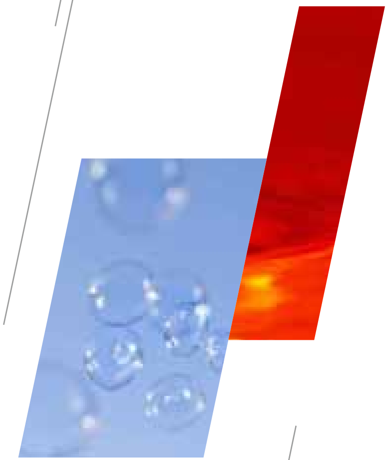
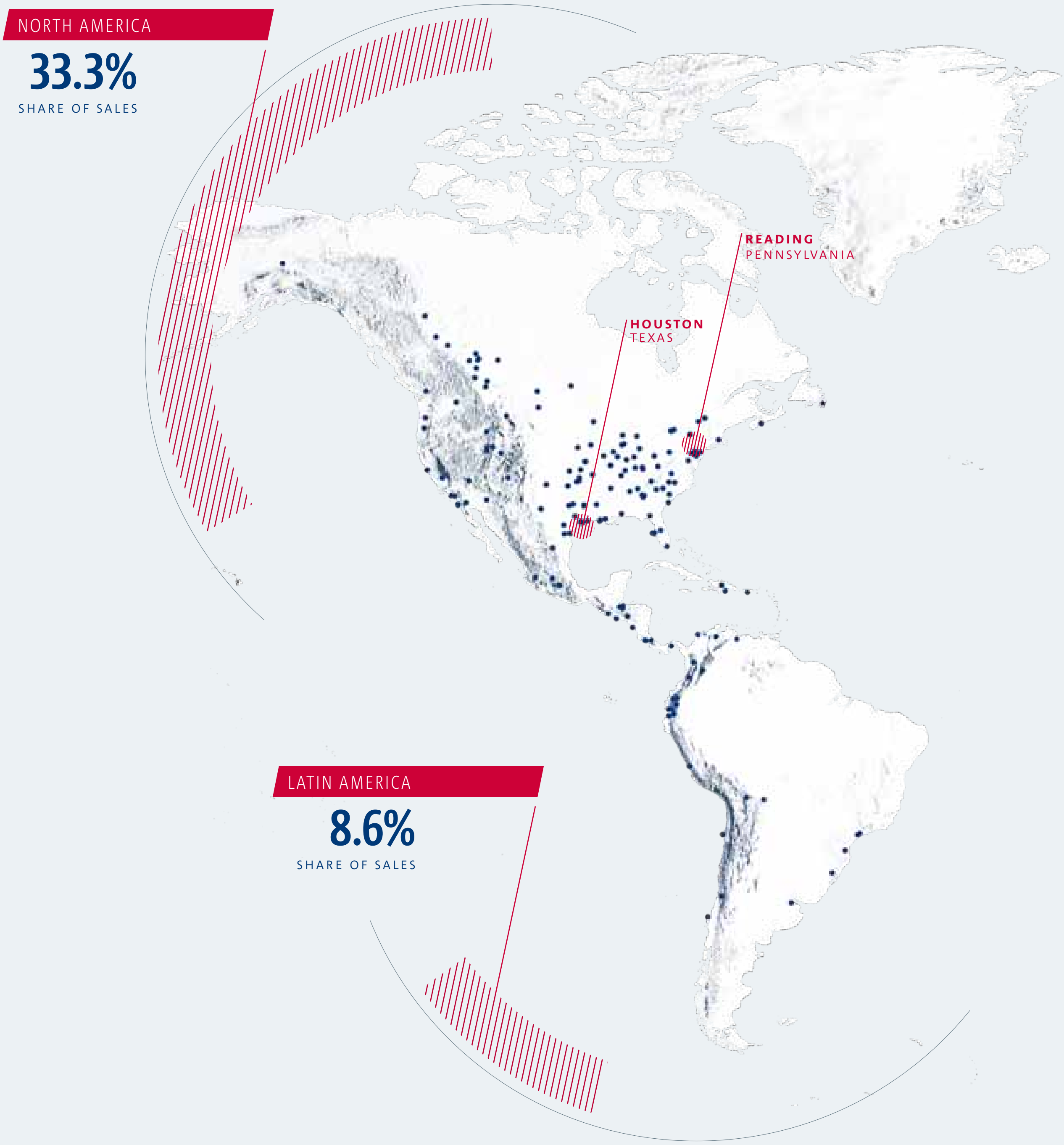


ConnectingChemistry

ANNUAL REPORT 2014

BRENNTAG AG

SEGMENTS



NORTH AMERICA

Brenntag is the market leader in North America. With more than 150 distribution centres, we operate in all important industrial areas in the USA. More than 4,000 employees ensure that our customers in the region have all the products and services they need.

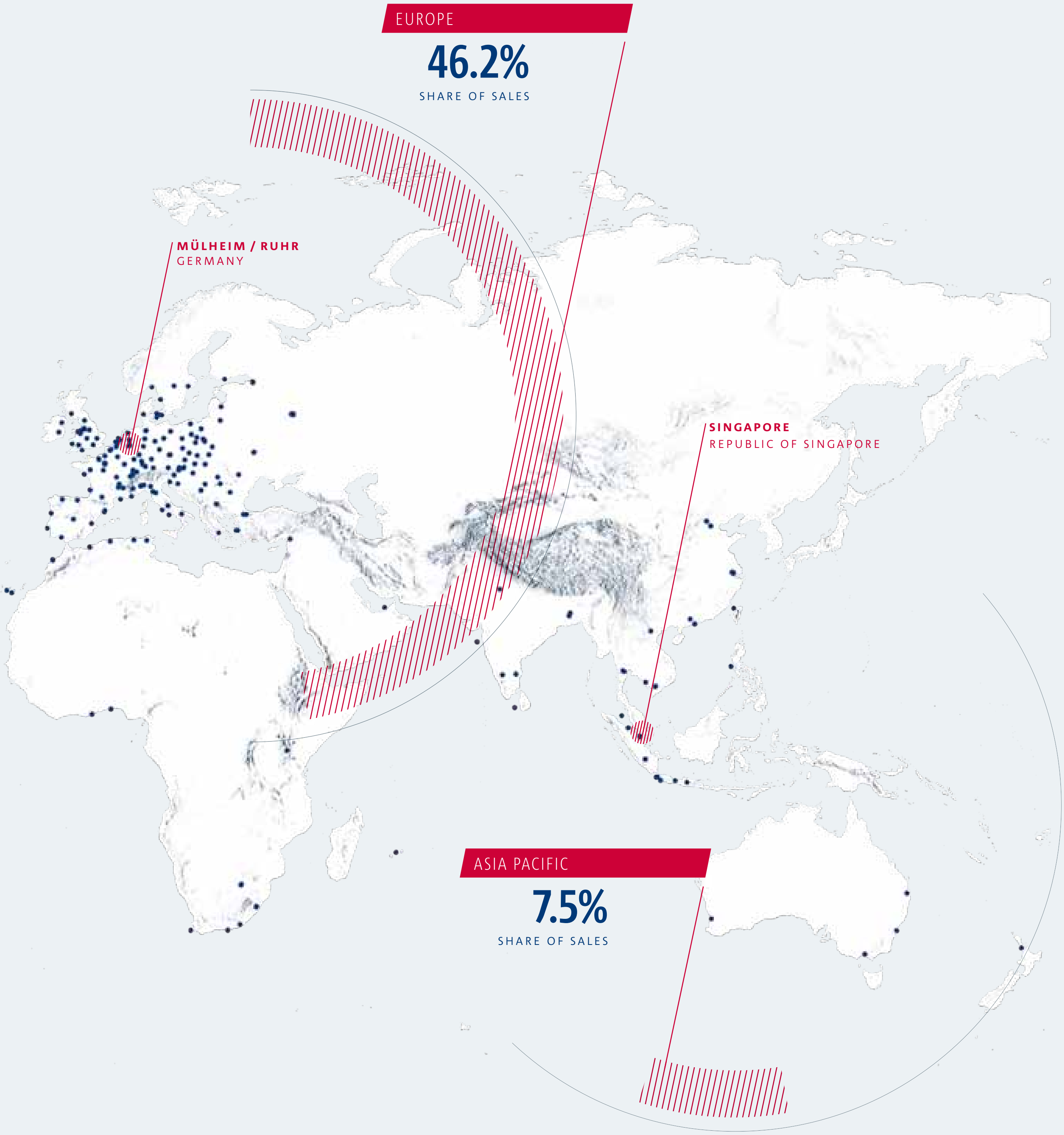
in EUR m	**2014**	2013
External sales	**3,332.0**	3,143.6
Operating gross profit	**802.2**	763.1
Operating expenses	**−478.6**	−437.4
Operating EBITDA	**323.6**	325.7

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	**2014**	2013
External sales	**864.0**	849.2
Operating gross profit	**169.5**	163.6
Operating expenses	**−122.7**	−116.6
Operating EBITDA	**46.8**	47.0

Figures exclude all other segments, which, in addition to various holding companies, comprise the activities of Brenntag International Chemicals.



EUROPE

Brenntag is the number one chemical distributor 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 6,000 employees provides the Brenntag customers with the chemicals and services they need.

in EUR m	**2014**	2013
External sales	**4,624.7**	4.558.3
Operating gross profit	**972.0**	930.0
Operating expenses	**−636.1**	−632.6
Operating EBITDA	**335.9**	297.4

ASIA PACIFIC

Brenntag entered the Asia Pacific markets in 2008 and continuously expanded this network with several acquisitions over the years. Today we have established over 60 locations in 14 countries and a workforce of more than 1,600 employees which provides all our customers in this region with chemical products and services.

in EUR m	**2014**	2013
External sales	**748.2**	738.0
Operating gross profit	**120.7**	121.7
Operating expenses	**−79.5**	−74.2
Operating EBITDA	**41.2**	47.5

KEY FINANCIAL FIGURES AT A GLANCE

CONSOLIDATED INCOME STATEMENT

		2014	2013	Change in %	Change in % (fx adj.)
Sales	EUR m	10,015.6	9,769.5	2.5	3.2
Gross Profit	EUR m	2,027.5	1,945.5	4.2	4.8
Operating EBITDA	EUR m	726.7	698.3	4.1	4.3
Operating EBITDA / Gross Profit	%	35.8	35.9		
EBITDA	EUR m	726.9	696.8	4.3	4.6
Profit after tax	EUR m	339.7	338.9	0.2	
Earnings per share [1]	EUR	2.20	2.20	–	

CONSOLIDATED BALANCE SHEET

		Dec. 31, 2014	Dec. 31, 2013
Total Assets	EUR m	6,215.0	5,627.3
Equity	EUR m	2,356.9	2,093.7
Working capital	EUR m	1,226.8	1,044.4
Net financial liabilities	EUR m	1,409.7	1,341.7

CONSOLIDATED CASH FLOW

		2014	2013
Cash provided by operating activities	EUR m	369.7	357.8
Investments in non-current assets (Capex)	EUR m	−104.8	−97.2
Free cash flow	EUR m	521.6	543.4

KEY FIGURES BRENNTAG SHARE

		Dec. 31, 2014	Dec. 31, 2013
Share price	EUR	46.51	44.92
No. of shares (unweighted) [1]		154,500,000	154,500,000
Market capitalization	EUR m	7,186	6,939
Free float	%	100	100

[1] As part of a stock split, the number of shares was increased in the third quarter of 2014 from 51.5 million to 154.5 million. The number of shares and the share prices have been retroactively adjusted to the stock split.

ConnectingChemistry

ANNUAL REPORT 2014

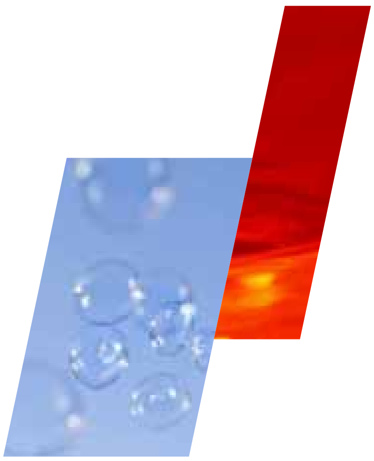
BRENNTAG AG

Brenntag is the global market leader in chemical distribution! The company provides tailor-made distribution solutions for industrial and specialty chemicals and combines a global network with outstanding local execution. But for us, chemical distribution goes far beyond the sheer distribution of chemicals.

Our new global branding “**ConnectingChemistry**” comprises our understanding of chemical distribution: We are the link between chemical manufacturers, our suppliers, and chemical users, our customers, and it is our ambition to be the preferred partner for these stakeholders.

Brenntag truly is a “people’s business”, empowered by its employees. They connect our business partners and build relationships – through them, the products we distribute and services we provide become a part of everyday life.

In this way, we contribute to modern society – whether it is in building our cities, enabling a healthier lifestyle or promoting a sustainable way of doing business.



“Throughout 2014 we worked hard to not only deliver a strong financial performance but also invested in people, equipment and resources to place the business in a robust and sustainable position for further growth.”

STEVEN HOLLAND
CEO

CEO LETTER

Dear Shareholders,

I am pleased to report a successful year 2014 for Brenntag. In an economic environment that remained challenging we were able to grow our business and the key performance indicators operating EBITDA and gross profit achieved all-time highs for the Group.

During the course of the year we further reinforced our brand identity adopting "ConnectingChemistry" as the key slogan to reflect our function as the global market leader in chemical distribution. It underlines our commitment to create added value for our suppliers and customers and to bring them together in a profitable partnership.

In this Annual Report, we present a number of examples of how Brenntag uses its market expertise, its products and its services to help create long term, successful and sustainable business partnerships with our customers and suppliers.

In the financial year 2014, sales amounted to EUR 10,015.6 million. On a constant currency basis, this represents an increase of 3.2% on the previous year. In 2014, we achieved a record result of EUR 2,027.5 million gross profit. All of our regions contributed to the positive growth rate of 4.8% on a constant currency basis. At EUR 726.7 million, operating EBITDA also reached the highest level ever achieved in the Group's history (+4.3% on a constant currency basis).

Our business performance in 2014 was a balance of growth of products and services, as well as continuous improvement initiatives aimed to increase operational efficiency. We have also invested globally in line with our acquisition strategy and made a number of value accretive acquisitions during the year. The market for chemical distribution remains highly fragmented and we see an ever growing need for further consolidation. In 2015, we will therefore continue to execute our acquisition strategy to add further shareholder value and increase our overall market penetration worldwide whilst enhancing our existing range of products and services.

Our global market leadership is not only reflected in terms of economic indicators. It is also embodied in our commitment to set safety standards within the industry. In the year under review we achieved even further improvements over previous years and we remain committed to achieve our ultimate goal of zero accidents worldwide.

The confidence that investors and lenders place in our company's stability and growth potential is reflected in our share price and our financing structure. In March 2014, we extended the term of our existing syndicated loan ahead of schedule until 2019, on improved conditions. The Group has established very long-term foundations for its financing and has the financial flexibility necessary for the further implementation of its growth strategy. The Brenntag share has performed well in the prevailing market environment, and it is notable that, on average, our share has outperformed the DAX every year since our stock market flotation in 2010.

The continued positive performance of the Group is reflected in an increased dividend of EUR 0.90 per share which the Board of Management and the Supervisory Board will propose to the General Shareholders' Meeting. This represents a further year-on-year increase in our dividend of 3.8%.

Throughout 2014 we worked hard to not only deliver a strong financial performance but also invested in people, equipment and resources to place the business in a robust and sustainable position for further growth and to take advantage of new opportunities for the group worldwide.

All of this, of course, does not just happen without the skills and dedication of over 13,000 Brenntag colleagues throughout the world. I would like to express my personal thanks and that of my colleagues on the Board of Management for their commitment and expertise which is simply the cornerstone of our business success.

I would also like to thank you, our shareholders, as well as our customers, suppliers and business partners for the confidence that you have placed in Brenntag and for our positive working relationship in 2014. True to our new slogan "ConnectingChemistry", I look forward to our continued close and successful partnership connecting and creating value in the year ahead.

Yours sincerely,

Steven Holland
Chief Executive Officer
Mülheim an der Ruhr, March 17, 2015

STEVEN HOLLAND
CHIEF EXECUTIVE OFFICER

ConnectingChemistry

As the only truly global chemical distributor, we have always strived to be the preferred partner for our customers and suppliers in the chemical distribution market worldwide. We have now translated our understanding of how we do business and what we offer our partners into our new global branding: “ConnectingChemistry”. The branding expresses our approach of building a winning partnership between chemical producers and users, thus being an integral part of the value chain.

Brenntag provides an industry- and customer-focused approach to support the success of our partners. This approach extends beyond the sheer distribution of chemicals. We create true value by sharing our business intelligence on markets, industries and applications. Always being one step ahead of customers’ and suppliers’ needs, we support our partners by reacting flexibly to ever-changing market conditions. Our partners can rely on a large team of experienced and highly skilled experts who offer best-in-class service and tailor-made solutions combined with in-depth product, application and market know-how as well as logistics solutions.

“ConnectingChemistry” is deeply grounded in both our vision and in the core values that we live and evolve every day in our company: in every region, market and aspect of our business.

Our Vision

We have an ambitious idea of what we as a company want to be, now and in the future. Our vision reflects an accelerated evolution of our business model embarking on an ongoing growth process.

WE are the safest chemical distributor striving for zero accidents and incidents.

Throughout the world, **WE** connect chemistry by providing the most effective industry channel for our customers and suppliers.

WE are the global leader in all our chosen markets and industries, offering the most professional sales & marketing organization in the industry, ensuring consistently high standards every day, everywhere.

WE strive to provide a working environment where the best people want to work.

WE generate sustainable and high returns for our shareholders and all other stakeholders.

OUR PEOPLE

CONNECTING RELATIONSHIPS

Brenntag is truly a "people's business". Everything we achieve as a business is accomplished with and through our employees. They are the connection between our business partners. They connect people and build relationships.

By looking at what ConnectingChemistry means to us and what we have defined as our vision, it is firstly evident, that Brenntag employees comprise the center of our company's success. We are not only distributing chemical products and offering value-added services for a variety of industries, but above all connecting the chemistry between people. We have therefore defined core values as an integral cornerstone for the Brenntag workforce worldwide.

Our Values

The following values are the basis for our unique market positioning distinguishing us from our competitors and allowing us to gain a significant advantage for our partners.

SAFETY FIRST

Safety comes first and always takes precedence over all other aspects of our business: We adhere to the highest standards in all work practices and strive for zero accidents and incidents worldwide.

LEADERSHIP AND ACCOUNTABILITY

Employees at every level are encouraged to be leaders in their respective roles and are held accountable for their actions and decisions.

EMPLOYEE INVOLVEMENT AND OWNERSHIP

Our employees are ambitious to get truly involved in and take ownership of their work. We encourage entrepreneurial thinking, team effort, an open dialogue and innovative ideas.

COMMITMENT TO EXCELLENCE

We are committed to excellence in every aspect of our business and we support our partners to the best of our abilities.

INTEGRITY AND RESPONSIBILITY

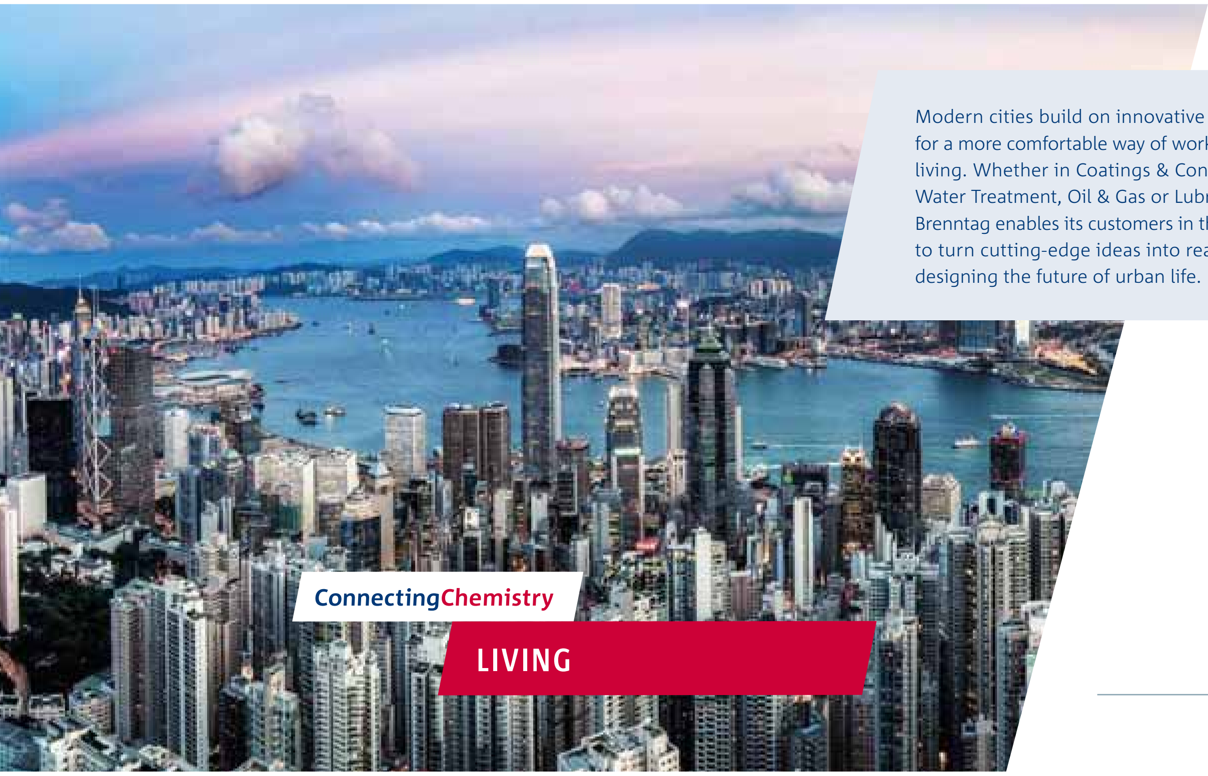
We are committed to upholding ethical and moral principles, to fully comply with our values and to maintain integrity in our business transactions.

