0.1**	**−0.4**
thereof selling expenses	2.6	0.4
thereof financial result	−2.5	−0.9
thereof deferred taxes	–	0.1
Non-reclassifiable other comprehensive income	**16.2**	**−22.9**
thereof remeasurement of defined benefit plans	22.3	−32.1
thereof deferred tax on remeasurement of defined benefit plans	−6.1	9.2
Change in exchange rate differences of fully consolidated companies	**1.1**	**–**
Total comprehensive income	**17.4**	**−23.3**

The earnings per share did not change as a result of the retrospective application of the revised IAS 19 in the 2013 financial year (2012: reduction of 1 cent).

Furthermore, there were extended note disclosures.

The improvements to International Financial Reporting Standards (May 2012) contain clarifications and minor amendments to several standards which clearly set out the content of the standards and eliminate existing inconsistencies. Their application had no material effect on the presentation of the net assets, financial position and results of operations of the Brenntag Group in comparison to the previous period.

IFRIC 20 (Stripping Costs in the Production Phase of a Surface Mine) is not relevant for Brenntag.

Furthermore, amendments to IAS 36 (Impairment of Assets) regarding the recoverable amount disclosures for non-financial assets were adopted early on a voluntary basis. The amendments correct a disclosure requirement unintentionally introduced into IAS 36 by IFRS 13 (Fair Value Measurement). Moreover, they introduce new disclosure requirements in the event that an impairment loss or an impairment reversal of an asset or a cash-generating unit exists and in the event that the recoverable amount was determined on the basis of the fair value less costs of disposal.

The following (in some cases revised) standards and interpretations had been published by the end of 2013 but their adoption is not yet mandatory. They will probably only be applied in the Brenntag consolidated financial statements when their adoption is mandatory and if they are endorsed by the European Union.

Probable first-time adoption in 2014:

- IFRS 10 (Consolidated Financial Statements)
- IAS 27 (Separate Financial Statements (revised 2011))
- IFRS 11 (Joint Arrangements)
- IAS 28 (Investments in Associates and Joint Ventures (revised 2011))
- IFRS 12 (Disclosure of Interests in Other Entities)
- Amendments to IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IFRS 12 (Disclosure of Interests in Other Entities) regarding the date of initial application
- Amendments to IFRS 10 (Consolidated Financial Statements), IFRS 12 (Disclosure of Interests in Other Entities) and IAS 27 (Separate Financial Statements (revised 2011)) regarding the recognition of subsidiaries in the form of investment entities as investments at fair value through profit or loss in the consolidated financial statements
- Amendments to IAS 32 (Financial Instruments: Presentation) regarding the netting of financial assets and liabilities
- Amendments to IAS 39 (Financial Instruments: Recognition and Measurement) regarding novations of derivatives
- IFRIC 21 (Levies)

As a result of IFRS 10 (Consolidated Financial Statements), the consolidation rule previously contained in IAS 27 (Consolidated and Separate Financial Statements) and SIC 12 (Consolidation – Special Purpose Entities) were replaced.

IFRS 10 (Consolidated Financial Statements) introduces one single consolidation model based on control of the subsidiary by the parent. This is to be applied to both parent-subsidiary relationships which are based on voting rights and parent-subsidiary relationships which result from other contractual arrangements so that consolidation of special purpose entities previously regulated in SIC 12 is also to be evaluated hereunder.

IAS 27 (Single Financial Statements (revised 2011)) is now only to be applied to single financial statements according to IFRS.

IFRS 11 (Joint Arrangements) replaces IAS 31 (Interests in Joint Ventures) and eliminates in particular the previous possibility of proportionate consolidation of joint ventures.

In connection with the introduction of IFRS 11 (Joint Arrangements), the scope of application of IAS 28 (Investments in Associates and Joint Ventures (revised 2011)) has been extended to include joint ventures.

IFRS 12 (Disclosure of Interests in Other Entities) brings the disclosure requirements for all interests in subsidiaries, joint ventures and associates as well as unconsolidated special purpose entities together in one standard. Disclosures must be made which enable the users of financial statements to evaluate the nature of and risks associated with interests in other entities as well as the financial effects of those interests.

The amendments to IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IFRS 12 (Disclosure of Interests in Other Entities) regarding the timing of first-time application clarify how the retrospective adjustment of prior-period figures is to be performed if IFRS 10 (Consolidated Financial Statements) leads to changes in the scope of consolidation.

The amendments to IFRS 10 (Consolidated Financial Statements), IFRS 12 (Disclosures of Interests in Other Entities) and IAS 27 (Separate Financial Statements (revised (2011)) regarding the recognition of subsidiaries in the form of investment entities as investments at fair value through profit or loss in the consolidated financial statements are not relevant for Brenntag.

The aforementioned revised and new standards will not have any effect on the presentation of the net assets, financial position and results of operations of the Brenntag Group.

The amendments to IAS 32 (Financial Instruments: Presentation) regarding the netting of financial assets and liabilities clearly set out the requirements formulated in IAS 32 for the netting of financial assets and liabilities. They will not have any material effect on the presentation of the net assets, financial position and results of operations of the Brenntag Group.

The amendments to IAS 39 (Financial Instruments: Recognition and Measurement) regarding novations of derivatives allow the continuation of hedge accounting under certain circumstances where an entity is required to novate its derivatives to a central counterparty as a result of laws or regulations. These amendments will not have any material effect on the presentation of the net assets, financial position and results of operations of the Brenntag Group.

IFRIC 21 (Levies) deals with the accounting treatment of levies imposed by a government which are not income taxes within the meaning of IAS 12 (Income Taxes) and clarifies in particular when obligations to pay such levies are to be recognized as liabilities in the financial statements. This is not likely to have any material effect on the presentation of the net assets, financial position and results of operations of the Brenntag Group.

Probable first-time adoption in 2015:

- Amendment to IAS 19 (Employee Benefits (revised 2011) regarding employee contributions to defined benefit obligations
- Annual Improvements to IFRS (Cycle 2010-2012)
- Annual Improvements to IFRS (Cycle 2011-2013)

IAS 19 (Employee Benefits (revised 2011)) provides for the sharing of risks between employees and employer to be taken into account when employees made their own contributions on the basis of the formal rules of a plan. This may lead to a reduction in the present value of the benefit obligation. The amendment to IAS 19 leads to an option according to which the full amount of such contributions paid by employees can be taken into account in the present value of the defined benefit obligation.

The annual improvements to IFRS contain a large number of minor amendments to various standards which are intended to clarify the contents of the standards and eliminate any existing inconsistencies.

Brenntag is currently examining the effects on the presentation of the Group's assets, financial position and results of operations resulting from the amended standard and the annual improvements.

Probable first-time adoption in 2018 at the earliest

- IFRS 9 (Financial Instruments)
- Amendments to IFRS 7 (Financial Instruments: Disclosures) regarding the mandatory effective date und additional disclosure requirements on transition to IFRS 9

IFRS 9 (Financial Instruments) sets out new rules for the accounting treatment and measurement of financial assets and liabilities. In connection with the introduction of IFRS 9, additional disclosure requirements on transition to IFRS 9 were added to IFRS 7 (Financial Instruments: Disclosures). It is planned to postpone the previous mandatory first-time application date (January 1, 2015) for IFRS 9 to January 1, 2018 at the earliest. The date for adoption of the standard by the EU has also currently yet to be set.

Brenntag is currently examining any effects of the new standard on the presentation of the net assets, financial position and results of operations of the Group.

SCOPE OF CONSOLIDATION As at December 31, 2013, the consolidated financial statements include Brenntag AG and 26 domestic (Dec. 31, 2012: 26) and 181 foreign (Dec. 31, 2012: 194) fully consolidated subsidiaries and special purpose entities.

The table below shows the changes in the number of fully consolidated companies and special purpose entities since January 1, 2013:

CHANGES IN SCOPE OF CONSOLIDATION C. 13

	Jan. 1, 2013	Additions	Disposals	**Dec. 31, 2013**
Domestic consolidated companies	27	–	–	27
Foreign consolidated companies	194	1	14	181
Total consolidated companies	**221**	**1**	**14**	**208**

The addition resulted from one newly established company.

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

Five associates (Dec. 31, 2012: five) are accounted for at equity.

A full list of shareholdings for the Brenntag Group in accordance with section 313, para. 2 of the German Commercial Code is to be found in the Annex to the Notes.

BUSINESS COMBINATIONS IN ACCORDANCE WITH IFRS 3 Assets and liabilities acquired in business combinations are recognized at their fair value on the date of acquisition. The multi-period excess earnings method was used to measure customer relationships.

In early April 2013, Brenntag acquired the business of Lubrication Services, L.L.C., one of North America's leading multi-regional distributors of lubricants and chemicals, headquartered in Oklahoma City, Oklahoma, USA. In mid-June 2013, Brenntag acquired the distribution business of Blue Sky Environment Pty Ltd (Blue Sky) headquartered in Brisbane, Australia. In early October 2013, Brenntag acquired the chemical distribution division of the Zytex Group, an Indian biotechnology company headquartered in Mumbai. The acquisition costs of these acquisitions as well as some other smaller acquisitions made in 2013 totalled EUR 43.9 million. Since their acquisition by Brenntag, the businesses acquired in 2013 generated sales of EUR 77.1 million and profit after tax of EUR 2.9 million.

If the business combinations had taken place with effect from January 1, 2013, sales of about EUR 9,802 million would have been shown for the Brenntag Group in the reporting period. The profit after tax would have been about EUR 340 million.

The net assets acquired in 2013 break down as follows:

NET ASSETS ACQUIRED — C. 14

in EUR m	Fair value
Assets	
Trade receivables, other financial assets and other receivables	11.3
Other current assets	9.7
Non-current assets	14.6
Liabilities	
Current liabilities	2.7
Contingent liabilities	0.2
Net assets	**32.7**

Measurement of the assets and liabilities taken over has not yet been completed owing to a lack of time. There are no material differences between the gross carrying amount and the carrying amount of the receivables. The provisional goodwill from these acquisitions totals EUR 11.2 million. Of this figure, the acquisition of the chemical distribution business of the Zytex Group accounts for EUR 8.4 million. With this acquisition, Brenntag is strengthening its nutrition and health distribution business in India. The goodwill is tax-deductible.

Measurement of the assets and liabilities of the Delanta Group acquired in 2012 has been completed. The net assets acquired increased by EUR 0.4 million. The subsequent acquisition costs amounted to EUR 0.2 million. This led to a reduction in goodwill of EUR 0.2 million.

The goodwill from the business combinations performed in 2013 and from the Delanta Group acquired in 2012 developed as follows:

DEVELOPMENT OF GOODWILL — C. 15

in EUR m	Goodwill
Dec. 31, 2012	**4.7**
Addition	11.2
Adjustments in the measurement period	−0.2
Exchange rate differences	−0.6
Dec. 31, 2013	**15.1**

Measurement of the assets and liabilities of the ISM / Salkat Group acquired in 2012 has been completed. The acquisition costs have not changed. The net assets acquired were adjusted as follows in the measurement period:

ADJUSTMENTS OF NET ASSETS ACQUIRED ISM / SALKAT GROUP C. 16

in EUR m	Provisional fair value	Adjustments	Final fair value
Assets			
Cash and cash equivalents	1.6	–	1.6
Trade receivables and other receivables	13.9	–	13.9
Other current assets	14.1	–	14.1
Non-current assets	13.3	−3.1	10.2
Liabilities			
Current liabilities	10.1	0.4	10.5
Non-current liabilities	4.0	−1.0	3.0
Net assets	**28.8**	**−2.5**	**26.3**

The goodwill therefore changed as follows:

DEVELOPMENT OF GOODWILL ISM / SALKAT GROUP C. 17

in EUR m	Goodwill ISM / Salkat Group
Dec. 31, 2012	**51.9**
Adjustments in the measurement period	2.5
Exchange rate differences	−8.0
Dec. 31, 2013	**46.4**

Measurement of the assets and liabilities of Altivia Corporation acquired in 2012 has been completed. A subsequent purchase price payment of EUR 0.1 million was made. The net assets acquired were adjusted as follows in the measurement period:

ADJUSTMENTS OF NET ASSETS ACQUIRED ALTIVIA CORPORATION C. 18

in EUR m	Provisional fair value	Adjustments	Final fair value
Assets			
Trade receivables and other receivables	7.1	−0.1	7.0
Other current assets	2.7	0.7	3.4
Non-current assets	24.3	−0.5	23.8
Liabilities			
Current liabilities	5.5	−0.2	5.3
Non-current liabilities	1.3	−1.3	–
Net assets	**27.3**	**1.6**	**28.9**

The goodwill therefore changed as follows:

DEVELOPMENT OF GOODWILL ALTIVIA CORPORATION C. 19

in EUR m	Goodwill Altivia Corporation
Dec. 31, 2012	**68.1**
Adjustments in the measurement period	−1.5
Exchange rate differences	−2.7
Dec. 31, 2013	**63.9**

The net cash outflow in 2013 resulting from business combinations has been determined as follows:

RECONCILIATION OF ACQUISITION COSTS TO THE PURCHASES OF CONSOLIDATED SUBSIDIARIES AND OTHER BUSINESS UNITS C. 20

in EUR m	
Cost of acquisition 2013	**43.9**
less purchase price components not yet paid	−0.4
plus subsequent purchase price payments from business combinations in prior years	0.4
Purchases of consolidated subsidiaries and other business units	**43.9**

CONSOLIDATION METHODS The consolidated financial statements include the financial statements – prepared according to uniform accounting and measurement methods – of Brenntag AG, the subsidiaries and the special purpose entities whose financial and business policies are controlled by Brenntag. This is normally the case when Brenntag AG holds the majority of voting rights either directly or indirectly or, due to its economic control, may have the major economic benefit or must bear the major risks from the business activities of the respective companies. Inclusion in the consolidated financial statements commences at the date on which the possibility of control exists and ends when the possibility of control no longer exists.

Acquisitions are accounted for using the acquisition method in accordance with IFRS 3. The acquisition costs of an acquired business unit are considered to be the fair value of the assets given. The acquisition-related costs are directly recognized as expense. Contingent considerations are taken into account at their fair value at the acquisition date when determining the acquisition cost and recognized as liabilities. If Brenntag acquires control but not 100% of the shares, corresponding minority interests are recognized.

However, if, owing to contractual agreements, it is virtually certain at the time of the acquisition that further shares will be acquired at a fixed price, or if minority shareholders receive the right to tender their shares at any time at a fixed price, appropriate liabilities are recognized for these shares. Minority interests are then not shown with respect to these shares as the seller retains no material risks and rewards from the shares. If, however, payment of a future fair value has been agreed for the purchase of further shares instead of a fixed price, corresponding liabilities are also recognized for these shares but these liabilities reduce the equity and corresponding minority interests are shown as the seller still retains material risks and rewards from the shares. Changes in the fair value of the liabilities after the acquisition date are recognized in profit or loss.

Identifiable assets, liabilities and contingent liabilities of an acquisition which can be recognized are in principle measured at their fair value at the transaction date, irrespective of the share of any minority interests. Any remaining differences between the acquisition costs and the acquired proportionate net assets are recognized as goodwill.

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

Receivables, liabilities, expenses and income and intercompany results within the Brenntag Group are eliminated.

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

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

The accounting and measurement methods of the companies accounted for at equity were, as far as necessary, adjusted to the accounting and measurement methods of Brenntag.

CURRENCY TRANSLATION Foreign currency receivables and liabilities in the single-entity financial statements are stated on initial recognition at the spot exchange rate at the date of the transaction. At the balance-sheet date or at the settlement date, foreign currency receivables and liabilities are translated at the closing rate. The resulting differences are recognized as income or expense in the income statement.

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

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

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

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

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

The euro exchange rates for major currencies developed as follows:

EXCHANGE RATES OF MAIN CURRENCIES C. 21

	Closing rate		Average rate	
EUR 1 = currencies	**Dec. 31, 2013**	Dec. 31, 2012	**2013**	2012
Canadian dollar (CAD)	1.4671	1.3137	1.3684	1.2842
Swiss franc (CHF)	1.2276	1.2072	1.2311	1.2053
Chinese yuan renminbi (CNY)	8.3491	8.2207	8.1646	8.1052
Danish crown (DKK)	7.4593	7.4610	7.4579	7.4437
Pound sterling (GBP)	0.8337	0.8161	0.8493	0.8109
Polish zloty (PLN)	4.1543	4.0740	4.1975	4.1847
Swedish crown (SEK)	8.8591	8.5820	8.6515	8.7041
US dollar (USD)	1.3791	1.3194	1.3281	1.2848

ACCOUNTING AND MEASUREMENT POLICIES

REVENUE RECOGNITION Revenue from the sale of goods is only recognized – net of value-added tax, cash discounts,
discounts and rebates – when the following conditions have been satisfied:

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

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

Revenue arising from service business is recognized by reference to the stage of completion of the transaction at the balance-sheet date, provided that all the following conditions are satisfied:

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

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

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

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

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

TRADE RECEIVABLES, OTHER RECEIVABLES AND OTHER FINANCIAL ASSETS Financial assets are divided into the following categories in line with the categories stipulated in IAS 39:

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

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

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

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

If there are objective indications that financial assets classified as loans and receivables are not collectible in full, they are each written down to affect net income in line with the risk of loss. Furthermore, country-specific individual portfolio-based valuation allowances are recognized for receivables of the same loss risk categories. The basis for estimating the risk of loss is above all the extent to which the receivables are past due. The impairment losses are always posted to an allowance account in the balance sheet. If a receivable is uncollectible, the gross amount and the impairment loss are both derecognized.

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

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

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

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

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

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

The initial recognition of non-derivative financial assets is performed as at the respective settlement date. Derivative financial instruments are recognized in the balance sheet when Brenntag becomes a party to the contractual provisions of that instrument.

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

INVENTORIES The inventories are mainly merchandise. These inventories are initially recognized at cost. In addition, production costs for the inventories produced through further processing are also capitalized.

The inventories are subsequently measured in accordance with IAS 2 at the lower of cost (on the basis of the average cost formula) and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value also covers effects from obsolescence or reduced marketability. Reversals of earlier write-downs of inventories are performed when the net realizable value of the inventories increases again.

NON-CURRENT ASSETS HELD FOR SALE In accordance with IFRS 5, non-current assets held for sale are recognized separately as such if the relevant carrying amount is mainly realized by a sale transaction and not by continuing use. The fair value is determined on the basis of the best possible use. They are measured at the lower of their amortized carrying amount and fair value less costs of disposal. Non-current assets held for sale are no longer depreciated.

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

Acquisition costs include all expenditure which can be directly attributed to the acquisition.

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

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

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

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

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

Depreciation of property, plant and equipment is allocated to the respective functional area in the income statement.

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

The following useful lives are taken as a basis for depreciation:

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT C. 22

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

INVESTMENT PROPERTY Investment property is land and buildings held long-term to earn rentals or for capital appreciation or both. In accordance with IAS 40, it is stated at cost of acquisition or production and – apart from land – depreciated on a straight-line basis over its estimated economic useful life.

The following useful lives are taken as a basis for depreciation:

USEFUL LIVES OF INVESTMENT PROPERTY C. 23

	Useful life
Buildings	15 years
Installations and building improvements	15 years

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

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

Separately acquired intangible assets are carried at cost.

Acquired software licenses are capitalized on the basis of the directly attributable costs incurred to acquire and bring to use the specific software.

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

USEFUL LIVES OF INTANGIBLE ASSETS — C. 24

	Useful life
Concessions, industrial rights and similar rights as well as software and trademarks with definite useful lives	3 to 10 years
Customer relationships and similar rights	3 to 15 years

IMPAIRMENT TESTING OF NON-CURRENT NON-FINANCIAL ASSETS In accordance with IAS 36, assets are tested for impairment whenever there is an objective indication that the carrying amount may not be recoverable.

Assets that have an indefinite useful life, which are not subject to scheduled amortization, are also tested for impairment at least annually.

Impairment exists when the carrying amount of an asset exceeds the estimated recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and the value in use.

The value in use is the present value of the future cash flows expected to be derived from an asset. If the carrying amount is higher than the recoverable amount, the asset is written down to the recoverable amount.

If the recoverable amount of an individual asset cannot be established, the recoverable amount of the cash-generating unit (CGU) to which this asset belongs is established and compared with the carrying amount of the CGU.

Impairments, except for impairments of goodwill, are reversed as soon as the reasons for the impairment no longer exist.

Goodwill is tested for impairment regularly, at least annually, after completion of the annual budget process by comparing the carrying amount of the relevant cash-generating unit with its recoverable amount. In addition, goodwill is tested for impairment at Group level as certain assets and cash flows can only be attributed to the Group as a whole.

For the goodwill impairment test, the operating segments of the segment reporting were identified as relevant CGUs.

If the carrying amount of a segment exceeds the recoverable amount, an impairment exists in the amount of the difference. In this case, the goodwill of the relevant segment would first be written down. Any remaining impairment would be allocated to the assets of the segment in proportion to the net carrying amounts of the assets on the balance-sheet date. The carrying amount of an individual asset must not be less than the highest of fair value less costs of disposal, value in use (in each case in as far as they can be established) and nil.

The “Brenntag” trademark is an asset which has an indefinite useful life and is therefore also subjected to an annual impairment test. As the “Brenntag” trademark does not generate any own cash flows which are independent from other assets or groups of assets, and its carrying amount cannot be allocated reasonably and consistently to individual CGUs, it is allocated to the Brenntag Group as a whole.

OTHER PROVISIONS In accordance with IAS 37, other provisions are recognized when the Group has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Non-current provisions are recognized at the present value of the expected outflow and their discounting is unwound over the period until their expected utilization.

If the projected obligation declines as a result of a change in an estimate, the provision is reversed by the corresponding amount and the resulting income is usually recognized in the functional area in which the original charge was recognized.

Provisions in accordance with IFRS 2 are established for cash-settled, share-based payments. Both the long-term, share-based remuneration programme based on virtual shares for the members of the Board of Management and the long-term incentive plan for executives and senior managers are to be classified as cash-settled, share-based payments. Provisions are established for the resulting obligations. The obligations are measured at fair value. The obligations are measured at fair value. They are recognized as personnel expenses over the vesting period, during which the beneficiaries acquire a vested right (unconditional right). The fair value is to be remeasured at every reporting date and at the date of settlement.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS The Group's pension obligations comprise both defined contribution and defined benefit pension plans.

The contributions to be paid into defined contribution pension plans are recognized directly as expense. Provisions for pension obligations are not established as in these cases Brenntag has no additional obligation apart from the obligation to pay the premiums.

In accordance with IAS 19, provisions are established for defined benefit plans. The obligations arising from these defined benefit plans are determined using the projected unit credit method. The projected unit credit method determines the expected benefits to be paid after retirement taking dynamic measurement parameters into account and spreads them over the entire length of service of the employees participating in the plan. For this purpose, an actuarial valuation is obtained every year. The actuarial assumptions for the discount rate, salary increase rate, pension trend, life expectancy and cost increases for medical care which are used to calculate the defined benefit obligation are established on the basis of the respective economic circumstances. The plan assets measured at fair value are deducted from the present value of the defined benefit obligation – gross pension obligation. Plan assets are assets where the claim to said assets has, in principle, been assigned to the beneficiaries. This results in the net liability to be recognized or the net asset to be recognized.

The discount rate is determined by reference to market yields at the end of the reporting period on high-quality corporate bonds. The currency and term of the corporate bonds taken as a basis are consistent with the currency and estimated term of the post-employment benefit obligations.

Life expectancy is determined using the latest mortality tables.

The pension costs are made up of the three components:

PENSION COST COMPONENTS

C. 25

Component	Constituents	Recognized in
Service cost	- Current service cost - Past service cost incl. gains and losses from plan curtailments - Gains and losses from plan settlements	Personnel expenses
Net interest expense	- Unwinding of discounting of pension obligation (DBO) - Interest income from plan assets	Interest result
Remeasurements	- Actuarial gains and losses on DBO (from experience-based adjustments and from changes in the measurement parameters) - Changes in value of plan assets which are not already contained in net interest expense	Other comprehensive income

As a result of the inclusion of the remeasurement components in other comprehensive income, the balance sheet shows the full extent of the net obligation avoiding result fluctuations which may stem in particular from changes in the calculation parameters.

TRADE PAYABLES, FINANCIAL LIABILITIES AND OTHER LIABILITIES Based on the categories under IAS 39, the non-derivative liabilities shown under trade payables, financial liabilities and other liabilities are classified as financial liabilities measured at amortized cost. They are initially recognized at their fair value net of transaction costs incurred. They are subsequently carried at amortized cost using the effective interest method.

The accounting and measurement of the derivative financial instruments with negative fair values shown within financial liabilities is the same as the accounting and measurement of the derivative financial instruments with positive fair values shown within other financial assets.

The liabilities under finance leases are stated at their amortized cost.

PURCHASE PRICE OBLIGATIONS AND LIABILITIES UNDER IAS 32 TO MINORITIES Purchase price obligations to acquire minority interests are initially recorded at their fair value (present value of the purchase price obligation) as a liability not affecting profit or loss. Unwinding of discounting and changes in the estimate of the future purchase price are recognized in profit or loss. Exchange rate-related changes in the purchase price obligations are recorded within equity in the net investment hedge reserve for the portion included in net investment hedge accounting and recognized in profit or loss for the portion not included.

Minority partners' rights to repayment of the limited partner's contribution are initially measured at the fair value of the rights and subsequently recognized as liabilities at amortized cost. Changes are recognized directly in income.

DEFERRED TAXES AND CURRENT INCOME TAXES Current income taxes for the current and prior periods are recognized at the amount expected to be paid to or recovered from the tax authorities.

Deferred taxes are determined in accordance with IAS 12 (Income Taxes). Deferred taxes arise from temporary differences between the carrying amounts of assets and liabilities in the IFRS balance-sheet and the tax balance-sheet, from consolidation transactions and from tax loss carryforwards where it is likely that there will be sufficient income in subsequent years for these loss carryforwards to be utilized.

Deferred tax assets are recognized to the extent that it is likely that future taxable profit will be available against which the temporary differences and unutilized loss carryforwards can be utilized.

No deferred taxes are recognized for the difference between the net assets and the tax base of subsidiaries (outside basis differences) provided Brenntag is able to control the timing of the reversal of the temporary difference and it is unlikely that the temporary difference will reverse in the foreseeable future.

Deferred taxes for domestic companies are calculated on the basis of the combined income tax rate of the German fiscal entity for tax purposes of Brenntag AG of 32% (2012: 32%) for corporate income tax, solidarity surcharge and trade income tax, and for foreign companies, at local tax rates. These are tax rates which can be expected to apply on the basis of laws in the different countries that have been enacted or substantially enacted by the balance-sheet date.

Deferred tax assets and liabilities are netted against each other if they relate to the same tax authority, the company has a legally enforceable right to set them off against each other and they refer to the same periods.

NET INVESTMENT HEDGES When a net investment in a foreign operation is hedged (net investment hedge), exchange rate-related changes in liabilities included in net investment hedge accounting, calculated on the effective portion, are recorded within equity in the net investment hedge reserve. In the case of the sale of part or all of the foreign operation, the amount previously shown in the net investment hedge reserve is recognized in profit or loss.

CASH FLOW HEDGES The hedge-effective portion of changes in the fair value of derivative financial instruments included in cash flow hedge accounting is recognized within equity in the cash flow hedge reserve. Gains or losses from the effective portion of these derivatives are only reclassified to the income statement when the underlying hedged item is recognized in income. If the cash flows from a hedged item are no longer expected, the accumulated gains or losses recognized directly in equity are reclassified immediately to the income statement. Ineffective portions of the hedge accounting are recognized directly in income.

ASSUMPTIONS AND ESTIMATES Assumptions and estimates which may affect the amounts and disclosures of the reported assets and liabilities and revenues and expenses have to be made in the consolidated financial statements. These estimates and assumptions mainly relate to the calculation and discounting of cash flows when impairment tests are performed, the likelihood of occurrence as well as interest rates and other measurement parameters used for measuring provisions, particularly in the field of environmental risks and with defined benefit pension obligations, as well as the estimate regarding the amount of the purchase price obligation to acquire the minority interests in the Zhong Yung Group. Furthermore, assumptions are made as to the realization of future tax benefits from loss carryforwards as well as to the useful lives of intangible assets and property, plant and equipment.

If the WACC (weighted average cost of capital after taxes) taken as a basis for impairment testing of the goodwill had been one percentage point higher, as in 2012, no impairment would have arisen either at segment or at Group level. A 10% lower free cash flow would also not have led to an impairment either at segment or at Group level. A 20% lower growth rate over the entire planning period would also not have led to any impairment.

If the discount rate used to determine the environmental provisions had been one percentage point higher or lower and all other conditions had remained the same, the provision would have decreased by EUR 4.3 million (Dec. 31, 2012: EUR 4.8 million) or increased by EUR 4.8 million (Dec. 31, 2012: EUR 5.4 million), respectively.

Sensitivity analyses of defined benefit pension obligations are described in the section on provisions for pensions and similar obligations.

The actual amounts can differ from the assumptions and estimates in individual cases. Adjustments are recognized in income when estimates are revised.

CASH FLOW STATEMENT The cash flow statement classifies cash flows by operating, investing and financing activities. The cash provided by operating activities is determined using the indirect method on the basis of the profit/loss after tax. Interest payments made and received, tax payments and dividends received are presented as components of cash provided by operating activities. The effects of purchases of consolidated subsidiaries and other business units as defined by IFRS 3 (Business Combinations) are eliminated from the individual items of the cash flow statement and combined under cash flow from investing activities. The repayment of liabilities under finance leases is shown as cash used for financing activities. Cash and cash equivalents in the cash flow statement correspond to the cash and cash equivalents in the balance sheet. The effect of changes in value due to exchange rate fluctuations on cash and cash equivalents is shown separately.

SEGMENT REPORTING Segment reporting under IFRS 8 (Operating Segments) is based on the management approach. Reporting is based on the internal control and reporting information used by the top management for assessing segment performance and making resource allocations.

INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

1. Sales

The total sales of EUR 9,769.5 million (2012: EUR 9,689.9 million) mainly relate to the sale of goods. Sales of EUR 0.5 million (2012: EUR 0.5 million) were generated with related parties.

2. Cost of goods sold

The cost of goods sold includes cost of materials and the other operating expenses which are to be allocated to this line item. The cost of materials amounts to EUR 7,777.2 million (2012: EUR 7,721.5 million). The cost of goods sold also includes impairment losses and reversals of impairment losses on inventories of EUR 4.1 million (2012: EUR 1.1 million).

3. Selling expenses

The selling expenses include all direct selling and distribution costs as well as respective overheads which are incurred in the reporting period and are to be allocated directly or proportionately to this line item.

Rental and lease expenses for operating leases total EUR 90.8 million (2012: EUR 82.5 million), of which EUR 1.1 million (2012: EUR 0.6 million) are for contingent rents. They are mainly shown under selling expenses.

4. Administrative expenses

The administrative expenses contain all costs which are of a general administrative character provided they are not to be allocated to other functional areas.

5. Other operating income

C. 26

in EUR m	**2013**	2012
Income from the disposal of non-current assets	2.7	4.0
Income from the reversal of provisions no longer required	1.4	3.0
Income from receivables derecognized in prior periods	0.1	1.5
Miscellaneous operating income	29.8	31.7
Total	**34.0**	**40.2**

6. Other operating expenses

C. 27

in EUR m	2013	2012
Impairments of trade receivables	−8.8	−8.7
Impairments of other receivables	−0.5	−0.2
Income from the reversal of impairments of trade receivables	7.9	5.3
Income from the reversal of impairments of other receivables	0.1	–
Losses on the disposal of non-current assets	−0.6	−0.7
Miscellaneous operating expenses	−11.5	−12.1
Total	**−13.4**	**−16.4**

7. Finance income

C. 28

in EUR m	2013	2012
Interest income from third parties	4.7	3.2
Interest income from plan assets	4.8	5.8
Total	**9.5**	**9.0**

8. Finance costs

C. 29

in EUR m	2013	2012
Interest expense on liabilities to third parties	−70.4	−78.4
Expense from the measurement of interest rate swaps at fair value	−2.0	−0.6
Interest expense on provisions for pensions and similar obligations	−8.5	−9.5
Interest expense on other provisions	−1.2	−2.1
Interest expense on finance leases	−1.2	−1.6
Total	**−83.3**	**−92.2**

9. Changes in purchase price obligations and liabilities under IAS 32 to minorities

C. 30

in EUR m	2013	2012
Cost from the unwinding of discounting of the purchase price obligation	−0.1	−4.7
Result from measurement of the purchase price obligation at the exchange rate on the reporting date	0.4	−0.3
Change in estimate of future purchase price	26.5	9.3
Result from the change in liabilities under IAS 32 to minorities	−1.5	−1.5
Total	**25.3**	**2.8**

For further information, we refer to Note 30).

10. Other financial result

C. 31

in EUR m	2013	2012
Result from the translation of foreign currency receivables and liabilities at the closing rate	−13.7	−20.9
Result from the measurement of foreign currency derivatives at fair value	−1.8	1.8
Miscellaneous other financial expense	0.3	−0.7
Total	**−15.2**	**−19.8**

11. Income taxes

C. 32

in EUR m	2013	2012
Current income taxes	−146.2	−135.3
Deferred taxes	−10.1	−5.2
(thereof from temporary differences)	(−6.6)	(−4.4)
(thereof from tax loss carryforwards)	(−3.5)	(−0.8)
Total	**−156.3**	**−140.5**

The effective tax expense of EUR 156.3 million (2012: EUR 140.5 million) differs by EUR −2.2 million (2012: EUR −12.6 million) from the expected tax expense of EUR 158.5 million (2012: EUR 153.1 million). The expected tax expense results from applying the Group tax rate of 32 % (2012: 32 %) to the pre-tax result.

The reasons for the difference between the expected and the effective tax expense are as follows:

TAX RATE RECONCILIATION

C. 33

in EUR m	**2013**	2012
Pre-tax profit	495.2	478.3
Expected income tax (32%, 2012: 32%)	−158.5	−153.1
Difference due to tax base	2.3	26.5
Influence of differing tax rates mainly from the inclusion of foreign subsidiaries	1.4	−0.6
Changes in valuation adjustments on deferred tax assets/losses without the establishment of deferred taxes	3.7	4.7
Changes in the tax rate and tax laws	0.9	0.8
Non-tax-deductible expenses	−16.3	−14.2
Tax-free income	1.8	2.2
Result of investments accounted for at equity	0.5	1.2
Taxes of prior periods	2.1	−5.9
Deferred taxes on temporary differences from shares in subsidiaries	1.6	–
Changes in purchase price obligations and liabilities under IAS 32 to minorities	6.1	0.6
Other effects	−1.9	−2.7
Effective tax expense	**−156.3**	**−140.5**

The deferred taxes result from the individual balance sheet items and other items as follows:

DEFERRED TAX ASSETS AND LIABILITIES

C. 34

in EUR m	**Dec. 31, 2013** Deferred tax asset	**Dec. 31, 2013** Deferred tax liability	Dec. 31, 2012 Deferred tax asset	Dec. 31, 2012 Deferred tax liability
Current assets				
Cash and cash equivalents and financial assets	8.3	4.3	10.8	5.7
Inventories	9.9	0.3	10.4	1.0
Non-current assets				
Property, plant and equipment	13.3	86.1	14.7	91.0
Intangible assets	5.9	120.2	7.6	124.4
Financial assets	8.8	13.0	3.4	12.0
Current liabilities				
Other provisions	6.1	0.1	7.2	0.2
Liabilities	20.8	4.0	26.7	5.6
Non-current liabilities				
Provisions for pensions	17.2	4.5	26.4	0.1
Other provisions	19.8	0.7	27.8	1.4
Liabilities	17.2	6.6	14.1	4.7
Special tax-allowable reserves	–	2.8	–	2.8
Loss carryforwards	70.0	–	71.0	–
Consolidation items	–	5.6	–	7.2
Deferred tax (gross)	**197.3**	**248.2**	**220.1**	**256.1**
Valuation allowance	−46.2	–	−43.7	–
Offsetting	−101.2	−101.2	−111.1	−111.1
Deferred tax (net)	**49.9**	**147.0**	**65.3**	**145.0**

Of the deferred tax assets, EUR 37.5 million (Dec. 31, 2012: EUR 45.4 million) are current and EUR 12.4 million (Dec. 31, 2012: EUR 19.9 million) are non-current. Of the deferred tax liabilities, EUR 1.1 million (Dec. 31, 2012: EUR 3.1 million) are current and EUR 145.9 million (Dec. 31, 2012: EUR 141.9 million) are non-current.

Temporary differences in connection with shares in subsidiaries for which no deferred tax liabilities were recognized amount to EUR 352.5 million (Dec. 31, 2012: EUR 411.0 million).

The existing tax loss carryforwards can be utilized as follows:

TAX LOSS CARRYFORWARDS C. 35

in EUR m	Dec. 31, 2013 Loss carry-forwards	Dec. 31, 2013 thereof loss carryfor-wards without deferred taxes	Dec. 31, 2012 Loss carry-forwards	Dec. 31, 2012 thereof loss carryfor-wards without deferred taxes
within one year	2.4	(2.2)	1.5	(1.2)
2 to 5 years	8.0	(7.0)	8.0	(7.9)
6 to 9 years	4.2	(4.2)	2.8	(2.8)
more than 9 years	230.0	(229.0)	167.3	(167.3)
unlimited	228.9	(136.2)	253.4	(138.4)
Total	**473.5**	**(378.6)**	**433.0**	**(317.6)**

Restrictions on loss carryforwards and their utilization (minimum taxation) are taken into consideration when measuring the deferred taxes on loss carryforwards.

Of the total loss carryforwards, deferred taxes of EUR 23.8 million (Dec. 31, 2012: EUR 27.3 million) were provided for loss carryforwards of EUR 94.9 million (Dec. 31, 2012: EUR 115.4 million) which are likely to be utilized. The loss carryforwards of EUR 94.9 million which are likely to be utilized include domestic corporate tax loss carryforwards totalling EUR 37.8 million (Dec. 31, 2012: EUR 60.8 million).

No deferred taxes were provided for loss carryforwards of EUR 378.6 million (Dec. 31, 2012: EUR 317.6 million) which are not likely to be utilized. This figure includes domestic corporate tax and trade income tax loss carryforwards totalling EUR 92.9 million (Dec. 31, 2012: EUR 91.1 million) as well as loss carryforwards totalling EUR 230.0 million (Dec. 31, 2012: EUR 167.3 million) of US subsidiaries for state taxes (tax rate between 5 and 10%).

12. Minority interests in profit / loss after tax

Of the shares of other shareholders in the profit / loss after tax, EUR 1.0 million (2012: EUR 2.6 million) relates to the net income for the period and EUR 1.3 million (2012: EUR 0.6 million) to the net loss for the period of fully consolidated companies.

13. Personnel expenses / Employees

Personnel expenses amount to EUR 720.0 million (2012: EUR 721.6 million). This line item includes wages and salaries totalling EUR 574.2 million (2012: EUR 565.8 million) as well as social insurance contributions of EUR 145.8 million (2012: EUR 155.8 million), of which pension expenses (including employer contributions to the statutory pension insurance fund) account for EUR 47.0 million (2012: EUR 46.9 million). The interest portion of the addition to provisions for pensions is not included in personnel expenses but is shown within the financial result under finance costs. Personnel expenses amount to EUR 4.5 million (2012: EUR 2.8 million) for the share-based remuneration programmes on the basis of virtual shares.

The average number of employees (headcount) by segment breaks down as follows:

EMPLOYEES BY SEGMENT C. 36

	2013	2012 [1)]
Europe	6,356	6,423
North America	3,915	3,799
Latin America	1,420	1,370
Asia Pacific	1,483	1,406
All Other Segments	123	118
Total	**13,297**	**13,116**

1) Following the reassignment of responsibilities among Board of Management members, the allocation of employees to the segments has changed and the prior-year figures have been adjusted accordingly.

As at December 31, 2013, the employee numbers of the Brenntag Group totalled 13,431 (Dec. 31, 2012: 13,258). Of this figure, 1,405 (Dec. 31, 2012: 1,391) were employed in Germany.

14. Earnings per share

The earnings per share of EUR 6.59 (2012: EUR 6.52) are determined by dividing the share in income after tax of EUR 339.2 million (2012: EUR 335.8 million) due to the shareholders of Brenntag AG by the average weighted number of shares in circulation amounting to EUR 51.5 million (2012: 51.5 million). As at December 31, 2013, the number of shares was 51.5 million (Dec. 31, 2012: 51.5 million).

INFORMATION ON THE CONSOLIDATED BALANCE SHEET

15. Cash and cash equivalents

C. 37

in EUR m	Dec. 31, 2013	Dec. 31, 2012
Bank deposits	418.1	338.1
Cheques and cash on hand	8.7	8.5
Total	**426.8**	**346.6**

16. Trade receivables

C. 38

in EUR m	Dec. 31. 2013	Dec. 31. 2012
Trade receivables from third parties	1,248.7	1,266.3
Trade receivables from related parties	0.1	0.1
Total	**1,248.8**	**1,266.4**

The trade receivables which were past due but for which no impairment loss had been recorded as at the reporting date were past due by the following number of days:

MATURITY OF TRADE RECEIVABLES WHICH ARE PAST DUE BUT FOR WHICH NO IMPAIRMENT LOSS HAS BEEN RECOGNIZED

C. 39

in EUR m	Dec. 31, 2013	Dec. 31, 2012
1 to 30 days	184.2	193.3
31 to 60 days	35.9	47.3
61 to 90 days	10.1	10.1
91 to 180 days	6.3	6.6
more than 180 days	5.2	3.9
Receivables past due for which no impairment loss has been recorded	**241.7**	**261.2**
Receivables not past due and for which no impairment loss has been recorded	1,001.8	992.2
Gross value of receivables for which an impairment loss has been recorded	41.3	53.6
Gross value of trade receivables	**1,284.8**	**1,307.0**

Of the trade receivables, EUR 515.0 million (Dec. 31, 2012: EUR 534.5 million) are secured by trade credit insurances. In the Europe segment, most of the trade receivables are secured by trade credit insurances; in the Latin America and Asia Pacific segments, there are trade credit insurances for most of the receivables in certain countries. In the North America segment as well as in some countries in the Latin America and Asia Pacific segments, there are no trade credit insurances.

The impairments on trade receivables developed as follows:

DEVELOPMENT OF IMPAIRMENTS OF TRADE RECEIVABLES C. 40

in EUR m	Accumulated impairments of trade receivables	
	2013	2012
Jan. 1	**40.6**	**42.6**
Exchange rate differences	−1.1	–
Additions	8.8	8.7
Transfers	–	0.2
Reversals	−7.9	−5.3
Utilizations	−4.4	−5.6
Dec. 31	**36.0**	**40.6**

17. Other receivables

C. 41

in EUR m	**Dec. 31, 2013**		Dec. 31, 2012	
		thereof current		thereof current
Value added tax receivables	25.9	(25.9)	28.1	(28.1)
Receivables from packaging	21.0	(21.0)	21.8	(21.8)
Reimbursement claims – environment	4.4	(–)	5.1	(–)
Suppliers with debit balances	6.6	(6.6)	5.6	(5.6)
Receivables from insurance claims	3.2	(3.2)	2.9	(2.9)
Deposits	4.2	(4.2)	2.6	(2.6)
Receivables from commissions and rebates	11.8	(11.8)	12.4	(12.4)
Advance payments	13.5	(13.5)	12.5	(12.5)
Receivables from other taxes	2.8	(2.8)	1.8	(1.8)
Receivables from long-term services contracts	2.3	(–)	–	(–)
Receivables from employees	1.3	(1.3)	0.7	(0.7)
Miscellaneous other receivables	16.8	(11.2)	14.5	(11.0)
Prepaid expenses	12.0	(11.1)	12.1	(11.2)
Total	**125.8**	**(112.6)**	**120.1**	**(110.6)**

18. Other financial assets

OTHER FINANCIAL ASSETS / DEC. 31, 2013 C. 42

in EUR m	Remaining term: less than 1 year	Remaining term: 1 to 5 years	Remaining term: more than 5 years	**Dec. 31, 2013**
Financial receivables from third parties	2.0	22.3	–	24.3
Derivative financial instruments	3.0	0.5	7.9	11.4
Available-for-sale financial assets	1.5	–	–	1.5
Financial receivables from related parties	0.1	–	–	0.1
Total	**6.6**	**22.8**	**7.9**	**37.3**

OTHER FINANCIAL ASSETS / DEC. 31, 2012 C. 43

in EUR m	Remaining term: less than 1 year	Remaining term: 1 to 5 years	Remaining term: more than 5 years	Dec. 31, 2012
Financial receivables from third parties	12.5	29.7	0.4	42.6
Derivative financial instruments	1.3	–	–	1.3
Available-for-sale financial assets	1.7	–	–	1.7
Financial receivables from related parties	0.1	–	–	0.1
Total	**15.6**	**29.7**	**0.4**	**45.7**

19. Inventories

The inventories break down as follows:

C. 44

in EUR m	**Dec. 31, 2013**	Dec. 31, 2012
Merchandise	734.2	740.4
Finished goods	18.3	15.5
Raw materials and supplies	4.6	4.5
Total	**757.1**	**760.4**

20. Non-current assets held for sale

Non-current assets held for sale of EUR 1.9 million (Dec. 31, 2012: EUR 2.9 million) are recognized under current assets; of this figure, the North America segment accounts for EUR 1.9 million (Dec. 31, 2012: EUR 0.6 million). The Asia Pacific segment accounted for EUR 2.3 million of the 2012 figure.

Non-current assets held for sale are carried at the lower of carrying amount and fair value less costs of disposal. For material amounts, the fair value is determined using external appraisals and is therefore to be classified in level 2 or 3 of the measurement hierarchy in IFRS 13. No impairments had to be recorded in the reporting period.

21. Property, plant and equipment

C. 45

in EUR m	Real estate and leasehold rights	Technical equipment, plant and machinery	Other equipment, fixtures, furniture and office equipment	Advance payments and construction in progress	Total
Acquisition and production costs					
Dec. 31, 2011	**635.5**	**393.7**	**199.3**	**22.0**	**1,250.5**
Exchange rate differences	1.3	−2.9	0.9	−0.1	−0.8
Business combinations	7.0	6.7	1.9	0.4	16.0
Other additions	5.8	21.2	27.1	37.5	91.6
Disposals	−2.1	−5.4	−16.9	−0.1	−24.5
Transfers	8.6	16.6	3.2	−28.2	0.2
Dec. 31, 2012	**656.1**	**429.9**	**215.5**	**31.5**	**1,333.0**
Exchange rate differences	−16.1	−14.2	−3.8	−1.0	−35.1
Business combinations	4.3	2.6	0.1	−0,4	6.6
Other additions	7.6	27.5	30.8	28.4	94.3
Reclassifications of non-current assets held for sale	−1.0	−0.5	–	–	−1.5
Disposals	−4.3	−7.6	−21.8	−0.1	−33.8
Transfers	−1.4	22.1	6.4	−27.6	−0.5
Dec. 31, 2013	**645.2**	**459.8**	**227.2**	**30.8**	**1,363.0**
Accumulated depreciation and impairment					
Dec. 31, 2011	**107.7**	**167.1**	**109.9**	–	**384.7**
Exchange rate differences	0.4	−1.2	0.2	–	−0.6
Scheduled depreciation	23.4	37.7	33.4	–	94.5
Impairment	1.5	–	0.2	–	1.7
Disposals	−1.2	−4.3	−15.3	–	−20.8
Transfers	–	−0.1	0.1	–	–
Dec. 31, 2012	**131.8**	**199.2**	**128.5**	**–**	**459.5**
Exchange rate differences	−3.5	−6.8	−2.6	–	−12.9
Scheduled depreciation	23.3	41.7	34.3	–	99.3
Impairment	1.6	0.3	–	–	1.9
Reclassifications of non-current assets held for sale	–	−0.1	–	–	−0.1
Disposals	−2.9	−6.4	−20.1	–	−29.4
Transfers	−3.6	1.2	2.4	–	–
Dec. 31, 2013	**146.7**	**229.1**	**142.5**	**–**	**518.3**
Carrying amounts at Dec. 31, 2013	498.5	230.7	84.7	30.8	844.7
Carrying amounts at Dec. 31, 2012	524.3	230.7	87.0	31.5	873.5

The remaining carrying amounts of the property, plant and equipment subject to impairment in the financial year total EUR 1.3 million (Dec. 31, 2012: EUR 1.0 million).

The carrying amounts for assets recognized on the basis of finance leases total EUR 4.9 million (Dec. 31, 2012: EUR 9.1 million) for real estate, EUR 0.3 million (Dec. 31, 2012: EUR 0.6 million) for technical equipment, plant and machinery, and EUR 6.2 million (Dec. 31, 2012: EUR 8.3 million) for other equipment as well as fixtures, furniture and office equipment.

The carrying amounts of property, plant and equipment serving as collateral for liabilities to banks amount to EUR 14.8 million (Dec. 31, 2012: EUR 17.2 million).

The volume of government grants totals EUR 1.1 million (Dec. 31, 2012: EUR 1.0 million).