VALUE CREATION FOR PARTNERS

We strive to be the chemical industry’s preferred channel partner by creating the highest possible value for our partners.

ConnectingChemistry

Brenntag is the global market leader in chemical distribution. By globally connecting customers and suppliers our integral approach greatly extends beyond the sheer distribution of chemicals. As an industry expert with a professional organization, we create true value for our partners. We are dedicated to making our partners more successful in their local markets as this is an important pillar of Brenntag's business success. This year's Annual Report aims to give an impression on how we deliver on these objectives – be it for specific industries or for the society itself through our sustainability initiatives.



Modern cities build on innovative solutions for a more comfortable way of working and living. Whether in Coatings & Construction, Water Treatment, Oil & Gas or Lubricants, Brenntag enables its customers in these areas to turn cutting-edge ideas into reality – designing the future of urban life.

PAGE 12

PAGE 24

ConnectingChemistry

LIFESTYLE

Modern societies rely on new ideas making everyday life more comfortable and even healthier. Brenntag's products and solutions permit its customers to create more nourishing edibles, more effective cosmetics and more efficient medication at the highest levels of quality – catering to the needs of people everywhere in the world, every day.

Modern business models build on pioneering solutions for a more sustainable economy. Brenntag is advancing health, safety and environmental approaches and participating in global initiatives to do business in a sustainable way.

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ConnectingChemistry

SUSTAINABILITY

ConnectingChemistry

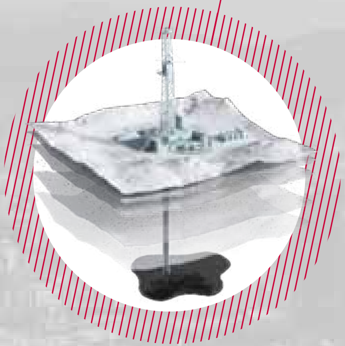
LIVING

With a broad portfolio of products and value-added services, Brenntag is the preferred partner of a variety of industries – enabling chemical producers to develop innovative products and find solutions for modern society's needs. Brenntag is therefore a part of everyday life, in every region around the world.

OIL & GAS

211%

is the estimated growth rate of tight oil production in the US from 2011 to 2014.



COATINGS & CONSTRUCTION

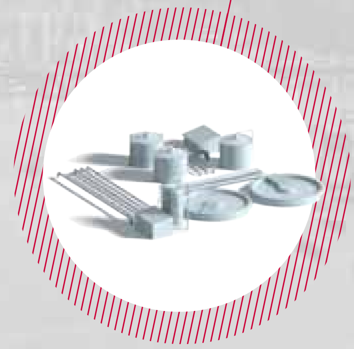
48,000,000 t

is the estimated global demand for paints and coatings in 2019.

WATER TREATMENT

4,200 km³

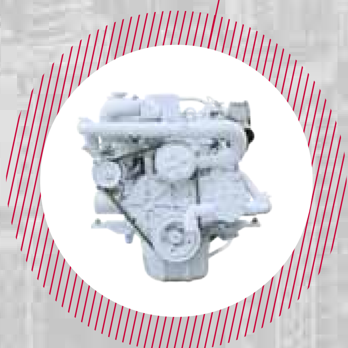
of water are being used worldwide annually.

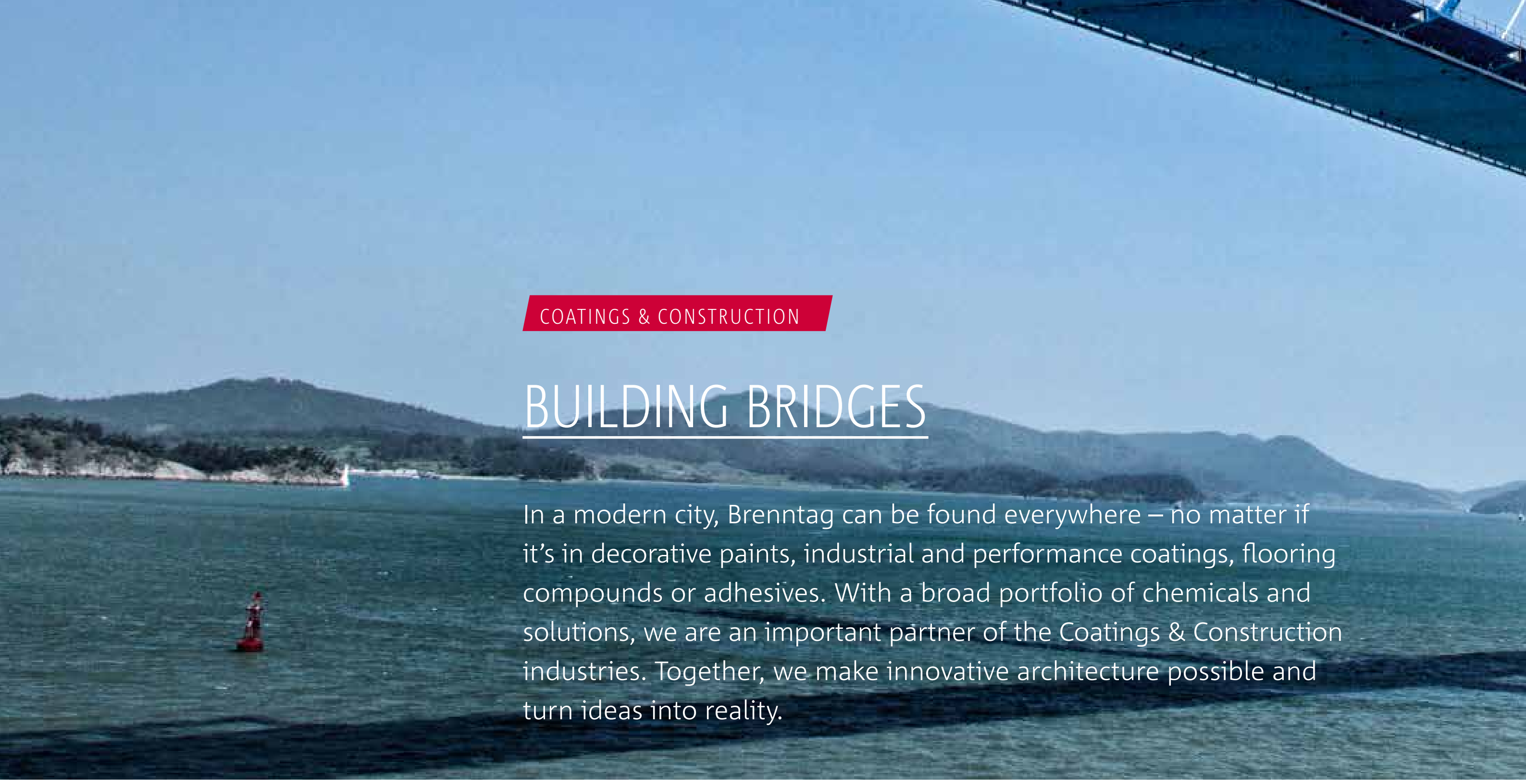


LUBRICANTS

39,000,000 t

is the estimated global lubricant demand.





COATINGS & CONSTRUCTION

BUILDING BRIDGES

In a modern city, Brenntag can be found everywhere – no matter if it's in decorative paints, industrial and performance coatings, flooring compounds or adhesives. With a broad portfolio of chemicals and solutions, we are an important partner of the Coatings & Construction industries. Together, we make innovative architecture possible and turn ideas into reality.

Whether it's large or small, at home or in the workplace, a skyscraper or a highway bridge: chemicals are an essential part of every construction project in the modern world. Accordingly, Brenntag supplies products for almost every application in the Coatings & Construction chemicals sector.

CONNECTING SUPPLIERS AND CUSTOMERS WORLDWIDE

Globalization and ever more stringent regulation confront the manufacturing industry with greater and greater challenges. Brenntag aims to make all aspects of chemical distribution less complex for both, our suppliers and our customers. We guarantee our suppliers a supply chain that is safe and reliable in every step, enabling them to concentrate on their core business. On the other hand, we are close to our customers everywhere in the world, offering them a broad range of specialty chemicals. From providing advice on improving formulations, to devising innovative supply chain solutions, to sourcing specialty ingredients, Brenntag delivers products and value-added services which put our partners closer to meeting their customer needs.

MULTIFACETED APPLICATION RANGE REQUIRES IN-DEPTH KNOWLEDGE

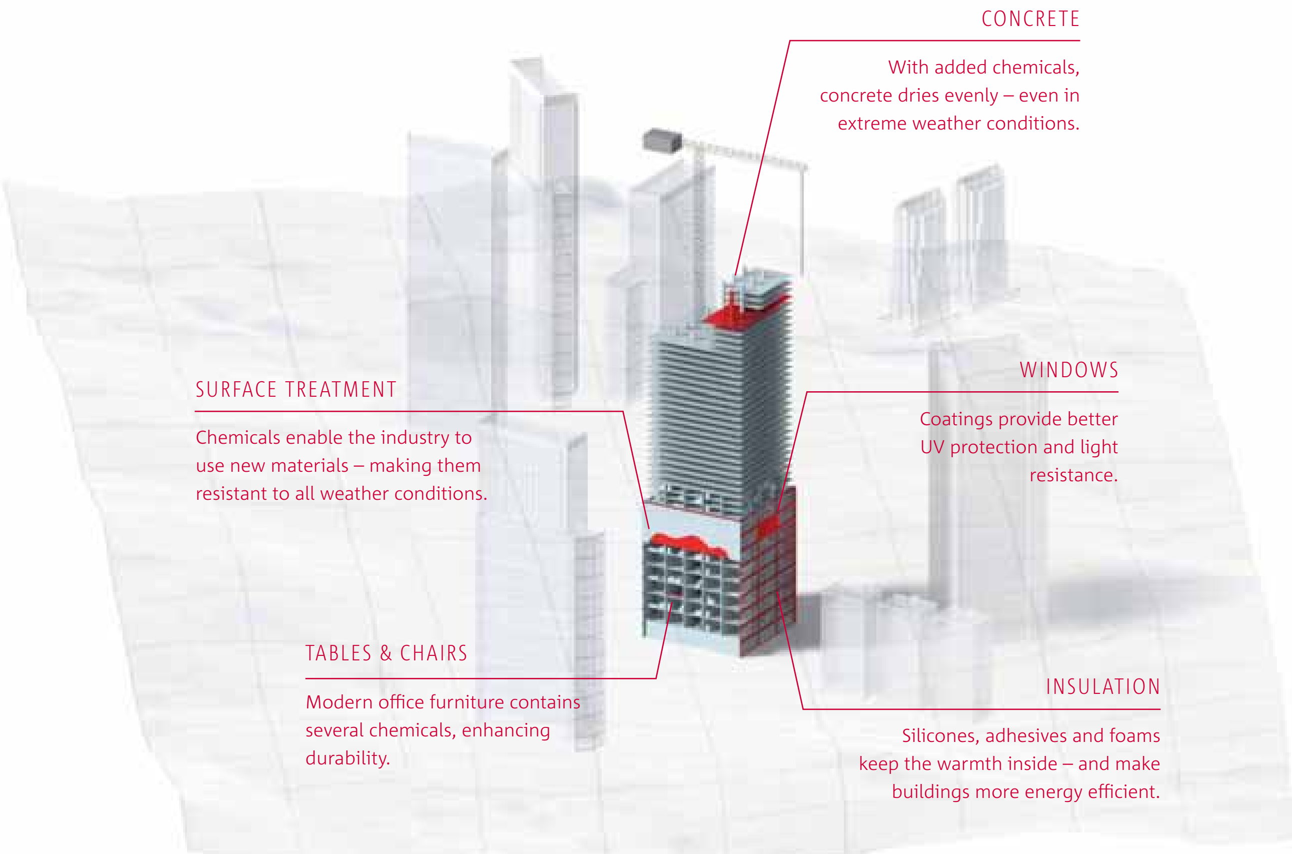
The application range for chemicals in Coatings & Construction is as diverse as today's building projects. Brenntag chemicals and ingredients enable concrete to set evenly in all weather conditions; our solutions make insulation more efficient, adhesives stronger and surfaces more resistant to adverse environmental effects. Coatings for furniture surfaces, windows and walls ensure colour stability, resilience and UV protection. Therefore, Brenntag's technical sales representatives constantly stay on top of developments, identifying trends and innovations, connecting ideas and sharing their expertise with suppliers and customers – in return enabling our company to understand and meet the individual needs of our partners.

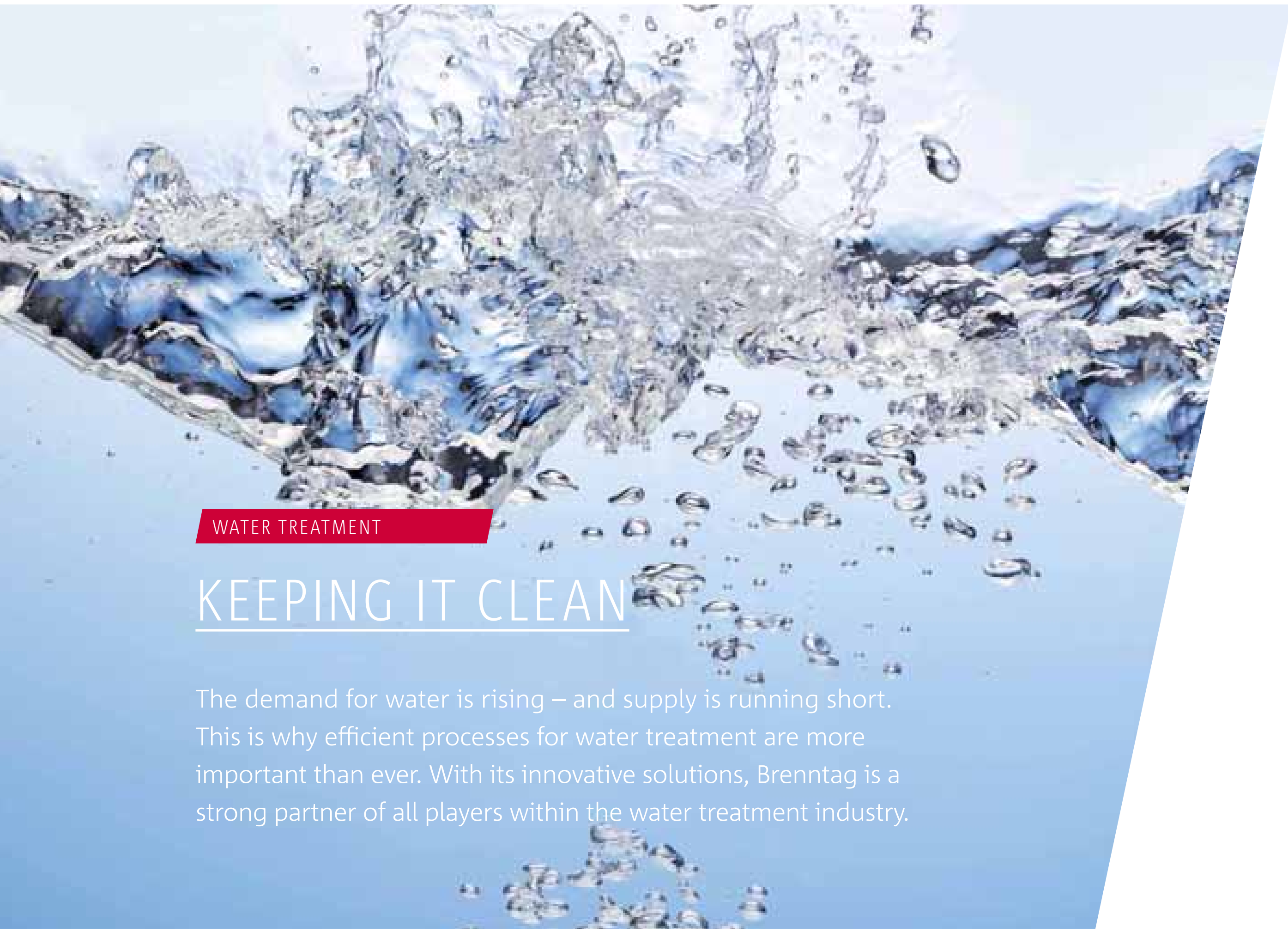
DRIVING INNOVATION THROUGH COOPERATION

Chemical producers, our suppliers, optimize their value chain and gain valuable resources through outsourcing a part of their business to Brenntag. By transferring our business intelligence, Brenntag is facilitating innovations and bringing the industry forward: for example, modern coating solutions, mean buildings and other major structures need to be repainted less frequently which reduces costs for municipalities around the world.

ENABLING CONSTRUCTION

With a variety of products, Brenntag makes innovative construction projects possible.

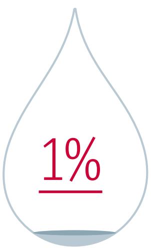




WATER TREATMENT

KEEPING IT CLEAN

The demand for water is rising – and supply is running short. This is why efficient processes for water treatment are more important than ever. With its innovative solutions, Brenntag is a strong partner of all players within the water treatment industry.



Less than one percent of the world´s water is available for human use.

Water is the source of life. Due to population growth and increasing industrialization in emerging countries, experts expect the worldwide need for clean water to rise significantly. But this resource is a strongly limited one: less than one per cent of the world's water is usable for our daily purposes. This is why water treatment is of great importance, especially in urban societies.

LONG-STANDING EXPERIENCE MEETS INDIVIDUAL NEEDS

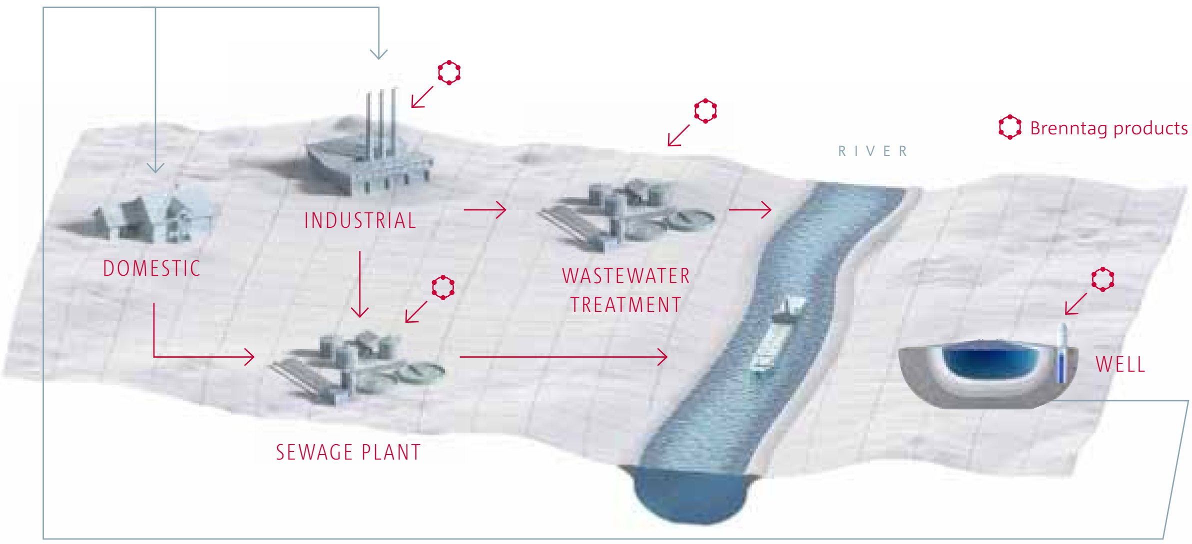
For many years, Brenntag has been providing innovative solutions for an industry that requires security of supply and the highest quality standards regarding a variety of biological, physical or chemical processes, among others, the cleaning and purification of water. To meet these requirements, Brenntag can draw on long-standing expertise in the process technology of water treatment. Our sales representatives are in constant dialogue with customers in order to identify and meet their individual needs. We aim to understand each individual workflow, to continuously determine chemical necessities and to optimize processes. Due to the great variety of water treatment processes and applications, the customer base is extremely fragmented, which fits perfectly with Brenntag's local presence.