22. Investment property

C. 46

in EUR m	
Acquisition and production costs	
Dec. 31, 2011	**0.5**
Dec. 31, 2012	**0.5**
Disposals	−0.5
Dec. 31, 2013	**–**
Accumulated depreciation and impairment	
Dec. 31, 2011	**–**
Dec. 31, 2012	**–**
Dec. 31, 2013	**–**
Carrying amounts at Dec. 31, 2013	–
Carrying amounts at Dec. 31, 2012	0.5

In 2012, the fair value of the investment property was the carrying amount.

23. Intangible assets

C. 47

in EUR m	Goodwill	Trademarks	Customer relationships and similar rights	Software, licenses and similar rights	Total
Acquisition and production costs					
Dec. 31, 2011	**1,743.8**	**217.3**	**120.2**	**44.7**	**2,126.0**
Exchange rate differences	−9.0	–	0.2	−0.2	−9.0
Business combinations	134.1	–	32.7	0.4	167.2
Other additions	–	–	–	3.1	3.1
Disposals	–	–	−23.0	−1.0	−24.0
Dec. 31, 2012	**1,868.9**	**217.3**	**130.1**	**47.0**	**2,263.3**
Exchange rate differences	−73.7	−0.4	−5.2	−1.3	−80.6
Business combinations	12.0	–	4.7	–	16.7
Other additions	–	–	–	2.9	2.9
Disposals	–	−2.4	−21.4	−1.2	−25.0
Transfers	–	–	–	0.7	0.7
Dec. 31, 2013	**1,807.2**	**214.5**	**108.2**	**48.1**	**2,178.0**
Accumulated amortization and impairment					
Dec. 31, 2011	**–**	**9.6**	**41.9**	**27.5**	**79.0**
Exchange rate differences	–	–	0.4	−0.1	0.3
Scheduled amortization	–	2.3	29.1	5.5	36.9
Disposals	–	–	−22.9	−1.0	−23.9
Dec. 31, 2012	**–**	**11.9**	**48.5**	**31.9**	**92.3**
Exchange rate differences	–	−0.3	−2.3	−0.7	−3.3
Scheduled amortization	–	2.3	32.8	4.6	39.7
Disposals	–	−2.4	−21.4	−1.2	−25.0
Dec. 31, 2013	**–**	**11.5**	**57.6**	**34.6**	**103.7**
Carrying amounts at Dec. 31, 2013	1,807.2	203.0	50.6	13.5	2,074.3
Carrying amounts at Dec. 31, 2012	1,868.9	205.4	81.6	15.1	2,171.0

The goodwill and the “Brenntag” trademark are assets with an indefinite useful life. They are tested regularly, at least annually, for impairment after completion of the annual budget process. The carrying amount of the “Brenntag” trademark is EUR 196.9 million as in the previous year.

Of the intangible assets as of December 31, 2013, some EUR 1,148 million (Dec. 31, 2012: EUR 1,187 million) relate 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.

The regional allocation of goodwill over the groups of cash-generating units relevant for impairment testing is as follows:

REGIONAL DISTRIBUTION OF GOODWILL C. 48

in EUR m	**Dec. 31, 2013**	Dec. 31, 2012
Europe	787.1	796.0
North America	783.8	827.2
Latin America	44.1	47.5
Asia Pacific	164.1	170.0
All Other Segments	28.1	28.2
Group	**1,807.2**	**1,868.9**

The fair value less costs of disposal is taken as the recoverable amount. This amount is determined on the basis of a recognized company valuation model. The company valuation model is based on cash flow plans which are in turn based on the five-year plan approved by the Board of Management and applicable at the date of the performance of the impairment test. The fair value thus determined is to be classified in level 3 of the measurement hierarchy in IFRS 13.

The cash flow forecasts for the impairment test of the financial year ended December 31, 2013 were derived from the budget for 2014 and the plan years 2015 to 2018. The growth rates are based on management’s historical experience, expectations on the future development of markets and costs as well as on the development of quantities and prices on the basis of external macroeconomic data. After the, in some cases, much higher growth rates in the years 2014 to 2018 (detailed planning period), the assumed growth rates for the period from 2019 onwards are 1.25% in Europe and North America (2012: 1.25%) and 2.5% in Latin America and Asia Pacific (2012: 2.5%).

The region-specific WACC used for discounting the cash flows thus determined is based on a risk-free interest rate of 2.75% (2012: 2.25%) as well as a market risk premium of 6.25% (2012: 6.25%). The estimates of daily interest structure curves published by the German Federal Bank are taken as a basis for determining the base interest rate. The Beta factor used and the capital structure are derived from a peer group. Furthermore, region-specific tax rates and country risk premiums (according to Damodaran) are used.

WACC BY SEGMENT C. 49

WACC IN %	**2013**	2012
Europe	8.9	8.0
North America	8.0	7.3
Latin America	10.2	9.0
Asia Pacific	9.4	8.3
Group	8.6	7.9

Amortization of customer relationships and similar rights as well as local trademarks has been recognized under selling expenses.

24. Investments accounted for at equity

The investments accounted for at equity developed as follows:

DEVELOPMENT OF INVESTMENTS ACCOUNTED FOR AT EQUITY C. 50

in EUR m	Interests in associates
Dec. 31, 2011	**27.8**
Exchange rate differences	−1.5
Result from investments accounted for at equity	4.6
Dividends received	−1.2
Capital repayment	−1.3
Dec. 31, 2012	**28.4**
Exchange rate differences	−5.5
Result from investments accounted for at equity	3.0
Dividends received	−1.2
Dec. 31, 2013	**24.7**

The financial year of the companies accounted for at equity is the calendar year.

The assets, liabilities, sales and profits for the period of the associated companies accounted for at equity as of the balance sheet date are as follows (presentation in each case on the basis of 100% of the shares):

ASSETS AND LIABILITIES OF COMPANIES ACCOUNTED FOR AT EQUITY — C. 51

in EUR m	**Dec. 31, 2013**	Dec. 31, 2012
Current assets	61.3	71.7
Non-current assets	24.2	30.8
Current liabilities	33.4	40.7
Non-current liabilities	7.8	6.7

SALES AND PROFITS OF COMPANIES ACCOUNTED FOR AT EQUITY — C. 52

in EUR m	**2013**	2012
Sales	170.9	197.6
Profit after tax	6.6	9.6

25. Trade payables

Trade payables of EUR 961.5 million (Dec. 31, 2012: EUR 1,008.2 million) include accruals of EUR 134.0 million (Dec. 31, 2012: EUR 127.4 million).

26. Financial liabilities

FINANCIAL LIABILITIES / DEC. 31, 2013 C. 53

in EUR m	Remaining term less than 1 year	Remaining term 1 to 5 years	Remaining term more than 5 years	Dec. 31, 2013
Liabilities under syndicated loan	3.5	1,030.8	–	1,034.3
Other liabilities to banks	264.9	5.7	7.0	277.6
Bond	9.9	394.1	–	404.0
Liabilities under finance leases	3.0	6.7	3.9	13.6
Derivative financial instruments	1.8	0.1	–	1.9
Other financial liabilities	10.8	26.3	–	37.1
Total	**293.9**	**1,463.7**	**10.9**	**1,768.5**
Cash and cash equivalents				426.8
Net financial liabilities				**1,341.7**

FINANCIAL LIABILITIES / DEC. 31, 2012 C. 54

in EUR m	Remaining term less than 1 year	Remaining term 1 to 5 years	Remaining term more than 5 years	Dec. 31, 2012
Liabilities under syndicated loan	8.3	1,065.0	–	1,073.3
Other liabilities to banks	76.0	182.2	7.8	266.0
Bond	9.9	–	392.7	402.6
Liabilities under finance leases	7.3	8.3	4.7	20.3
Derivative financial instruments	6.5	–	–	6.5
Other financial liabilities	22.3	37.9	0.6	60.8
Total	**130.3**	**1,293.4**	**405.8**	**1,829.5**
Cash and cash equivalents				346.6
Net financial liabilities				**1,482.9**

The syndicated bullet loan is a loan agreement with a consortium of international banks. It matures in July 2016 and is divided into different tranches with different currencies. While some of our subsidiaries are direct borrowers under the loan, others obtain their financing from intra-Group loans. Major Group companies are liable for the debt under the syndicated loan.

In the event of the Brenntag Group's sustained breach of the terms and obligations laid down in the syndicated loan agreement, the facility agent appointed by the lenders may foreclose the loans if he feels this move necessary to safeguard the lenders' interests or if he is called upon to do so by a qualified majority of the lenders. Should the relevant Brenntag Group companies which appear as the borrowers not be able to meet their payment obligations, the lenders are entitled to levy execution against the guarantees of other Group companies provided as security.

The liabilities under the syndicated loan break down as follows:

LIABILITIES UNDER SYNDICATED LOAN / DEC. 31, 2013 C. 55

in EUR m		Remaining term	Interest rate above EURIBOR / LIBOR	Dec. 31, 2013
Tranches				
	Tranche A	Jul. 19, 2016	1.85 %	378.8
	Tranche B	Jul. 19, 2016	1.95 %	659.8
Total				**1,038.6**
Accrued interest				3.5
Transaction costs				−7.8
Liabilities under syndicated loan				**1,034.3**

LIABILITIES UNDER SYNDICATED LOAN / DEC. 31, 2012 C. 56

in EUR m		Remaining term	Interest rate above EURIBOR / LIBOR	Dec. 31, 2012
Tranches				
	Tranche A	Jul. 19, 2016	1.85 %	386.3
	Tranche B	Jul. 19, 2016	1.95 %	689.7
Total				**1,076.0**
Accrued interest				8.3
Transaction costs				−11.0
Liabilities under syndicated loan				**1,073.3**

In addition to the above-mentioned tranches the syndicated loan also contains a variable credit facility of EUR 500.0 million, which was virtually unutilized as at December 31, 2013. It can be drawn down in various currencies.

The bond with a volume of EUR 400 million matures in July 2018. At an issue price of 99.321 %, the bond bears a coupon of 5.5 % with interest paid annually. The bond was issued by our Group company, Brenntag Finance B.V., Amsterdam, Netherlands, and is guaranteed by Brenntag AG and other

Brenntag companies. In view of the identical network of guarantors, the bond has the same ranking as the syndicated loan.

If any of the events of default defined in the Conditions of Issue occurs, each bond holder may declare his note due and demand immediate redemption thereof. Should the issuer not be able to meet its repayment obligations, the bond holders are entitled to levy execution against the guarantees of other Group companies provided as security.

Of the other liabilities to banks, EUR 175.4 million (Dec. 31, 2012: EUR 177.4 million) are amounts owed to banks by the fully consolidated Irish special purpose entity, Brenntag Funding Limited, Dublin. These liabilities are secured at the balance-sheet date by receivables of EUR 354.8 million (Dec. 31, 2012: EUR 360.8 million) under the international accounts receivable securitization programme.

The following table shows the reconciliation of the future minimum lease payments to liabilities under finance leases:

MINIMUM LEASE PAYMENTS / 2013 C. 57

in EUR m	Minimum lease payments	Interest portion	Liabilities from finance leases
less than 1 year	4.0	1.0	3.0
1 to 2 years	3.3	0.8	2.5
2 to 3 years	2.6	0.6	2.0
3 to 4 years	1.8	0.5	1.3
4 to 5 years	1.3	0.4	0.9
more than 5 years	6.7	2.8	3.9
Dec. 31, 2013	**19.7**	**6.1**	**13.6**

MINIMUM LEASE PAYMENTS / 2012 C. 58

in EUR m	Minimum lease payments	Interest portion	Liabilities from finance leases
less than 1 year	8.5	1.2	7.3
1 to 2 years	3.6	0.9	2.7
2 to 3 years	3.3	0.7	2.6
3 to 4 years	2.4	0.6	1.8
4 to 5 years	1.7	0.5	1.2
more than 5 years	8.0	3.3	4.7
Dec. 31, 2012	**27.5**	**7.2**	**20.3**

27. Other liabilities

C. 59

in EUR m	Dec. 31, 2013	thereof current	Dec. 31, 2012	thereof current
Liabilities to employees	87.6	(87.6)	92.5	(92.5)
Liabilities from packaging	68.8	(68.8)	72.5	(72.5)
Liabilities from value added tax	37.0	(37.0)	42.9	(42.9)
Customers with credit balances	23.1	(23.1)	21.2	(21.2)
Liabilities from other taxes	15.1	(15.1)	14.4	(14.4)
Liabilities to insurance companies	14.1	(14.1)	14.3	(14.3)
Liabilities from sales deductions, rebates	9.0	(9.0)	7.6	(7.6)
Deferred income	8.5	(8.2)	10.2	(9.8)
Liabilities from social insurance contributions	8.2	(8.2)	8.5	(8.5)
Liabilities from the acquisition of assets	7.6	(7.6)	10.3	(10.3)
Miscellaneous other liabilities	45.0	(43.3)	47.2	(45.3)
Total	**324.0**	**(322.0)**	**341.6**	**(339.3)**

Other liabilities include accruals of EUR 35.6 million (Dec. 31, 2012: EUR 35.1 million).

28. Other provisions

The other provisions developed as follows:

DEVELOPMENT OF OTHER PROVISIONS

C. 60

in EUR m	Environmental provisions	Provisions for personnel expenses	Miscellaneous provisions	Total
Jan. 1, 2013	**108.8**	**23.4**	**72.3**	**204.5**
Exchange rate differences	−4.0	−0.8	−1.1	−5.9
Unwinding of discounting	1.0	0.1	0.1	1.2
Utilizations	−6.1	−9.7	−62.5	−78.3
Reversals	−2.4	−2.1	−14.4	−18.9
Additions	1.0	14.8	30.5	46.3
Transfers	–	1.1	−1.2	−0.1
Dec. 31, 2013	**98.3**	**26.8**	**23.7**	**148.8**

The other provisions have the following maturities:

MATURITY OF OTHER PROVISIONS C. 61

in EUR m	**Dec. 31, 2013**	Dec. 31, 2012
less than 1 year	37.3	76.7
1 to 5 years	62.9	74.2
more than 5 years	48.6	53.6
Total	**148.8**	**204.5**

Environmental provisions

The recognition and measurement of environmental provisions are coordinated centrally by external independent experts. The provision amounts are determined on the basis of individual cost estimates for each case. Allowance is made not only for the nature and severity of pollution but also for the conditions at the respective sites and the sovereign territories in which these sites are located.

Environmental provisions are stated at their present values. They are discounted at maturity-dependent, risk-free interest rates for the respective functional currencies. Increases in the future expenditure due to inflation are allowed for.

At December 31, 2013, the environmental provisions totalled EUR 98.3 million (Dec. 31, 2012: EUR 108.8 million). The environmental provisions established mainly relate to the rehabilitation of soil and ground water for current and former, owned and leased sites but also cover costs for further and accompanying measures such as necessary environmental inspections and observations. The provisions include EUR 21.3 million (Dec. 31, 2012: EUR 22.9 million) for contingencies for which a cash outflow is not likely but nevertheless possible. In line with the requirements of IFRS 3, these contingencies have entered the balance sheet largely through the purchase price allocation in connection with the acquisition of the Brenntag Group by funds advised by BC Partners Limited, Bain Capital, Ltd. and subsidiaries of Goldman Sachs International at the end of the third quarter of 2006.

Due to the nature and the large number of parameters which have to be considered when determining environmental provisions, there are uncertainties in their measurement. This applies both to the amount and the timing of future expenditure. However, based on the information available at the time of the preparation of these financial statements, it can be assumed that the environmental provisions are reasonable and any additional amounts incurred would not have any material effect on the net assets, financial position and results of operations of the Group.

In some cases, special agreements have been reached which ensure that the cost of any future environmental work necessary will be borne by third parties. If receipt of payment from the third party is virtually certain provided Brenntag meets its obligations, these reimbursement claims are capitalized. They are in principle measured in the same way as the corresponding provisions. The amount recognized does not exceed the amount of the provision. The reimbursement claims capitalized at December 31, 2013 amount to EUR 4.4 million (Dec. 31, 2012: EUR 5.1 million).

Provisions for personnel expenses

The provisions for personnel expenses contain above all obligations arising from future variable and individual one-time payments, payments in connection with employee long-service anniversary bonuses, early retirement regulations and pre-retirement part-time work compensation. Furthermore, the provisions for share-based remuneration programmes on the basis of virtual shares are shown under this item. These programmes are long-term bonus systems for members of the Board of Management of Brenntag AG, on the one hand, and for executives and senior manager of the Brenntag Group, on the other.

Long-term share-based remuneration programme on the basis of virtual shares for the members of the Board of Management and Long-Term Incentive Plan for Executives and Senior Managers (LTI Plan)

The long-term share-based remuneration programme for the members of the Board of Management of Brenntag AG has been awarded every year since 2010. The amount of the bonus depends on the achievement of quantitative and qualitative targets as well as on the development of the Brenntag share price. The quantitative targets comprise the financial key performance indicators operating gross profit, operating EBITDA, free cash flow and RONA. Depending on the degree of outperformance of the quantitative and on the degree of achievement of the qualitative targets, those eligible are awarded a base amount every year, half of which is converted into virtual shares. At the end of the vesting period, they are to be multiplied by total shareholder return (the average share price adjusted for dividends, capital measures and share splits). The further development of the other half of the base amount until pay-out after completion of the individual vesting periods depends on the outperformance or underperformance of the total shareholder return compared with the average share price development of the MDAX. The total amount to be paid out must not exceed 250% of the base amount.

The LTI Plan was offered for the first time in 2013 to a group of managers which is to be redefined every year by the Board of Management of Brenntag AG. The term of the programme is divided into a one-year performance period and a vesting period, normally of three years. The total bonus pool amount available for one annual tranche of the LTI Plan basically depends on the outperformance of the planned development of the operating EBITDA in the performance period; further amounts can be assigned to the bonus pool in the discretion of the Board of Management. Restrictions exist to the extent that the bonus pool may not exceed 0.675% of the actual operating EBITDA. On the basis of this bonus pool, the number of virtual shares is determined for each plan participant pro rata based on the annual salary of the participant in relation to the total annual salaries of all participants and the average price of the Brenntag share. After expiry of the vesting period, the plan participants receive a remuneration resulting from the virtual shares allocated multiplied by the average price of the Brenntag shares, adjusted for dividends, capital measures and share splits. Payment per virtual share must not exceed 250% of the average share price, on the basis of which the number of virtual shares was determined.

The provisions for share-based remuneration total EUR 9.3 million (Dec. 31, 2012: EUR 4.8 million).

Miscellaneous provisions

Miscellaneous provisions include provisions for compensation payable, provisions for restoration obligations as well as for risks from legal proceedings and disputes.

Provisions for current and likely litigation are established in those cases where reasonable estimates are possible. These provisions contain all estimated legal costs as well as the possible settlement costs. The amounts are based on information and cost estimates provided by lawyers.

29. Provisions for pensions and similar obligations

There are both defined contribution and defined benefit pension plans for the employees of the Brenntag Group. The pension obligations vary depending on the legal, tax and economic circumstances in the respective country and the employee's years of service with the company and pay grade.

Defined contribution plans

A large number of the employees of the Brenntag Group receive benefits from the statutory social insurance fund, into which the contributions are paid as part of their salary. In addition, various other pension fund commitments exist at the companies of the Brenntag Group. As the company has no further obligations after payment of the retirement pension contributions to the state social insurance fund and private insurance companies, these plans are treated as defined contribution plans. Current pension contribution payments are recognized as expense for the relevant period. In the 2013 financial year, pension expenses in the Brenntag Group totalled EUR 21.5 million (2012: EUR 21.3 million) for employer contributions to the statutory pension insurance fund and EUR 15.8 million (2012: EUR 15.3 million) for non-statutory defined contribution plans.

Defined benefit plans

The defined benefit plans of the Brenntag Group are funded with provisions and largely covered by assets. The major obligations (over 90% of the total volume) are in Switzerland, Germany, Canada and the Netherlands. The remaining obligations are spread over another 11 countries in Europe, Latin America and Asia.

Switzerland

In Switzerland, every employer is obliged by a national law to set up a company retirement pension scheme. When determining the pension benefits, the minimum requirements of the Federal Law on Occupational Retirement, Surviving Dependants' and Disability Pensions (Bundesgesetz über die beruflichen Alters-, Hinterlassenen- und Invalidenvorsorge (BVG)) and its regulations are to be observed.

The Swiss group company maintains a funded pension plan for its employees. The assets of this plan are held in two autonomous foundations. The foundation board is made up of equal numbers of employer and employee representatives. It is responsible for setting the investment strategy, for changes in the pension plan rules and in particular also for determining the financing of the pension benefits.

The pension benefits are based on the retirement assets accrued. The annual retirement credits and interest are credited to these retirement assets. On retirement, the insured person has the choice between a life-long pension, a lump-sum settlement or parts thereof. In addition to the retirement benefits, the pension benefits also include disability and surviving dependants' pensions. The insured person may also dispose of parts of his accrued retirement assets prematurely if this serves to improve his pension situation. If there is a change of employer, the retirement assets are transferred to the pension scheme of the new employer.

The employee and employer contributions are set by the foundation board. According to the BVG, the employer pays at least 50% of the necessary contributions. In the case of Brenntag Schweizer Hall AG, the employer pays some 70% of the contributions in accordance with the rules of the plan.

Brenntag is exposed to risks arising from the plan. An increase in life expectancy or salaries would lead to higher cash outflows and, together with falling discount rates, in each case to higher present values of the defined benefit obligation. An investment risk exists primarily with regard to the proportion of the plan assets invested in shares.

Germany

The German group companies have retirement pension plans which are based on contractual provisions or works agreements:

The Employee Pension Plan 2000/2012 (Mitarbeiter Vorsorgeplan 2000/2012) is a pension plan funded by the employer. The employer pays an annual pension contribution of between EUR 250 and EUR 500 depending on length of service, which is converted into pension modules. The amount of benefits depends on the pension modules accrued before retirement.

The Pension Scheme 2000/2012 for Executives (Leistungsordnung 2000/2012 für Führungskräfte) of the German Brenntag companies is a pension plan for executives funded by the employer in the form of individual commitments. The annual pension contribution depends on the pensionable remuneration (basis of assessment). The annual basis of assessment is the sum total of the fixed remuneration, Christmas and vacation allowances and bonuses but no more than three times the contribution assessment limit for the statutory pension system. The pension contribution is max. 4% of the basis of assessment up to the contribution assessment limit plus max. 10% for parts exceeding the contribution assessment limit. The annual pension contributions are converted into pension modules. The amount of benefits depends on the pension modules accrued before retirement.

All employees have the possibility to convert pay components into an entitlement of equal value to pension benefits within the meaning of the German Company Pension Act (Betriebsrentengesetz (BetrAVG)) by participating in the Pension Plan Through Employee-funded Pension Commitments (Vorsorgeplan über mitarbeiterfinanzierte Versorgungszusagen). The annual pension contribution for participating employees is between at least EUR 250 and max. 4% of the contribution assessment limit for the statutory pension system (Section 1a BetrAVG). The company also pays an additional pension allowance of 15% to the converted amount provided that the pension contribution comes from remuneration subject to statutory pension insurance contributions. Furthermore, through the Deferred Compensation Plan (DCP), employees have the possibility to convert pay components into an entitlement of equal value to pension benefits. The individual pension contribution must be at least EUR 5,000. The converted employee contributions are protected by a reinsurance policy pledged to the employee who is entitled to the pension. With both employee-funded plans, the employees must decide every year on the pension contribution they wish to make.

In addition to the retirement benefits, the pension benefits also include surviving dependants' pensions and – except in the case of the Deferred Compensation Plan (DCP) – disability benefits.

The Pension Scheme 2000/2012 for Executives (Leistungsordnung 2000/2012 für Führungskräfte) is a pure retirement pension plan with a monthly life-long pension. With the other pension plans, if the capital amount is no more than EUR 25,000, the pension benefit is paid out as a lump sum or if the capital amount is more than EUR 25,000, the pension benefit is paid as an annual capital instalment spread over a maximum of 5 years or as a life-long pension.

The retirement pension entitlements of the members of the Board of Management are described in the Remuneration Report section of the Group management report.

Furthermore, in Germany, Brenntag still has isolated retirement and disability pension commitments under pension plans set up in Brenntag's past. These commitments depend on the years of service and the pay grades of the respective employees. They are mainly commitments with monthly pension payments.

Brenntag is exposed to risks arising from the plans. An increase in life expectancy or salaries as well as the adjustment of pensions in line with inflation as required by law would lead to higher cash outflows and, together with falling discount rates, in each case to higher present values of the defined benefit obligation. There is no investment risk as the plan assets consist solely of insurance policies.

Canada

In Canada, Brenntag maintains an employer-funded pension plan with a life-long monthly pension for employees who joined the company before December 31, 2011. The basis of assessment for calculating the annual pension is 1% of the average salary of the 3 highest annual salaries of the beneficiary multiplied by the number of years of service. In addition to the retirement benefits, the pension benefits include disability and surviving dependants' pensions.