BROAD PORTFOLIO OFFERS ADDED VALUE TO SUPPLIERS AND CUSTOMERS

Water remains one of the most valuable resources in the world. In order to fulfil this ecological and economical responsibility, the requirements regarding the protection, quality, consumption, cleaning and purification of water are extremely high. Since Brenntag offers the entire product portfolio for water treatment, including waste and process water treatment, sludge conditioning, the processing of drinking water und swimming pool disinfection, our partners benefit not only from a higher cost efficiency, but also from our extensive market know-how – always keeping them informed on the newest market trends.

WATER TREATMENT WITH BRENNTAG CHEMICALS

Recycling the world´s most valuable ressource



OIL & GAS

DELIVERING THE SERVICE

The Oil & Gas industry is one of the world's largest industries. Oil and natural gas touch our lives in countless ways every day. They not only fuel our cars, heat our homes and cook our food, but also help generate the electricity that powers our daily lives. Therefore access to oil and natural gas resources is critical to supplying the energy needs of our society.

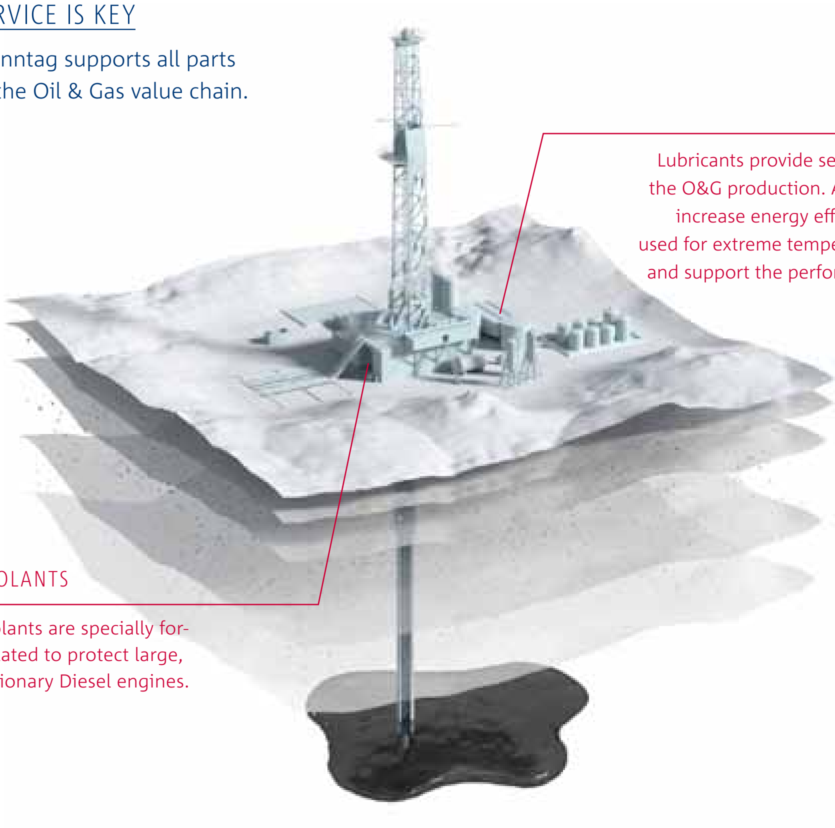
World energy markets are continually expanding and the Oil & Gas industry has an ever growing and intensive need for chemical distribution services. All over the world thousands of exploitation places and consumption points are dispersed widely across the land and sometimes even offshore. Brenntag has recognized the potential of this industry and delivers a broad range of different chemicals timely and at a high service quality. By providing products and services for all the different production steps, Brenntag covers the whole natural gas and crude oil value chain.

EXCELLENT SUPPORT FOR THE WHOLE OIL & GAS VALUE CHAIN

Being divided into three parts, the value chain comprises upstream, midstream and downstream markets. While the upstream markets concentrate on the exploration and production of crude oil and natural gas, the midstream market focuses on the processing and transportation of the raw material. Finally, the downstream section covers the marketing and refining of oil and gas.

SERVICE IS KEY

Brenntag supports all parts
of the Oil & Gas value chain.



LUBRICANTS

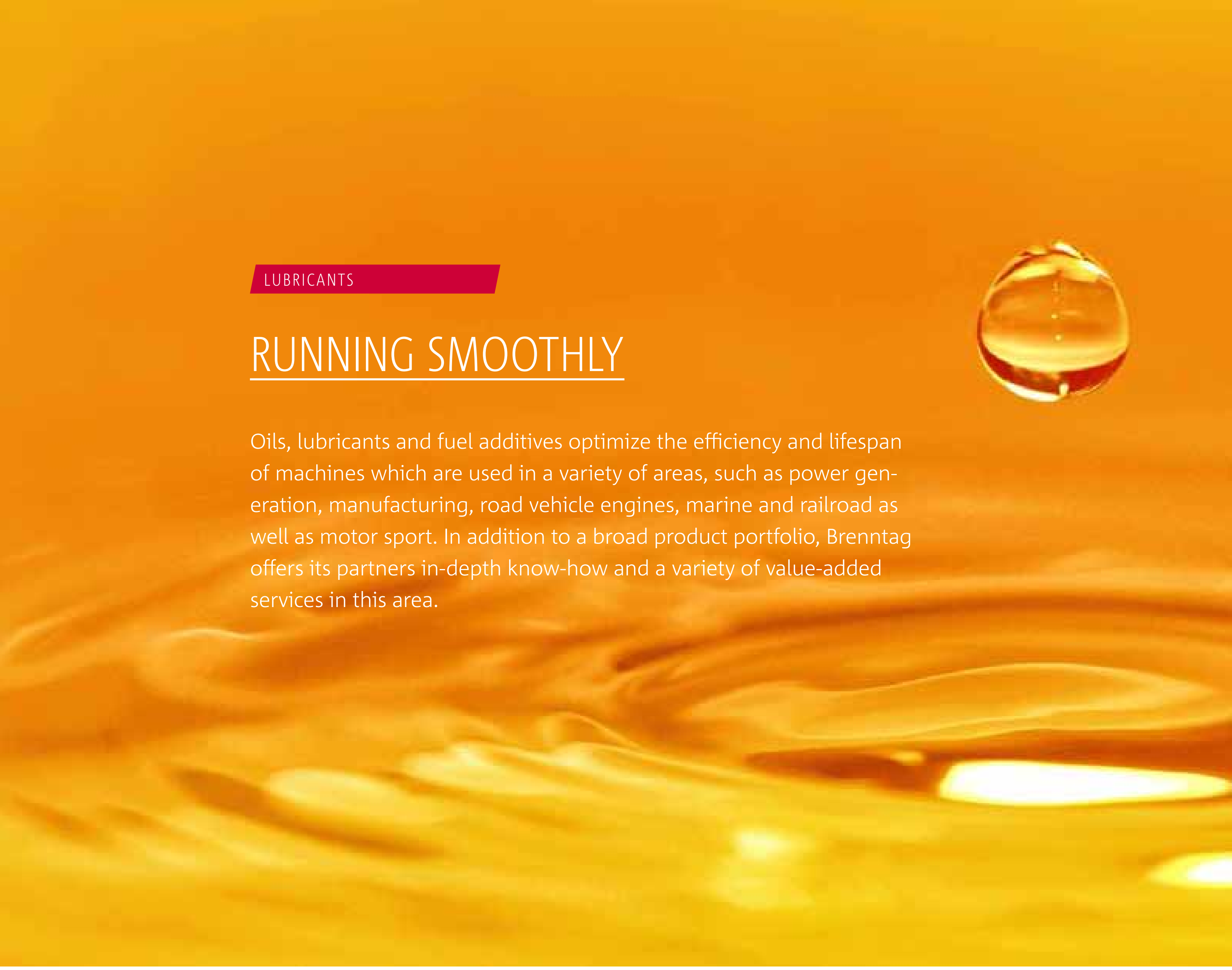
Lubricants provide several advantages in the O&G production. Among others, they increase energy efficiency, they can be used for extreme temperature applications and support the performance of turbines.

COOLANTS

Coolants are specially formulated to protect large, stationary Diesel engines.

GLOBAL COVERAGE – LOCAL EXECUTION

But why are our customers in the Oil & Gas industry choosing Brenntag as their preferred partner? The answer is quite easy: Only a trans-regional active distributor who combines a dense network with an excellent understanding of customers’ needs and an exhaustive geographic coverage can perfectly fulfil the requirements of this industry. Brenntag not only guarantees the highest safety standards, but also offers local inventory, logistics and delivery capabilities. Our technical sales representatives offer operating training and product application knowledge. We provide field and plant technical support to help reduce downtime and overall costs for our customers. By ensuring the highest level of all services required in this industry Brenntag further strengthens the trustful relationships to its customers and suppliers.



LUBRICANTS

RUNNING SMOOTHLY

Oils, lubricants and fuel additives optimize the efficiency and lifespan of machines which are used in a variety of areas, such as power generation, manufacturing, road vehicle engines, marine and railroad as well as motor sport. In addition to a broad product portfolio, Brenntag offers its partners in-depth know-how and a variety of value-added services in this area.

10%

is the average additive content in a lubricants product.

Whether lawnmower, car, freight ship or industrial plants – machines have changed our everyday life. But in order for them to function, machines need to be serviced with a variety of products. As multifaceted as the use of machines in every industry is, so too are the requirements which oils, lubricants and fuel additives need to adhere to. One thing is of particular importance: products need to function reliably, even in extreme or adverse conditions. Therefore, chemicals are an important ingredient of high-performance lubricants.

CREATING VALUE FOR ALL PARTIES

By connecting chemical suppliers and users of base and engine oils, lubricants, fuel and performance additives, Brenntag acts as a link between the parties. Both sides benefit not only from our outstanding customer, technical and logistics service, but also from a substantially tightened supply chain with increased profitability.

FIRST-CLASS SERVICE OF THE GLOBAL MARKET LEADER

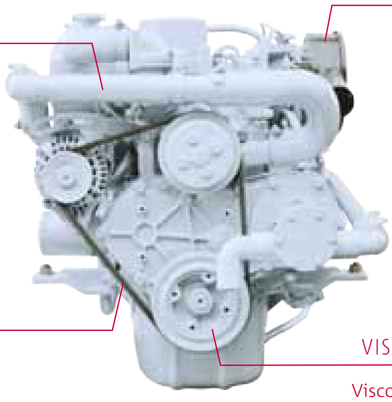
Brenntag technicians and sales representatives offer a profound industry know-how and a first-class service attitude, which always aims to meet the individual needs of our customers and suppliers. This combination of expertise, our global network and customer base, as well as business intelligence, is the reason why Brenntag is the preferred partner for many players in this industry.

LUBRICANTS

Lubricants are typically used to separate moving parts in a system, reducing friction, surface atigue, reduced heat generation, operating noise and vibrations.

BASE OILS

Base oils provide the main viscometrics that allow the lubricant to flow and contact with the moving parts of an engine.



DISPERSANTS

Dispersants keep the products of combustion in suspension and prevent sludge formation.

DETERGENTS

Detergents keep the engine clean and repel the dirt of combustion from moving parts.

VISCOSITY MODIFIERS

Viscosity modfiers change the viscosity of an oil in fluctuating temperatures.

ConnectingChemistry

LIFESTYLE

Brenntag can also be identified with the lifestyle of modern societies. By always keeping pace with the times, we provide ingredients, products and solutions for industries such as food, cosmetics and pharmaceuticals.

FOOD

11,100,000 t

of chocolate, biscuits and confectionery are produced throughout Europe annually. Brenntag's ingredients play a role in the indulgence products as well as in the healthy options.

COSMETICS

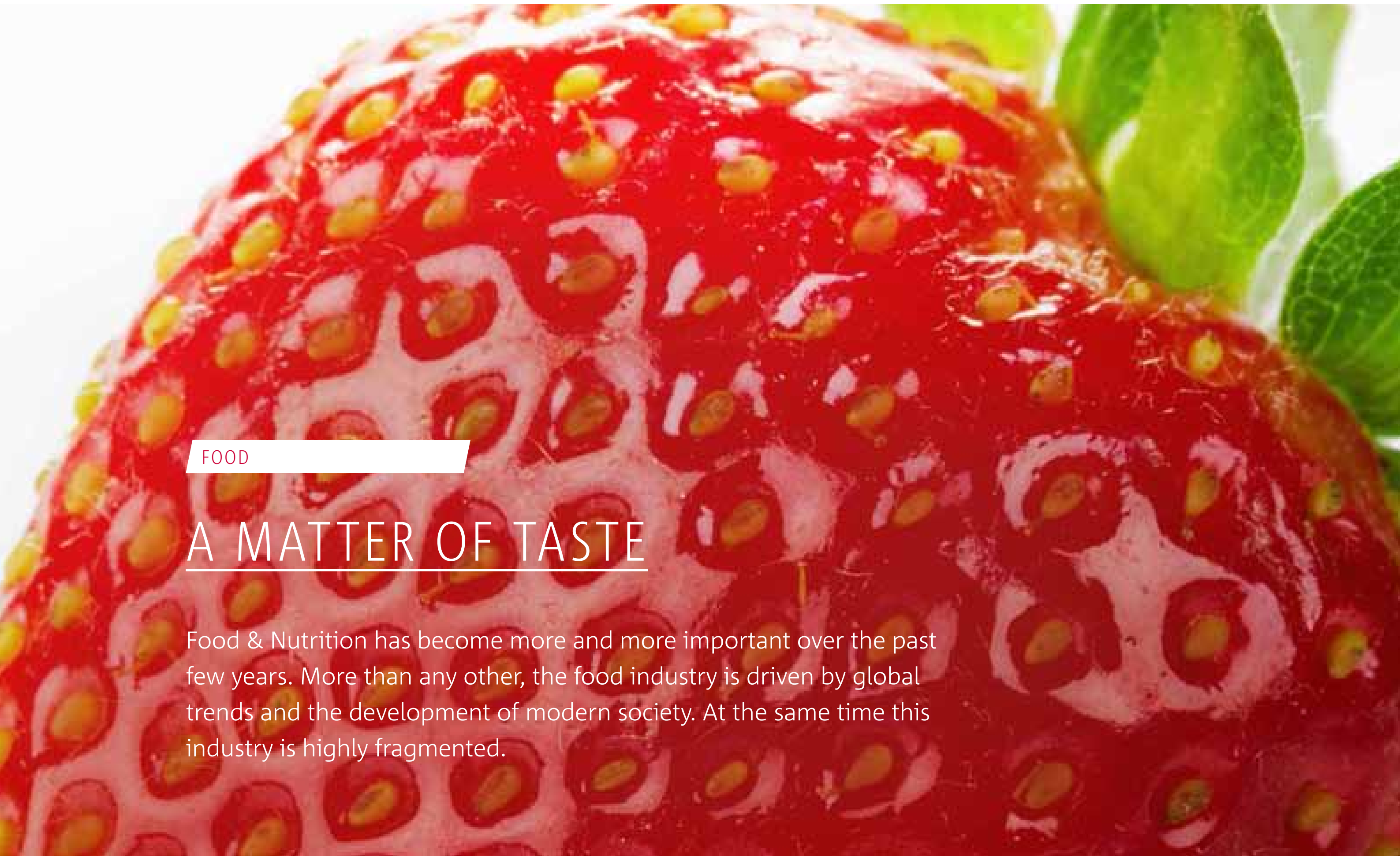
430 bn USD

is the volume of the global cosmetics market. Brenntag provides a comprehensive product portfolio worldwide.

PHARMA

1.2 tn USD

will be the global spending on medicines annually by 2016. In Europe, Brenntag serves 2,900 pharmaceutical companies with more than 4,000 different products.



FOOD

A MATTER OF TASTE

Food & Nutrition has become more and more important over the past few years. More than any other, the food industry is driven by global trends and the development of modern society. At the same time this industry is highly fragmented.

1,048 bn EUR

is the turnover of the European food and drinks industry.

Brenntag has perfectly adjusted to the requirements of the food industry and is present in various areas: be it bakery products, meat processing, dairy and ice cream, beverages, confectionery or convenience food. With our extensive knowledge of ingredients, applications and markets, we support our customers in shaping, improving or changing the characteristics of their food products.

Over the past decades, the offering in supermarkets around the world has grown substantially – and consumers' preferences have increased accordingly: In order to match a modern lifestyle which places emphasis on flexibility, health and well-being, the food industry has to find solutions to live up to society's fast development.

INDIVIDUAL NEEDS REQUIRE INDIVIDUAL SOLUTIONS

Choosing the right ingredient is always a challenge for many food producers. The diversity of food applications is becoming wider and the selection of ingredients has become a complex process. The processing of food products is highly sensitive and we know how ingredients are influenced by processing conditions and react with other components in the formulation. We also understand the importance of striking the right balance when it comes to a product's taste, texture, appearance and shelf life. For many years, Brenntag has been a valuable partner of the industry, providing the highest quality ingredients to increase the quality of food. Today, the major

drivers of this industry are health, convenience and taste, which offer new possibilities for innovation and consumer orientation within the industry.

SHARING KNOWLEDGE – CONNECTING CAPABILITIES

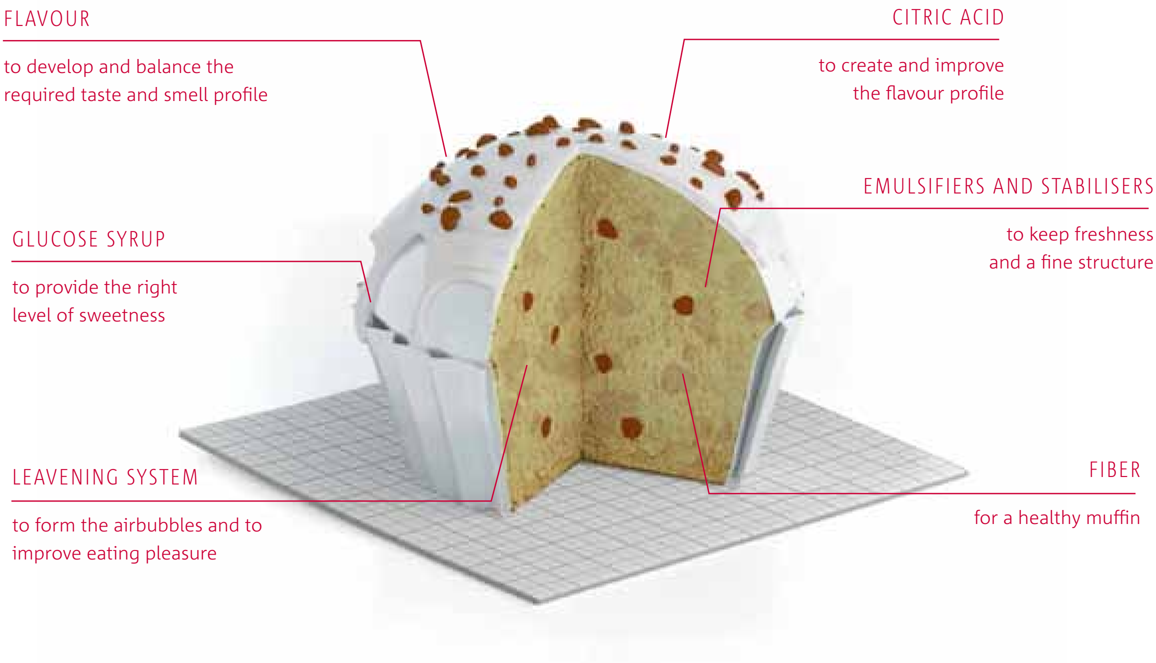
Together with our customers, the Brenntag experts search for suitable ingredients and additives, and develop formulations at our own application centres. From our global network, we share knowledge about ingredient combinations and interactions and know the requirements of processing conditions in order to achieve the full performance of the product. This knowledge is transferred to our customers through regular customer visits and seminars. We fully leverage the joint expertise and experience in food applications.

CREATING NEW FORMULATIONS – CONNECTING SUCCESS

We know how important it is for our customers to identify market trends as early as possible. We are working successfully with suppliers around the globe, enabling us to build on this close relationship and to offer a broad product portfolio for our customers. In turn, our customers benefit not only from this great range of products, but also from our extensive technical support and our market and industry know-how.

THE ICING ON THE CAKE

Whether to improve texture, taste or colour: Brenntag food ingredients and additives can be used for a variety of purposes.



COSMETICS

THE BEAUTY WITHIN

Cosmetics, beauty, anti-ageing, personal care and an attractive appearance are an integral part of today's lifestyle. For many people in modern societies, the use of cosmetic products has become an indispensable part of their daily routines. Scarcely any industry is as creative, fast-paced and consumer-driven as the cosmetics industry. This is not only a special challenge for the industry itself, but also for Brenntag, which aims to support its customers in living up to it.

One of the cosmetic industry's main characteristics is the broad product portfolio: a huge variety of products is multiplied by the countless variations of one item. For example, a specific shampoo is offered for various hair types – be it thin, thick, straight or curly – as well as special purposes, such as repair, sensitive skin, shine or retain colour.