The plan participants in the employer-funded pension plan who are under 50 or who have less than 15 years of service or less than 55 points (addition of age and years of service) must pay into a defined contribution plan newly set up in 2014 in order to continue to build up their retirement pension. The employees' contribution is 3% of their salary. The employer's contribution is 4% for this compulsory part. The employees may voluntarily increase their contribution by a further 3%. The employer's contribution for this voluntary part is between 3.25% and 6%, depending on the years of service. The payment obligation accrued up to the date of transition remains.

Employees who joined the company on or after January 1, 2012 must pay at least 3% of their salary into a defined contribution pension plan in order to build up a retirement pension. The employer's contribution is 3%. The employees may voluntarily increase their contribution by a further 3%. The employer's contribution for this voluntary part is also 3%.

For employees in Canada who joined the company up to and including May 31, 2013, there is an employer-funded supplementary medical cost plan in retirement as well as the payment of a life insurance of CAD 5,000 on retirement. Owing to the pension nature of this plan, it is classified under pensions and similar obligations.

Brenntag is exposed to risks arising from the plans. An increase in life expectancy, salaries or medical costs would lead to higher cash outflows and, together with falling discount rates, in each case to higher present values of the defined benefit obligation. The plan assets consisting of external fund shares are in principle exposed to an investment risk. In order to minimize this risk, the plan assets in Canada are subjected by law to an audit every three years to establish whether the assets invested are sufficient to fund the pension obligations.

Netherlands

Company pension systems play a prominent role in the Netherlands as the pay-as-you-go statutory pension scheme only provides a basic pension.

The companies maintain a funded retirement plan for their employees. When there is a change of employer, the credit balance from the plan assets can either be transferred to the pension scheme of the new employer or remain in the company. About 20% of the retirement pension plan is funded by the employee and about 80% by the employer. Depending on the employer's commitment, the basis of assessment for calculating the annual pension is the last salary before the employee reaches retirement age or the average salary over the employee's active career before reaching retirement age. Depending on the employer's commitment, the annual pension is between 1.5% and 1.75% of the salary reduced by a base amount and multiplied by the number of years of service. This base amount represents the basic pension under the statutory pension scheme. The retirement pension plan is a pure pension plan with a life-long monthly pension. In addition to the retirement benefits, the pension benefits include disability and surviving dependants' pensions.

Brenntag is exposed to risks arising from the plan. An increase in life expectancy or salaries would lead to higher cash outflows and, together with falling discount rates, in each case to higher present values of the defined benefit obligation. There is no investment risk as the plan assets consist solely of insurance policies.

Actuarial parameters applied

The plan assets are measured at fair value. The calculation of the present value of the benefit obligations is based on the following main actuarial parameters. When several countries are grouped together, the values are average values weighted by the present value of the respective benefit obligation:

ACTUARIAL PARAMETERS APPLIED C. 62

	Switzerland		Germany		Canada		Netherlands		Other countries		Weighted	
in %	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Discount rate	2.20	1.75	3.70	3.00	5.00	4.40	3.70	3.00	4.22	3.52	3.42	2.86
Expected development of salaries	1.50	1.50	2.70	2.70	3.25	3.50	2.70	2.70	3.70	3.55	2.44	2.49
Expected development of pensions	0.50	0.50	2.00	2.00	2.25	2.25	2.00	2.00	2.45	2.48	1.54	1.56
Medical cost trend	n.a.	n.a.	n.a.	n.a.	6.48	6.40	n.a.	n.a.	n.a.	n.a.	6.48	6.40

With respect to life expectancy, in Germany the Heubeck 2005 G mortality tables (generational tables) are taken as a basis. In Switzerland, the BVG-2010 generational mortality tables are used. In the Netherlands, we use "Prognose Tafel 2012-2062" tables and, in Canada, the "UP94 generational mortality table".

Provision for pensions and similar obligations by country

PROVISION FOR PENSIONS AND SIMILAR OBLIGATIONS BY COUNTRY / DEC. 31, 2013 C. 63

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	Dec. 31, 2013
Present value of the defined benefit obligation	101.4	69.3	48.4	42.8	21.2	283.1
Fair value of plan assets	−94.0	−14.1	−33.3	−37.3	−3.4	−182.1
Provision for pensions and similar obligations	**7.4**	**55.2**	**15.1**	**5.5**	**17.8**	**101.0**

PROVISION FOR PENSIONS AND SIMILAR OBLIGATIONS BY COUNTRY / DEC. 31, 2012 C. 64

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	Dec. 31, 2012
Present value of the defined benefit obligation	109.0	71.3	58.2	47.3	23.8	309.6
Fair value of plan assets	−95.3	−12.6	−34.1	−40.6	−3.5	−186.1
Provision for pensions and similar obligations	**13.7**	**58.7**	**24.1**	**6.7**	**20.3**	**123.5**

The development of pension obligations, plan assets as well as the provision for pensions and similar obligations recognized in the balance sheet is as follows:

DEVELOPMENT OF THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATIONS C. 65

in EUR m	Main pension plans	Other countries	**2013**	Main pension plans	Other countries	2012
Present value of pension obligations at the beginning of the period	285.8	23.8	309.6	235.2	20.7	255.9
Exchange rate differences	−7.6	−0.8	−8.4	0.8	0.1	0.9
Addition from business combinations	–	–	–	–	0.1	0.1
Utilizations	−9.4	−1.4	−10.8	−9.6	−1.6	−11.2
Payments from plan settlements	–	–	–	–	−0.5	−0.5
Service cost						
Current service cost	9.6	1.3	10.9	8.4	1.4	9.8
Past service cost	−1.6	–	−1.6	–	–	–
Plan settlements	–	–	–	–	–	–
Employee contributions	1.3	–	1.3	1.4	–	1.4
Interest expense on the present value of the obligation	7.7	0.8	8.5	8.5	1.0	9.5
Remeasurement components						
Adjustment of economic assumptions	−25.9	−1.7	−27.6	41.3	2.8	44.1
Adjustment of demographic assumptions	0.5	0.1	0.6	–	–	–
Experience adjustments	1.5	−0.9	0.6	−0.2	−0.2	−0.4
Present value of pension obligations at the end of the period	**261.9**	**21.2**	**283.1**	**285.8**	**23.8**	**309.6**

The present value of pension obligations totalling EUR 283.1 million (Dec. 31, 2012: EUR 309.6 million) includes pension obligations for members of the Board of Management amounting to EUR 9.5 million (Dec. 31, 2012: EUR 9.1 million).

For employees in Canada who joined the company up to and including May 31, 2013, there is an employer-funded supplementary medical cost plan in retirement. The precondition for utilizing this plan in retirement has been made more difficult by increasing the number of years of service. The resultant return of EUR 1.6 million is shown as a plan amendment in the past service cost.

DEVELOPMENT OF THE FAIR VALUE OF THE PLAN ASSETS

C. 66

in EUR m	Main pension plans	Other countries	**2013**	Main pension plans	Other countries	2012
Fair value of plan assets at the beginning of the period	182.6	3.5	186.1	163.6	3.7	167.3
Exchange rate differences	−5.4	−0.3	−5.7	0.7	0.1	0.8
Addition from business combinations	–	–	–	–	–	–
Utilizations	−8.0	−0.2	−8.2	−8.5	−0.1	−8.6
Employer contributions	8.0	0.3	8.3	8.6	0.2	8.8
Payments from plan settlements	–	–	–	–	−0.5	−0.5
Administrative costs of plan assets	−0.4	–	−0.4	−0.5	–	−0.5
Employee contributions	1.3	–	1.3	1.4	–	1.4
Interest income from plan assets	4.7	0.1	4.8	5.6	0.2	5.8
Remeasurement components						
Income / (expense) from the plan assets (excl. amounts in net interest expense)	−4.1	–	−4.1	11.7	−0.1	11.6
Fair value of plan assets at the end of the period	**178.7**	**3.4**	**182.1**	**182.6**	**3.5**	**186.1**

DEVELOPMENT OF THE PROVISION FOR PENSIONS AND SIMILAR OBLIGATIONS RECOGNIZED IN THE BALANCE SHEET

C. 67

in EUR m	Main pension plans	Other countries	**2013**	Main pension plans	Other countries	2012
Provision for pensions and similar obligations at the beginning of the period	103.2	20.3	123.5	71.6	17.0	88.6
Capitalized plan assets at the beginning of the period	–	–	–	0.2	–	0.2
Exchange rate differences	−2.2	−0.5	−2.7	0.1	–	0.1
Addition from business combinations	–	–	–	–	0.1	0.1
Utilizations	−1.4	−1.2	−2.6	−1.1	−1.5	−2.6
Employer contributions	−8.0	−0.3	−8.3	−8.6	−0.2	−8.8
Service cost	8.0	1.3	9.3	8.4	1.4	9.8
Administrative costs of plan assets	0.4	–	0.4	0.5	–	0.5
Employee contributions	–	–	–	–	–	–
Net interest expense	3.0	0.7	3.7	2.9	0.8	3.7
Remeasurement components	−19.8	−2.5	−22.3	29.4	2.7	32.1
Capitalized plan assets at the end of the period	–	–	–	−0.2	–	−0.2
Provision for pensions and similar obligations at the end of the period	**83.2**	**17.8**	**101.0**	**103.2**	**20.3**	**123.5**

The provisions for pensions recognized include EUR 11.4 million (Dec. 31, 2012: EUR 15.6 million) for the supplemental medical cost plan in Canada. The pension costs recognized in the income statement for obligations under defined benefit plans totals EUR 13.4 million (2012: EUR 14.0 million). The net interest expense is shown within the financial result. The service cost and the administrative costs of the plan assets are allocated to the functional areas within operating profit.

The present values of the defined benefit obligations break down as follows into active members, former employees with vested rights and pensioners, split according to the payout method, resulting in the following average weighted duration of the defined benefit obligations:

BREAKDOWN OF THE DEFINED BENEFIT OBLIGATIONS BY MEMBERS

C. 68

in EUR m	Main pension plans	Other countries	2013	Main pension plans	Other countries	2012
Present value of the pension obligations funded by plan assets, thereof:	**202.3**	**6.7**	**209.0**	**219.3**	**7.1**	**226.4**
Active members with lump-sum payout	–	4.9	4.9	–	5.1	5.1
Active members with monthly pension	99.5	1.8	101.3	111.7	1.9	113.6
Active members with option to choose	12.4	–	12.4	12.3	–	12.3
Former employees with vested rights to lump-sum payment	–	–	–	–	–	–
Former employees with vested rights to monthly pension	5.3	–	5.3	4.9	–	4.9
Former employees with vested rights with option to choose	2.8	–	2.8	2.5	–	2.5
Pensioners with monthly pension	82.3	–	82.3	87.9	0.1	88.0
Present value of the pension obligations not funded by plan assets, thereof:	**48.2**	**14.5**	**62.7**	**50.9**	**16.7**	**67.6**
Active members with lump-sum payout	10.3	8.4	18.7	10.4	9.9	20.3
Active members with monthly pension	18.7	5.5	24.2	20.0	6.1	26.1
Active members with option to choose	–	–	–	–	–	–
Former employees with vested rights to lump-sum payment	2.3	–	2.3	2.2	–	2.2
Former employees with vested rights to monthly pension	1.9	–	1.9	2.6	–	2.6
Former employees with vested rights with option to choose	–	–	–	–	–	–
Pensioners with monthly pension	15.0	0.6	15.6	15.7	0.7	16.4
Medical cost plan	**11.4**	**–**	**11.4**	**15.6**	**–**	**15.6**
Present value of pension obligations at the end of the period	**261.9**	**21.2**	**283.1**	**285.8**	**23.8**	**309.6**
Average weighted duration of the pension obligations in years	**15**	**16**	**15**	**16**	**16**	**16**

The pension payments to be made by the company direct amounted to EUR 2.6 million in 2013 (2012: EUR 2.6 million). From today's point of view, the cash outflow through pension payments made by the company direct will remain at a level of EUR 2 to 3 million in the long term. The pension payments expected to be made by the company direct in 2014 total EUR 2.8 million.

The fair value of the plan assets disaggregates into the following asset classes:

FAIR VALUE OF THE PLAN ASSETS BY ASSET CLASS / DEC. 31, 2013 C. 69

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	Dec. 31, 2013
Shares	9.1	–	19.8	–	–	28.9
Fixed-interest securities	11.6	–	13.2	–	0.5	25.3
Insurance policies	65.5	14.1	–	37.3	2.3	119.2
Cash and cash equivalents	7.8	–	0.3	–	0.6	8.7
Fair value of plan assets	**94.0**	**14.1**	**33.3**	**37.3**	**3.4**	**182.1**

FAIR VALUE OF THE PLAN ASSETS BY ASSET CLASS / DEC. 31, 2012 C. 70

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	Dec. 31, 2012
Shares	8.9	–	17.6	–	–	26.5
Fixed-interest securities	11.7	–	15.6	–	0.5	27.8
Insurance policies	67.4	12.6	–	40.6	2.4	123.0
Cash and cash equivalents	7.3	–	0.9	–	0.6	8.8
Fair value of plan assets	**95.3**	**12.6**	**34.1**	**40.6**	**3.5**	**186.1**

The plan assets are solely for fulfilling the defined benefit obligations and constitute protection for pension entitlements which is a legal requirement in some countries and is voluntary in other countries.

The structure of the plan assets is reviewed at regular intervals. All assets, which, in Brenntag's case, mainly consist of insurance policies, are tailored long-term to the amount and maturity of the pension commitments, taking asset risks and statutory regulations for the investment of retirement assets into account.

Owing to the composition of the plan assets, the asset risk at Brenntag is limited to securities traded in active markets (shares and fixed-interest securities). This part is subject to market fluctuations (2013: 29.8 % of plan assets; 2012: 29.2 % of plan assets). All other assets are not traded in an active market.

The payments made into the plan assets, which, according to the plan rules, consist almost exclusively of obligatory payments, amount to EUR 8.3 million (2012: EUR 8.8 million). From today's point-of-view, the cash outflow resulting from contributions made by the company will remain at a level of EUR 7 to 8 million in the long term. Payments for the 2014 financial year into the plan assets are expected to total EUR 7.6 million.

Sensitivity analysis of the present value of the defined benefit obligation

The sensitivity analysis takes into account in each case the change in an assumption and the resulting effects on the defined benefit obligations, the other assumptions remaining the same as in the original calculation.

SENSITIVITY ANALYSIS OF THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION C. 71

in EUR m	Main pension plans	Other countries	**2013**	Main pension plans	Other countries	2012
Discount rate						
Increase by 0.5 percentage points	−18.2	−1.2	−9.4	−20.4	−1.5	−21.9
Decrease by 0.5 percentage points	20.3	1.1	21.4	22.9	1.6	24.5
Expected development of salaries						
Increase by 0.5 percentage points	2.2	0.9	3.1	2.6	0.9	3.5
Decrease by 0.5 percentage points	−2.3	−0.8	−3.1	−2.4	−0.8	−3.2
Expected development of pensions						
Increase by 0.5 percentage points	7.7	0.4	8.1	8.5	0.5	9.0
Decrease by 0.5 percentage points	−7.0	−0.4	−7.4	−7.8	−0.4	−8.2
Medical cost trend						
Increase by 0.5 percentage points	1.0	–	1.0	1.5	–	1.5
Decrease by 0.5 percentage points	−0.9	–	−0.9	−1.3	–	−1.3

A 10% decrease in the mortality rates leads to an increase in life expectancy, depending on the individual age of each beneficiary. That means, for example, that the life expectancy of a 63-year-old employee as at December 31, 2013 increases by about one year. In order to determine the sensitivity of longevity, the mortality rates for the beneficiaries were reduced by 10%. If the mortality rates decreased by 10%, the present value of the defined benefit obligation would increase by EUR 6.7 million (2012: EUR 7.6 million) with the main pension plans and by EUR 0.2 million (2012: EUR 0.2 million) in the other countries.

30. Purchase price obligations and liabilities under IAS 32 to minorities

The purchase price obligations and liabilities under IAS 32 to minorities break down as follows:

PURCHASE PRICE OBLIGATIONS AND LIABILITIES UNDER IAS 32 TO MINORITIES — C. 72

in EUR m	**Dec. 31, 2013**	Dec. 31, 2012
Purchase price obligation for second tranche of Zhong Yung (49%)	39.4	66.8
Liabilities under IAS 32 to minorities	1.7	1.7
Total	**41.1**	**68.5**

On initial recognition at the end of August 2011, the purchase price expected to be paid for the remaining shares in Zhong Yung (second tranche) in 2016 was to be recorded as a liability in equity at its present value. Any difference resulting from unwinding of discounting and changes in the estimate of the purchase price are recognized in profit or loss.

As a result of the change in the estimate of the purchase price obligation for the second tranche of Zhong Yung as at December 31, 2013, the liability is less the pro-rata net assets of the Chinese Zhong Yung companies so that the entire liability can be included in net investment hedge accounting. Exchange rate-related changes in the liability are recorded for the portion included in net investment hedge accounting within equity in the net investment hedge reserve and for the portion not included in net investment hedge accounting during the financial year are recognized in profit or loss.

The effects of unwinding of discounting and the change in estimates as well as the effect on profit or loss of the exchange-rate-related change in the purchase price obligation are shown in Note 9.).

31. Equity

Capital management

The aim of capital management at Brenntag is to optimally deploy the resources used to ensure the company's continued existence and, at the same time, to generate a reasonable return on investment – measured by RONA – for the shareholders in line with market conditions.

In 2013, the Group generated RONA of 30.6% (2012: 32.0%).

DETERMINATION OF RONA — C. 73

in EUR m	**2013**	2012
EBITA	595.6	610.8
Average property, plant and equipment	856.4	860.5
Average working capital	1,090.0	1,048.8
RONA[1]	**30.6%**	**32.0%**

[1] For the definition of RONA see the chapter Group Key Financial Figures.

Brenntag monitors the appropriateness of borrowings inter alia through the ratio of net financial liabilities to operating EBITDA (leverage). In principle, Brenntag considers a leverage at the current level of approx. 2x to be acceptable. Brenntag would only accept significantly higher leverages if they were only temporary, for example in connection with acquisitions. The current level may fall as a result of the continued positive development of business without, in the company's opinion, any counteraction being necessary.

The ratio of net financial liabilities to operating EBITDA improved from 2.1 in 2012 to 1.9 in 2013.

NET FINANCIAL LIABILITIES / OPERATING EBITDA — C. 74

in EUR m	**2013**	2012
Non-current financial liabilities	1,474.6	1,699.2
Current financial liabilities	293.9	130.3
Less cash and cash equivalents	−426.8	−346.6
Net financial liabilities	1,341.7	1,482.9
Operating EBITDA	698.3	707.0
Net financial liabilities / operating EBITDA	**1.9x**	**2.1x**

Subscribed capital

As of December 31, 2013, the subscribed capital of Brenntag AG totalled EUR 51.5 million. The share capital is divided into 51,500,000 no-par-value registered shares, each with a notional value of EUR 1.00. According to article 7, para. 3 of the Articles of Association of Brenntag AG, any right of shareholders to certification of their shares is excluded to the extent permitted by law and that certification is not required under the rules of any stock exchange on which the share is admitted for trading. The company is entitled to issue share certificates embodying several shares (consolidated certificates). Pursuant to section 67, para. 2 of the German Stock Corporation Act (AktG) only those persons recorded in the company's share register will be recognized as shareholders of Brenntag AG. For purposes of recording the shares in the company's share register, shareholders are required to submit to Brenntag AG the number of shares held by them, and, in the case of individuals, their name, address and date of birth, or in the case of legal entities, their company name, business address and registered offices. All shares confer the same rights and obligations. At the General Shareholders' Meeting, each share has one vote and accounts for the shareholders' proportionate share in the net income of Brenntag AG. Excepted from this rule are any treasury shares held by Brenntag AG that do not entitle Brenntag AG to any rights. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Act, in particular by sections 12, 53a ff., 118 ff. and 186 of the German Stock Corporation Act.

Additional paid-in capital

The additional paid-in capital was unchanged compared with the previous year at EUR 1,560.1 million.

Retained earnings

The retained earnings include the cumulated result after tax as well as the remeasurement component of the defined benefit pension plans including deferred taxes. Furthermore, effects of share purchases and sales which have no influence on existing control are recognized in the retained earnings.

As proposed by the Board of Management and the Supervisory Board, the ordinary General Shareholders' Meeting of Brenntag AG on June 19, 2013 passed a resolution to pay a dividend of EUR 123,600,000.00 (2012: EUR 103,000,000.00). That is a dividend of EUR 2.40 (2012: EUR 2.00) per no-par-value share entitled to a dividend.

At the General Shareholders' Meeting on June 17, 2014, the Board of Management and the Supervisory Board will propose that a dividend of EUR 133,900,000.00 be paid. That is a dividend of EUR 2.60 per no-par-value share entitled to a dividend.

Other equity components / Minority interests

The other equity components contain the cumulated result from exchange rate differences, the net investment hedge reserve and the cash flow hedge reserve including deferred taxes.

The cumulated result from exchange rate differences contains the differences from the translation of the financial statements of foreign companies into the Group currency (euro), which are recognized directly in equity.

Exchange rate differences from liabilities included in net investment hedge accounting are recorded within equity in the net investment hedge reserve.

The cash flow hedge reserve contains the effective parts of the cumulated changes in the fair value of derivative financial instruments included in cash flow hedge accounting.

Minority interests cover shares of non-Group shareholders in the subscribed capital, retained earnings and the result of fully consolidated entities.

Powers of the Board of Management to issue and repurchase shares

- **Authorization to create authorized capital**

  In the period ending on February 28, 2015, the Board of Management is authorized, subject to the consent of the Supervisory Board, to increase the registered share capital of Brenntag AG in one or more tranches by up to EUR 25,750,000 in aggregate by issuing up to 25,750,000 new no-par-value registered shares against cash contributions or non-cash contributions. In principle, shareholders are to be granted a pre-emption right. However, the Board of Management is authorized, subject to the consent of the Supervisory Board, to exclude the statutory pre-emption right in relation to one or more increases in the share capital within the scope of the authorized share capital. Details are to be found in the Articles of Association of Brenntag AG which are available on the Internet at www.brenntag.com.

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

- **Authorization to acquire and sell treasury shares in accordance with section 71, para. 1, No. 8 of the German Stock Corporation Act**

  By resolution of the General Shareholders' Meeting on March 19, 2010, the company was authorized to purchase its own shares up to a total of 10% of the company's share capital at the time of the resolution provided that the shares purchased on the basis of this authorization and other shares of the company which Brenntag AG has already purchased and still owns do not in aggregate at any time amount to more than 10% of the share capital. The authorization may be exercised in one or more tranches, once or several times. It became effective at the close of the General Shareholders' Meeting on March 19, 2010 and remains in effect until February 28, 2015. If the shares are purchased on the stock exchange, the purchase price may not be more than 10% lower or higher than the arithmetic mean of the share price on the stock exchange in Frankfurt am Main on the last five trading days before the shares are purchased or an obligation to purchase the shares is entered into. If the shares are purchased by a public offer to all shareholders or by other means in accordance with section 53a of the German Stock Corporation Act, the purchase price paid to the shareholders may not be more than 10% lower or higher than the arithmetic mean of the share price on the stock exchange in Frankfurt am Main on the last five trading days before announcement of the offer or, in the case of purchase by other means, before such purchase. The authorization may be exercised for any purpose permitted by law.

As far as subsequent use is made to the exclusion of the shareholders' pre-emption rights, the right to a report by the Board of Management in accordance with section 71, para. 1, No. 8, and section 186, para. 4, sentence 2 of the German Stock Corporation Act on the reason for the exclusion of the statutory pre-emption right was irrevocably waived.

- Authorization to issue convertible bonds or warrant-linked bonds or profit-sharing certificates with conversion or option rights, creation of conditional capital and corresponding amendments to the Articles of Association

By resolution of the General Shareholders' Meeting on March 19, 2010, the Board of Management was authorized, with the consent of the Supervisory Board, until February 28, 2015 to issue once or several times bearer or registered convertible bonds or warrant-linked bonds or profit-sharing certificates with conversion or option rights with limited or unlimited maturities up to an aggregate principal amount of EUR 2,000,000,000 (hereinafter jointly referred to as bonds) and to grant the bond holders or creditors conversion or option rights to up to 20,500,000 new shares of Brenntag AG with a pro rata amount of the share capital of up to EUR 20,500,000 in accordance with the more detailed terms and conditions of the convertible bonds, warrant-linked bonds and/or profit-sharing certificates (hereinafter referred to as conditions). Said bonds may be denominated in euros or – in the equivalent amount – in another legal currency. The individual issues may be divided into partial bonds, each bearing identical rights. The bonds may also be issued against non-cash contributions. The Board of Management is authorized, under certain circumstances, to exclude, with the consent of the Supervisory Board, shareholders' pre-emption rights to bonds.

If convertible bonds or profit-sharing certificates with conversion rights are issued, the holders shall have the right to convert their bonds to new shares of Brenntag AG in accordance with the bond conditions.

The share capital of Brenntag AG was conditionally increased by up to EUR 20,500,000 through the issuance of up to 20,500,000 new no-par-value registered shares with profit participation rights from the beginning of the financial year in which they are issued. The conditional capital increase serves to issue shares to the holders or creditors of convertible or warrant-linked bonds as well as profit-sharing certificates with option or conversion rights which may be issued until February 28, 2015, based on the aforementioned authorization, by Brenntag AG. The conditional capital increase may only be implemented to the extent that option or conversion rights under warrants or bonds have been exercised or conversion obligations under such warrants or bonds have to be fulfilled and to the extent that neither treasury shares nor new shares from the authorized capital are being used to fulfil such claims. The Board of Management has been authorized to set forth the additional details of the implementation of the conditional capital increase.

The measures described above to which the Board of Management is authorized can be performed both by Brenntag AG and by dependent companies or majority owned subsidiaries of Brenntag AG.

32. Information on the consolidated cash flow statement

The net cash inflow from operating activities amounting to EUR 357.8 million was influenced by cash outflows from the increase in working capital of EUR 56.2 million.

The rise in working capital resulted from changes in inventories, gross trade receivables and trade payables as well as from write-downs on trade receivables and inventories as follows.

CASH OUTFLOW RESULTING FROM THE CHANGE IN WORKING CAPITAL C. 75

in EUR m	**2013**	2012
Increase in inventories	−18.3	−41.3
Increase in gross trade receivables	−15.2	−17.9
Decrease/increase in trade payables	−16.6	31.1
Write-downs on trade receivables and on inventories [1]	−6.1	−4.9
Cash outflow resulting from the change in working capital	**−56.2**	**−33.0**

[1] Shown within other non-cash items.

At 9.0, the annualized working capital turnover [3] in the reporting period fell slightly compared with the level in the 2012 financial year (9.2).

Of the interest payments, EUR 3.8 million (2012: EUR 3.1 million) relate to interest received and EUR 77.0 million (2012: EUR 83.5 million) to interest paid.

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

33. Segment reporting

The Brenntag Group operates solely in the field of chemical distribution and is controlled through the regions Europe, North America, Latin America and Asia Pacific. The individual activities are allocated to these segments on the basis of the location of the registered office of the respective subsidiary. Allocation of the activities on the basis of the location of the registered offices of the customers would not lead to a different segmentation. The geographical segmentation reflects control and supervision by the management and permits a reliable estimate of risks and rewards.

All transactions between companies within a segment have been eliminated.

The Group accounts for inter-segment sales transactions as if the transactions were made with third parties at current prices (arm's length principle).

Central functions for the entire Group and the international business of Brenntag International Chemicals are combined as All Other Segments. All consolidation measures between the segments are shown separately. Deviations between the figures from the segment reporting and the corresponding figures in the consolidated financial statements are shown as a reconciliation.

The key result metric used at Brenntag for control of the segments is operating EBITDA. Operating EBITDA is the operating profit/loss as recorded in the consolidated income statement plus amortization of intangible assets and depreciation of property, plant and equipment, adjusted for the following items:

- Transaction costs: Costs connected with restructuring under company law and refinancing. They are eliminated for purposes of management reporting to permit proper presentation of the operating performance and comparability on segment level.

- Holding charges: Certain costs charged between holding companies and operating companies. On Group level they net to zero.

There are no major non-cash items in the reporting period.

Of the impairments of property, plant and equipment amounting to EUR 1.9 million (2012: EUR 1.7 million), EUR 1.8 million relates to the Europe segment and EUR 0.1 million to the North America segment. In 2012, EUR 1.6 million related to the Europe segment and EUR 0.1 million to All Other Segments. They are shown in the selling expenses.

The non-current assets comprise property, plant and equipment, investment property as well as intangible assets including goodwill. The allocation of the non-current assets over the different countries is as follows:

NON-CURRENT ASSETS BY COUNTRY

C. 76

in EUR m		Germany	USA	France	Others	Group
Property, plant and equipment	**Dec. 31, 2013**	**95.3**	**169.4**	**90.4**	**489.6**	**844.7**
	Dec. 31, 2012	100.4	171.4	88.7	513.0	873.5
Investment property	**Dec. 31, 2013**	**–**	**–**	**–**	**–**	**–**
	Dec. 31, 2012	–	–	–	0,5	0,5
Intangible assets	**Dec. 31, 2013**	**377.5**	**687.2**	**150.7**	**858.9**	**2,074.3**
	Dec. 31, 2012	377.4	723.4	153.8	916.4	2,171.0

The allocation of external sales over the different countries is shown in the following table:

EXTERNAL SALES BY COUNTRY

C. 77

in EUR m		Germany	USA	France	Others	Group
External sales	**2013**	**1,323.6**	**2,863.0**	**525.2**	**5,057.7**	**9,769.5**
	2012	1,277.9	2,765.5	537.8	5,108.7	9,689.9

34. Other financial obligations and contingent liabilities

The following other financial obligations exist:

OTHER FINANCIAL LIABILITIES AND CONTINGENT LIABILITIES / DEC. 31, 2013

C. 78

in EUR m	Remaining term: less than 1 year	1 to 5 years	more than 5 years	Dec. 31, 2013
Purchase commitments for property, plant and equipment	3.0	–	–	3.0
Obligations from future minimum lease payments for operating leases	55.5	121.6	29.0	206.1
Total	**58.5**	**121.6**	**29.0**	**209.1**

OTHER FINANCIAL LIABILITIES AND CONTINGENT LIABILITIES / DEC. 31, 2012

C. 79

in EUR m	Remaining term: less than 1 year	1 to 5 years	more than 5 years	Dec. 31, 2012
Purchase commitments for property, plant and equipment	2.2	–	–	2.2
Obligations from future minimum lease payments for operating leases	54.3	109.0	26.1	189.4
Total	**56.5**	**109.0**	**26.1**	**191.6**

The obligations from future minimum lease payments for operating leases mainly relate to rent obligations from the leasing of real estate as well as other equipment, fixtures, furniture and office equipment.

In connection with the elimination of environmental damage, there are contingent liabilities with a fair value of EUR 2.1 million (Dec. 31, 2012: EUR 4.0 million).

35. Legal proceedings and disputes

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

At the end of May 2013, Brenntag received the decision of the French Competition Authority in relation to the allocation of customers and coordination of prices. In this, the Authority imposed against BRENNTAG SA and a third party a fine of EUR 47.8 million for violations of the French competition law in the period from 1998 until 2005. Brenntag had to pay the fine in full in the third quarter of 2013 but does not agree with the legal assessment of the facts and the determination of the fine and has therefore appealed against the decision of the French Competition Authority. Brenntag France applied for leniency in 2006, has actively contributed to the investigation and provided all information and proof working closely together with the French Competition Authority regarding the clarification of the facts. Regarding different still ongoing allegations brought against BRENNTAG SA, the status of the investigations does not permit a reliable assessment of the outcome. Based on current knowledge, Brenntag further assumes that third-party claims for civil liability are not sufficiently substantiated.

In the course of investigations against a French manufacturer of medical devices (Poly Implant Prothese (PIP)), accusations have also been made amongst others against Brenntag as one of its suppliers. In this connection, claims are being asserted against Brenntag. The company is convinced there was no misconduct on the part of Brenntag.

Given the number of legal proceedings and disputes in which Brenntag is involved, it cannot be excluded that some may result in adverse decisions. Brenntag contests actions and proceedings where it considers it appropriate. Provisions have been established for current legal disputes based on the estimated risk and, where required, with the aid of external consultants. The outcome of such matters, particularly in cases in which claimants seek indeterminate damages, is very difficult to predict. Any adverse decisions rendered in such cases may have material effects on Brenntag's business, results of operations and financial condition for a reporting period. However, Brenntag currently does not expect its business, results of operations and financial condition to be materially affected.

36. Reporting of financial instruments

Carrying amounts, valuations and fair values according to measurement categories

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:

CLASSIFICATION OF FINANCIAL ASSETS ACCORDING TO MEASUREMENT CATEGORIES / DEC. 31,2013 C. 80

in EUR m

Measurement in the balance sheet:	At amortized cost	At fair value			**Dec. 31, 2013**	
Classification:	Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Derivatives designated in hedge accounting	Carrying amount	Fair value
Cash and cash equivalents	426.8	–	–	–	426.8	426.8
Trade receivables	1,248.8	–	–	–	1,248.8	1248.8
Other receivables	71.4	–	–	–	71.4	71.4
Other financial assets	24.4	3.0	1.5	8.4	37.3	37.3
Total	**1,771.4**	**3.0**	**1.5**	**8.4**	**1,784.3**	**1,784.3**

CLASSIFICATION OF FINANCIAL ASSETS ACCORDING TO MEASUREMENT CATEGORIES / DEC. 31,2012 C. 81

in EUR m

Measurement in the balance sheet:	At amortized cost	At fair value			Dec. 31, 2012	
Classification:	Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Derivatives designated in hedge accounting	Carrying amount	Fair value
Cash and cash equivalents	346.6	–	–	–	346.6	346.6
Trade receivables	1,266.4	–	–	–	1,266.4	1,266.4
Other receivables	64.9	–	–	–	64.9	64.9
Other financial assets	42.7	1.3	1.7	–	45.7	45.7
Total	**1,720.6**	**1.3**	**1.7**	**–**	**1,723.6**	**1,723.6**

The majority of the financial assets measured at amortized cost have remaining terms of less than one year. Their carrying amounts at the balance-sheet date approximate their fair values.

Of the other receivables shown in the balance sheet, EUR 54.4 million (Dec. 31, 2012: EUR 55.2 million) are not financial assets within the meaning of IFRS 7. They are mainly receivables from value added tax and other taxes, prepaid expenses, advance payments and receivables from plan assets.

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:

CLASSIFICATION OF FINANCIAL LIABILITIES ACCORDING TO MEASUREMENT CATEGORIES / DEC. 31, 2013

C. 82

in EUR m

Measurement in the balance sheet:	At amortized cost		At fair value			**Dec. 31, 2013**	
Classification:	Not designated in hedge accounting	Designated in hedge accounting	Financial liabilities at fair value through profit or loss	Financial instruments designated in hedge accounting	Valuation under IAS 17	Carrying amount	Fair value
Trade payables	961.5	–	–	–	–	961.5	961.5
Other liabilities	246.8	–	–	–	–	246.8	246.8
Purchase price obligations and liabilities under IAS 32 to minorities	1.7	39.4	–	–	–	41.1	40.5
Financial liabilities	1,753.0	–	1.8	0.1	13.6	1,768.5	1,815.7
Total	**2,963.0**	**39.4**	**1.8**	**0.1**	**13.6**	**3,017.9**	**3,064.5**

CLASSIFICATION OF FINANCIAL LIABILITIES ACCORDING TO MEASUREMENT CATEGORIES / DEC. 31, 2012

C. 83

in EUR m

Measurement in the balance sheet:	At amortized cost		At fair value			Dec. 31, 2012	
Classification	Not designated in hedge accounting	Designated in hedge accounting	Financial liabilities at fair value through profit or loss	Financial instruments designated in hedge accounting	Valuation under IAS 17	Carrying amount	Fair value
Trade payables	1,008.2	–	–	–	–	1,008.2	1,008.2
Other liabilities	257.8	–	–	–	–	257.8	257.8
Purchase price obligations and liabilities under IAS 32 to minorities	10.7	57.8	–	–	–	68.5	69.8
Financial liabilities	1,802.7	–	6.5	–	20.3	1,829.5	1,882.5
Total	**3,079.4**	**57.8**	**6.5**	**–**	**20.3**	**3,164.0**	**3,218.3**

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 balance-sheet date are therefore approximately their fair values. The fair values of the financial liabilities have been determined by applying the discounted cash flow method on the basis of current interest curves (level 2 of the fair value hierarchy). The fair values of the purchase price obligations and liabilities under IAS 32 to minorities 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 shown in the balance sheet, EUR 77.2 million (Dec. 31, 2012: EUR 83.8 million) are not financial liabilities within the meaning of IFRS 7. They are mainly liabilities from value added tax and other taxes, liabilities under staff leave entitlements 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:

FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / DEC. 31, 2013

C. 84

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	**Dec. 31, 2013**
Financial assets at fair value through profit or loss	–	3.0	–	3.0
Derivatives designated in hedge accounting with a positive fair value	–	8.4	–	8.4
Financial liabilities at fair value through profit or loss	–	1.8	–	1.8
Derivatives designated in hedge accounting with a negative fair value	–	0.1	–	0.1
Available-for-sale financial assets	1.5	–	–	1.5

FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / DEC. 31, 2012

C. 85

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	Dec. 31, 2012
Financial assets at fair value through profit or loss	–	1.3	–	1.3
Financial liabilities at fair value through profit or loss	–	6.5	–	6.5
Available-for-sale financial assets	1.7	–	–	1.7

The net results from financial assets and liabilities broken down into measurement categories are as follows:

NET RESULTS OF FINANCIAL ASSETS AND LIABILITIES / 2013

C. 86

in EUR m

Measurement category	Interest – Income	Interest – Expense	Re-estimate of amortized cost	At fair value – Gains	At fair value – Losses	Currency translation – Gains	Currency translation – Losses	Balance of impairments	Net result
Loans and receivables	3.7	–	–	–	–	46.9	−56.6	−1.3	−7.3
Financial liabilities measured at amortized cost	–	−67.6	25.3	–	–	31.5	−35.5	–	−46.3
Financial assets and liabilities at fair value through profit or loss	–	−0.1	–	54.0	−55.8	–	–	–	−1.9
Derivates designated in hedge accounting	–	−1.9	–	–	–	–	–	–	−1.9
Available-for-sale financial assets	0.1	–	–	–	–	–	–	–	0.1
Total	**3.8**	**−69.6**	**25.3**	**54.0**	**−55.8**	**78.4**	**−92.1**	**−1.3**	**−57.3**

NET RESULTS OF FINANCIAL ASSETS AND LIABILITIES / 2012

C. 87

in EUR m

Measurement category	Interest – Income	Interest – Expense	Re-estimate of amortized cost	At fair value – Gains	At fair value – Losses	Currency translation – Gains	Currency translation – Losses	Balance of impairments	Net result
Loans and receivables	3.2	–	–	–	–	38.1	-46.5	−3.6	−8.8
Financial liabilities measured at amortized cost	–	−75.2	−2.8	–	–	39.0	−51.5	–	−90.5
Financial assets and liabilities at fair value through profit or loss	–	−0.6	–	61.1	−59.3	–	–	–	1.2
Total	**3.2**	**−75.8**	**−2.8**	**61.1**	**−59.3**	**77.1**	**−98.0**	**−3.6**	**−98.1**

Of the interest expense on liabilities to third parties contained in finance costs, EUR 2.9 million (2012: EUR 3.2 million) is interest expense which is not part of the effective interest on financial liabilities measured at amortized cost.

With the exception of impairments of trade receivables and other receivables, the net results from subsequent measurement are shown under financial result. The impairments of trade receivables and other receivables are shown under other operating expenses and the income from the receipt of trade receivables derecognized in prior periods is shown under other operating income.

Offsetting of financial assets and liabilities

The gross amounts of financial assets and liabilities are offset on the basis of offsetting arrangements in the balance sheet as follows or they are subject to the following enforceable master netting arrangements or similar agreements that do not meet the requirements for offsetting in the balance sheet:

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES / DEC. 31, 2013 C. 88

in EUR m	Gross amounts of financial assets and liabilities	Offsetting	Gross carrying amounts in the balance sheet	Enforceable master netting arrangements or similar arrangements	Dec. 31, 2013 Net amount
Trade receivables	1,278.9	−31.1	1,248.8	−8.0	1,240.8
Other receivables	125.8	–	125.8	−0.6	125.2
Other financial assets	37.3	–	37.3	−0.6	36.7
Trade payables	966.0	−4.5	961.5	−7.6	953.9
Other liabilities	350.6	−26.6	324.0	−1.0	323.0
Financial liabilities	1,768.5	–	1,768.5	−0.6	1,767.9

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES / DEC. 31, 2012 C. 89

in EUR m	Gross amounts of financial assets and liabilities	Offsetting	Gross carrying amounts in the balance sheet	Enforceable master netting arrangements or similar arrangements	Dec. 31, 2012 Net amount
Cash and cash equivalents	347.1	−0.5	346.6	–	346.6
Trade receivables	1,294.5	−28.1	1,266.4	−10.0	1,256.4
Other receivables	120.2	−0.1	120.1	−1.0	119.1
Other financial assets	45.7	–	45.7	−0.6	45.1
Trade payables	1,016.1	−7.9	1,008.2	−10.0	998.2
Other liabilities	361.9	−20.3	341.6	−1.0	340.6
Financial liabilities	1,830.0	−0.5	1,829.5	−0.6	1,828.9

Nature and extent of risks arising from financial instruments

According to IFRS 7, risks arising from financial instruments can typically be divided into market risks, credit risks and liquidity risks.

In the market risk category, the Brenntag Group's global business operations expose it particularly to exchange rate and interest rate risks. The management and monitoring of these risks are the responsibility of the central function, Corporate Finance & Investor Relations. Whilst the interest rate risks are solely managed centrally, the Group companies are responsible for handling the exchange rate risks arising from their business operations. The Group companies have been instructed to reduce any exchange rate risks to a minimum, unless other agreements with the Group holding have been made.

Brenntag AG, Mülheim an der Ruhr, is available as a contract partner for the Group companies for exchange rate hedging transactions, its own exposure being hedged by back-to-back transactions with banks. If the Group companies contract hedges directly with the banks, Corporate Finance & Investor Relations is regularly informed of their nature and extent.

Currency risks

Currency risks arise particularly when monetary items or contracted future transactions are in a different currency to the functional currency of a company.

Any foreign currency risk for monetary items and contracted transactions is generally hedged in full, taking into account the claims and obligations in the same currency and with the same maturity. Forward exchange contracts and cross-currency swaps are used as hedging instruments. The derivative financial instruments used have maturities of less than one year and are not included in hedge accounting.

If the euro had been worth 10% more or less against all currencies at December 31, 2013, translation of the monetary items in foreign currency into the Group currency, the euro, allowing for the foreign exchange forward deals and foreign exchange swaps still open on December 31, 2013, would have had a positive impact on the financial result of EUR 0.3 million (2012: negative impact of EUR 0.4 million) or a negative impact on the financial result of EUR 0.4 million (2012: positive impact of EUR 0.5 million).

Adequate value adjustments have been made for exchange-rate risks resulting from the unfavourable political developments and stricter exchange restrictions in Venezuela.

Owing to a change in the estimate of the purchase price obligation for the second tranche of Zhong Yung as at December 31, 2013, the liability is lower than the pro-rata net assets of the Chinese Zhong Yung companies and so the total liability can be included in net investment hedge accounting. Exchange rate-related changes in the liability are recorded for the portion included in net investment hedge accounting within equity in the net investment hedge reserve and for the portion not included in net investment hedge accounting during the year are recognized in profit or loss.

The net investment hedge reserve developed as follows:

DEVELOPMENT OF NET INVESTMENT HEDGE RESERVE C. 90

in EUR m	Net investment hedge reserve
Dec. 31, 2012	**−2.7**
Transfer to net investment hedge reserve	0,6
Dec. 31, 2013	**−2.1**

Interest rate risks

Interest rate risks can occur due to changes in the market interest rates. The risks result from changes in the fair values of fixed-interest financial instruments or from changes in the cash flows of variable-interest financial instruments. The optimal structure of variable and fixed interest rates is determined as part of interest risk management. It is not possible to simultaneously minimize both kinds of interest rate risk.

In April 2013, parts of the floating-rate syndicated loan were hedged against interest rate risks in the long term with interest swaps and the interest swaps were included in cash flow hedge accounting.

The cash flow hedge reserve has developed as follows:

DEVELOPMENT OF CASH FLOW HEDGE RESERVE — C. 91

in EUR m	Cash flow hedge reserve
Dec. 31, 2012	**–**
Changes in the fair value of cash flow hedges	8.7
Dec. 31, 2013	**8.7**

If the market interest rate in 2013 had been 25 basis points (2012: 25 basis points) higher or lower (related to the total amount of derivatives as well as variable-interest financial liabilities as at December 31, 2013), the cash flow hedge reserve would have been EUR 4.2 million higher or EUR 4.2 million lower. The negative impact on the financial result would have been EUR 2.2 million and the positive impact also EUR 2.2 million (2012: negative impact of EUR 2.5 million or positive impact of EUR 2.5 million).

Credit risks

There is a credit risk with non-derivative financial instruments when contractually agreed payments are not made by the relevant contractual parties. As the Brenntag Group has diverse business operations in many different countries, significant concentrations of credit risks from trade receivables as well as from loans are not to be expected. The expected credit risk from individual receivables is allowed for by write-downs of the assets. The maximum credit risk of the non-derivative financial instruments corresponds to their carrying amounts.

With the derivative financial instruments used, the maximum credit risk is the sum total of all positive fair values of these instruments as, in the event of non-performance by the contractual parties, losses on assets would be restricted to this amount. As derivative financial instruments are only concluded with banks which we consider to have a first-rate credit standing, significant credit risks herefrom are not to be expected.

Liquidity risks

The liquidity risk is the risk that the Brenntag Group may in future not be able to meet its contractual payment obligations. Due to the fact that the Brenntag Group's business is not subject to any pronounced seasonal fluctuations, there is relatively little fluctuation in liquidity during the financial year.

To ensure that the Brenntag Group can pay at all times, it not only has appropriate liquidity reserves in the form of cash and cash equivalents but also credit lines under the syndicated loan which can be utilized as needed. In order to identify the liquidity risks, the Group has a multi-annual liquidity plan which is regularly reviewed and adjusted if necessary.

The undiscounted cash flows resulting from financial liabilities are shown in the following table:

FUTURE CASH FLOWS FROM FINANCIAL LIABILITIES / DEC. 31, 2013 C. 92

		Cashflows 2014 – 2019 ff.					
in EUR m	Carrying amount Dec. 31, 2013	2014	2015	2016	2017	2018	2019 ff.
Trade payables	961.5	961.5	–	–	–	–	–
Other liabilities	324.0	322.0	0.6	0.2	0.1	0.1	1.0
Purchase price obligations and liabilities under IAS 32 to minorities	41.1	1.7	–	45.6	–	–	–
Liabilities under syndicated loan	1,034.3	22.8	22.8	1,061.4	–	–	–
Other liabilities to banks	277.6	266.6	5.7	0.1	–	–	7.0
Bond	404.0	22.0	22.0	22.0	22.0	422.0	–
Liabilities under finance leases	13.6	4.0	3.3	2.6	1.8	1.3	6.7
Derivative financial instruments	1.9	–	–	–	–	–	–
Cash inflows	–	319.9	–	0.2	–	–	–
Cash outflows	–	322.1	0.5	–	–	–	–
Other financial liabilities	37.1	10.8	4.1	19.0	1.1	1.9	0.2
Total	**3,095.1**	**1,613.6**	**59.0**	**1,150.7**	**25.0**	**425.3**	**14.9**

FUTURE CASH FLOWS FROM FINANCIAL LIABILITIES / DEC. 31, 2012

C. 93

in EUR m	Carrying amount Dec. 31, 2012	Cash flows 2013 – 2018 ff. 2013	2014	2015	2016	2017	2018 ff.
Trade payables	1,008.2	1,008.2	–	–	–	–	–
Other liabilities	257.8	255.5	2.3	–	–	–	–
Purchase price obligations and liabilities under IAS 32 to minorities	68.5	1.7	–	–	82.8	–	–
Liabilities under syndicated loan	1,073.3	33.9	33.9	33.9	1,093.0	–	–
Other liabilities to banks	266.0	78.5	182.5	0.3	–	–	7.8
Bond	402.6	22.0	22.0	22.0	22.0	22.0	422.0
Liabilities under finance leases	20.3	8.5	3.6	3.3	2.4	1.7	8.0
Derivative financial instruments	6.5	–	–	–	–	–	–
Cash inflows	–	171.3	–	–	–	–	–
Cash outflows	–	178.1	–	–	–	–	–
Other financial liabilities	60.8	22.5	27.4	5.7	2.5	2.1	0.6
Total	**3,164.0**	**1,437.6**	**271.7**	**65.2**	**1,202.7**	**25.8**	**438.4**

Derivative financial instruments

The nominal volume and fair values of derivative financial instruments are shown in the table below:

DERIVATIVE FINANCIAL INSTRUMENTS

C. 94

in EUR m	**Dec. 31, 2013** Nominal volume			Dec. 31, 2012 Nominal volume		
	Nominal volume	**Positive fair value**	**Negative fair value**	Nominal volume	Positive fair value	Negative fair value
Foreign exchange forward transactions and foreign exchange swaps excluding hedge accounting	448.4	3.0	1.8	479.0	1.3	1.7
Interest rate swaps in hedge accounting	463.0	8.4	0.1	–	–	–
Interest rate swaps excluding hedge accounting	–	–	–	232.0	–	4.8
Total		**11.4**	**1.9**		**1.3**	**6.5**

37. Related parties

During its normal business activities, Brenntag AG also obtains services from and provides services for related entities. These related entities are the subsidiaries included in the consolidated financial statements as well as associates accounted for at equity and their subsidiaries.