SHIFTING CONSUMER NEEDS REQUIRE SHORT PRODUCT LIFE CYCLE

As the preferred distributor and service provider for cosmetic ingredients, Brenntag supports producers in the cosmetics industry in bringing their products to market efficiently and in reacting quickly to changing consumer behaviour. We deliver the raw materials and solutions needed to produce new products as well as providing technical support for new formulations and a global network for reliable delivery. But even more importantly, our highly qualified sales and marketing representatives share their market knowledge and consumer understanding with our customers to identify the newest trends and developments, both regionally and globally – thus enabling producers to come up with a constant stream of new products to appeal to consumers.

LIPSTICKS

Brenntag provides different ingredients that improve the quality of cosmetic products.

WAXES

Waxes like Beeswax and Carnauba wax provide structure.

PIGMENTS

Pigments give lipsticks vibrant colours.

OILS

Vegetable Oils give lipsticks their gloss and make them last longer.

SECURING SUCCESS IN A HIGHLY COMPETITIVE MARKET

But pace isn’t the only challenge for the cosmetics industry: another aspect is the huge variety of distribution channels – from supermarkets to drug stores, pharmacies, online shops and perfumeries, in combination with fierce competition within the market, this requires the highest flexibility. Being close to customers, responding quickly to their needs and gearing all thinking and actions towards solutions – all of this is second nature for Brenntag.

PHARMACEUTICALS

A HEALTHY CHOICE

One of modern society's greatest achievements is its medical care system. Whether it concerns headaches, muscle pain or the common flu: pharmaceutical products keep us well and healthy. With a variety of solutions, Brenntag supports this industry – for a better life.

1,200 bn

tablets is the annual consumer volume worldwide. We supply, among others, phosphates, microcrystalline cellulose, talcum, starch, minerals for the production of tablets.

Every day, everywhere around the world, scientists are working on finding new ways to make life healthier. Consequently, the pharmaceutical industry is driven by the progress of medical science, the most stringent regulatory requirements and rising pressure on cost reductions. As a chemical distributor, Brenntag has always shared the pharmaceutical industry's two main goals. Firstly, guaranteeing the highest quality and safety standards along every step of the supply chain. And secondly, constantly working on improving existing solutions as well as identifying new and innovative ways of improving health care around the world.

REDUCING COMPLEXITY – ENABLING SUCCESS

Developing efficient medication isn't just about finding the perfect active component. Whether it's delivered as a tablet, ointment, infusion or injection, the active component is mixed with a variety of excipients such as binders, coatings, emulsifiers or flavours, intermediates or process chemicals. Brenntag supplies a variety of such raw materials and specialty chemicals. But it takes much more to be the preferred partner of the pharmaceutical industry: We provide recipe suggestions and realize formulations while always guaranteeing comprehensive monitoring and documentation through our global quality management system. Furthermore, we handle the selection, storage and delivery of the products – thereby reducing complexity for our customers and tightening their supply chain.

FOCUSING ON SAFETY – STRENGTHENING CONFIDENCE

Safety applies especially to the pharmaceutical industry. During the production of pharmaceuticals, every step from the source to the final customer needs to be suitable, reliable and safe. Brenntag supports its customers with a high level of transparency, integrity and compliance. As a responsible and reliable business partner we communicate openly and continuously with our partners, while always being committed to close and trust-based working relationships.

This is why Brenntag makes the difference – for our customers and for theirs!

TABLETS

Globally the largest pharmaceutical and supplement dosage delivery form by volume are tablets.

ConnectingChemistry

SUSTAINABILITY

The way Brenntag has done business had always been focused on future-oriented thinking. Besides providing solutions for a more sustainable economy, we participate in global sustainability initiatives – being a pioneer in the chemical distribution industry.

UN GLOBAL COMPACT

Brenntag was the first chemical distributor that became a member of the UN Global Compact in 2014.

RESPONSIBLE CARE

In this voluntary initiative of the chemical industry, Brenntag adheres to the highest social and environmental standards.

RESPONSIBLE CARE®
OUR COMMITMENT TO SUSTAINABILITY

SUSTAINABILITY

CONSIDERING FUTURE GENERATIONS NEEDS

Being successful in a globalized world isn't just a matter of financials. Our new global branding "ConnectingChemistry" incorporates, among others, the consistent enhancements of our sustainability approach.

Brenntag's approach to sustainability is straightforward: the way we do business today has to adhere to future generations' needs. Health, Safety and Environment (HSE) efforts have always been an integral part of our activities. As the global leader in chemical distribution, we are aware of our responsibility to our employees, to the regions we operate in and to society in general. Therefore, our goal is to also be a leading player in our industry with regards to sustainability efforts. Last but not least, our sustainability approach is also highly valued by our customers and suppliers.

As sustainability has become an increasingly important strategic topic, Brenntag is expanding its activities to promote a culture of responsibility within its network of international operations – fostering employee commitment, optimizing processes and enhancing safety standards. To achieve those goals, an international team of experts from all relevant departments has been set up, working on bringing Brenntag's sustainability approach forward.

Some of our activities with regards to sustainability are:

SUSTAINABILITY REPORT

In 2013, Brenntag published its first Sustainability Report, which was the first Global Reporting Initiative (GRI) certificated report by a chemical distributor.

This report is based on the international standards of the Global Reporting Initiative (GRI), and is a sign of the topic's growing importance within the company, while setting an agenda for the advancement and professionalization of our approach today and in the future. Under the motto "Adding Value", Brenntag shows how efforts for corporate responsibility and protection of the environment are currently implemented. Furthermore, it quantifies recent successes. This approach will be maintained and developed in the future. The next Sustainability Report of Brenntag AG will be published in 2015.

HEALTH, SAFETY AND ENVIRONMENT

Essential for being the global market leader in chemical distribution is: safety first! We must guarantee safety for our employees and our business partners worldwide. Therefore, Health, Safety and Environment (HSE) have always been the cornerstones of our entire business model.

Our global HSE programme focuses on ensuring safety along the entire value chain. As a member of the voluntary “Responsible Care” and “Responsible Distribution” initiatives of the chemical industry, we adhere to the highest social and environmental standards. The programmes encompass a constant process of reviewing our strategy and processes, regarding product responsibility, plant and occupational safety, environmental protection, transport safety and transparency. An annual survey enables us to evaluate relevant data, identify existing challenges and create solutions to bring the company and its stakeholders forward.

ADDING VALUE

Brenntag Sustainability Report 2013

Next edition to be published in 2015.

www.brenntag.com

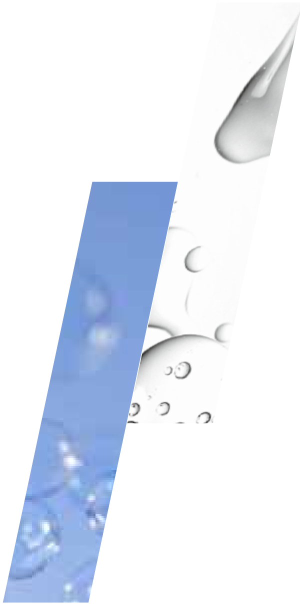
WE SUPPORT

UN GLOBAL COMPACT

Brenntag – as the first chemical distributor worldwide – is a member of the UN Global Compact since October 2014. The UN Global Compact is a voluntary strategic initiative under which companies commit themselves to align their business activities and strategies to ten universal principles in the area of human rights, labour, environment and anti-corruption. It has evolved to be the biggest initiative of its kind – currently uniting more than 12,000 participants from over 145 countries with the objective of promoting corporate sustainability in the global economy.

The UN Global Compact aims to mainstream these principles in all industries worldwide and, through encouraging dialogue across industries, find innovative solutions to new challenges. The participation is a logical next step for Brenntag in its sustainability development process. In this regard Brenntag undertakes to adhere to the UN standards, not only regarding its own processes, but also in the selection of and cooperation with partners and stake-

RESPONSIBLE CARE®
OUR COMMITMENT TO SUSTAINABILITY



holders. Being a member of the UN Global Compact also gives us a head start in advancing our own approach to sustainability: Through sharing best practices, having access to a wide spectrum of management tools and resources as well as partnerships with other members, Brenntag gains important insights and support for the implementation of new concepts.

145

The UN Global Compact has evolved to be the biggest initiative of its kind – currently uniting more than 12,000 participants from over 145 countries in the objective to promote corporate sustainability in the world economy.

BRENNTAG ON THE STOCK MARKET

DEVELOPMENT OF THE SHARE PRICE

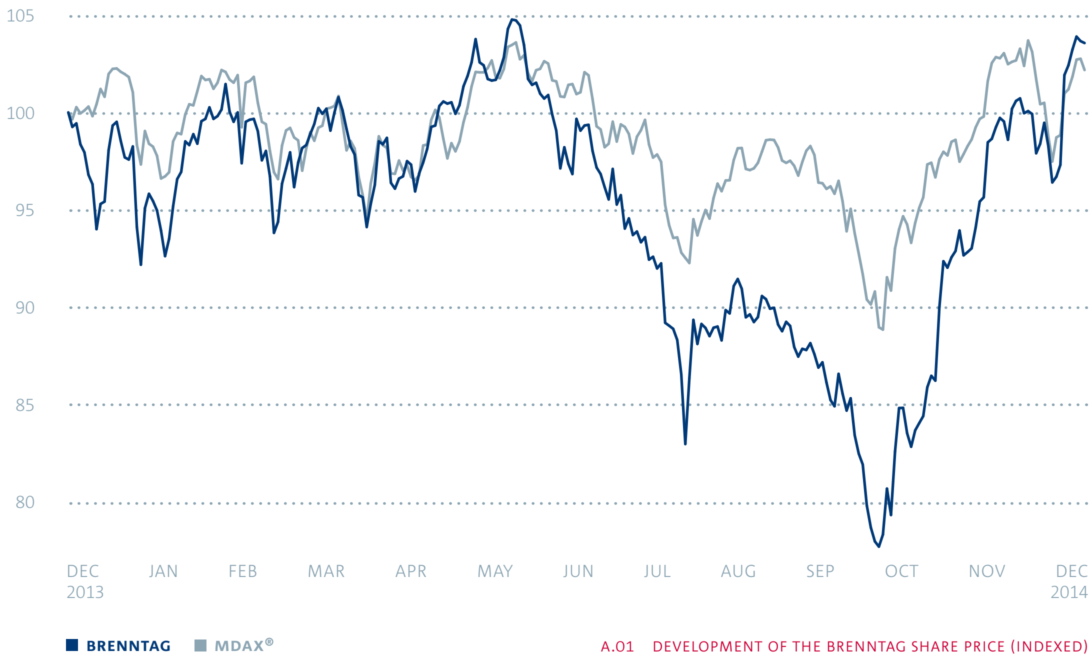
In 2014, the trend on the stock markets was shaped by high volatility. Continuing uncertainties in a number of emerging markets as well as political conflicts in eastern Europe offset the positive effects resulting from a stabilization of the global economy. Nonetheless, many share indices in Europe and the USA achieved record highs during the first half of the year. However, the difficult geopolitical sitiuation depressed sentiment on the stock markets from the middle of the year onwards. In Europe especially, it was not possible to maintain the record highs achieved and prices fell. In the second half of the year, the European Central Bank's interest rate policy triggered positive momentum on the markets. By contrast, moderate corporate growth figures had a negative impact. Share prices only recovered again significantly towards the end of the year.

3.6 %
share price increase compared with 2013 closing price

This trend could also be seen in Germany's leading index, the DAX®, which rose by 2.7% in 2014 to close at the end of December 2014 at 9,806 points. The MDAX® followed this trend and finished the year at 16,935 points, which represents an increase of 2.2%. Overall, the Brenntag share price was also shaped by fluctuations, but ended the year on a positive note close to its all-time high. The closing price at the end of 2014 was EUR 46.51, marking an increase of 3.6% compared with the 2013 closing price. According to the ranking list of Deutsche Börse AG, Brenntag AG ranked 29th among all listed companies in Germany in terms of market capitalization at the end of December 2014.

The average number of Brenntag shares traded on Xetra® each day in 2014 was approximately 270,000, compared to around 300,000 in the prior-year period.

DEVELOPMENT OF THE BRENNTAG SHARE PRICE (INDEXED)



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

TO OUR SHAREHOLDERS A
MANAGEMENT REPORT B
FINANCIAL STATEMENTS C
FURTHER INFORMATION D

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 2014, 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, investor conferences, an analysts 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.

We provide comprehensive and up-to-date information on the Brenntag share and the bond on the website at www.brenntag.com/en/ under Investor Relations.

Brenntag AG
Corporate Finance & Investor Relations
Phone:
+ 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 under Investor Relations.

SHAREHOLDER STRUCTURE

As of March 2, 2015 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

Shareholder	Proportion in %	Date of notification
Threadneedle	5.26	Jul. 23, 2012
Sun Life / MFS	5.03	Jul. 3, 2012
BlackRock	4.48	Sep. 25, 2014
Newton	3.14	Nov. 6, 2013
Allianz Global Investors	3.00	Feb. 26, 2014

A.02 SHAREHOLDER STRUCTURE

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

		IPO Mar. 29, 2010	Dec. 31, 2013	**Dec. 31, 2014**
No. of shares (unweighted) 1)		154,500,000	154,500,000	154,500,000
Price (Xetra® closing price) 1)		16.67	44.92	46.51
Free float*	%	29.03	100.00	100.00
Free float market capitalization	EUR m	748	6.939	7.186

Ranking list of Deutsche Börse AG (as per Dec. 31, 2014)				29th in terms of free float market capitalization 51st in terms of stock market turnover
Most important stock exchange				Xetra®
Indices				MDAX®, MSCI, STOXX EUROPE 600
ISIN/WKN/trading symbol				DE000A1DAHH0/A1DAHH/BNR

A.03 KEY FIGURES AND MASTER DATA ON THE SHARE

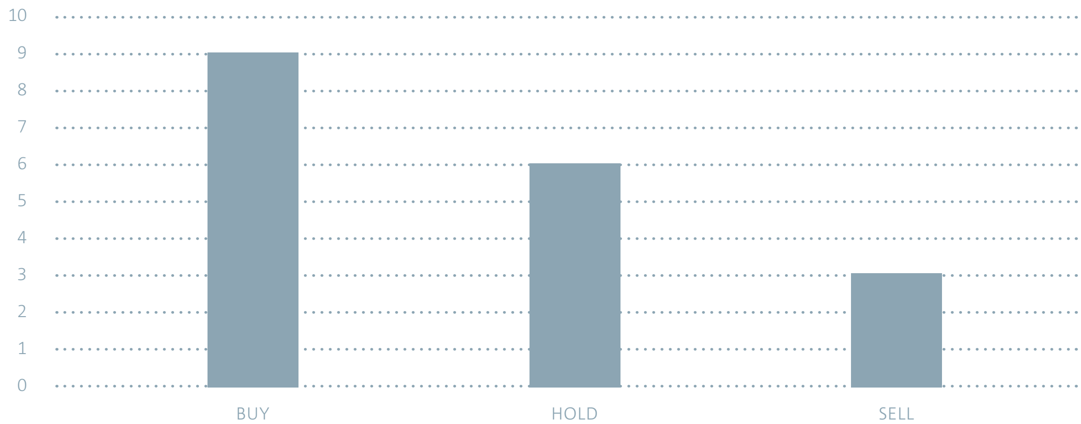
1) As part of a stock split, the number of shares was increased in the third quarter of 2014 from 51.5 million to 154.5 million. The number of shares and the share prices have been retroactively adjusted to the stock split.

ANALYSTS' OPINIONS

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

Currently (as of March 2, 2015) 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, six recommend holding the share and three are advising to sell. Many analysts value Brenntag highly as a growth share with high cash flow generation.

ANALYSTS' OPINIONS



A.04 ANALYSTS' OPINIONS

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.05 DEVELOPMENT OF THE PRICE OF THE BRENNTAG BOND

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

KEY FIGURES AND MASTER DATA ON THE BOND

			Dec. 31, 2013	**Dec. 31, 2014**
Bond price	%		111.864	114.443
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

A.06 KEY FIGURES AND MASTER DATA ON THE BOND

GENERAL SHAREHOLDERS' MEETING

The 2014 Annual General Shareholders' Meeting of Brenntag AG was held in Düsseldorf on June 17. Based on the Board of Management's report on the development of the company in the 2013 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. 47.99% of the share capital of 51,500,000 shares (before the stock split) was represented.

At the Annual General Shareholders' Meeting, a 1:3 stock split was resolved and implemented during the third quarter of 2014. Each shareholder received, without additional payment, two additional shares per each share held. Arithmetically, the price per share has been divided by three but the capital invested remains the same.

The Annual General Shareholders' Meeting approved the distribution of a dividend of EUR 2.60 (previous year: EUR 2.40) per share (before the stock split). The payout ratio was 39.5% of the profit after tax attributable to shareholders of Brenntag AG for 2013.

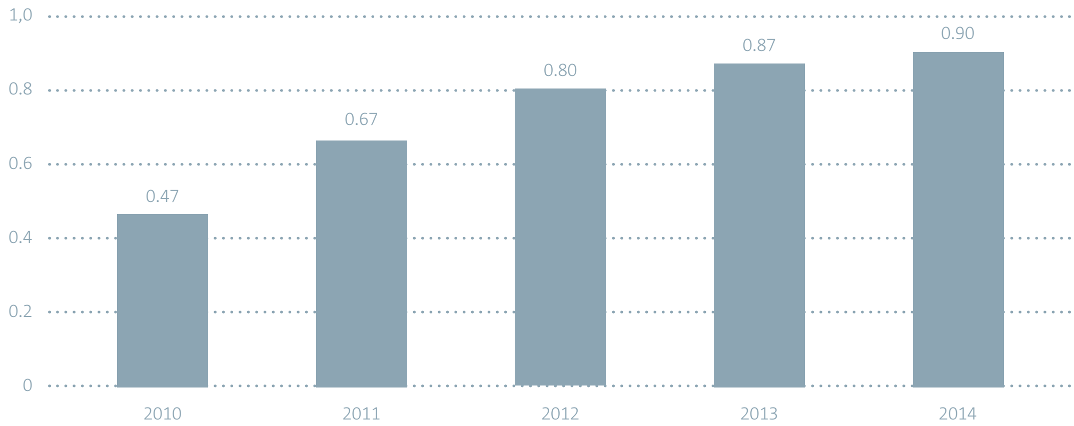
EUR **0.90**
dividend proposal

ATTRACTIVE DIVIDEND PROPOSAL FOR 2014

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 0.90 per share will 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 41%. With this payout ratio we would like our shareholders to directly participate in the positive cash flow development of the company.

Investors strongly participate in our business success:

DIVIDEND PAYMENTS



A.07 DIVIDEND PAYMENTS

[1] As part of a stock split, the number of shares was increased in the third quarter of 2014 from 51.1 million to 154.5 million. The number of shares and the share prices have been retroactively adjusted to the stock split.

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

In 2014, Brenntag has once again operated successfully in challenging global markets, and we can look back positively on the past financial year.

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 in the composition of the Board of Management in the financial year 2014.

In November 2014, the Supervisory Board passed a resolution via circulation extending the appointment of the member of the Board of Management, William Fidler, by six months from January 1, 2015 until June 30, 2015. In addition, on January 5, 2015 the Supervisory Board approved the extension of the contract of Brenntag's current CEO, Steven Holland, for a period of five years until February 29, 2020, thereby making a clear commitment to continuity.

COOPERATION BETWEEN THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

In the financial year 2014, the Supervisory Board of Brenntag AG performed the duties assigned to it by law, by the company's Articles of Association and by its rules of procedure with great diligence. The members of the Supervisory Board have regularly 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 timely and comprehensive information (in both written and oral form) regarding the course of business, earnings, company planning, strategic further development and the Group's current situation. The Supervisory Board was also kept informed at all times of Brenntag AG's risk situation, including risk management, deviation from the budgeted figures and compliance. Furthermore, the Chairman of the Supervisory Board and the Chairman of the Board of Management maintained a regular dialogue. The Supervisory Board was therefore able to advise the Board of Management on the company's strategic orientation as well as on business transactions of key importance, and to approve these. The Corporate Governance Report includes further information on the duties of the Supervisory Board.

We approved resolutions proposed by the Board of Management after examining and discussing them extensively. Please refer to the following chapter "Topics addressed in the Supervisory Board meetings" for details.

The Supervisory Board came together for four ordinary and two extraordinary meetings in the year under review. All of the members of the Supervisory Board attended each of the ordinary meetings. Two Supervisory Board members were excused from attending one of the extraordinary meetings, while another member was excused from attending the other extraordinary meeting. No members of the Supervisory Board failed to attend more than one of the extraordinary meetings.

TOPICS ADDRESSED IN THE SUPERVISORY BOARD MEETINGS

On February 17, 2014 the Chairman of the Supervisory Board called a telephone conference to discuss the use of the unappropriated profit and the dividend proposal for the financial year 2013. The plan to propose a dividend of EUR 2.60 per share to the General Shareholders' Meeting to be held on June 17, 2014 was discussed. In addition, the Supervisory Board agreed to the Board of Management's proposal to adjust and extend the existing syndicated loan, with a new term until March 2019.