Related persons are the members of the Board of Management and Supervisory Board of Brenntag AG and members of their families.

The total remuneration of the Board of Management due in the short term including the remuneration for performing their tasks at subsidiaries amounts to EUR 4.2 million for the 2013 financial year (2012: EUR 3.7 million). Furthermore, there is a long-term, share-based remuneration programme for members of the Board of Management based on virtual shares. The resulting virtual share performance bonus earned in 2013 amounts to EUR 3.6 million (2012: EUR 2.8 million). The cost (excluding interest expense) for the pension entitlements earned in the reporting year (defined benefit plans) and the payments into defined contribution pension plans amount to EUR 0.4 million (thereof: EUR 0.4 million for defined benefit plans); in 2012: EUR 0.4 million (thereof: EUR 0.4 million for defined benefit plans).

The Board of Management remuneration system and the remuneration of each member of the Board of Management are detailed in the remuneration report which is an integral part of the combined management report.

The total remuneration of the members of the Supervisory Board due in the short term amounts to EUR 0.8 million for the 2013 financial year (2012: EUR 0.8 million).

The Supervisory Board remuneration system and the remuneration of each member of the Supervisory Board are detailed in the remuneration report which is an integral part of the combined management report.

Apart from the aforementioned, there were no transactions with related persons.

The following business transactions were performed on terms equivalent to those that prevail in arm's length transactions:

TRANSACTIONS WITH RELATED PARTIES C. 95

in EUR m	**2013**	2012
Sales from transactions with associates	0.5	0.5
Goods and services rendered by associates	0.6	0.5
Sales from transactions with companies at which related persons perform a supervisory function	0.1	0.1

RECEIVABLES FROM RELATED PARTIES C. 96

in EUR m	**Dec. 31, 2013**	Dec. 31, 2012
Trade receivables	0.1	0.1
(thereof associates)	(0.1)	(0.1)
Financial receivables	0.1	0.1
(thereof associates)	(0.1)	(0.1)

The transactions of Brenntag AG with consolidated subsidiaries as well as between consolidated subsidiaries have been eliminated.

38. Audit fees for the auditors of the consolidated financial statements

The following fees for the services of the auditors of the consolidated financial statements, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, were recognized as expenses:

AUDIT FEES FOR THE AUDITORS OF THE CONSOLIDATED FINANCIAL STATEMENTS C. 97

in EUR m	**2013**	2012
Financial statement audit services	0.8	0.8
Other assurance services	0.2	0.2
Tax advisory services	0.1	0.1
Other services rendered	–	0.1
Total	**1.1**	**1.2**

39. Exemptions pursuant to section 264, para. 3 / section 264b of the German Commercial Code

For the 2013 financial year, the following subsidiaries of Brenntag AG are making use of the exemptions pursuant to section 264, para. 3 and section 264b of the German Commercial Code:

- Brenntag Holding GmbH, Mülheim an der Ruhr
- Brenntag Germany Holding GmbH, Mülheim an der Ruhr
- Brenntag Foreign Holding GmbH, Mülheim an der Ruhr
- Brenntag Beteiligungs GmbH, Mülheim an der Ruhr
- BRENNTAG GmbH, Duisburg
- BRENNTAG International Chemicals GmbH, Mülheim an der Ruhr
- Brenntag Real Estate GmbH, Mülheim an der Ruhr
- BCD Chemie GmbH, Hamburg
- CLG Lagerhaus GmbH & Co. KG, Mülheim an der Ruhr
- Brenntag Vermögensverwaltungs GmbH & Co. KG, Zossen
- CM Komplementär 03-018 GmbH & Co. KG, Mülheim an der Ruhr
- CM Komplementär 03-019 GmbH & Co. KG, Mülheim an der Ruhr
- CM Komplementär 03-020 GmbH & Co. KG, Mülheim an der Ruhr

40. Declaration of conformity with the German Corporate Governance Code

On December 18, 2013, the Board of Management and Supervisory Board gave the declaration of conformity with the recommendations of the Government Commission "German Corporate Governance Code" for the 2013 financial year as required by section 161 of the German Stock Corporation Act. The declaration of conformity can be viewed at any time on the website of Brenntag AG.
(http://www.brenntag.com/en/pages/InvestorRelations/CorporateGovernance/ComplianceStatement/index.html)

41. Subsequent events

In early January 2014, Brenntag acquired part of the business operations of Kemira Water Danmark A/S with its head office in Copenhagen, Denmark. Brenntag is taking over the distribution of caustic soda, sulphuric and hydrochloric acids, solvents and packed coagulants.

RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair representation of the assets, liabilities, financial position and profit or loss of the Group and the Group management report, which is combined with the management report of Brenntag AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Mülheim an der Ruhr, March 11, 2014

Brenntag AG

THE BOARD OF MANAGEMENT

Steven Holland	William Fidler	Georg Müller

ANNEX

LIST OF SHAREHOLDINGS IN ACCORDANCE WITH SECTION 313, PARA. 2 OF THE GERMAN COMMERCIAL CODE AS AT DECEMBER 31, 2013

No.	Company	Seat	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via No.
1	Brenntag AG	Mülheim an der Ruhr				
CONSOLIDATED SUBSIDIARIES						
Algeria						
2	Alliance Chimie Algerie SPA	Algiers		100.00	100.00	63
Argentina						
3	Brenntag Argentina S.A.	Buenos Aires		90.00 10.00	100.00	129 134
Australia						
4	Brenntag Australia Pty. Ltd.	Highett		100.00	100.00	165
5	Brenntag Pty. Ltd.	Highett		100.00	100.00	4
Bangladesh						
6	BRENNTAG BANGLADESH LTD.	Dhaka		100.00	100.00	129
7	BRENNTAG BANGLADESH FORMULATION LTD.	Dhaka		100.00	100.00	129
8	BRENNTAG BANGLADESH SERVICES LTD.	Dhaka		100.00	100.00	6
Belgium						
9	BRENNTAG NV	Deerlijk		99.99 0.01	100.00	68 49
10	European Polymers and Chemicals Distribution BVBA	Deerlijk		100.00	100.00	142
Bermuda						
11	HCI Ltd.	Hamilton		100.00	100.00	12
12	Pelican Chemical Traders Ltd.	Hamilton		100.00	100.00	27
13	Viking Traders Ltd.	Hamilton		100.00	100.00	12
Bolivia						
14	Brenntag Bolivia S.R.L.	Santa Cruz		90.00 10.00	100.00	129 130
Brazil						
15	Brenntag Quimica Brasil Ltda.	Guarulhos/São Paulo		100.00	100.00	129

No.	Company	Seat	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via No.
Bulgaria						
16	BRENNTAG BULGARIA EOOD	Sofia		100.00	100.00	129
Chile						
17	Brenntag Chile Comercial e Industrial Limitada	Santiago		95.00 5.00	100.00	129 130
18	Quimica Edna, S.A.	Santiago		100.00	100.00	17
China						
19	Brenntag (Shanghai) Chemical Trading Co., Limited	Shanghai		100.00	100.00	129
20	Guangzhou Fan Ya Jia Rong Trading Co., Ltd.	Guangzhou		60.00 40.00	51.00	22 24
21	Shanghai Anyijie Chemical Logistic Co., Ltd.	Shanghai		100.00	51.00	25
22	Shanghai Jia Rong Trading Co., Ltd.	Shanghai		100.00	51.00	25
23	Shanghai Yi Rong International Trading Co., Ltd.	Shanghai		24.70 75.30	51.00	98 22
24	Tianjin Tai Rong Chemical Trading Co., Ltd.	Tianjin		100.00	51.00	22
25	Tianjin Zhong Rong Chemical Storage Co., Ltd.	Tianjin		100.00	51.00	98
Costa Rica						
26	Quimicos Holanda Costa Rica S.A.	San Jose		100.00	100.00	129
Curacao (Dutch Antilles)						
27	H.C.I. (Curaçao) N.V.	Curaçao		100.00	100.00	129
28	HCI Shipping N.V.	Curaçao		100.00	100.00	27
Denmark						
29	Brenntag Nordic A/S	Ballerup		100.00	100.00	129
30	Aktieselskabet af 1. Januar 1987	Ballerup		100.00	100.00	29
Germany						
31	Brenntag Germany Holding GmbH	Mülheim an der Ruhr		100.00	100.00	49
32	CVH Chemie-Vertrieb GmbH & Co. Hannover KG	Hannover		51.00	51.00	31
33	BCD Chemie GmbH	Hamburg		100.00	100.00	31
34	BBG Berlin-Brandenburger Lager- u. Distributionsgesellschaft Biesterfeld Brenntag mbH	Hoppegarten		50.00 50.00	100.00	33 31

No.	Company	Seat	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via No.
35	CLG Lagerhaus GmbH & Co. KG	Mülheim an der Ruhr		100.00	100.00	31
36	CVB Albert Carl GmbH & Co. KG	Berlin		100.00	51.00	32
37	CVM Chemie-Vertrieb Magdeburg GmbH & Co. KG	Schönebeck		100.00	51.00	32
38	CLG Lagerhaus GmbH	Duisburg		100.00	100.00	31
39	CVP Chemie-Vertrieb Berlin GmbH	Berlin		100.00	51.00	32
40	CVH Chemie-Vertrieb Verwaltungsgesellschaft mbH	Hannover		51.00	51.00	31
41	Blitz 03-1161 GmbH	Mülheim an der Ruhr		100.00	100.00	44
42	Blitz 03-1162 GmbH	Mülheim an der Ruhr		100.00	100.00	46
43	Blitz 03-1163 GmbH	Mülheim an der Ruhr		100.00	100.00	47
44	Brenntag Foreign Holding GmbH	Mülheim an der Ruhr		100.00	100.00	49
45	ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hüttenheim KG [2]	Düsseldorf		94.00	94.00	31
46	CM Komplementär 03-018 GmbH & Co. KG	Mülheim an der Ruhr		100.00	100.00	41
47	CM Komplementär 03-019 GmbH & Co. KG	Mülheim an der Ruhr		100.00	100.00	42
48	CM Komplementär 03-020 GmbH & Co. KG	Mülheim an der Ruhr		100.00	100.00	43
49	Brenntag Beteiligungs GmbH	Mülheim an der Ruhr		100.00	100.00	53
50	Brenntag Finanz-Service GmbH [2]	Mülheim an der Ruhr		000	0.00	105
51	BRENNTAG GmbH	Duisburg		100.00	100.00	31
52	BRENNTAG International Chemicals GmbH	Mülheim an der Ruhr		100.00	100.00	31
53	Brenntag Holding GmbH	Mülheim an der Ruhr	100,00	0.00	100.00	1
54	Brenntag Real Estate GmbH	Mülheim an der Ruhr		100.00	100.00	49
55	Brenntag Vermögensmanagement GmbH	Zossen	100,00	0.00	100.00	1
56	Brenntag Vermögensverwaltungs GmbH & Co. KG	Zossen		100.00	100.00	49

No.	Company	Seat	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via No.
Dominican Republic						
57	BRENNTAG CARIBE S.R.L.	Santo Domingo		100.00 0.00	100.00	129 134
58	HCI CHEMCENTRAL, DOM REP, S.A.	Santo Domingo		99.80 0.10 0.10	100.00	129 27 28
Ecuador						
59	BRENNTAG ECUADOR S.A.	Guayaquil		100.00 0.00	100.00	129 134
El Salvador						
60	BRENNTAG EL SALVADOR, S.A. DE C.V.	Soyapango		99.99 0.01	100.00	129 27
Finland						
61	Brenntag Nordic Oy	Vantaa		100.00	100.00	129
France						
62	BRENNTAG SA	Chassieu		100.00	100.00	68
63	BRENNTAG MAGHREB SAS	Vitrolles		100.00	100.00	67
64	SOCIETE COMMERCIALE TARDY ET CIE. SARL	Vitrolles		51.22	51.22	67
65	BRENNTAG INVESTISSEMENTS SAS	Chassieu		100.00	100.00	68
66	BRACHEM FRANCE HOLDING SAS	Chassieu		100.00	100.00	53
67	BRENNTAG EXPORT SARL	Vitrolles		100.00	100.00	62
68	BRENNTAG FRANCE HOLDING SAS	Chassieu		100.00	100.00	66
69	BRENNTAG FRANCE SAS [2]	Paris		0.00	0.00	105
70	METAUSEL SAS	Chassieu		100.00	100.00	62
71	Multisol France SAS	Villebon-sur-Yvette		100.00	100.00	68
72	Multisol International Services SAS	Sotteville-lès-Rouen		80.00 20.00	100.00	68 71
Ghana						
73	Brenntag Ghana Limited	Accra		100.00	100.00	129
Greece						
74	Brenntag Hellas Chimika Monoprosopi EPE	Penteli		100.00	100.00	141

No.	Company	Seat	Held directly % 1)	Held indirectly % 1)	Effective net holding % 1)	Via No.
United Kingdom						
75	Woodland 4 Limited i. L.	Leeds		100.00	100.00	44
76	Albion Distillation Services Limited	Leeds		100.00	100.00	83
77	Brenntag Colours Limited	Leeds		100.00	100.00	83
78	Brenntag Inorganic Chemicals Limited	Leeds		100.00	100.00	83
79	Brenntag Inorganic Chemicals (Thetford) Limited	Leeds		100.00	100.00	83
80	Brenntag UK and Ireland Limited	Leeds		100.00	100.00	93
81	Brenntag UK Group Limited	Leeds		100.00	100.00	83
82	Brenntag UK Limited	Leeds		100.00	100.00	83
83	Brenntag UK Holding Limited	Leeds		100.00	100.00	65
84	Multisol Limited	Leeds		100.00	100.00	85
85	Multisol Chemicals Limited	Nantwich		100.00	100.00	87
86	Multisol EBT Limited	Leeds		100.00	100.00	84
87	Multisol Group Limited	Leeds		100.00	100.00	83
88	Multisol Holdings Limited	Leeds		100.00	100.00	84
89	Murgatroyd`s Salt & Chemical Company Limited	Leeds		100.00	100.00	78
90	Water Treatment Solutions Limited	Leeds		100.00	100.00	83
91	Woodland 1 Limited	Leeds		100.00	100.00	81
92	Woodland 2 Limited	Leeds		100.00	100.00	83
93	Woodland 3 Limited	Leeds		100.00	100.00	81
94	Zenteum Limited	Leeds		100.00	100.00	88
Guatemala						
95	BRENNTAG GUATEMALA S.A.	Guatemala City		100.00	100.00	129
Honduras						
96	INVERSIONES QUIMICAS, S.A.	San Pedro Sula		98.51 1.49	100.00	129 134
Hong Kong						
97	Brenntag Hong Kong Limited	Hong Kong		99.96 0.04	100.00	129 134
98	Zhong Yung (International) Chemical Co., Limited	Hong Kong		51.00	51.00	129
India						
99	Brenntag India Private Limited	Mumbai		100.00	100.00	129
100	Brenntag Ingredients (India) Private Limited	Mumbai		100.00	100.00	165

No.	Company	Seat	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via No.
Indonesia						
101	PT. Brenntag Indonesia	Jakarta		99.00 1.00	100.00	129 130
102	PT. Brenntag	Jakarta		100.00	100.00	165
103	PT. Dharmala HCI i.L.	Jakarta		91.14	91.14	129
Ireland						
104	Brenntag Chemicals Distribution (Ireland) Limited	Dublin		100.00	100.00	83
105	Brenntag Funding Limited [2]	Dublin		0.00	0.00	
Italy						
106	BRENNTAG S.P.A.	Milan		100.00	100.00	129
107	ROMANA CHIMICI S.P.A.	Anagni		100.00	100.00	106
108	Brenntag Italia S.r.l. [2]	Milan		0.00	0.00	105
109	NATURAL WORLD S.R.L.	Lugo		100.00	100.00	106
Canada						
110	BRENNTAG CANADA INC.	Toronto		100.00	100.00	133
Colombia						
111	BRENNTAG COLOMBIA S.A.	Mosquera		92.00 5.06 0.57 1.23 1.14	100.00	129 130 27 28 134
Croatia						
112	BRENNTAG HRVATSKA d.o.o.	Zagreb		100.00	100.00	141
Latvia						
113	SIA BRENNTAG LATVIA	Riga		100.00	100.00	148
114	SIA DIPOL BALTIJA	Riga		100.00	100.00	202
Lithuania						
115	UAB BRENNTAG LIETUVA	Kaunas		100.00	100.00	148

No.	Company	Seat	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via No.
Malaysia						
116	AKASHI SDN. BHD.	Kuala Lumpur		100.00	100.00	119
117	BRENNTAG MALAYSIA SDN. BHD.	Kuala Lumpur		100.00	100.00	129
118	BRENNTAG MALAYSIA SERVICES SDN. BHD.	Kuala Lumpur		100.00	100.00	116
119	BRENNTAG SDN. BHD.	Kuala Lumpur		100.00	100.00	165
120	SEAWARDS SDN. BHD.	Kuala Lumpur		100.00	100.00	119
Morocco						
121	BRENNTAG MAROC S.A.R.L associé unique	Casablanca		100.00	100.00	63
122	ALCOCHIM MAROC S.A.R.L.	Casablanca		100.00	100.00	63
Mauritius						
123	Multisol Mauritius Limited	Ebene		100.00	100.00	88
Mexiko						
124	BRENNTAG MÈXICO, S.A. DE C.V.	Cuautitlan Izcalli		99.99 0.01	100.00	129 27
125	BRENNTAG PACIFIC, S. DE R.L. DE C.V.	Tijuana		1.00 99.00	100.00	199 200
126	AMCO INTERNACIONAL S.A. DE C.V.	Mexico City		0.00 100.00	100.00	125 124
New Zealand						
127	BRENNTAG NEW ZEALAND LIMITED	Wellington		100.00	100.00	165
Nicaragua						
128	BRENNTAG NICARAGUA, S.A.	Managua		99.99 0.01	100.00	129 134
Netherlands						
129	BRENNTAG (Holding) B.V.	Amsterdam		26.00 74.00	100.00	44 138
130	H.C.I Chemicals Nederland B.V.	Amsterdam		100.00	100.00	129
131	Brenntag Nederland B.V.	Dordrecht		100.00	100.00	129
132	HCI U.S.A. Holdings B.V.	Amsterdam		100.00	100.00	135
133	Holland Chemical International B.V.	Dordrecht		100.00	100.00	129
134	HCI Central Europe Holding B.V.	Amsterdam		100.00	100.00	129
135	BRENNTAG Coöperatief U.A.	Amsterdam		99.00 1.00	100.00	199 198

No.	Company	Seat	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via No.
136	BRENNTAG Dutch C.V.	Amsterdam		99.90 0.10	100.00	129 130
137	Brenntag Finance B.V.	Amsterdam		100.00	100.00	129
138	Brenntag HoldCo B.V.	Amsterdam		100.00	100.00	53
139	Brenntag Vastgoed B.V.	Dordrecht		100.00	100.00	131
Norway						
140	BRENNTAG NORDIC AS	Borgen-haugen		100.00	100.00	163
Austria						
141	Brenntag CEE GmbH	Vienna		99.90 0.10	100.00	144 49
142	JLC-Chemie Handels GmbH	Wiener Neustadt		100.00	100.00	141
143	Provida GmbH	Vienna		100.00	100.00	141
144	Brenntag Austria Holding GmbH	Vienna		100.00	100.00	9
Panama						
145	BRENNTAG PANAMA S.A.	Panama City		100.00	100.00	27
Peru						
146	BRENNTAG PERU S.A.C.	Lima		100.00	100.00	129
Philippines						
147	BRENNTAG INGREDIENTS INC.	Makati City		100.00	100.00	129
Poland						
148	BRENNTAG Polska sp. z o.o.	Kedzierzyn – Kozle		61.00 39.00	100.00	9 141
149	Eurochem Service Polska sp. z o.o.	Warsaw		100.00	100.00	148
150	FORCHEM sp. z o.o.	Warsaw		100.00	100.00	10
151	Motor Polimer sp. z o.o.	Suchy Las		100.00	100.00	10
152	Obsidian Company sp. z o.o.	Warsaw		100.00	100.00	148
153	PHU ELMAR sp. z o.o.	Bydgoszcz		100.00	100.00	148
154	Zenteum Poland sp. z o.o.	Kielpin		100.00	100.00	94
Portugal						
155	Brenntag Portugal – Produtos Quimicos, Lda.	Sintra		73.67 0.28 26.05	100.00	44 31 129

No.	Company	Seat	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via No.
Puerto Rico						
156	Brenntag Puerto Rico, Inc.	Caguas		100.00	100.00	129
Romania						
157	BRENNTAG S.R.L.	Chiajna		100.00	100.00	134
Russia						
158	OOO BRENNTAG	Moscow		100.00	100.00	141
159	OOO Tride Rus	Moscow		100.00	100.00	185
160	OOO Zenteum	Moscow		100.00	100.00	94
Sweden						
161	Brenntag Nordic AB	Malmö		100.00	100.00	162
162	Brenntag Nordic Investment AB	Malmö		100.00	100.00	163
163	Brenntag Nordic Holding AB	Malmö		100.00	100.00	129
Switzerland						
164	Brenntag Schweizerhall AG	Basel		100.00	100.00	68
Singapore						
165	BRENNTAG PTE. LTD.	Singapore		100.00	100.00	129
Slovakia						
166	BRENNTAG SLOVAKIA s.r.o.	Pezinok		100.00	100.00	141
Slowenia						
167	BRENNTAG LJUBLIANA d.o.o.	Ljubljana		100.00	100.00	141
Spain						
168	Devon Chemicals S.A.	Barcelona		100.00	100.00	129
169	BRENNTAG QUIMICA, S.A.U.	Dos Hermanas		100.00	100.00	68
170	BRENNTAG QUIMICA FINANCE, S.L.U. [2]	Madrid		0.00	0.00	105
Sri Lanka						
171	BRENNTAG LANKA (PRIVATE) LIMITED	Athurugiriya		100.00	100.00	129
South Africa						
172	Canada Oil Sales (Proprietary) Limited	Cape Town		100.00	100.00	173
173	Multisol South Africa (Proprietary) Limited	Cape Town		100.00	100.00	88
174	Trade Firm 100 (Proprietary) Limited	Cape Town		100.00	100.00	173
Taiwan						
175	Brenntag (Taiwan) Co. Ltd.	Taipeh		100.00	100.00	129
176	Brenntag Chemicals Co., Ltd.	Taipeh		100.00	100.00	129

No.	Company	Seat	Held directly % [1)]	Held indirectly % [1)]	Effective net holding % [1)]	Via No.
Thailand						
177	Brenntag Enterprises (Thailand) Co., Ltd.	Bangkok		51.00 49.00	100.00	179 129
178	Brenntag Ingredients (Thailand) Public Company Limited	Bangkok		51.00 49.00	100.00	177 129
179	Brenntag Service (Thailand) Co., Ltd.	Bangkok		51.01 48.99	100.00	177 129
180	Thai-Dan Corporation Limited	Bangkok		99.90	99.90	178
Czech Republic						
181	Brenntag CR s.r.o.	Prague		100.00	100.00	141
Tunisia						
182	ALLIANCE - TUNISIE S.A.R.L.	Tunis		100.00	100.00	63
Turkey						
183	BRENNTAG KIMYA TICARET LIMITED SIRKETI	Istanbul		0.02 99.98	100.00	144 141
Ukraine						
184	TOB BRENNTAG UKRAINE	Kiev		100.00	100.00	202
185	TOB TRIDE	Kiev		100.00	100.00	141
Hungary						
186	BRENNTAG Hungaria Kft	Budapest		97.94 2.06	100.00	141 134
187	BCB Union Kft	Budapest		96.67 3.33	100.00	129 130
Uruguay						
188	Brenntag Sourcing Uruguay S.A.	Montevideo		100.00	100.00	129
USA						
189	Brenntag Mid-South, Inc.	Henderson/ Kentucky		100.00	100.00	199
190	Brenntag Southwest, Inc.	Longview/ Texas		100.00	100.00	199
191	Brenntag Northeast, Inc.	Wilmington/ Delaware		100.00	100.00	199
192	Coastal Chemical Co., L.L.C.	Abbeville/ Louisiana		100.00	100.00	132
193	Brenntag Latin America, Inc.	Wilmington/ Delaware		100.00	100.00	199
194	Altivia Louisiana, L.L.C.	St. Gabriel/ Louisiana		100.00	100.00	190

No.	Company	Seat	Held directly % 1)	Held indirectly % 1)	Effective net holding % 1)	Via No.
195	Brenntag Funding LLC	Wilmington / Delaware		100.00	100.00	199
196	Brenntag Global Marketing, LLC	Wilmington / Delaware		100.00	100.00	199
197	Brenntag Great Lakes LLC	Chicago / Illinois		100.00	100.00	132
198	Brenntag North America Foreign Holding, LLC	Wilmington / Delaware		100.00	100.00	199
199	Brenntag North America, Inc.	Wilmington / Delaware		100.00	100.00	129
200	Brenntag Pacific, Inc.	Wilmington / Delaware		100.00	100.00	199
201	Brenntag Specialties, Inc.	Wilmington / Delaware		100.00	100.00	199
202	Dipol Chemical International, Inc.	Kings / New York		100.00	100.00	141
203	THE TREAT-EM-RITE CORPORATION	Dallas / Texas		100.00	100.00	199
Venezuela						
204	HOLANDA VENEZUELA, C.A.	Valencia		100.00	100.00	129
205	INVERSIONES HCI-CHEMCENTRAL de VENEZUELA, C.A	Caracas		100.00	100.00	204
206	QUIMICOS BARCELONA, C.A.	Caracas		100.00	100.00	204
Vietnam						
207	BRENNTAG VIETNAM CO. LTD.	Ho Chi Minh City		100.00	100.00	165
208	Nam Giang Trading and Service Co., Ltd [2]	Ho Chi Minh City		0.00	0.00	
INVESTMENTS ACCOUNTED FOR AT EQUITY						
Denmark						
209	Borup Kemi I/S	Borup		33.30	33.30	30
Germany						
210	SOFT CHEM GmbH	Laatzen		33.40	17.03	40
South Africa						
211	Crest Chemicals (Proprietary) Limited	Woodmead		50.00	50.00	129
Thailand						
212	Berli Asiatic Soda Co., Ltd.	Bangkok		50.00	50.00	178
213	Siri Asiatic Co., Ltd.	Bangkok		50.00	50.00	178

1) Shares in the capital of the company
2) Special-purpose entity

INDEPENDENT AUDITOR'S REPORT

TO BRENNTAG AG, MÜLHEIM AN DER RUHR

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS We have audited the accompanying consolidated financial statements of Brenntag AG, Mülheim an der Ruhr, and its subsidiaries, which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements for the business year from January 1 to December 31, 2013.

Board of Managing Directors' Responsibility for the Consolidated Financial Statements

The Board of Managing Directors of Brenntag AG, Mülheim an der Ruhr, is responsible for the preparation of these consolidated financial statements. This responsibility includes that these consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) and that these consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The Board of Managing Directors is also responsible for the internal controls as the Board of Managing Directors determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

According to § 322 Abs. 3 Satz (sentence) 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at December 31, 2013 as well as the results of operations for the business year then ended, in accordance with these requirements.

REPORT ON THE GROUP MANAGEMENT REPORT We have audited the accompanying group management report, which is combined with the management report of the company, of Brenntag AG, Mülheim an der Ruhr, for the business year from January 1 to December 31, 2013. The Board of Managing Directors of Brenntag AG, Mülheim an der Ruhr, is responsible for the preparation of the combined management report in accordance with the requirements of German commercial law applicable pursuant to § 315a Abs 1 HGB. We conducted our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the combined management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Accordingly, we are required to plan and perform the audit of the combined management report to obtain reasonable assurance about whether the combined management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

According to § 322 Abs. 3 Satz 1 HGB we state, that our audit of the combined management report has not led to any reservations.

In our opinion based on the findings of our audit of the consolidated financial statements and combined management report, the combined management report is consistent with the consolidated financial statements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, March 11, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

sgd. Klaus-Dieter Ruske	sgd. Thomas Tandetzki
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

SEGMENT REPORTING

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

2013

D. 01

in EUR m	2013	2012	Change abs.	Change in %	Change in % (fx adj.)
External sales	9,769.5	9,689.9	79.6	0.8	3.3
Operating gross profit	1,992.3	1,968.4	23.9	1.2	3.9
Operating expenses	−1,294.0	−1,261.4	−32.6	2.6	5.2
Operating EBITDA	**698.3**	**707.0**	**−8.7**	**−1.2**	**1.6**
Transaction costs/holding charges	−1.5	–	−1.5	–	–
EBITDA (incl. transaction costs/holding charges)	**696.8**	**707.0**	**−10.2**	**−1.4**	**1.4**
Depreciation of property, plant and equipment	−101.2	−96.2	−5.0	5.2	7.7
EBITA	595.6	610.8	−15.2	−2.5	0.4
Amortization of intangible assets	−39.7	−36.9	−2.8	7.6	10.6
Financial result	−60.7	−95.6	34.9	−36.5	–
Profit before tax	495.2	478.3	16.9	3.5	–
Income taxes	−156.3	−140.5	−15.8	11.2	–
Profit after tax	338.9	337.8	1.1	–	–

Q4 2013

D. 02

in EUR m	Q4 2013	Q4 2012	Change abs.	Change in %	Change in % (fx adj.)
External sales	2,315.9	2,340.1	−24.2	−1.0	2.7
Operating gross profit	480.4	481.7	−1.3	−0.3	3.8
Operating expenses	−299.1	−298.7	−0.4	0.1	4.0
Operating EBITDA	**181.3**	**183.0**	**−1.7**	**−0.9**	**3.4**
Transaction costs/holding charges	−1.5	–	−1.5		
EBITDA (incl. transaction costs/holding charges)	**179.8**	**183.0**	**−3.2**	**−1.7**	**2.5**
Depreciation of property, plant and equipment	−25.0	−25.4	0.4	−1.6	2.0
EBITA	154.8	157.6	−2.8	−1.8	2.6
Amortization of intangible assets	−9.9	−9.4	−0.5	5.3	9.8
Financial result	10.3	−21.1	31.4	148.8	–
Profit before tax	155.2	127.1	28.1	22.1	–
Income taxes	−36.0	−29.4	−6.6	22.4	–
Profit after tax	119.2	97.7	21.5	–	–

BUSINESS PERFORMANCE IN THE SEGMENTS

2013

D. 03

in EUR m	**Brenntag Group**	Europe	North America	Latin America	Asia Pacific	All Other Segments
External sales	9,769.5	4,558.3	3,143.6	849.2	738.0	480.4
Operating gross profit	1,992.3	930.0	763.1	163.6	121.7	13.9
Operating expenses	−1,294.0	−632.6	−437.4	−116.6	−74.2	−33.2
Operating EBITDA	**698.3**	**297.4**	**325.7**	**47.0**	**47.5**	**−19.3**

Q4 2013

D. 04

in EUR m	**Brenntag Group**	Europe	North America	Latin America	Asia Pacific	All Other Segments
External sales	2,315.9	1,080.7	754.1	202.4	189.9	88.8
Operating gross profit	480.4	226.8	184.9	37.0	29.6	2.1
Operating expenses	−299.1	−151.7	−96.9	−27.4	−19.7	−3.4
Operating EBITDA	**181.3**	**75.1**	**88.0**	**9.6**	**9.9**	**−1.3**

EUROPE

2013

D. 05

			Change		
in EUR m	**2013**	2012	abs.	in %	in % (fx adj.)
External sales	4,558.3	4,549.0	9.3	0.2	1.2
Operating gross profit	930.0	927.9	2.1	0.2	1.3
Operating expenses	−632.6	−622.0	−10.6	1.7	2.7
Operating EBITDA	**297.4**	**305.9**	**−8.5**	**−2.8**	**−1.5**

Q4 2013

D. 06

			Change		
in EUR m	**Q4 2013**	Q4 2012	abs.	in %	in % (fx adj.)
External sales	1,080.7	1,083.6	−2.9	−0.3	1.1
Operating gross profit	226.8	220.6	6.2	2.8	4.2
Operating expenses	−151.7	−149.3	−2.4	1.6	2.8
Operating EBITDA	**75.1**	**71.3**	**3.8**	**5.3**	**7.3**

NORTH AMERICA

2013

D. 07

in EUR m	2013	2012	Change abs.	Change in %	Change in % (fx adj.)
External sales	3,143.6	3,065.2	78.4	2.6	6.4
Operating gross profit	763.1	742.3	20.8	2.8	6.7
Operating expenses	−437.4	−420.6	−16.8	4.0	8.1
Operating EBITDA	**325.7**	**321.7**	**4.0**	**1.2**	**4.9**

Q4 2013

D. 08

in EUR m	Q4 2013	Q4 2012	Change abs.	Change in %	Change in % (fx adj.)
External sales	754.1	730.8	23.3	3.2	9.1
Operating gross profit	184.9	183.0	1.9	1.0	7.0
Operating expenses	−96.9	−99.3	2.4	−2.4	4.0
Operating EBITDA	**88.0**	**83.7**	**4.3**	**5.1**	**10.4**

LATIN AMERICA

2013

D. 09

in EUR m	2013	2012	Change abs.	Change in %	Change in % (fx adj.)
External sales	849.2	919.0	−69.8	−7.6	−2.0
Operating gross profit	163.6	169.6	−6.0	−3.5	2.1
Operating expenses	−116.6	−112.7	−3.9	3.5	9.4
Operating EBITDA	**47.0**	**56.9**	**−9.9**	**−17.4**	**−12.3**

Q4 2013

D. 10

in EUR m	Q4 2013	Q4 2012	Change abs.	Change in %	Change in % (fx adj.)
External sales	202.4	229.7	−27.3	−11.9	−4.7
Operating gross profit	37.0	43.1	−6.1	−14.2	−7.2
Operating expenses	−27.4	−27.3	−0.1	0.4	8.0
Operating EBITDA	**9.6**	**15.8**	**−6.2**	**−39.2**	**−33.6**

ASIA PACIFIC

2013

D. 11

			Change		
in EUR m	**2013**	2012	abs.	in %	in % (fx adj.)
External sales	738.0	708.6	29.4	4.1	7.4
Operating gross profit	121.7	113.5	8.2	7.2	11.3
Operating expenses	−74.2	−66.7	−7.5	11.2	16.5
Operating EBITDA	**47.5**	**46.8**	**0.7**	**1.5**	**4.2**

Q4 2013

D. 12

			Change		
in EUR m	**Q4 2013**	Q4 2012	abs.	in %	in % (fx adj.)
External sales	189.9	198.0	−8.1	−4.1	2.4
Operating gross profit	29.6	32.4	−2.8	−8.6	−1.0
Operating expenses	−19.7	−17.9	−1.8	10.1	18.6
Operating EBITDA	**9.9**	**14.5**	**−4.6**	**−31.7**	**−25.0**

ALL OTHER SEGMENTS

2013

D. 13

			Change		
in EUR m	**2013**	2012	abs.	in %	in % (fx adj.)
External sales	480.4	448.1	32.3	7.2	7.2
Operating gross profit	13.9	15.1	−1.2	−7.9	−7.9
Operating expenses	−33.2	−39.4	6.2	−15.7	−15.7
Operating EBITDA	**−19.3**	**−24.3**	**5.0**	**−20.6**	**−20.6**

Q4 2013

D. 14

			Change		
in EUR m	**Q4 2013**	Q4 2012	abs.	in %	in % (fx adj.)
External sales	88.8	98.0	−9.2	−9.4	−9.4
Operating gross profit	2.1	2.6	−0.5	−19.2	−19.2
Operating expenses	−3.4	−4.9	1.5	−30.6	−30.6
Operating EBITDA	**−1.3**	**−2.3**	**1.0**	**−43.5**	**−43.5**

KEY FINANCIAL FIGURES BY SEGMENT

for the period from January 1 to December 31

SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8 [1] / 2013

D. 15

in EUR m		Europe [5]	North America	Latin America	Asia Pacific [5]	All Other Segments [5]	Consoli-dation	Group
External sales	**2013**	**4,558.3**	**3,143.6**	**849.2**	**738.0**	**480.4**	**–**	**9,769.5**
	2012	4,549.0	3,065.2	919.0	708.6	448.1	–	9,689.9
	Change in %	0.2	2.6	−7.6	4.1	7.2	–	0.8
	fx adjusted change in %	1.2	6.4	−2.0	7.4	7.2	–	3.3
Inter-segment sales	**2013**	**7.8**	**6.5**	**3.6**	**2.5**	**0.5**	**−20.9**	**–**
	2012	4.3	5.3	5.1	1.8	0.6	−17.1	–
Operating gross profit [2]	**2013**	**930.0**	**763.1**	**163.6**	**121.7**	**13.9**	**–**	**1,992.3**
	2012	927.9	742.3	169.6	113.5	15.1	–	1,968.4
	Change in %	0.2	2.8	−3.5	7.2	−7.9	–	1.2
	fx adjusted change in %	1.3	6.7	2.1	11.3	−7.9	–	3.9
Gross profit	**2013**	**–**	**–**	**–**	**–**	**–**	**–**	**1,945.5**
	2012	–	–	–	–	–	–	1,925.7
	Change in %	–	–	–	–	–	–	1.0
	fx adjusted change in %	–	–	–	–	–	–	3.7
Operating EBITDA	**2013**	**297.4**	**325.7**	**47.0**	**47.5**	**−19.3**	**–**	**698.3**
	2012 [4]	305.9	321.7	56.9	46.8	−24.3	–	707.0
	Change in %	−2.8	1.2	−17.4	1.5	−20.6	–	−1.2
	fx adjusted change in %	−1.5	4.9	−12.3	4.2	−20.6	–	1.6
EBITDA	**2013**	**–**	**–**	**–**	**–**	**–**	**–**	**696.8**
	2012 [4]	–	–	–	–	–	–	707.0
	Change in %	–	–	–	–	–	–	−1.4
	fx adjusted change in %	–	–	–	–	–	–	1.4
Operating EBITDA / Operating gross profit [2]	**2013 in %**	**32.0**	**42.7**	**28.7**	**39.0**	**−138.8**	**–**	**35.0**
	2012 in %	33.0	43.3	33.5	41.2	−160.9	–	35.9
Investments in non-current assets (Capex) [3]	**2013**	**56.1**	**28.2**	**9.5**	**2.5**	**0.9**	**–**	**97.2**
	2012	52.4	29.0	8.3	4.7	0.3	–	94.7

[1] Further information on segment reporting in accordance with IFRS 8 is to be found under Note 33.
[2] External sales less cost of materials.
[3] The other additions to property, plant and equipment and intangible assets are shown as Investments in non-current assets.
[4] The figures for the period January 1 to December 31, 2012 were adjusted owing to the first-time application of the revised IAS 19 (Employee Benefits (revised 2011)).
[5] Following a change in management responsibilities certain cost items were reallocated between segments and previous-year figures have been adjusted accordingly.

KEY FINANCIAL FIGURES BY SEGMENT

for the period from October 1 to December 31

SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8 [1] / Q4 2013

D. 16

in EUR m		Europe [5]	North America	Latin America	Asia Pacific [5]	All Other Segments [5]	Consolidation	Group
External sales	**2013**	**1,080.7**	**754.1**	**202.4**	**189.9**	**88.8**	**–**	**2,315.9**
	2012	1,083.6	730.8	229.7	198.0	98.0	–	2,340.1
	Change in %	−0.3	3.2	−11.9	−4.1	−9.4	–	−1.0
	fx adjusted change in %	1.1	9.1	−4.7	2.4	−9.4	–	2.7
Inter-segment sales	**2013**	**1.2**	**1.9**	**0.9**	**2.1**	**0.1**	**−6.2**	**–**
	2012	1.0	1.2	2.1	0.5	0.2	−5.0	–
Operating gross profit [2]	**2013**	**226.8**	**184.9**	**37.0**	**29.6**	**2.1**	**–**	**480.4**
	2012	220.6	183.0	43.1	32.4	2.6	–	481.7
	Change in %	2.8	1.0	−14.2	−8.6	−19.2	–	−0.3
	fx adjusted change in %	4.2	7.0	−7.2	−1.0	−19.2	–	3.8
Gross profit	**2013**	**–**	**–**	**–**	**–**	**–**	**–**	**468.2**
	2012	–	–	–	–	–	–	470.4
	Change in %	–	–	–	–	–	–	−0.5
	fx adjusted change in %	–	–	–	–	–	–	3.6
Operating EBITDA	**2013**	**75.1**	**88.0**	**9.6**	**9.9**	**−1.3**	**–**	**181.3**
	2012 [4]	71.3	83.7	15.8	14.5	−2.3	–	183.0
	Change in %	5.3	5.1	−39.2	−31.7	−43.5	–	−0.9
	fx adjusted change in %	7.3	10.4	−33.6	−25.0	−43.5	–	3.4
EBITDA	**2013**	**–**	**–**	**–**	**–**	**–**	**–**	**179.8**
	2012 [4]	–	–	–	–	–	–	183.0
	Change in %	–	–	–	–	–	–	−1.7
	fx adjusted change in %	–	–	–	–	–	–	2.5
Operating EBITDA / Operating gross profit [2]	**2013 in %**	**33.1**	**47.6**	**25.9**	**33.4**	**−61.9**	**–**	**37.7**
	2012 in %	32.3	45.7	36.7	44.8	−88.5	–	38.0
Investments in non-current assets (Capex) [3]	**2013**	**21.9**	**12.7**	**4.2**	**0.6**	**0.2**	**–**	**39.6**
	2012	23.7	11.9	4.6	1.6	0.2	–	42.0

[1] Further information on segment reporting in accordance with IFRS 8 is to be found under Note 33.
[2] External sales less cost of materials.
[3] The other additions to property, plant and equipment and intangible assets are shown as Investments in non-current assets.
[4] The figures for the period October 1 to December 31, 2012 were adjusted owing to the first-time application of the revised IAS 19 (Employee Benefits (revised 2011)).
[5] Following a change in management responsibilities certain cost items were reallocated between segments and previous-year figures have been adjusted accordingly.

GLOSSARY

A

ACCOUNTS RECEIVABLE SECURITIZATION PROGRAMME | Financing instrument that secures the lender by transferring trade receivables.

AD HOC PUBLICITY | Obligation of issuers of securities to immediately report and publish any inside information that directly affects him. The obligation to release such inside information without delay is contained in article 15 of the German Securities Trading Act and is intended to avoid the abuse of inside information and enhance market transparency.

ADDITIONAL PAID-IN CAPITAL | Additional paid-in capital results from the difference between the par value of issued shares and the issue price. It can increase if e.g. new shares are issued at a price greater than the par value as part of capital increase.

B

BEARER SHARE | Bearer shares are not issued in ones name but solely for the respective possessor and therefore grant the possessor of the share all shareholder rights. Therefore they can be bought or sold without any formal process.

BEST PRACTICES | A best practice is a method or technique that has consistently shown results superior to those achieved with other means, and that is used as a benchmark.

BOARD OF MANAGEMENT | In addition to the Supervisory Board, the Board of Management is the second corporate body required according to the German Stock Corporation Act. The Board of Management is responsible for the management of the company and its representation. It is appointed by the Supervisory Board for a maximum of 5 years. Members may be reappointed or their term may be extended for a maximum of five years in each case.

BOND | Security which represents a loan liability of the issuer and is generally traded on a stock market. The buyer of the bonds therefore becomes a lender and, in return, receives interest payments which are stipulated in the so-called coupon. This document specifies a fixed and constant interest rate for the entire term of the bond.

“BUNDESANZEIGER” (GERMAN FEDERAL GAZETTE) | The German Federal Gazette is the central platform for official publications and announcements and for legal news about companies.

C

CAGR | CAGR is the abbreviation for “Compound Annual Growth Rate” and refers to the average annual growth rate.

CAPEX | Capex is the abbreviation for Capital Expenditure and represents a performance indicator for investments in non-current assets. At Brenntag, CAPEX is defined as other additions to property, plant and equipment and other additions to acquired software, licences and similar rights (see the Group Notes, Sections 21 and 23).

CASH FLOW | This is an indicator of the liquidity of an entity. The total change in liquidity consists of the total of the cash flow from current business operations (operating cash flow), the cash flow from investments and the cash flow from financing activities. The operating cash flow is a particularly effective indicator of the ability of an entity to invest, pay off debts and distribute dividends.

CASH FLOW HEDGE | Cash flow hedges are used to hedge the risk of cash flow fluctuations. This risk can relate either to assets or liabilities shown in the accounts or can arise from a planned transaction. Cash flow fluctuations can be caused, for example, by variations in interest rates or exchange rates, which are counteracted by e.g. concluding → interest rate swaps or foreign exchange forward transactions.

CASH FLOW HEDGE RESERVE | If certain criteria are met, the effective part of the fair value valuation of hedging instruments designated as a cash flow hedge can be included directly in the equity.

COMPLIANCE | General term for the observance of all applicable laws, external and internal regulations, principles, procedures and standards.

CONSOLIDATED FINANCIAL STATEMENT | A consolidated financial statement merges the financial statements of a group of entities as if it were a single entity. All the relationships between the legally-independent but economically affiliated entities are disregarded, so that the consolidated financial statement only shows the activities of the group entity as towards external third parties.

CONTINGENT LIABILITY | A contingent liability is a possible liability arising from past events, the existence of which remains to be confirmed by the occurrence or non-occurrence of one or more uncertain future events, which are not fully under the control of the entity, or a present obligation based on past events, but not shown in the balance sheet because an outflow of resources with economic effect to meet the liability is unlikely or the amount of the liability cannot be estimated with sufficient reliability.

CONTROLLING | Corporate Controlling provides analyses on the performance of group entities using numerous key performance indicators and supports the decision making process on resource allocation (e.g. investments). The department operates the monthly management reporting process as well as the forecasting and planning processes.

CONVERSION RATIO | The conversion ratio at Brenntag is calculated as the quotient of the operating EBITDA and the gross profit. It represents one of the most important efficiency ratios.

CORPORATE GOVERNANCE | This refers to the regulatory framework for the management and monitoring of a company. A large proportion of this regulatory framework is included in the → “German Corporate Governance Code”.

COST OF SALES | Costs of sales include the costs of materials for goods and raw materials and consumables purchased, services purchased, inventory changes in finished and semi-finished goods, other capitalised internal activities and operating costs.

COVENANTS | This term refers to clauses or (subsidiary) agreements in loan contracts and bond conditions. They are contractually-binding warranties given by the borrower or bond debtor for the term of a loan contract.

CROSS-DEFAULT CLAUSE | Agreement in loan contracts or bond conditions under which a default is held to have occurred if the borrower is in default with other creditors, without being in default of the loan agreement containing the clause.

CROSS-SELLING | At Brenntag, we understand cross-selling to mean both the selling of our existing product portfolio to new customers, e.g. who come to Brenntag as a result of acquisitions, and also the selling of newly-acquired product portfolios to our existing customers.

CURRENCY SWAP | Financial transaction with a counterparty (generally a bank) undertaken as part of foreign currency management. The two parties to the contract first swap two sums in different currencies and at the same time conclude an agreement to reverse the swap at a future point in time. The underlying exchange rates for the two swaps are usually different.

D

D&O INSURANCE | Directors’ and officers’ insurance is a liability insurance for financial damages that covers members of the company management against claims by third parties and by the company for breaches of their duty of care.

DAX | The “Deutsche Aktienindex DAX®” (DAX® German stock exchange index) is the top index on the German stock exchange and measures the development of the 30 largest and highest-selling companies on the German stock market.

DEFERRED TAX ASSETS | Deferred tax assets are recognized as future tax benefit resulting from differences between the IFRS carrying amount and tax balance sheet carrying value. Deferred tax assets may result in future tax refunds. At the balance sheet date there are no actual tax assets or liabilities to tax authorities resulting from deferred taxes.

DEFERRED TAX LIABILITIES | Deferred tax liabilities are recognized as future tax burden resulting from differences between the IFRS carrying amount and tax balance sheet carrying value. Deferred tax liabilities may result in future tax payments. At the balance sheet date there are no actual tax assets or liabilities to tax authorities resulting from deferred taxes.

DERIVATIVE FINANCIAL INSTRUMENTS | Financial instruments as defined by IFRS are contracts, which in one entity become a financial asset (cash, shares, receivables etc.) and at the same time become a financial liability or equity instrument in another entity (residual claim against the assets of an entity after deducting all liabilities). [IAS 32, 11] Derivative financial instruments are financial instruments, changes in the value of which are linked to a price, index, rate or similar variable and which are settled in future, whereby initially only a comparatively minor or no investment is necessary (examples of derivative financial instruments or short derivatives in this sense are foreign exchange forward transactions and interest rate swaps.

DESIGNATED SPONSORS | A Designated Sponsor is a credit institute, brokerage company or securities trading house admitted to the stock exchange as a market participant. It provides additional liquidity in the XETRA® electronic trading system for the issuers of shares by undertaking to enter binding bid and ask limits for the supported shares in the order book in continuous trading and in auctions. This enables investors to buy or sell supported shares at any time at reasonable prices in line with market conditions.