The meeting held on March 17, 2014 focused on the 2013 consolidated financial statements of Brenntag AG. Following detailed explanations from the Board of Management and the appointed auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf (PwC), and after careful discussion, the Supervisory Board approved Brenntag AG's consolidated financial statements – which had been prepared by the Board of Management and audited by PwC, which issued an unqualified audit certificate – along with its combined Group management report and management report for the financial year 2013 as well as the annual financial statements of Brenntag AG, and thereby adopted the annual financial statements. At this meeting, the Board of Management also reported on the course of business in the first few months of the 2014 financial year and discussed its expectations for the remainder of the year. In particular, the Supervisory Board requested information regarding developments in Latin America, Thailand and France. The current and planned acquisition projects and a status report on the integration of the companies acquired in the 2013 financial year were further issues discussed at these meetings. The changes to authorized and conditional capital planned for 2014 and the stock split were important capital market related topics for discussion. This meant that corresponding changes to the Articles of Association of Brenntag AG were necessary, which were put forward to the General Shareholders' Meeting for approval. The Board of Management provided detailed guidance on these issues. Finally, the members of the Supervisory Board also discussed the company's long-term personnel planning as well as various compliance issues at this meeting.

On May 26, 2014 an extraordinary meeting was held by telephone conference. This was due to the planned acquisition of Philchem, Inc., headquartered in Houston, Texas. Following a detailed explanation of the strategic objectives of this acquisition and of the firm's business model, the Supervisory Board agreed to the transaction.

The next ordinary meeting was held on June 17, following the 2014 General Shareholders' Meeting. The executives (CEOs, COOs) from Brenntag's North America, Latin America, EMEA and Asia Pacific regions were invited to attend. They explained the current business situation, their expectations for the remainder of the year as well as the respective market and operating environments. They also reported to the Supervisory Board on strategic and organizational projects and changes in their various regions. The Board of Management also provided information on the current economic situation of the Group as a whole as well as on strategic planning in connection with the "2020 Vision" and the associated growth initiatives. Other items on the agenda included reports on activities in the areas of Investor Relations, Mergers & Acquisitions and Health, Safety and Environment. The Supervisory Board was also notified of the possible relocation of the Group's headquarters from Mülheim an der Ruhr to Essen.

In an extraordinary meeting held as a telephone conference on August 27, 2014 the members of the Supervisory Board discussed Brenntag Ingredients (India) Private Ltd.'s planned acquisition of the specialty chemicals business of Pioma Chemicals Pvt. Ltd., a leading distributor of specialty excipients and functional ingredients in India. Following an in-depth discussion with the Board of Management, the Supervisory Board approved the acquisition.

At the meeting held on September 10, 2014 the Board of Management provided a detailed report on the business situation and the development of the business for the Group as a whole and for its four regions. The company's overall strategy, its growth perspectives and suitable structural measures were once again discussed in this context. The meeting also discussed the planned acquisition of the Italian company CHIMAB S.p.A., which trades in food ingredients and intermediate products. The Supervisory Board approved this transaction at this meeting. Current and planned projects in the area of Mergers & Acquisitions were also covered, as were measures for improved efficiency in the planning and management of future M&A projects.

In the last meeting of the reporting period on December 15, 2014, the members of the Supervisory Board discussed the projected results for the financial year 2014, the budget planning for 2015 and the mid-term strategy of the Brenntag Group. The Board of Management informed the members of the Supervisory Board about Brenntag's HR development in connection with the appointment of a Global Human Resources Director as at April 1, 2015, about current and planned acquisition projects as well as Investor Relations and Compliance topics. The Supervisory Board approved the acquisition of the Swedish distributor Fred Holmberg & Co AB. After thorough examination and consultation, the Supervisory Board decided to submit the unconditional 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 COMMITTEES' ACTIVITIES

In the financial year 2014, the Supervisory Board of Brenntag AG continued to have two committees: the Audit Committee and the Presiding and Nomination Committee. The Chairmen 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. The Audit Committee dealt in particular with the following core topics in these meetings: the audit of the 2013 consolidated financial statements as well as the 2013 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, as well as issues of liability in relationships with suppliers. Further subjects were the work of the auditors, the recommendation for the election of the auditor for 2014 as well as the respective quarterly results. Also discussed was the stock split in the 2014 financial year, new regulatory requirements for financial derivatives (EMIR) as well as issues regarding the IT landscape.

The Presiding and Nomination Committee with members Stefan Zuschke (Chairman), Dr Thomas Ludwig and Dr Andreas Rittstieg met twice in the period under review. On May 5, 2014, they discussed medium- and long-term succession planning. In continuation of the meeting on May 5, 2014, the committee met several times to discuss the extension of Steven Holland's and William Fidler's service agreements. On November 18, 2014, following closing discussions, the corresponding resolutions were prepared.

GERMAN CORPORATE GOVERNANCE CODE

The Supervisory Board of Brenntag AG regularly discusses a wide variety of corporate governance requirements and principles and their implementation within the company. In line with the requirements of the German Corporate Governance Code, the Supervisory Board informs the General Shareholders' Meeting 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.

The Supervisory Board and the Board of Management jointly submitted a new declaration of conformity on December 15, 2014. Brenntag AG thereby complies and plans to continue to comply with the recommendations of the Government Commission "German Corporate Governance Code" in the version dated June 24, 2014, announced by the Federal Ministry of Justice in the official section of the electronic version of the Federal Gazette (Bundesanzeiger), with the exception of the recommendation in number 4.2.3, para. 3 of the Code. 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, one member of the Board of Management still has 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 13, 2013 since its last declaration of conformity dated December 18, 2013. Details on corporate governance in the company can be found in the Corporate Governance Report.

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, 2014, 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 of Brenntag AG and the consolidated financial statements.

The annual financial statements of Brenntag AG, the consolidated financial statements and the combined Group management report and management report of Brenntag AG 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 6, 2015, and the Supervisory Board meeting on the financial statements on March 16, 2015. 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 16, 2015, 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 16, 2015. We concur with the Board of Management's proposal to use the unappropriated profit to pay a dividend of EUR 0.90 for each share entitled to a dividend.

The Supervisory Board would like to thank the Brenntag Board of Management and all employees for their dedicated work in the 2014 financial year.

On behalf of the Supervisory Board

Stefan Zuschke
Chairman
Mülheim an der Ruhr, March 2015

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 June 24, 2014 (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 15, 2014, 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 in the chapter "Corporate Governance Statement" 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.

In the year under review, the Government Commission "German Corporate Governance Code" only resolved minor adjustments to its guidance on the use of model tables for the calculation of the Board of Management's remuneration and otherwise did not make any changes to the content of the Code. The amended version was published in the Federal Gazette (Bundesanzeiger) on September 30, 2014.

Since its last declaration of conformity in December 2013, Brenntag AG has continued to comply, with one exception, with the recommendations of the Code in the version dated May 13, 2013 and, since June 2014, 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

The Board of Management of Brenntag AG is composed of three members. Steven 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. Since the terms of office of all of the members of the Supervisory Board will expire as at the end of the General Shareholders' Meeting, which resolves on the formal discharge of the members of the Supervisory Board for the financial year 2014, new elections for the Supervisory Board will be held at this General Shareholders' Meeting.

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 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. Stephen Clark has been working for Brenntag since 1981; from 2006 to 2011 as the Chairman of Brenntag's Board of Management and, from its IPO in 2010, as Chief Executive Officer of Brenntag AG. Stefan Zuschke and Doreen Nowotne have 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. Dr Thomas Ludwig also has many years of experience in the industry. Dr Andreas Rittstieg has recognised expertise in the fields of Mergers & Acquisition, company law and compliance. 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 functions. In line with the Supervisory Board's objectives, as at December 31, 2014 only two members of the Supervisory Board hold office 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, 2014, 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.

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 2014. 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 of 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 in the chapter “Members of the Supervisory Board”. 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), any persons working in a management capacity for an issuer of securities 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 2014 financial year, eight 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 already indicated above, no significant changes were made to the Code in the year under review. However, one amendment made in 2013 did affect compliance with the Code in the current year: according to number 4.2.5 para. 3, the remuneration report for financial years starting after December 31, 2013 should include certain disclosures for each member of the Board of Management, as indicated in the model tables included in the annex to the Code. These tables have been completed accordingly for each member of the Board of Management of Brenntag AG and may be found in the chapter “Remuneration Report” in the combined management report.

PRECAUTIONARY DECLARATION REGARDING A DEVIATION FROM THE GERMAN CORPORATE GOVERNANCE CODE

According to number 4.2.3, para. 3 of the Code, 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. As in the 2013 declaration of conformity, a deviation from this recommendation was declared for precautionary reasons in the current declaration of conformity, 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.

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 chapter "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 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 in the chapter "Audit Committee".

Details on the internal Control and Risk Management in chapter "Report on Opportunities and Risks"

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 in the chapter "Description of the Internal Control / Risk Management system" in the combined management report.

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 important. 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 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 General Shareholders' Meeting and the financial calendar. The financial calendar is also published at the end of this Annual Report.

SHAREHOLDERS AND GENERAL SHAREHOLDERS' MEETING

As provided for by law and 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 2014 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 2015 ordinary 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 2015 ordinary 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 ordinary 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

The consolidated financial statements of Brenntag AG are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The financial statements of Brenntag AG, on which the dividend payment is based, are drawn up in accordance with the German Commercial Code and the German Stock Corporation Act. For the 2014 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 15, 2014, 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 June 24, 2014, announced by the Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) 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 in this respect.

Furthermore, the Board of Management and the Supervisory Board hereby declare that Brenntag AG has complied, with the one exception indicated above, with the recommendations of the Government Commission 'German Corporate Governance Code' in the version dated May 13, 2013 since its last declaration of conformity dated December 18, 2013."

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.

Our fundamental company values, ethical principles, compliance with laws, rules and regulations as well as the relevant guidelines and procedures which are of key significance for the company and for Brenntag's public reputation are summarized in a "Code of Business Conduct and Ethics".

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 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 receive, 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 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 and applicable legislation. 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

The Board of Management of Brenntag AG is made up of three members. Steven Holland serves as Chairman of the Board of Management.

The areas of responsibility of the individual Board members are assigned as follows:

STEVEN HOLLAND, CHIEF EXECUTIVE OFFICER
Europe region, Asia Pacific region, Corporate Communications, Corporate Development, Corporate Health, Safety & Environment, Corporate Human Resources, Corporate Internal Audit, Corporate M&A

**GEORG MÜLLER,
CHIEF FINANCIAL OFFICER**
Corporate Controlling, Corporate Finance & Investor Relation, Corporate Accounting, Corporate IT, Corporate Legal, Corporate Risk Management, Corporate Tax, Brenntag International Chemicals

**WILLIAM FIDLER,
MEMBER OF THE BOARD OF MANAGEMENT**
North America region, Latin America region, Global Key Accounts, Global Sourcing

BOARD OF MANAGEMENT

The Board of Management is responsible for managing the company and aims 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 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 resolution passed by the entire Board of Management or by individual members of the Board of Management 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 chapter "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 certain thresholds.

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 next elections to the Supervisory Board will be held at the 2015 ordinary General Shareholders' Meeting.

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 chapter “Remuneration report” in 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, namely 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 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 grants 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. At the present time, 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,
London / United Kingdom
Chief Executive Officer

- BRENNTAG GmbH (Chairman of the Supervisory Board, until January 31, 2014)
- 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)

Georg Müller,
Essen / Germany
Chief Financial Officer

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

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, Managing Director BC Partners Beteiligungsberatung GmbH
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 Acqusition S.C.A. (Chairman of the Supervisory Board)
- OME Investment Acquisition S.C.A. (Chairman of the Supervisory 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 Lindsay Goldberg Vogel GmbH
Deputy Chairman of the Supervisory Board

- Bandstahl Schulte & Co. GmbH (Chairman of the Advisory Board)
- Grünenthal GmbH (Member of the Advisory Board)
- 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, Pennsylvania / USA, former Chief Executive Officer of Brenntag AG
Member of the Supervisory Board

- None

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

- Galerie Beyeler AG (Member of the Board of Directors)
- Nobel Biocare Holding AG (Member of the Board of Directors until December 11, 2014)
- Orior AG (Member of the Board of Directors)
- Bank La Roche & Co. AG (Member of the Board of Directors since April 1, 2014)

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

- None

Dr Andreas Rittstieg,
Hamburg / Germany, Member of the Board of Management Legal and Compliance
Hubert Burda Media Holding Kommanditgesellschaft
Member of the Supervisory Board

- Berenberg Bank (Member of the Administrative Board until April 28, 2014)
- Hapag-Lloyd AG (Member of the Supervisory Board until December 2, 2014)
- Huesker Holding GmbH (Member of the Advisory Board)
- Kühne Holding AG (Member of the Administrative Board)
- Tomorrow Focus AG (Member of the Supervisory Board)

B

COMBINED GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT OF BRENNTAG AG

for the Financial Year from January 1 to December 31, 2014

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.

Connecting chemical manufacturers (our suppliers) and chemical users (our customers), Brenntag provides complete distribution solutions rather than just chemical products. Brenntag purchases large-scale quantities of industrial and specialty chemicals from various suppliers, enabling the company to achieve economies of scale and offer a full-line range of chemical products and value-added services to around 170,000 customers. Brenntag is the strategic partner and service provider for manufacturers of industrial and specialty chemicals at the one end and chemical users at the other end of the value chain. Brenntag's role in the value chain is also expressed in the brand identity "ConnectingChemistry", which was introduced in 2014.

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 geographically 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, re-packaging, 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 leadership not just by business volume but also associate it with our philosophy of continually improving the safety standards at our sites. As a responsible service provider, we continually strive to achieve further improvements in the overall safety performance in the Group.

Further information in chapter "Brenntag's HSE strategy"

GROUP STRUCTURE

As the ultimate 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, 2014 include Brenntag AG, 26 domestic (Dec. 31, 2013: 26) and 179 foreign (Dec. 31, 2013: 181) fully consolidated subsidiaries and structured entities. Five associates (Dec. 31, 2013: five) have been accounted for at equity.

SEGMENTS AND LOCATIONS

The Brenntag Group is managed by the geographically structured segments Europe, North America, Latin America and Asia Pacific. Furthermore, all other segments cover the central functions for the entire Group and the operations of Brenntag International Chemicals, which buys and sells chemicals in bulk on an international scale without regional boundaries.

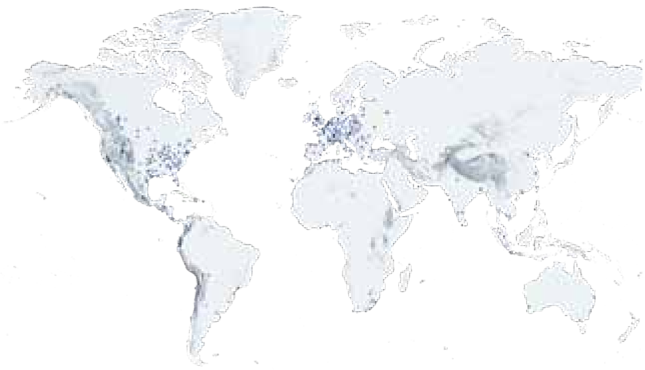
The following graphic gives an overview of the global network and the locations of the Brenntag Group:

NORTH AMERICA

		2014
External sales	EUR m	3,332.0
Operating gross profit	EUR m	802.2
Operating EBITDA	EUR m	323.6
Employees [1]		4,095

EUROPE

		2014
External sales	EUR m	4,624.7
Operating gross profit	EUR m	972.0
Operating EBITDA	EUR m	335.9
Employees [1]		6,309



LATIN AMERICA

		2014
External sales	EUR m	864.0
Operating gross profit	EUR m	169.5
Operating EBITDA	EUR m	46.8
Employees [1]		1,451

ASIA PACIFIC

		2014
External sales	EUR m	748.2
Operating gross profit	EUR m	120.7
Operating EBITDA	EUR m	41.2
Employees [1]		1,650

B.01 GLOBAL NETWORK OF THE BRENNTAG GROUP

Figures exclude all other segments, which, in addition to various holding companies, comprise the international activities of Brenntag International Chemicals.
[1] The number of employees is calculated as the number of employees on the basis of full-time equivalents at the reporting date.

VISION, OBJECTIVES AND STRATEGIES

2020 VISION

Our “2020 Vision” serves as a common guideline, which illustrates how we will position ourselves in the chemical distribution market in the long term in order to continue our successful development. It covers the following points:

- We are the safest chemical distributor, striving for zero accidents and incidents.
- Throughout the world, we connect chemistry by providing the most effective industry channel for our customers and suppliers.
- We are the global leader in all our chosen markets and industries, offering the most professional sales & marketing organization in the industry, ensuring consistently high standards every day, everywhere.
- We strive to provide a working environment where the best people want to work.
- We aim to generate sustainable and high returns for our shareholders and all other stakeholders.

BRANDING

Introduction of new branding “Connecting-Chemistry”

Our vision is supported by our new branding “ConnectingChemistry”, which represents the purpose of our company and thereby our commitments to our partners:

- **Success:** We support our partners in developing and growing their businesses, and enable them to expand their market reach. Equally, we are committed to creating value for our shareholders and continuously developing our employees throughout all stages of their careers.
- **Expertise:** We provide our partners with in-depth product, application and industry expertise, and sophisticated market intelligence. We set ourselves apart, drawing on our extensive product and service portfolio as well as our comprehensive industry coverage on a global level and our ability to devise creative, tailor-made solutions.
- **Customer orientation & service excellence:** We offer powerful channels to market and provide the best customer service in the industry. Only when our partners are fully satisfied do we consider our service to be delivered.

OBJECTIVES AND STRATEGIES

With our “2020 Vision”, we at Brenntag will continue to pursue our goal 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.

To achieve our goals we have set clear strategic priorities.

ORGANIC GROWTH AND ACQUISITIONS

Extending our market leadership

We strive to extend our market leadership by steadily enhancing our product and service offering capabilities in line with the requirements of our regional markets. In doing so, we benefit from leveraging our extensive global activities and key strengths. Our proactive sales activities focus on providing customers with 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. 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

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.

STRATEGIC INITIATIVES

Supporting the strategy through global and regional initiatives

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

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

We are continually improving our commercial excellence in order to offer our business partners the best service in the industry. We see this as the continued optimization of procurement, sales and marketing effectiveness and efficiency. In particular, we are 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 supply chain and commercial activities.

As part of our regional growth strategies, we seek to effectively leverage our capabilities in rapidly growing and therefore particularly attractive industries such as water treatment, personal care, pharmaceuticals, food & beverages as well as adhesives, coatings, elastomers and sealants. In the oil & gas segment, we are increasingly exploiting our global expertise and position in order to promote growth. Further initiatives focus on growing the customer-specific mixing and blending business by providing value-added services.

Besides our growth initiatives, we continue to improve our operational excellence. This means, in particular, that we continue to optimize our network, to adopt best practice solutions throughout the Brenntag Group and to optimize our warehouse and transport logistics on a regional and global level.

Through our global human resources initiative, we aim to recruit highly-qualified employees, to provide for their continued development, to offer them an ongoing attractive working environment, and to establish long-term succession planning. We believe that the high quality of our employees creates a sustainable competitive advantage.

SUSTAINABILITY

At Brenntag, sustainability has always been essential to the way we operate. We believe that the business practices we follow must also benefit the needs of future generations. It is important to operate safely, act as a responsible corporate citizen, minimize our impact on the environment and ensure our long-term financial viability. We remain committed to the principles of responsible care and responsible distribution. For more information on our HSE strategy, please refer to the chapter "Health, Safety and Environmental Protection, Quality Management".

COMPANY VALUES

The manner in which we operate is a further crucial factor in the successful implementation of our strategy. Our Group-wide defined values describe our standards for business practices with our partners, our communities and also with one another:

- **Safety First:** We adhere to the highest safety standards and strive for zero accidents and incidents worldwide.
- **Leadership & Accountability:** Employees at every level are encouraged to be leaders in their respective roles and are held accountable for their decisions and actions.
- **Employee Involvement & Ownership:** Our employees demonstrate high levels of commitment and take ownership of their work. We encourage entrepreneurial thinking, team effort, an open dialogue and innovative ideas.
- **Commitment to Excellence:** We are committed to excellence and continuous improvement in every aspect of our business and we support our partners to the best of our abilities.
- **Integrity & Responsibility:** We commit our business to maintaining the highest ethical standards in everything we do, demonstrating integrity and responsibility throughout our organization.
- **Value Creation for Partners:** We strive to be the chemical industry's preferred channel partner by creating the highest possible value for our customers and suppliers.

FINANCIAL MANAGEMENT SYSTEM

Our goal 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 strict requirements for 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 at Group or regional level, 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 of 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 key component of cash flow. Our aim is to continually grow operating EBITDA throughout the business cycle. The segments are also primarily controlled on the basis of operating EBITDA, which is the operating profit 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 of 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). This is defined as:

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

Average property, plant and equipment for a particular year is defined 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 for a particular year is defined 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 also set strategic objectives as well as financial 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.

For the purposes of Group accounting, 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, earnings or other metrics.

REPORT ON ECONOMIC POSITION

ECONOMIC ENVIRONMENT

Overall, the global economy in 2014 followed a course of moderate recovery, with growth of approximately 3.3% in gross domestic product (GDP). At the end of the year, growth weakened slightly, which was also reflected in the Global Manufacturing Purchasing Managers' Index, which remained above the neutral mark of 50 at a level of 51.6 in December 2014, but this was the weakest figure in the past fifteen months. Overall, global industrial production in 2014 grew by some 3.2% in a year-on-year comparison.

Following a positive start to 2014, the economic development in Europe weakened again over the course of the year. Overall industrial production in 2014 grew only slightly, by approximately 1.1%.

Industrial production in the USA saw considerable overall growth of around 4.3% in 2014, following a somewhat modest start due to challenging weather conditions at the beginning of the year.

Overall economic development in Latin America remained weak in 2014. In Latin America as a whole, industrial production declined by approximately 0.5% in 2014. Argentina, Brazil and Venezuela in particular contributed to this weak performance.

The Asia-Pacific economies, particularly China, again reported significant growth. But growth varied between the different countries and regions. Thailand, especially, only showed poor development with around 0.5% GDP growth in 2014. In comparison to the Asia-Pacific region, Australia also showed only limited development, with some 2.8% GDP growth. Overall and in comparison to the rest of the world, the Asia-Pacific region still showed strong development with around 5.9% growth in industrial production in 2014.

BUSINESS PERFORMANCE

MAJOR EVENTS IMPACTING ON BUSINESS IN 2014

Successful extension of the syndicated loan until 2019 with improvement in interest margins

In March 2014, Brenntag extended the term of its existing syndicated loan ahead of schedule and secured further improvements. The loan agreement with an original term until July 2016 has been extended and now matures in March 2019. At the same time, the interest margins were reduced significantly and the revolving credit facility increased by EUR 100.0 million. Brenntag has thereby placed its financing on a very comfortable long-term footing, and has achieved a meaningful improvement in its interest result while expanding its financial flexibility. Please refer to the chapter "Financial Position" for details.

In early April 2014, the acquisition of Gafor Distribuidora S.A., a Latin American distributor of specialty solvents headquartered in São Paulo, Brazil, was completed. Through this acquisition, Brenntag is expanding its market presence in Brazil as the most important chemical distribution market in

Successful acquisitions in 2014

Latin America and achieving critical mass together with its existing operation in the country. For the 2014 financial year, Gafor generated total sales of EUR 48.8 million.

In early June 2014, Brenntag acquired Philchem, Inc., based in Houston, Texas. The company is specialized in managing individual supply and demand imbalances in selected product groups. Philchem utilizes long-term relationships with key suppliers and has excellent logistics expertise. In the 2014 financial year, Philchem generated sales of EUR 113.2 million.

In June 2014, the international accounts receivable securitization programme was extended for a further year until June 2015. The structure of the programme was retained without any major adjustments so that the maximum credit facility of EUR 220.0 million remains available. The interest margins were, however, significantly reduced as part of the transaction.

Brenntag performed a 1:3 stock split during the third quarter of 2014. Each shareholder received, without additional payment, two additional shares per each share held. After the General Shareholders' Meeting resolved the capital increase from company funds through the issue of new shares in June 2014, the registered share capital of the company is now EUR 154.5 million. It is divided into an equally high number of registered no-par-value shares following the split.

In October 2014, Brenntag acquired CHIMAB S.p.A., which is headquartered in Campodarsego near Padua, Italy. The company supplies food manufacturers with semi-finished products and food ingredients. This acquisition will enable us to increase our market penetration and to further grow our food business in Italy in order to become the market leader in the meat, bakery and ice cream segments. In the 2014 financial year, CHIMAB generated sales of EUR 33.7 million.

In December 2014, Brenntag acquired SURTIQUIMICOS S.A., a distributor of specialty chemicals headquartered in Bogotá, Colombia. The company primarily supplies customers in the food, textile and construction industries. This acquisition is in line with our strategy of even deeper market penetration for specialty chemicals in Latin America. In the 2014 financial year, SURTIQUIMICOS generated sales of EUR 10.5 million. As at December 31, 2014, the Brenntag consolidated financial statements do not yet include any income and expenses but only the assets and liabilities of the company.

STATEMENT BY THE BOARD OF MANAGEMENT ON BUSINESS PERFORMANCE

Reported all-time highs in gross profit and operating EBITDA despite moderate economic development

In an environment characterized by only moderate recovery, in the 2014 financial year the Brenntag Group was able to exceed the previous year's figures for operating gross profit and operating EBITDA and recorded all-time highs for both key figures. The first-time inclusion of the acquired companies, in particular Gafor Distribuidora S.A., São Paulo, Brazil (since April 2014) and Philchem, Inc., Houston, Texas, USA (since June 2014), also made a contribution to this positive development.

In 2014, all of the Group's regions contributed to the – given the general economic situation – favourable development of operating gross profit compared to the previous year. The picture differed in relation to operating EBITDA. In our largest segment Europe as well as in Latin America, we were able to transfer the increase in operating gross profit into growth in operating EBITDA. Europe, in particular, benefited from strict cost management. North America's operating EBITDA totalled about the prior year's level. Operating gross profit benefited in particular from the expansion of the oil & gas business. However, operating expenses increased, due, among others, to adverse weather conditions in the first quarter 2014. In the Asia Pacific segment, the increase in operating expenses exceeded the growth in operating gross profit as a result of the measures to expand capacity. Accordingly, we recorded a decline in operating EBITDA in the 2014 financial year.

All regions contributed to the positive development

Average working capital rose compared to the level in 2013, which was mainly due to sales growth. Annualized working capital turnover decreased in this period.

Investment in property, plant and equipment in the 2014 financial year increased moderately compared to the previous year. We continue to make appropriate investment in our existing infrastructure as well as in growth projects.

The above-mentioned development of operating EBITDA, working capital and investments resulted in a free cash flow which was again at a high level.

While growth is still below our historical growth rates, the performance of the business shows clear signs of continuous improvements as a result of the various initiatives undertaken. Operating EBITDA marked a new all-time high in 2014. The results are satisfactory, particularly in view of economic conditions that are still weak.

RESULTS OF OPERATIONS

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

			Change		
in EUR m	**2014**	2013 [1]	abs.	in %	in % (fx adj.) [2]
Sales	10,015.6	9,769.5	246.1	2.5	3.2
Operating gross profit	2,078.2	1,992.3	85.9	4.3	4.9
Operating expenses	−1,351.5	−1,294.0	−57.5	4.4	5.2
Operating EBITDA	**726.7**	**698.3**	**28.4**	**4.1**	**4.3**
Transaction costs/holding charges	0.2	−1.5	1.7	–	–
EBITDA (incl. transaction costs/ holding charges)	**726.9**	**696.8**	**30.1**	**4.3**	**4.6**
Depreciation of property, plant and equipment	−99.4	−101.2	1.8	−1.8	−1.9
EBITA	627.5	595.6	31.9	5.4	5.7
Amortization of intangible assets	−35.9	−39.7	3.8	−9.6	−8.7
Financial result	−83.8	−60.7	−23.1	38.1	–
Profit before tax	507.8	495.2	12.6	2.5	–
Income taxes	−168.1	−156.3	−11.8	7.5	–
Profit after tax	339.7	338.9	0.8	–	–

B.02 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

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

In a difficult economic environment characterized by only moderate recovery, the Brenntag Group and its segments developed largely in line with our forecast in terms of the key performance indicators operating gross profit and operating EBITDA as laid out in last year's report. In the following, we only provide comments where developments differed from our forecast.

SALES AND VOLUMES

In the 2014 financial year, sales of the Brenntag Group totalled EUR 10,015.6 million, corresponding to growth of 2.5%, or 3.2% on a constant currency basis. This increase is the result of higher volumes. Alongside organic business growth, this is also attributable to the Group's acquisitions, particularly Gafor Distribuidora S.A. and Philchem, Inc.

EUR
10,015.6 m
Sales

OPERATING GROSS PROFIT

In the 2014 financial year, the Brenntag Group generated an operating gross profit of EUR 2,078.2 million. This represents an increase of 4.3%, or 4.9% on a constant currency basis, compared to 2013, which is attributable to both organic growth and growth from acquisitions. While the increase is considerable, it did not fully meet our forecast.

EUR
2,078.2 m
Operating gross profit

OPERATING EXPENSES

In the 2014 financial year, the Brenntag Group's operating expenses totalled EUR 1,351.5 million, rising by 4.4%, or 5.2% on a constant currency basis, compared to the previous year. Operating expenses in the second quarter of 2013 were impacted by the increase of a provision in the Europe segment of EUR 16.8 million. Adjusted for this effect, the Group's operating expenses in 2014 increased by 6.6% on a constant currency basis. The increase in the volume of business entailed higher costs for personnel, rent, maintenance and transport.

EBITDA

Overall, the Brenntag Group posted EBITDA of EUR 726.9 million for the 2014 financial year. This represents growth of 4.3%, or 4.6% on a constant currency basis. Adjusted for transaction costs and holding charges, operating EBITDA totalled EUR 726.7 million and therefore increased by 4.1% and by 4.3% on a constant currency basis. Earnings growth, adjusted for the above-mentioned increase in a provision in the Europe segment in the previous year, amounted to 1.9% on a constant currency basis and was not fully on the growth path forecast in the previous year for 2014. However, EBITDA exceeded the forecast published in August 2014.

EUR
726.9 m
EBITDA

DEPRECIATION, AMORTIZATION AND FINANCIAL RESULT

Depreciation of property, plant and equipment as well as amortization of intangible assets amounted to EUR 135.3 million in the 2014 financial year. Of this figure, EUR 99.4 million relates to depreciation of property, plant and equipment and EUR 35.9 million to amortization of intangible assets. Overall, depreciation and amortization decreased by EUR 5.6 million compared to 2013. This trend is partly due to lower amortization of customer relationships resulting from acquisitions.

The financial result amounted to EUR –83.8 million in 2014 (2013: EUR –60.7 million). This change mainly reflects the lower income from the remeasurement of the purchase price obligation for the remaining shares in Zhong Yung (second tranche), which amounted to EUR 6.1 million in the 2014 financial year, compared to income of EUR 26.8 million that was reported in the previous year. At EUR –73.4 million, the interest result, as a portion of the financial result, was at the same level as in the previous year (2013: EUR –73.8 million). Refinancing the syndicated loan facility in March 2014 had a positive effect (EUR 6.2 million) on the interest result. This effect was partly offset by increased local borrowing in countries with significantly higher interest rate levels.

The result in 2014 from the measurement of foreign currency receivables, foreign currency liabilities and foreign currency derivatives totalling EUR –16.9 million is virtually unchanged on the previous year (2013: EUR –15.5 million). This amount includes hedging costs as well as the result of foreign currency items which we were unable to hedge due to local regulations or which we intentionally either did not hedge or did not hedge completely. In 2014, the high level of volatility in exchange rates was a key factor in the result from foreign currency measurement. Moreover, as in previous years, our activities in Venezuela provided a negative contribution.

PROFIT BEFORE TAX

In 2014, the profit before tax amounted to EUR 507.8 million and was therefore slightly higher year on year (2013: EUR 495.2 million).

INCOME TAXES AND PROFIT AFTER TAX

Income taxes increased to EUR 168.1 million (2013: EUR 156.3 million).

The profit after tax in the 2014 financial year totalled EUR 339.7 million (2013: EUR 338.9 million).

RETURN ON NET ASSETS (RONA)

			Change	
in EUR m	**2014**	2013	abs.	in %
EBITA	627.5	595.6	31.9	5.4
Average property, plant and equipment	852.7	856.4	−3.7	−0.4
Average working capital	1,161.8	1,090.0	71.8	6.6
RONA	**31.1%**	**30.6%**	–	–

B.03 RETURN ON NET ASSETS (RONA)

In 2014, the Brenntag Group generated RONA of 31.1%, which is a favourable increase of 0.5 percentage points on the figure for 2013. We recorded an increase in average working capital. However, this was more than compensated by the slight fall in average property, plant and equipment and in particular by the positive development of EBITA.

BUSINESS PERFORMANCE IN THE SEGMENTS

2014 in EUR m	**Brenntag Group**	Europe	North America	Latin America	Asia Pacific	All other segments
External sales	10,015.6	4,624.7	3,332.0	864.0	748.2	446.7
Operating gross profit	2,078.2	972.0	802.2	169.5	120.7	13.8
Operating expenses	−1,351.5	−636.1	−478.6	−122.7	−79.5	−34.6
Operating EBITDA	**726.7**	**335.9**	**323.6**	**46.8**	**41.2**	**−20.8**

B.04 BUSINESS PERFORMANCE IN THE SEGMENTS

EUROPE

			Change		
in EUR m	**2014**	2013 [1]	abs.	in %	in % (fx adj.)
External sales	4,624.7	4,558.3	66.4	1.5	1.5
Operating gross profit	972.0	930.0	42.0	4.5	4.3
Operating expenses	−636.1	−632.6	−3.5	0.6	0.4
Operating EBITDA	**335.9**	**297.4**	**38.5**	**12.9**	**12.4**

B.05 BUSINESS PERFORMANCE IN THE SEGMENTS / EUROPE

[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.

EXTERNAL SALES AND VOLUMES

The Europe segment grew external sales to EUR 4,624.7 million in the 2014 financial year, recording an increase of 1.5%. On a constant currency basis, this represents an increase of 1.5% as well. It is a result of higher volumes.

OPERATING GROSS PROFIT

In 2014, the European companies grew operating gross profit year on year by 4.5% to EUR 972.0 million. Adjusted for exchange rate effects, that represents an increase of 4.3%. The positive development in operating gross profit is attributable to volume growth.

OPERATING EXPENSES

In the 2014 financial year, operating expenses in the Europe segment amounted to EUR 636.1 million, which represented a slight increase of 0.6%, or 0.4% on a constant currency basis, on the previous year. However, operating expenses in the second quarter of 2013 were impacted by a provision increase of EUR 16.8 million for anti-trust proceedings in France. Adjusted for this effect, operating expenses increased by 3.2% on a constant currency basis. Consistent cost management has helped to ensure that the increase in operating expenses has remained moderate despite higher volumes. We largely incurred increased expenses for personnel as well as volume-related costs.

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OPERATING EBITDA

In 2014, the European companies posted operating EBITDA of EUR 335.9 million, which represents earnings growth of 12.9%, or 12.4% on a constant currency basis, by comparison with the previous year. Adjusted for the aforementioned increase of EUR 16.8 million in a provision in France in the second quarter of 2013, operating EBITDA grew by 6.4% on a constant currency basis.

NORTH AMERICA

			Change		
in EUR m	**2014**	2013	abs.	in %	in % (fx adj.)
External sales	3,332.0	3,143.6	188.4	6.0	6.7
Operating gross profit	802.2	763.1	39.1	5.1	6.0
Operating expenses	−478.6	−437.4	−41.2	9.4	10.6
Operating EBITDA	**323.6**	**325.7**	**−2.1**	**−0.6**	**−0.2**

B.06 BUSINESS PERFORMANCE IN THE SEGMENTS / NORTH AMERICA

EXTERNAL SALES AND VOLUMES

External sales of the North American companies increased by 6.0% in 2014 to EUR 3,332.0 million (6.7% growth on a constant currency basis). This sales growth is attributable to increased volumes and was also supported by Philchem, Inc., which was consolidated for the first time in June 2014.

OPERATING GROSS PROFIT

The North America segment generated operating gross profit of EUR 802.2 million in 2014, an increase of 5.1% on the previous year. Adjusted for exchange rate effects, operating gross profit grew by 6.0%, which is a result of higher volumes. This meaningful increase is marginally short of our forecast. However, operating gross profit in this region developed favourably in the second half of the year and demonstrated a strong positive trend. This was mainly due to the expansion of the oil & gas business as well as the favourable development of our other focus industries.

OPERATING EXPENSES

Operating expenses in the North America segment totalled EUR 478.6 million in 2014, increasing year on year by 9.4% and by 10.6% on a constant currency basis. Besides a temporary increase in costs due to adverse weather conditions in the first quarter and a strong rise in freight rates, this also reflects increased volumes which entailed higher transport, rent, maintenance and personnel costs. We implemented measures to control expenses during 2014 and we have already seen a positive trend, especially in transport and maintenance costs. The expansion of the oil & gas business also led to increased costs.

OPERATING EBITDA

The North American organization posted operating EBITDA of EUR 323.6 million in 2014. This represents a slight decline of 0.6%, or 0.2% on a constant currency basis, on the previous year, while an increase was forecast. While operating gross profit developed favourably, the increase in operating expenses was greater than forecast. This is mainly due to the higher costs in the first quarter of 2014 as a result of adverse weather conditions. We were therefore unable to achieve our forecast for operating EBITDA.

LATIN AMERICA

in EUR m	2014	2013	Change abs.	Change in %	Change in % (fx adj.)
External sales	864.0	849.2	14.8	1.7	4.5
Operating gross profit	169.5	163.6	5.9	3.6	6.1
Operating expenses	−122.7	−116.6	−6.1	5.2	7.3
Operating EBITDA	**46.8**	**47.0**	**−0.2**	**−0.4**	**2.9**

B.07 BUSINESS PERFORMANCE IN THE SEGMENTS / LATIN AMERICA

EXTERNAL SALES AND VOLUMES

The Latin America segment generated external sales of EUR 864.0 million in the 2014 financial year. This represents year-on-year growth of 1.7%, or 4.5% on a constant currency basis.

OPERATING GROSS PROFIT

In the 2014 financial year, the operating gross profit generated by the Latin American companies increased by 3.6% to EUR 169.5 million. After adjustment for exchange rate effects, their operating gross profit rose meaningfully by 6.1%, mainly due to the acquisition of Gafor Distribuidora S.A., but growth was still slightly short of the forecast. The growth reflects increased volumes.

OPERATING EXPENSES

In the 2014 financial year, operating expenses in the Latin America segment totalled EUR 122.7 million, rising by 5.2% (7.3% on a constant currency basis) by comparison with the previous year. This increase is largely due to higher transport costs as well as costs in connection with the integration of Gafor Distribuidora S.A.

OPERATING EBITDA

The Latin American organization posted operating EBITDA of EUR 46.8 million in 2014. Earnings decreased by 0.4% mainly due to the unfavourable development of exchange rates. On a constant currency basis, we recorded earnings growth of 2.9%, which also covers the first-time inclusion of Gafor Distribuidora S.A. This growth was, however, below the forecast and is mainly attributable to the development of volumes, which fell short of expectations due to the difficult economic situation in the region as a whole. In the second half of the year, however, the results of operations showed a positive sequential trend in Venezuela and Brazil.

ASIA PACIFIC

in EUR m	2014	2013	Change abs.	Change in %	Change in % (fx adj.)
External sales	748.2	738.0	10.2	1.4	3.6
Operating gross profit	120.7	121.7	−1.0	−0.8	1.9
Operating expenses	−79.5	−74.2	−5.3	7.1	11.8
Operating EBITDA	**41.2**	**47.5**	**−6.3**	**−13.3**	**−13.1**

B.08 BUSINESS PERFORMANCE IN THE SEGMENTS / ASIA PACIFIC

EXTERNAL SALES AND VOLUMES

In the 2014 financial year, the Asia Pacific segment generated external sales of EUR 748.2 million. This represents sales growth of 1.4%, or 3.6% on a constant currency basis, and is attributable to increased volumes.

OPERATING GROSS PROFIT

In the 2014 financial year, the operating gross profit of the companies in the Asia Pacific segment amounted to EUR 120.7 million, a decline of 0.8%. However, on a constant currency basis, growth in operating gross profit of 1.9% was achieved thanks to increased volumes, although this fell short of the forecast. This mainly reflects the fact that the anticipated growth failed to materialise due to the political situation in Thailand and the economic situation in Australia.

OPERATING EXPENSES

In 2014, operating expenses in the Asia Pacific segment increased by 7.1% on the previous year (11.8% on a constant currency basis) to EUR 79.5 million. This increase was mainly the result of higher transport costs as well as costs associated with the expansion of our capabilities in order to be better equipped for future growth in this region.

OPERATING EBITDA

Overall, the operating EBITDA of the companies in the Asia Pacific segment amounted to EUR 41.2 million in the 2014 financial year. This represents a decline of 13.3%, or 13.1% on a constant currency basis, on the 2013 financial year, and has thereby fallen short of forecast. This is mainly attributable to the political situation in Thailand and to the economic situation in Australia, but is also a result of expenditure in connection with the above-mentioned expansion of our capabilities. In the fourth quarter of 2014, however, the overall trend for the region was positive.

ALL OTHER SEGMENTS

			Change		
in EUR m	**2014**	2013	abs.	in %	in % (fx adj.)
External sales	446.7	480.4	−33.7	−7.0	−7.0
Operating gross profit	13.8	13.9	−0.1	−0.7	−0.7
Operating expenses	−34.6	−33.2	−1.4	4.2	4.2
Operating EBITDA	**−20.8**	**−19.3**	**−1.5**	**7.8**	**7.8**

B.09 BUSINESS PERFORMANCE IN THE SEGMENTS / ALL OTHER SEGMENTS

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 the 2014 financial year, Brenntag International Chemicals, Mülheim an der Ruhr, once again matched the high level of operating EBITDA achieved in the previous year. Operating gross profit and operating expenses also remained unchanged on the previous year.