DISCOUNTED CASH FLOW METHOD | Method for valuing assets, particularly companies. The company's value is equal to the present value of the future cash flows generated by the company which are available to the investors. When calculating the present value, the future cash flows are discounted at a risk-adjusted interest rate to the valuation date.

DISTRIBUTABLE PROFIT / LOSS | The distributable profit / loss is designated by the provisions of German commercial law in relation to corporations as that part of the profit, on the use of which the shareholders' meeting or general meeting decides. It constitutes the upper limit of any distribution of profits / dividends and consists of the net income for the year after the dissolution or formation of any reserves and any profit or loss carried forward. In the case of a stock corporation that prepares separate financial statements in accordance with the provisions of the HGB (German Commercial Code) taking into account partial appropriation of the profit for the year, the supervisory board and management boards submit a joint proposal to the general meeting on the use of the distributable profit. The distributable profit is an item in separate financial statements drawn up in accordance with the provisions of the HGB, and is not shown in consolidated IFRS statements.

DIVERSIFICATION | Diversification at Brenntag means a broad range as regards geography, end markets, customers, products and suppliers. This high extent of diversification makes Brenntag largely independent of individual market segments or regions.

DIVIDEND | The dividend is the proportion of the profit paid out for each share owned. The General Shareholders' Meeting decides on the amount of dividend.

E

EARNINGS PER SHARE | Performance indicator measured by dividing the portion of the profit after tax of income and proceeds, to which shareholders in Brenntag AG are entitled by the average weighted number of shares in circulation. The determination of this figure is regulated by IAS 33.

EBITA | Earnings Before Interest, Taxes and Amortization. EBITA is a profitability performance indicator.

EBITDA | Earnings Before Interest, Taxes, Depreciation and Amortization. EBITDA at Brenntag represents a major ratio for the performance indicator of the Group.

EQUITY METHOD | This is a valuation method for minority shareholdings that are not included with the assets and liabilities in the consolidated financial statement on the basis of full consolidation. The investment carrying amount of the minority interest is updated in the owning company by any changes in the proportion of equity in the owned company. This change is entered in the income statement of the owning company.

EURIBOR | This is the abbreviation for European Interbank Offered Rate and it serves as both a reference interest rate for loans and invested funds in the short-term customer sector as well as for fixed-time deposits in the interbank sector (between the banks). To calculate EURIBOR, banks in the eurozone state at what interest rates they are lending money to other banks and what rates they are being offered.

EXTERNAL SALES | External sales cover all sales occurring as part of the normal course of business with external third parties. The comprehensive sales figure, on the other hand, also includes sales between consolidated subsidiaries and special purpose entities.

F

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

FINANCE LEASE | Type of lease in which a business asset is leased at a fixed rate for a defined term that cannot be terminated, and essentially all the risks and opportunities associated with the beneficial ownership are transferred to the lessee. In this case the leased asset must appear in the accounts of the lessee under IAS 17.

FINANCIAL COVENANTS | Subgroup of covenants in which the lender gives his consent to the maintenance of specific performance indicators.

FOCUS INDUSTRIES | Brenntag has identified 6 focus industries, in which we expect above-average growth. These are the ACES segments (adhesives, coatings, elastomers, paints and sealants), the food industry, the oil & gas sector, the personal care industry, pharmaceuticals and water treatment.

FOREIGN EXCHANGE FORWARD | Transaction involving a fixed agreement between two parties to perform a currency transaction at a fixed rate on a future date.

FORWARD CONTRACT | Financial transaction with a counterparty (generally a bank) undertaken as part of foreign currency management. The two parties to the contract conclude an agreement to swap two currencies at a future point in time at a specified exchange rate.

FREE CASH FLOW | Ratio for measuring operational cash generation. At Brenntag, the free cash flow is defined as EBITDA less other increases in property, plant and equipment and other increases in acquired software, licences and similar rights (Capex), plus/minus changes in the working capital.

FREE FLOAT | The free float refers to shares that are not owned by major shareholders, and can therefore be acquired and traded by the general public. As a rule, the larger the free float, the easier it is for investors to buy and sell the stock.

FUEL ADDITIVES | Fuel additives are substances added to fuels to obtain additional effects, e.g. engine cleaning or increased fuel storage life.

FULL TIME EQUIVALENTS | Number of employees on a full-time equivalent basis, i.e. part-time positions are weighted according to their number of hours worked.

FX-ADJUSTED | Adjusted for translation effects of exchange rates varying over time. Comparability of financial data relating to two different reporting periods with consequent different exchange rates for the translation of local/functional currency into the reporting currency (EURO) is improved by adjusting to allow for effects of varying exchange rates by translating both values to the same current exchange rate.

G

GENERAL SHAREHOLDERS' MEETINGS (GSM) | The GSM is the institution where shareholders can exercise their rights from their shareholding. A GSM takes place regularly and at least once a year. The GSM is inter alia responsible for: the appointment and dismissal of the members of the Supervisory Board (but not of the employee representatives); decides on the use of profits; discharge of Management Board and Supervisory Board.

GERMAN CORPORATE GOVERNANCE CODE | A collection of rules on corporate governance compiled by the German government commission on the "Corporate Governance Code". The emphasis of the code is rules concerning the shareholders and the general shareholders' meeting, cooperation between the management and supervisory boards, the management and supervisory boards themselves and general rules on transparency, accounting and auditing. As well as repeating statutory regulations, the code also contains "recommendations" and "suggestions". According to Section 161 German Stock Corporation Act the Board of Management and the Supervisory Board are obliged to publish a declaration of conformity to the Code and explain deviations from the "recommendations".

GLOBAL KEY ACCOUNTS | Global key accounts at Brenntag refer to major customers who buy from us on at least two continents.

GOODWILL | The goodwill (value of the business) is the difference between the acquisition price and the fair value of the acquired proportionate net assets at the date of acquisition.

GROSS PROFIT | Gross profit is defined as operating gross profit less production and mixing & blending costs.

(GROUP) TREASURY | Designates the Group finance department, which looks after matters such as financing, cash investment and the management of financial risks.

H

HEDGING | Hedging is a strategy for protecting interest rate, currency or share price risks by means of derivative financial instruments (options, swaps and forward contracts, etc.).

HOLDING CHARGES | These are allocations of certain costs between holding companies and operating companies. They balance themselves out at Group level.

HSE | HSE stands for Health, Safety, and Environment. HSE therefore covers topics concerning occupational health and safety and environmental protection.

HUB-AND-SPOKE SYSTEMS | Brenntag sites are generally operated via an efficient 'hub and spoke' model. Large bulk quantities are received at Brenntag's 'hub' locations which have large tank farms, warehouses and mixing and blending facilities, plus sometimes white room facilities. From our hubs we supply our 'spoke' facilities which accommodate smaller tank farms and warehouses and are located in close proximity to our customers to ensure prompt and smooth delivery.

I

IBC | IBC stands for Intermediate Bulk Container. Consisting of a plastic tank and tubular metal frame, these are used mostly for liquids. A capacity of 1,000 litres is typical.

ICCTA | The International Council of Chemical Trade Associations (established in 1991) represents the interests of over 1500 chemical distributors world-wide. ICCTA was set up to fill the need of having a world-wide chemical association coordinating work on issues and programmes of international interest across chemical trade associations.

IFRS / IAS | International accounting standards issued by the IASB (International Accounting Standards Board) with the aim of creating transparent and comparable accounting principles. Under the Regulation of the European Parliament and the European Council, these are to be used by publicly-traded EU companies. IFRS stands for International Financial Reporting Standards, previously IAS (International Accounting Standards).

IMPAIRMENT TEST | Credit quality test, in which the carrying amount of an asset is compared to its recoverable amount. The recoverable amount is the higher value of the fair value of the asset less costs to sell and the value in use. The value in use is the present value of future cash flows expected to be obtained from using an asset. If the carrying amount is above the recoverable amount, an unplanned write-down (impairment) of the asset must be undertaken immediately. The goodwill must be subjected to an impairment test at least once a year.

INDIVIDUAL FINANCIAL STATEMENT | An individual financial statement represents the annual financial statement of a separate company. In Germany, this must be prepared in accordance with the legal provisions of the HGB and generally accepted accounting principles (“GoB”). The separate financial statement is the basis for determining the distribution and also for taxation.

INDUSTRIAL CHEMICAL | Industrial chemicals is the term used at Brenntag to distinguish standard chemical products that have specific properties and effects from → speciality chemicals. The manufacturer of the product is irrelevant for the user.

INSIDER INFORMATION | Insider information as defined in Section 13 of the German Securities Trading Act (WpHG) are any concrete information about any circumstances or events in connection with an issuer of insider securities as or with insider securities themselves such as shares as well as options or trading in futures in connection with such shares that are not known to the public and that could, in case of becoming publically known, significantly influence the stock exchange price or the market value of such insider securities.

INSTITUTIONAL INVESTOR | Institutional investors are capital collectors. Among them are banks, insurers, and asset management companies, but also companies investing their retirement contributions in securities.

INTEREST COVER | In this document, this term designates the ratio of EBITDA to interest expense and is an obligation arising from the loan agreement. A contractually agreed ratio has to be met on the quarterly and year-end closing dates.

INTEREST HEDGING | Hedging against interest rate variations that occur with variable interest-rate loans. Instruments used can be interest-rate swaps or caps, for example.

INTEREST RATE CAP | Financial transaction with a counterparty (generally a bank) concluded in respect of an existing variable interest-rate loan as a hedge against interest rates rising above a previously-defined level (“cap”).

INTEREST-RATE SWAP | Financial transaction with a counterparty (generally a bank) concluded in respect of an existing variable interest-rate loan to fix the total interest costs at a previouslydefined level.

INVESTMENT PROPERTY | Investment property is land, buildings or parts of buildings held long-term for the purposes of obtaining rental income or capital appreciation.

INVESTOR RELATIONS | Department in charge of communication with shareholders, investors, analysts and financial media. The objective is to provide information that is necessary to evaluate the development of the company.

ISIN NUMBER | The International Securities Identification Number (ISIN) serves to clearly identify securities on a world-wide basis and has in the meantime replaced the national securities identification number (WKN).

ISO | The International Organisation for Standardisation, or ISO for short, is the international association of national standardisation organisations and prepares standards with international validity. The standard ISO 9001 lays down internationally-accepted requirements for quality management systems as regards the quality of production, services and development.

J

JUST-IN-TIME DELIVERY | With just-in-time deliveries, the customer does not provide for own storage of products, but orders the products as required ("just in time") from the supplier.

K

KEY ACCOUNTS | At Brenntag we take care of our key accounts on local, national, pan-regional and global level and develop and implement tailor-made concepts for the optimum supply with industrial and specialty chemicals. To our customers this means they can concentrate on their core business secure in the knowledge that they have a partner they can rely on.

L

LEVERAGE | This term has various meanings in the world of finance. In this document, it refers to the ratio of debt to EBITDA.

LIBOR | This is the abbreviation for London Interbank Offered Rate and is the reference interest rate on the interbank money market. It serves as a reference interest rate for loans. To calculate it, London banks state at what interest rates they are lending to other banks and what interest rates they are being offered.

LTIR | LTIR stands for Lost Time Injury Rate. This performance indicator gives the number of industrial accidents per hours worked. The LTIR (3d / 1m hr) published in the Annual Report gives the number of industrial accidents resulting in at least three days absence from work per one million working hours.

M

MARKET CAPITALIZATION | The market capitalisation indicates the value of the equity of a listed stock corporation on the market. It is calculated by multiplying the number of issued shares by the current share price.

MDAX | The MDAX® stock index calculated by the German Stock Exchange covers 50 medium-sized companies from the classic industries that follow the 30 DAX® values.

MIXING & BLENDING | The term "Mixing & Blending" describes the mixing and formulation of solid and liquid chemicals in the correct mixing ratio with constant quality as well as the filling of products in the desired packaging unit. Brenntag offers its customers not just distribution services but the complete mixing & blending of end products at our distribution centers.

MOODY'S | International rating agency; see rating

MSCI | MSCI provides various services for institutional investors and has been calculating a number of indices since 1968.

MULTI-PERIOD EXCESS EARNINGS METHOD | The multi-period excess earnings method is a valuation method for intangible assets in which the present value of the cash flow generated solely by the intangible asset to be valued is measured. Since intangible assets generally do not generate cash flows unless combined with other tangible or intangible assets, when measuring the relevant cash receipt surpluses allowance is made for "fictitious" payments for "supporting" assets. The assumption is made that these are rented or leased from a third party in the quantity necessary to generate the cash flow. At Brenntag, the multi-period excess earnings method is used to value acquired customer bases and similar rights.

N

NET DEBT | This is essentially financial liabilities (debt) less the existing liquidity, although both terms can be defined differently in various (loan) contracts.

NET FINANCIAL LIABILITIES | This is understood as the part of total financial liabilities not covered by cash and cash equivalents.

NET INVESTMENT HEDGE | A net investment hedge uses derivative or non-derivative financial instruments to hedge exchange rate-related fluctuations in the net assets of foreign business operations by recognizing the effective portion of the exchange rate-related fluctuations of the hedging instruments within equity in the net investment hedge reserve and thus compensating the exchange rate-related fluctuations in the net assets of the foreign business operations.

NO-PAR-VALUE SHARE | No-par-value shares have no nominal value. All issued no-par-value shares must represent the same portion of the equity of a publicly listed company.

O

ONE-STOP-SHOP | "One-stop shop" means that our customers can obtain a comprehensive range of speciality and industrial chemicals and services from a single source.

OPERATING GROSS PROFIT | The operating gross profit is defined as sales revenue minus the cost of goods sold.

OPERATING LEASE | Leasing method in which the beneficial ownership does not pass to the lessee. In operative leasing, neither the plant nor the liability appears in the balance sheet of the lessee. The periodic payments are entered in the lessee's accounts as operating expenditure.

WARRANTS AND CONVERTIBLE BONDS | Company bond with a comparatively lower rate of return but giving the holder not only the right to repayment of the principal amount but also the right to convert the bond into a certain number of ordinary shares of the issuing company.

ORDINARY SHARE | Share carrying all standard rights (please refer to "share" in this glossary), especially voting rights.

OUTSOURCING | "Outsourcing" at Brenntag is understood to mean that chemicals manufacturers pass on their small and medium-sized customers to Brenntag so that in future they obtain their chemicals from Brenntag.

P

PACKAGING | Packaging refers to packing or packing material.

PACKING DRUM | A packing drum is a packing unit, in which a product is sold and delivered. Typical packing drum sizes are e.g. cans, barrels or IBCs (see IBC).

PAYOUT RATIO | The payout ratio indicates the percentage of the profit after taxes distributed to the shareholders as a dividend.

PLAN ASSETS | Plan assets are financial instruments which are used solely to cover pension obligations and which, in the case of bankruptcy, are not part of the bankruptcy estate of the company affected. The financial instruments classified as plan assets are netted against the pension obligations.

PRIME STANDARD | The Prime Standard is an EU-regulated segment and the listing segment for companies that target not only German investors, but also international investors. In addition to the requirements for admission in the General Standard, which imposes the statutory requirements of the regulated market, admission to Prime Standard requires the fulfillment of further transparency criteria. Being listed in Prime Standard is a prerequisite for a company to be included in the selection indices (DAX, MDAX, SDAX, TecDAX) of FWB Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange).

R

RATING | The assessment and valuation of the financial solvency of a debtor or certain financing instruments of a debtor by external, neutral rating agencies. In this document they are the international rating agencies Standard & Poor's and Moody's.

REACH | REACH (Registration, Evaluation, Authorisation of Chemicals) is a regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals.

RECEIVABLES LOAN AGREEMENT | Financing instrument that secures the lender by transferring trade receivables.

RECYCLING | Recycling is generally understood as the re-use or reprocessing of products no longer required.

REGISTERED SHARE | A type of stock – which is, contrary to a bearer share – registered on the name of the owner, who is also recorded in the stock register of the company. The stock register enables the company to gain a better understanding of its shareholder structure.

REGULATED MARKET | The regulated market is a market segment with strict entry requirements and follow-up requirements. The Regulated Market is an organized market in accordance with article 2, paragraph 5 of the Securities Trading Act. This means that the admission and follow-up requirements for the participants and the organization of trading are legally regulated. In addition to the admission requirements, issuers on the Frankfurt Stock Exchange opt for a transparency standard. Issuers in the regulated market can choose either the general or the prime standard. Issuers in the open market choose the admission standard. This choice determines the follow-up requirements.

RELIEF-FROM-ROYALTY METHOD | The relief-from-royalty method is a valuation method for intangible assets, in particular trademarks. The value of a trademark is determined by estimating the fictitious licence fees which would hypothetically have to be paid to a licensor. The value therefore results from the present value of the saved licence fees in the future. These licence fees are calculated as a percentage rate of a reference parameter (usually sales) that is in line with the industry standard.

RESONSIBLE CARE / RESPONSIBLE DISTRIBUTION | Responsible Care / Responsible Distribution is a global initiative of the chemical industry and chemicals traders. It is a voluntary commitment to act responsibly and do more than is required by law: to promote sustainability, demonstrate product stewardship, make plants and the surrounding areas safer as well as improve occupational health and safety and environmental protection.

RETAINED EARNINGS | Retained earnings are part of the equity of a company in the balance sheet. The part of the net income for the year not distributed to shareholders is transferred to retained earnings.

RETURN ON INVESTMENT | This performance indicator shows the profit in the income statement as a proportion of the capital employed, in other words the interest earned on the capital employed.

ROAD SHOW | A road show is a series of meetings across different financial centers in which the management presents the company to current shareholders and potential investors. The goal of this investor relations measure is to stimulate interest in the company and help marketing the share.

RONA | Return on Net Assets (RONA) is defined as EBITA divided by the total of the average property, plant and equipment and the average working capital. The average property, plant and equipment and the working capital is defined for any particular year as the arithmetical average of the respective values for property, plant and equipment and working capital at the following five times: the start of the year, the ends of the first, second and third quarters and the end of the year.

S

SEGMENT | Reportable unit within an entity in accordance with IFRS 8. The Brenntag Group is managed via the regionally-based segments in Europe, North America, Latin America and Asia Pacific. The central functions for the Group as a whole and the activities of Brenntag International Chemicals are grouped together as other segments.

SHARE | Security representing a part of a company's overall equity capital. Owning a share entitles the shareholder among others to participate in General Shareholders' Meetings; to vote at General Shareholders' Meetings; to receive dividends.

SHARE REGISTER | Companies, which – like Brenntag AG – have issued → registered shares, maintain a share register, in which the name, place of birth, and address of the shareholder and the quantity of shares held are kept (Section 67 of the Stock Corporation Act (Aktiengesetz).

SOURCING ACTIVITIES | Brenntag has extensive experience and know how in managing efficient sourcing relationships with national and international suppliers of chemical products.

SPECIALTY CHEMICAL | Speciality chemicals which often are being developed for customized applications are distinguished from → industrial chemicals by their individual formulations. For the user it is of prime importance, which manufacturer produces the specialty chemical.

STANDARD & POOR'S | International rating agency; see rating

SUBSCRIBED CAPITAL | The subscribed capital of a stock corporation is the share capital which is laid down in the Articles of Association.

SUPERVISORY BOARD | Mandatory control body of a stock corporation which controls the Board of Management, regulated in the German Stock Corporation Act. The members of the Supervisory Board are in general elected by the General Shareholders' Meeting. The most important functions of the Supervisory Board are the appointment and dismissal of the Managing Board as well as the control of its management.

SUPPLIERS WITH DEBIT BALANCES | Suppliers with debit balances refer to claims against third parties (generally suppliers) in respect of whom a liability normally exists, but whose account temporarily shows receivables due to e.g. refunds / credits.

SUPPLY CHAIN MANAGEMENT | Brenntag provides large chemical producers and the processing industry with efficient logistic networks. We provide transport, warehousing and distribution and assist production and marketing processes. We warrant highest efficiency and best safety standards. We optimize supply chains, synchronize flows, take on monitoring tasks and assume responsibility for VMI (Vendor Managed Inventory) stocks, control the follow-up and disposition of goods.

SWAP CONTRACTS | Financial transaction with a counterparty (generally a bank) to hedge financial risks (such as interest rate and currency risks) arising in the course of business.

SYNDICATED FACILITIES AGREEMENT | Loan in which at least two lenders grant a loan to one (or more) borrower(s) under uniform conditions.

SYNDICATED LOAN | Loan in which at least two lenders grant a loan to one (or more) borrower(s) under uniform conditions.

T

TRADEMARK | A trademark generally refers to a brand name and at Brenntag includes both the name and the blue-red logo.

TRADING SYMBOL | A three-digit combination of letters and possibly numbers. The trading symbol is allocated by WM Datenservice, the body responsible for issuing the WKN and ISIN in Germany. Any share can be unambiguously identified from both the trading symbol and also the WKN (German securities ID number) or ISIN (International Securities Identification Number).

TRANSACTION COSTS | Costs connected with restructuring under company law and refinancing. They are eliminated for purposes of management reporting to permit proper presentation of the operating performance and comparability on segment level.

V

VOTING RIGHT | The shareholder is entitled to vote resolutions that are proposed at the General Shareholders' Meeting of the company he or she is a shareholder of. The weight of his or her vote depends on the amount of shares held.

W

WACC | The WACC (Weighted Average Cost of Capital) is a weighted capital cost rate and is calculated as a weighted average of costs of equity and borrowed capital costs.

WORKING CAPITAL | Working capital is defined as trade receivables plus inventories less trade payables.

WORKING CAPITAL TURNOVER, ANNUALISED | Ratio of annual turnover to average working capital; the average working capital is defined for any particular year as the arithmetical average of the respective values for the working capital at the following five times: the start of the year, the ends of the first, second and third quarters and the end of the year.

X

XETRA | The term XETRA® stands for the electronic stock exchange trading system of Deutsche Börse AG (Exchange Electronic Trading System).

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CONSOLIDATED INCOME STATEMENT

D. 17

		2013	2012	2011	2010	2009
Sales	EUR m	9,769.5	9,689.9	8,679.3	7,649.1	6,364.6
Gross profit	EUR m	1,945.5	1,925.7	1,768.0	1,636.4	1,459.5
Operating EBITDA	EUR m	698.3	707.0	660.9	602.6	480.3
Operating EBITDA / Gross profit	%	35.9	36.7	37.4	36.8	32.9
EBITDA	EUR m	696.8	707.0	658.8	597.6	476.6
Profit after tax	EUR m	338.9	337.8	279.3	146.6	0.5
Earnings per share	EUR	6.59	6.52	5.39	2.93	–

CONSOLIDATED BALANCE SHEET

D. 18

		Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009
Total assets	EUR m	5,627.3	5,708.1	5,570.9	4,970.2	4,653.8
Equity	EUR m	2,093.7	1,944.2	1,737.6	1,617.9	172.3
Working capital	EUR m	1,044.4	1,018.6	961.1	831.7	598.1
Net financial liabilities	EUR m	1,341.7	1,482.9	1,493.6	1,420.9	2,535.9

CONSOLIDATED CASH FLOW

D. 19

		2013	2012	2011	2010	2009
Cash provided by operating activities	EUR m	357.8	433.0	349.6	150.3	490.3
Investments in non-current assets (Capex)	EUR m	−97.2	−94.7	−86.0	−85.1	−71.8
Free Cashflow	EUR m	543.4	579.3	511.8	376.1	646.8

KEY FIGURES BRENNTAG SHARE

D. 20

		Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Share price	EUR	134.75	99.43	71.95	76.30
No. of shares (unweighted)		51,500,000	51,500,000	51,500,000	51,500,000
Market capitalization	EUR m	6,939	5,121	3,705	3,929
Free float	%	100.00	100.00	63.98	50.39

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
For information on Investor Relations, please contact:
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 and
mpm Corporate Communication Solutions

Design
mpm Corporate Communication Solutions
Untere Zahlbacher Straße 13
55131 Mainz, Germany
Phone: + 49 (0) 61 31 95 69 0
Fax: + 49 (0) 61 31 95 69 12
E-mail: info@digitalagentur-mpm.de
Internet: www.digitalagentur-mpm.de

Print
Woeste Druck + Verlag GmbH & Co. KG, Essen

Print CO_2 compensated
Id-No. 1327318
www.bvdm-online.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.

Disclaimer
This report may contain forward-looking statements based on current assumptions and forecasts made by Brenntag AG and other information currently available to the company. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. Brenntag AG does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to conform them to future events or developments.

FINANCIAL CALENDAR 2014

MAY 7
2014
Interim Report
Q1 2014

MAY 15
2014
JP Morgan Business
Services Conference

JUN 17
2014
General Shareholders'
Meeting, Duesseldorf

AUG 7
2014
Interim Report
Q2 2014

NOV 5
2014
Interim Report
Q3 2014