In the same period, the holding companies posted operating expenses which were higher than in the previous year.

Overall, the operating EBITDA of all other segments in 2014 amounted to EUR −20.8 million and was thus EUR 1.5 million less favourable than the figure for the previous year.

FINANCIAL POSITION

CAPITAL STRUCTURE

The primary objective of capital structure management is to maintain the Group's financial strength. Brenntag concentrates on a capital structure which enables the Group to cover its potential financing requirements at all times. This gives Brenntag a high degree of independence, security and flexibility. Our liquidity, interest and currency risks are largely managed on a Group-wide basis. Derivative financial instruments are only used to hedge the above-mentioned risks from underlying transactions and not for speculative purposes. A Group-wide Finance Guideline ensures the implementation of these policies and 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. This loan was extended at the end of March 2014 ahead of schedule and now matures in March 2019. At the same time, the interest margins were reduced significantly and the revolving credit facility increased by EUR 100.0 million. Through the prolongation, the financial flexibility of the Brenntag Group was further improved and the maturity profile of the credit portfolio placed on a very comfortable long-term footing.

The loan is based on variable interest rates with margins depending on leverage, and is divided into different tranches with different currencies. In addition to these completely drawn tranches, the loan agreement also contains a revolving credit facility of EUR 600.0 million, which can be drawn down in various currencies.

While some of our subsidiaries are direct borrowers under the loan, others obtain their financing from intra-group loans. 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 1,132.1 million as at December 31, 2014. 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.

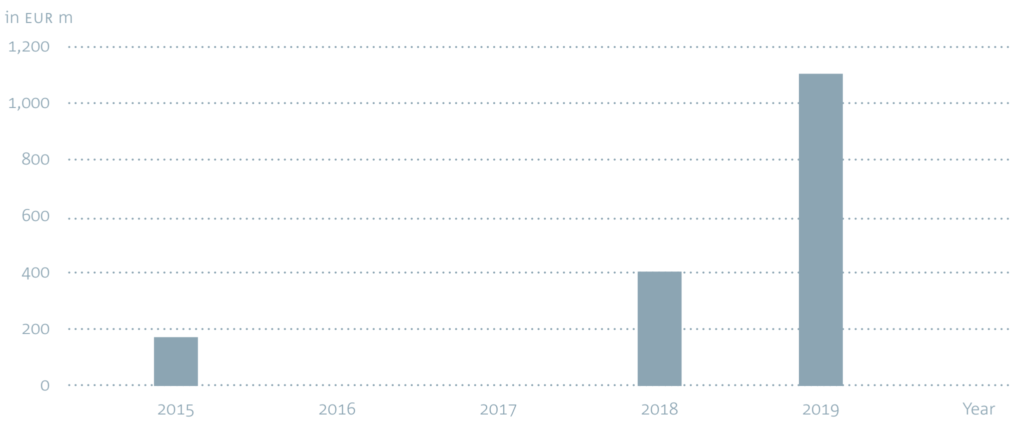
The bond issued by our Group company Brenntag Finance B.V., Amsterdam, Netherlands, in July 2011 has a volume of EUR 400.0 million and matures in July 2018. The bond bears a coupon of 5.5% with interest paid annually. It is guaranteed by Brenntag AG and other Brenntag companies. In view of the identical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

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. The financial liabilities under the programme totalled the equivalent of EUR 182.8 million (before offsetting of transaction costs) as at December 31, 2014. In the second quarter of 2014, the programme was extended in its existing structure until June 2015 and we were also able to significantly reduce the interest margins.

In addition to the three refinancing instruments, some of our companies make use of credit lines with local banks on a lesser scale in consultation with the Group management.

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, 2014



B.10 MATURITY PROFILE OF OUR CREDIT PORTFOLIO

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

INVESTMENTS

In 2014, investments in property, plant and equipment and intangible assets (excluding additions from company acquisitions) led to a total cash outflow of EUR 103.0 million (2013: EUR 98.2 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 1.9 million): Poland is expected to have substantial shale gas resources. In order to benefit from growth potential in this area, the storage capacity of Jankowice is being expanded. In addition, an application and test lab for oil & gas products is being installed. The project also includes the installation of a water treatment plant in order to comply with the latest environmental standards and sustainability aspects. The project was started in 2013.
- Ossona site, Italy (EUR 1.1 million): Brenntag Italy is investing in special heated tanks for the storage of oleochemicals. Oleochemicals are chemicals based on regenerative raw materials, are therefore a growth field of business and are closely associated with the term sustainability.
- Cheyenne site, Wyoming, USA (EUR 4.4 million): A new site is being built in Cheyenne. This project comprises a 2,787 m^2 warehouse, eleven tanks as well as mixing plants and a railway siding. There are two large shale gas deposits in the vicinity which can be optimally supplied thanks to the new infrastructure. The project was started in 2014.
- Toronto site, Ontario, Canada (EUR 0.7 million): At our Toronto site, we are investing in expanding the capacities of our existing tank facilities. We expect this investment to generate a higher volume of sales, as well as savings due, in part, to buying leverage and lower transport costs. The project was started in 2014.
- Greeley site, Colorado, USA (EUR 0.4 million): Our site in Greeley is in an attractive location in the Niobrara shale gas area. Production of oil and gas is expected to provide long-term, sustainable growth in this region. In order to reap maximum benefit from this growth, we are investing in the extension of our existing capacities and expanding the infrastructure. The project was started in 2014.
- Santiago de Chile site, Chile (EUR 0.5 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 into line with the latest environmental and safety requirements. The project was started in 2013.
- Mosquera site, Colombia (EUR 1.7 million): Five tank facilities are being refurbished at this site, and the storage capacity for inflammable substances is being increased. We are also investing in a new fire protection system, thereby ensuring that the site meets the latest safety standards. The project was started in 2014.

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

"Information on the consolidated cash flow statement" in the consolidated financial statements

CASH FLOW

in EUR m	2014	2013
Cash provided by operating activities	**369.7**	**357.8**
Cash used for investing activities	**−178.2**	**−135.2**
thereof purchases of consolidated subsidiaries, other business units and other financial assets	−82.6	−44.0
thereof purchases of other investments	−103.0	−98.2
thereof proceeds from divestments	7.4	7.0
Cash used for financing activities	**−149.3**	**−115.9**
Change in cash and cash equivalents	**42.2**	**106.7**

B.11 CASH FLOW

In the reporting period, the Group's net cash inflow from operating activities amounted to EUR 369.7 million, an increase of EUR 11.9 million on the previous year. As well as a year-on-year increase in cash flows from the normal course of business, in particular the absence of a one-time effect accounted for in 2013 had a positive impact. At the same time there was, however, a higher increase in working capital.

Of the cash used for investing activities totalling EUR 178.2 million, EUR 103.0 million was spent 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 82.6 million largely comprise the purchase prices for the shares in Philchem, Inc., Gafor Distribuidora S.A. and CHIMAB S.p.A.

The cash outflows for financing activities totalled EUR 149.3 million in the reporting period. This figure includes the dividend of EUR 133.9 million for the Brenntag shareholders. The other changes largely resulted from local bank loans taken out (EUR 61.8 million) and redemptions (EUR 71.1 million) on local bank loans.

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DEVELOPMENT OF FREE CASH FLOW

			Change	
in EUR m	**2014**	2013	abs.	in %
EBITDA (incl. transaction costs / holding charges)	726.9	696.8	30.1	4.3
Investments in non-current assets (Capex)	−104.8	−97.2	−7.6	7.8
Change in working capital	−100.5	−56.2	−44.3	78.8
Free cash flow	**521.6**	**543.4**	**−21.8**	**−4.0**

B.12 FREE CASH FLOW

The Brenntag Group's free cash flow amounted to EUR 521.6 million in the 2014 financial year and thus decreased moderately by 4.0% compared to the previous year (EUR 543.4 million).

We increased EBITDA by comparison with the previous year, and have thereby reached a new all-time high. However, this was not sufficient to also increase our free cash flow as the increase in working capital was higher than the increase in EBITDA. Furthermore, capital expenditure increased since we are investing in extending our infrastructure. Overall, we were, therefore, unable to realise the forecast increase in free cash flow. On the one hand, EBITDA was slightly below the forecast published in the Annual Report 2013, and on the other, the increase in working capital was greater than expected.

FINANCIAL AND ASSETS POSITION

	Dec. 31, 2014		Dec. 31, 2013	
in EUR m	abs.	in %	abs.	in %
Assets				
Current assets	**2,935.7**	**47.2**	**2,589.8**	**46.0**
Cash and cash equivalents	491.9	8.0	426.8	7.6
Trade receivables	1,407.2	22.6	1,248.8	22.2
Other receivables and assets	170.8	2.7	157.1	2.8
Inventories	865.8	13.9	757.1	13.4
Non-current assets	**3,279.3**	**52.8**	**3,037.5**	**54.0**
Intangible assets [1]	2,268.0	36.5	2,074.3	36.9
Other fixed assets	904.3	14.6	869.4	15.4
Receivables and other assets	107.0	1.7	93.8	1.7
Total assets	**6,215.0**	**100.0**	**5,627.3**	**100.0**
Liabilities and Equity				
Current liabilities	**1,829.5**	**29.4**	**1,656.4**	**29.4**
Provisions	45.1	0.7	37.3	0.7
Trade payables	1,046.2	16.8	961.5	17.1
Financial liabilities	334.0	5.4	293.9	5.2
Miscellaneous liabilities	404.2	6.5	363.7	6.4
Equity and non-current liabilities	**4,385.5**	**70.6**	**3,970.9**	**70.6**
Equity	2,356.9	38.0	2,093.7	37.2
Non-current liabilities	2,028.6	32.6	1,877.2	33.4
Provisions	277.0	4.5	212.5	3.8
Financial liabilities	1,567.6	25.1	1,474.6	26.2
Miscellaneous liabilities	184.0	3.0	190.1	3.4
Total liabilities and equity	**6,215.0**	**100.0**	**5,627.3**	**100.0**

B.13 FINANCIAL AND ASSETS POSITION

[1] Of the intangible assets as at December 31, 2014, some EUR 1,217 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.

As at December 31, 2014, total assets had increased by 10.4% to EUR 6,215.0 million (Dec. 31, 2013: EUR 5,627.3 million).

Cash and cash equivalents increased by 15.3% to EUR 491.9 million (Dec. 31, 2013: EUR 426.8 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 increased in the reporting period by 12.7% to EUR 1,407.2 million (Dec. 31, 2013: EUR 1,248.8 million).
- Inventories increased by 14.4% in the reporting period to EUR 865.8 million (Dec. 31, 2013: EUR 757.1 million).
- With the opposite effect on the change in working capital, trade payables increased by 8.8% to EUR 1,046.2 million (Dec. 31, 2013: EUR 961.5 million).

Working capital – adjusted for exchange rate effects and acquisitions – has risen since December 31, 2013 by a total of EUR 100.5 million. At 8.6, the annualized working capital turnover [1)] in the reporting period decreased by 0.4 compared to the level of 2013 (9.0).

The intangible assets and other fixed assets of the Brenntag Group increased by 7.8% or EUR 228.6 million to EUR 3,172.3 million year on year (Dec. 31, 2013: EUR 2,943.7 million). The change was mainly a result of positive exchange rate effects (EUR 160.2 million), acquisitions (EUR 103.5 million) and investments in non-current assets (EUR 104.8 million) on the one hand, as well as scheduled depreciation and amortization (EUR 135.1 million) on the other.

Current financial liabilities increased by EUR 40.1 million to a total of EUR 334.0 million (Dec. 31, 2013: EUR 293.9 million). Current financial liabilities largely consist of liabilities resulting from the accounts receivable securitization programme (EUR 182.2 million), which will expire in June 2015. Current financial liabilities also include temporary local loans taken out by Brenntag companies. In the period under review, non-current financial liabilities increased by 6.3% to EUR 1,567.6 million (Dec. 31, 2013: EUR 1,474.6 million) compared to the previous year. The increase in non-current financial liabilities reflects the influence of the stronger US dollar on the revolving credit facility for the syndicated loan, drawn down in US dollars.

Current and non-current provisions amounted to EUR 322.1 million (Dec. 31, 2013: EUR 249.8 million). This figure included pension provisions amounting to EUR 162.6 million (Dec. 31, 2013: EUR 101.0 million). The increase in provisions for pensions is mainly attributable to the effects of the lower discount rates, which have been recognized directly in equity.

As at December 31, 2014, the equity of the Brenntag Group totalled EUR 2,356.9 million (Dec. 31, 2013: EUR 2,093.7 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.

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RESULTS OF OPERATIONS AND FINANCIAL POSITION OF BRENNTAG AG

INCOME STATEMENT OF BRENNTAG AG IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

in EUR m	**2014**	2013
Other operating income	88.8	93.6
Personnel expenses	−20.3	−23.0
Amortization of intangible assets and depreciation of property, plant and equipment	−3.6	−2.5
Other operating expenses	−81.1	−84.8
Financial result	268.1	50.3
Result from ordinary business activities	**251.9**	**33.6**
Income taxes	−10.0	−6.6
Net income for the year	**241.9**	**27.0**
Withdrawal from retained earnings	–	106.9
Appropriation to retained earnings	−102.8	–
Distributable profit	**139.1**	**133.9**

B.14 INCOME STATEMENT OF BRENNTAG AG IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

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 261.4 million (2013: EUR 41.1 million) is income from profits transferred by Brenntag Holding GmbH, Mülheim an der Ruhr. The increase versus the prior year is mainly because it was decided to distribute higher dividends from foreign subsidiaries in comparison to the prior year. The interest result of Brenntag AG is mainly driven by Group internal financing activities and amounted to EUR +6.8 million in 2014 compared to EUR +9.2 million in the previous year. Although the volume of receivables increased in 2014, interest income fell slightly due to lower base interest rates. With the loan volume virtually unchanged, interest expense also fell due to lower base interest rates; this decrease was partly offset by higher expenses resulting from the unwinding of discounting on pension provisions.

The income taxes amounting to EUR 10.0 million (2013: EUR 6.6 million) are for 2014 and prior years. As the controlling company, Brenntag AG is the tax debtor for the income taxes payable by the fiscal unit. As in previous years deferred tax assets exceeded deferred tax liabilities, in the period up to and including 2013 no deferred taxes were recognized at Brenntag AG in accordance with the option in Section 274, para. 1, sentence 2 of the German Commercial Code. In 2014 a net liability position was recorded, mainly due to the utilization of tax loss carryforwards. Therefore, deferred tax expenses of EUR 2.5 million had to be included for the first time in income taxes.

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 taking local financing requirements and further constraints into consideration. Even if no intra-Group dividends are distributed to Brenntag AG in a financial year, there are sufficient reserves to pay an appropriate dividend to the Brenntag shareholders.

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

in EUR m	**Dec. 31, 2014**	Dec. 31, 2013
Fixed assets	2,371.2	2,371.7
Current assets including prepaid expenses and surplus from offsetting	747.5	667.3
Total assets	**3,118.7**	**3,039.0**
Equity	2,406.3	2,298.3
Provisions	39.5	34.7
Liabilities	670.4	706.0
Deferred tax liabilities	2.5	–
Total equity and liabilities	**3,118.7**	**3,039.0**

B.15 BRENNTAG AG / BALANCE SHEET IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB) – CONDENSED VERSION

The equity of Brenntag AG increased in 2014 by EUR 108.0 million to EUR 2,406.3 million. This rise resulted from the net income of EUR 241.9 million realized in 2014 minus the dividend of EUR 133.9 million paid for 2013.

The subscribed capital of Brenntag AG is EUR 154.5 million (Dec. 31, 2013: EUR 51.5 million) and is divided into 154,500,000 (Dec. 31, 2013: 51,500,000) no-par-value registered shares.

By resolution of the General Shareholders' Meeting on June 17, 2014, the share capital of EUR 51.5 million was increased by EUR 103.0 million to EUR 154.5 million, by converting a portion of the additional paid-in capital shown in the balance sheet as at December 31, 2013 in the amount of EUR 103.0 million. This capital increase was carried out by issuing 103,000,000 new registered shares to the shareholders. Each shareholder thereby received two further shares for each share currently held, so that the portion of the share capital owned by the shareholders remained unchanged despite the capital increase. The new shares grant profit participation rights from January 1, 2014.

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.

APPROPRIATION OF DISTRIBUTABLE PROFIT OF BRENNTAG AG

The net income of Brenntag AG as at December 31, 2014 was EUR 241,884,513.71. After allowing for the transfer of EUR 102,834,513.71 to retained earnings, the distributable profit is EUR 139,050,000.00.

At the General Shareholders' Meeting on June 9, 2015, the Board of Management and the Supervisory Board will propose that the distributable profit of Brenntag AG amounting to EUR 139,050,000.00 be used to pay a dividend of EUR 0.90 per no-par-value share entitled to a dividend; that is a total of EUR 139,050,000.00

EUR **0.90**
dividend proposal

Further information at www.brenntag.com/general_shareholders_meeting

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 in the version dated June 24, 2014.

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 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) 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. 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 individual 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.

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 was calculated on the basis of the achievement of the targets of the annual bonus plan 2012 and 12/21 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 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. The quantitative targets are the targets set with regard to the annual bonus.

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.

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% resulted in 3% being added.
b) The base amount for the year 2013 was based on the achievement of the targets of the annual bonus plan 2012 and of the targets of the annual bonus plan 2013. Any outperformance of any KPI in the 2012 financial year by 1% resulted in 9/7 points being added and any outperformance of any KPI in the 2013 financial year by 1% resulted 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.

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 stock 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)]

	Steven Holland	Jürgen Buchsteiner	William Fidler	Georg Müller	**Total**
2014	**4,796**	**–**	**3,173**	**3,193**	**11,162**
2013	5,373	3,327	3,231	2,793	14,724

B.16 VIRTUAL SHARES

1) The numbers of shares mentioned for the 2014 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 2013 was adjusted in line with the final parameters approved by the Supervisory Board. The 1:3 stock split performed during the third quarter of 2014 was also taken into consideration.

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 stock 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 out 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 (member of the Board of Management until December 31, 2013) 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 was 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 2014, 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 2014 financial year amounts to EUR 3,869k (2013: EUR 5,404k). 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)

in EUR k		Steven Holland	Jürgen Buchsteiner	William Fidler	Georg Müller	Total
Term of service agreement		(until February 29, 2020)	(until December 31, 2013)	(until June 30, 2015)	(until March 31, 2017)	
Annual base salary	**2014**	**720**	**–**	**423**	**480**	**1,623**
	2013	720	450	452	440	2,062
Company pension (defined contribution plan)	**2014**	**–**	**–**	**24**	**–**	**24**
	2013	–	–	25	–	25
Non-cash and other benefits	**2014**	**57**	**–**	**29**	**19**	**105**
	2013	378 [1]	104 [2]	23	11	516
Total non-performance-related remuneration	**2014**	**777**	**–**	**476**	**499**	**1,752**
	2013	1,098	554	500	451	2,603
Short-term variable remuneration	**2014**	**552**	**–**	**325**	**372**	**1,249**
	2013	553	346	337	332	1,568
Long-term variable remuneration [3][4]	**2014**	**391**	**–**	**216**	**261**	**868**
	2013	450	279	270	234	1,233
Total performance-related remuneration	**2014**	**943**	**–**	**541**	**633**	**2,117**
	2013	1,003	625	607	566	2,801
Total remuneration (in accordance with the German Commercial Code (HGB))	**2014**	**1,720**	**–**	**1,017**	**1,132**	**3,869**
	2013	2,101	1,179	1,107	1,017	5,404

B.17 TOTAL REMUNERATION OF THE BOARD OF MANAGEMENT IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

[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 2014 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 figures for the 2013 financial year were adjusted in line with the final parameters approved by the Supervisory Board.

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

in EUR k		Steven Holland	Jürgen Buchsteiner	William Fidler	Georg Müller	Total
Cost of pension commitments	**2014**	**341**	**–**	**–**	**309**	**650**
	2013	283	1,056	–	216	1,555
Present value of pension commitments	**2014**	**1,261**	**–**	**–**	**1,281 [1]**	**2,542**
	2013	920	5,801 [1]	–	973 [1]	7,694

B.18 PENSION COMMITMENTS (DEFINED BENEFIT PLANS) IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

[1] Of which EUR 312k self-financed by Georg Müller under a deferred compensation plan (2013: EUR 312k) and EUR 0k self-financed by Jürgen Buchsteiner under a deferred compensation plan (2013: EUR 1,596k.)

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

in EUR k		Steven Holland	Jürgen Buchsteiner	William Fidler	Georg Müller	**Total**
Total non-performance-related remuneration	**2014**	**777**	**–**	**476**	**499**	**1,752**
	2013	1,098	554	500	451	2,603
Short-term variable remuneration	**2014**	**552**	**–**	**325**	**372**	**1,249**
	2013	553	346	337	332	1,568
Long-term variable remuneration (share-based remuneration earned in current year)	**2014**	**701**	**–**	**512**	**153**	**1,366**
	2013	1,393	1,707	458	84	3,642
Current service cost for pension entitlements earned in the current year (defined benefit plans)	**2014**	**179**	**–**	**–**	**119**	**298**
	2013	179	129	–	109	417
Board of Management remuneration (in accordance with IFRS)	**2014**	**2,209**	**–**	**1,313**	**1,143**	**4,665**
	2013	3,223	2,736	1,295	976	8,230

B.19 BOARD OF MANAGEMENT REMUNERATION IN ACCORDANCE WITH IFRS

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 respective 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 was agreed with Jürgen Buchsteiner, which provided for compensation to be paid by the company for the duration of the existence of the post-contractual twelve-month ban on competition. The compensation of EUR 990k was 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.

INFORMATION ON REMUNERATION IN ACCORDANCE WITH NUMBER 4.2.5 PARA. 3 OF THE GERMAN CORPORATE GOVERNANCE CODE (GCGC)

The following two tables provide the financial information required by number 4.2.5 para. 3 of the German Corporate Governance Code (GCGC) regarding the benefits granted and the amounts allocated. The fixed remuneration and fringe benefits indicated here correspond to the total non-performance-related remuneration of the Board of Management. The one-year variable remuneration corresponds to the aforementioned short-term variable remuneration and the multi-year variable remuneration corresponds to the aforementioned long-term variable remuneration.

Amounts are recognized as having been granted in the financial year in which the underlying activity for this remuneration was performed. This is subject to the proviso that a commitment to pay remuneration must have been given at the time the remuneration report was prepared. In addition, it must be possible to establish a reliable estimate of the value of this remuneration. The year in which fixed remuneration and fringe benefits are granted is generally also the year in which they are recognized as an expense. The same applies to the one-year variable remuneration. Multi-year variable remuneration is recognized as having been granted at the fair value of the newly granted share-based remuneration in the year for which the base amount is allocated.

B —— MANAGEMENT REPORT
C —— FINANCIAL STATEMENTS
D —— FURTHER INFORMATION

Fixed remuneration and fringe benefits are recognized as having been allocated in the financial year in which the underlying activity has been performed, if the value of the final payment has already been determined. For fixed remuneration and fringe benefits, the date on which this allocation is recognized is generally the date on which it is recognized as an expense. Variable remuneration is recognized as allocated in the financial year in which it is actually paid out. In the case of one-year variable remuneration, as a rule this is the year after it is granted. Multi-year remuneration is generally paid out in the financial year following the respective vesting period.

BENEFITS GRANTED

	Steven Holland Chief Executive Officer				Jürgen Buchsteiner Member of the Board of Management (until December 31, 2013)			
in EUR k	2013	**2014**	**2014 (min)**	**2014 (max)**	2013	**2014**	**2014 (min)**	**2014 (max)**
Fixed remuneration	720	720	720	720	450	–	–	–
Fringe benefits	378 [1)]	57	57	57	104 [2)]	–	–	–
Total	**1,098**	**777**	**777**	**777**	**554**	**–**	**–**	**–**
One-year variable remuneration	553	544	361	561	346	–	–	–
Multi-year variable remuneration								
Virtual Share Plan 2013 – 2017	450	–	–	–	279	–	–	–
Virtual Share Plan 2014 – 2018	–	391	256	662	–	–	–	–
Total	**1,003**	**935**	**617**	**1,223**	**625**	**–**	**–**	**–**
Service cost	179	179	179	179	129	–	–	–
Total remuneration	**2,280**	**1,891**	**1,573**	**2,179**	**1,308**	**–**	**–**	**–**

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.

ALLOCATION

	Steven Holland Chief Executive Officer		Jürgen Buchsteiner Member of the Board of Management (until December 31, 2013)		William Fidler Member of the Board of Management		Georg Müller Chief Financial Officer	
in EUR k	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Fixed remuneration	720	720	–	450	423	452	480	440
Fringe benefits	57	378 [1)]	–	104 [2)]	53	48	19	11
Total	**777**	**1,098**	**–**	**554**	**476**	**500**	**499**	**451**
One-year variable remuneration	544	553	–	346	320	337	363	332
Multi-year variable remuneration								
Virtual Share Plan 2010 – 2014	–	–	1,573	–	–	–	–	–
Virtual Share Plan 2011 – 2015	–	–	1,177	–	–	–	–	–
Virtual Share Plan 2012 – 2016	–	–	642	–	–	–	–	–
Virtual Share Plan 2013 – 2017	–	–	282	–	–	–	–	–
Other	–	–		–	–	–	–	–
Total	**544**	**553**	**3,674**	**346**	**320**	**337**	**363**	**332**
Service cost	179	179	–	129	–	–	119	109
Total remuneration	**1,500**	**1,830**	**3,674**	**1,029**	**796**	**837**	**981**	**892**

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.

B.21 BOARD OF MANAGEMENT ALLOCATION

William Fidler Member of the Board of Management				Georg Müller Chief Financial Officer			
2013	**2014**	**2014 (min)**	**2014 (max)**	2013	**2014**	**2014 (min)**	**2014 (max)**
452	423	423	423	440	480	480	480
48	53	53	53	11	19	19	19
500	**476**	**476**	**476**	**451**	**499**	**499**	**499**
337	320	227	344	332	363	230	376
270	–	–	–	234	–	–	–
–	216	142	364	–	261	162	441
607	**536**	**369**	**708**	**566**	**624**	**392**	**817**
–	–	–	–	109	119	119	119
1,107	**1,012**	**845**	**1,184**	**1,126**	**1,242**	**1,010**	**1,435**

B.20 BOARD OF MANAGEMENT BENEFITS GRANTED

The contracts of Steven Holland and William Fidler were renewed in January 2015 and late 2014 until February 29, 2020 and June 30, 2015 respectively.

When Steven Holland's contract was renewed, his remuneration structure was adjusted with effect from March 1, 2015.

As before, total remuneration consists of three components: a fixed annual base salary, short-term, capped variable remuneration (annual bonus) and long-term, variable remuneration (long-term incentive bonus), which is also capped.

The preliminary annual bonus is based on a contractually defined amount (annual bonus) and depends on the achievement of targets for operating EBITDA (75%) and RONA (25%). Achievement of these KPI targets in the financial year for which the bonus is paid is the sole determining factor. If the target for a KPI is not achieved, this part of the bonus is reduced by 4% for each 1% shortfall. If the targets are outperformed, the respective portion of the bonus is increased by 4% for each 1% of outperformance. Steven Holland and the Supervisory Board will agree on the underlying KPI targets. If they do not agree on the KPI targets, the targets shall be derived from the budget approved by the Supervisory Board for the respective financial year. In addition, the individual performance is also reflected by the Supervisory Board setting a multiplier of between 0.7 and 1.3 on the preliminary annual bonus (amount after consideration of shortfalls / outperformance as described above) at the end of a financial year. The resulting final annual bonus remains limited to 200% of the annual bonus (cap). The final annual bonus will be paid pro rata temporis if the service agreement does not subsist for a full twelve months in any financial year.

As before, a portion of the long-term incentive bonus will be granted as share-based compensation. A contractually specified target amount will be allocated at the end of each financial year and vests over a period of a further four years. The final amount of one half of the target amount depends on the performance of the company's share compared to the MDAX during these four years (external LTI portion), whereas the other half is linked to the long-term development of Group-wide KPIs (internal LTI portion). The performance of the share is measured on the basis of the total shareholder return (defined as the weighted three-month average price pursuant to Section 5 para. 1 and 3 of the Offer Regulation under the German Securities Acquisition and Takeover Act (WpÜG) plus all dividend payments and adjusted for the effects of capital measures and stock splits). The MDAX value used as a benchmark for the company's share price is the average value over a period of 20 trading days as at the respective reporting date. For every percentage point by which the Brenntag share outperforms or underperforms the MDAX, the external LTI portion will be increased or reduced by 5%. The external LTI portion is capped at 200% of its share of the contractually agreed target amount. Unless agreed otherwise, the internal LTI portion depends on the development of the following KPIs: ratio of EBITDA to operating gross profit, working capital turnover, earnings per share and organic growth in gross profit calculated on a like-for-like basis. The Group strategy approved by the Supervisory Board serves as a basis for the KPIs. The internal LTI portion is also capped at 200% of its share of the contractually agreed target amount. Steven Holland's entitlements under the long-term incentive bonus will lapse in the event of the company terminating his service agreement prematurely for cause, or if he himself voluntarily resigns. In all other cases, the contractually agreed target amount will be paid out for the respective current year; all external and internal LTI portions which have accrued for previous years but not yet been paid out will be paid out prematurely. Instead of the parameters as at the end of the vesting period, the relevant figures as at the end of his service will be used for measurement purposes.

As well as the above-mentioned remuneration components, Steven Holland receives the employer's contribution to his private health insurance policy (up to a maximum of 50% of the private health insurance premium) and also continues to receive the benefits under the company pension scheme in line with his previous remuneration structure 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 new service agreement does not include a tax parity clause.

The employment of a member of the Board of Management may only be terminated prematurely for important cause or by mutual agreement. In this case, a severance pay cap will apply. Under the cap, payments for a premature termination of Board of Management duties may not exceed the value of two years' total remuneration or the total remuneration for the remainder of the service agreement, whichever is less.

There is no separate change-of-control agreement.

Regarding Steven Holland's entitlements under the long-term, share-based remuneration programme based on virtual shares (virtual share plan), pursuant to his previous service agreement, Steven Holland and the company have agreed that the portion relating to the virtual shares is to be retained as in his previous service agreement, whereas the retained base amounts are to be paid out upon expiry of his previous service agreement. The base amount payable under his previous service agreement for the 2015 financial year will be paid out in 2016.

Contrary to the previous agreement, William Fidler's remuneration for the period January 1 to June 30, 2015 no longer includes any short-term variable components. It is being replaced by an increased fixed salary. The rules concerning long-term variable remuneration will remain in place.

The Supervisory Board plans to adjust the service agreements of the other members of the Board of Management in line with this remuneration structure.

INFORMATION ON PAYMENTS RECEIVED BY FORMER MEMBERS OF THE BOARD OF MANAGEMENT AND THEIR SURVIVING DEPENDANTS

Other than the EUR 990k paid out under Jürgen Buchsteiner's post-contractual non-competition clause, no further payments were made to former members of the Board of Management and their surviving dependants in the 2014 financial year (2013: -). Under the German Commercial Code (HGB), the funding surplus for pension obligations to former members of the Board of Management and their surviving dependants amounted to EUR 785k as at December 31, 2014 (Dec. 31, 2013: -); in accordance with IFRS, this provision amounted to EUR 2,971k (Dec. 31, 2013: -). In 2014, the cost of pension commitments (defined benefit plans) under the German Commercial Code (HGB) amounted to EUR 634k (2013: -). No expenses as defined in IFRS were incurred for pension entitlements vesting in the current year.

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 2014:

TOTAL REMUNERATION OF THE SUPERVISORY BOARD

in EUR k		Fixed remuneration	Office bonuses	Attendance fee	Variable remuneration	**Total**
Stefan Zuschke (Chairman)	**2014**	**60**	**50**	**11**	**47**	**168**
	2013	60	50	6	44	160
Dr Thomas Ludwig (Deputy Chairman)	**2014**	**60**	**20**	**9**	**47**	**136**
	2013	60	20	6	44	130
Stephen Clark	**2014**	**60**	**10**	**14**	**47**	**131**
	2013	60	10	12	44	126
Prof. Dr Edgar Fluri	**2014**	**60**	**20**	**14**	**47**	**141**
	2013	60	20	12	44	136
Doreen Nowotne	**2014**	**60**	**10**	**15**	**47**	**132**
	2013	60	10	12	44	126
Dr Andreas Rittstieg	**2014**	**60**	**10**	**11**	**47**	**128**
	2013	60	10	6	44	120
Total remuneration	**2014**	**360**	**120**	**74**	**282**	**836**
	2013	360	120	54	264	798

B.22 TOTAL REMUNERATION OF THE SUPERVISORY BOARD

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 at December 31, 2014, Brenntag had 13,622 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 440 employees, or 3.3%, compared to the previous year, is in part due to the expansion of our capabilities in the Asia Pacific organization and in part due to the acquisitions made in 2014. Nearly 90% of the total workforce of 13,622 is employed outside Germany.

	Dec. 31, 2014		Dec. 31, 2013	
Full-time Equivalents (FTE)	**abs.**	**in %**	abs.	in %
Europe	6,309	46.3	6,145	46.6
North America	4,095	30.1	3,970	30.1
Latin America	1,451	10.6	1,418	10.8
Asia Pacific	1,650	12.1	1,536	11.6
All other segments	117	0.9	116	0.9
Brenntag Group	**13,622**	**100.0**	**13,185**	**100.0**

B.23 EMPLOYEES PER SEGMENT

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

						Dec. 31, 2014	
Full-time Equivalents (FTE)	Europe	North America	Latin America	Asia Pacific	All other segments	**abs.**	**in %**
Sales	2,402	1,377	516	853	10	5,158	37.9
Distribution	774	893	76	134	0	1,877	13.8
Warehouses	2,012	1,494	491	253	0	4,250	31.2
Administration	1,121	331	368	410	107	2,337	17.1
Brenntag Group	**6,309**	**4,095**	**1,451**	**1,650**	**117**	**13,622**	**100.0**

B.24 EMPLOYEES PER AREA OF WORK

Personnel expenses including social insurance contributions totalled EUR 760.1 million (2013: EUR 720.0 million).

The Brenntag staff turnover rate in 2014 was 6.5% worldwide (2013: 5.8%).

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, 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

Health, safety and environment are an absolute priority for Brenntag

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 on 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 its 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 Responsible Care 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 individual programmes are based on uniform evaluation criteria and are geared to promoting the overall safety culture, avoiding accidents and improving workplace safety. The following programmes were in place taking specific regional circumstances into consideration:

- 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 2014. This led to a reduction in the Lost Time Injury Rate (3 days / 1 million)[2] from 1.8 in 2013 to 1.6 in 2014.

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, 2014, 90% of our operating sites had introduced quality management systems certified according to this standard. Furthermore, 102 sites are certified according to the international standard ISO 14001 for environmental management systems.

REACH – the chemicals regulation of the European Union – has formed the legal framework for improved handling of chemicals to protect the environment and human health, while complying with sustainability objectives, 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.

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

SUBSEQUENT EVENTS

In early March 2015, Brenntag closed its acquisitions of all of the shares in Fred Holmberg & Co AB, headquartered in Malmö, Sweden, and in Lionheart Chemical Enterprises Proprietary Limited, headquartered in Johannesburg, South Africa.

Fred Holmberg & Co AB, Sweden, is focused on the distribution of organic and inorganic chemicals in Scandinavia and provides efficient mixing and blending activities. With the acquisition, Brenntag will further strengthen and expand its industrial chemicals product portfolio in the region.

Lionheart Chemical Enterprises Proprietary Limited, South Africa, is a specialty distributor in the South African market operating mainly in the food & beverage sector. Through this acquisition Brenntag is strengthening its position in the South African chemical distribution market.

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 2015 at rates slightly higher than in 2014. As regards the individual segments of the Brenntag Group, the Asian economies are predicted to achieve the strongest growth. A positive trend is also expected in North America, which should exceed the level reached in 2014. Growth in Latin America and Europe is expected to be more restrained than in the other regions, but will also pick up by comparison with 2014. Using the size of the countries within the Brenntag Group measured in terms of sales, this results in an overall forecast average growth rate of 2.5%.

Against this background, in 2015 we are currently anticipating the following Group and segment developments in local currencies, i.e. excluding exchange rate effects:

Further growth of all relevant KPIs expected

For the **Brenntag Group**, we expect to see all relevant earnings parameters grow. Operating gross profit should rise meaningfully, mainly due to increased volumes. All regions are expected to support this development, albeit to different degrees. Operating EBITDA should grow moderately, also with all segments contributing to this growth. We believe that our segments Latin America and Asia Pacific will grow at a faster pace than the segments Europe and North America.

For the **Europe segment**, we expect a meaningful increase in operating gross profit. This estimate is largely based on the forecast of increased volumes, which is associated, in particular, with the expansion of the specialty chemicals and business services. We assume that we will be able to restrict the increase in operating expenses to an appropriate level by optimizing and simplifying our logistics processes, so that operating EBITDA will likely increase moderately.

In the **North America segment**, we believe that operating gross profit will grow meaningfully. The recent drop in oil and gas prices causes a higher than usual level of uncertainty regarding the short-term development of this industry segment, but the long-term potential is expected to remain strong based on our excellent capabilities and supplier and customer networks. We expect to be able to limit the increase in operating expenses through measures such as optimizing the use of our transport fleet and our locations. Overall, we expect that the increase in operating EBITDA will exceed the pace of growth in operating gross profit.

For the **Latin America segment**, we are expecting a significant increase in operating gross profit. We plan to expand our product portfolio, particularly in the area of specialty chemicals and in the food, feed and agriculture sectors. Our plan is to restrict the increase in operating costs. Since 2013, we have continuously implemented measures to help the region cope better with the challenging economic environment. An expected significant increase in operating EBITDA in 2015 is partly attributable to these measures. This growth is likely to be above-average by comparison with the Group as a whole.

In the **Asia Pacific segment**, we expect to be able to benefit from the planned expansion of business due to the extension of our product range, our customer base and our supplier relationships. We therefore forecast significant growth in operating gross profit. Due to various measures to ensure a further improvement and expansion of our infrastructure in this region, we expect an increase in operating expenses. We nonetheless envisage a significant increase in our operating EBITDA.

Given the increase in business volume, we are forecasting a meaningful increase in average **working capital** compared to 2014. We will continue to focus on the management of customer and supplier relationships and continue our efforts on the sustained optimization of warehouse logistics. As a result, we expect to be able to increase the level of working capital turnover achieved in 2014 despite more demanding market conditions.

In order to adjust property, plant and equipment capacities to the increasing business volume and to support organic growth, we are planning **investments** in property, plant and equipment on an appropriate scale in 2015. We are expecting a significant increase in investments compared to 2014, primarily as a result of projects for expanding our business operations.

Overall, we believe that **free cash flow** in 2015 will be significantly higher than in 2014. We thereby expect to 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 all operational and legal units as well as the central functions are integral parts of the risk management system of the Brenntag Group.

RISK REPORTING (EARLY DETECTION SYSTEM)

We continually identify and analyze risks in the Group companies and constantly improve internal workflows and the IT systems used throughout the Group.

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 matrix:

		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

B.25 RISK ASSESSMENT MATRIX

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 "Vision, 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 Corporate 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 not only lead to risks but also to many opportunities to safeguard and enhance the company’s competitiveness.

Projects, in particular the strategic initiatives (see chapter “Vision, 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 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 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. While the recent drop in oil and gas prices causes a higher than usual level of uncertainty regarding the short-term development of this customer industry, particularly in the North America region, we trust the long-term potential as well as our excellent capabilities and supplier and customer network.

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 "Vision, 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 the 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. This is based on a Group-wide Finance Guideline which lays down basic requirements and objectives, threshold values and hedging instruments to be used. The Finance Guideline requires Group companies to offset the risks of open net foreign currency exposure by suitable instruments such as forward and swap contracts and to keep them within set limits. 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 2014, the even tighter exchange restrictions in Venezuela led to exchange-rate-related expenses of EUR 2.3 million. At present, further impairments resulting from currency effects – also in light of the legislation concerning exchange rates, which was amended again in February 2015 – cannot be ruled out.

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 in different countries; 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 are confident that 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. In particular, we have undertaken to comply with a threshold value for leverage, i.e. the ratio of net debt to EBITDA.

This metric is determined in accordance with the definitions in the loan agreement, which are not the same as the corresponding terms used in the consolidated financial statements. The threshold value for leverage has, in our opinion, been established so that it would require a very unusual development of business for Brenntag not to be able to meet it. The observance of the covenant is regularly checked and confirmed to the lenders every quarter. If there are any indications of an unfavourable development with respect to its fulfilment, 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 leverage and with a view to the key mid-term planning figures, there is no indication that fulfilment of the threshold value may be jeopardized. In the event of the Brenntag Group's sustained breach of this covenant, 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 currently rates Brenntag at "Ba1" with a positive outlook, while Standard & Poor's upgraded Brenntag's rating by one notch from "BBB-" to "BBB" in 2014.

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. The split between variable and fixed interest rates is determined as part of interest risk management. 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 Corporate Finance at the head office of the Group. If individual companies hedge financial risks from operating activities 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 chapter "Reporting of Financial Instruments" in the Notes to the consolidated financial statements.

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.

- **Quality, Safety, Health and Environmental 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, health and safety risks are monitored on the basis of a uniform environmental, health 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.

Risks may arise if the quality of products purchased and delivered to customers does not meet the specified and agreed quality. However, there are procedures in place providing a good level of assurance that products are procured from reliable sources and are of appropriate quality.

We assess the possible extent of damage of these risks as high. We consider the probability of occurrence of an individual risk with a high extent of damage 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 low. 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 6.5% worldwide in 2014.

  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.

- **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 insignificant. We consider the probability of occurrence of these risks to be possible. Overall, we rate these risks as low risks.

- **Legal risks:**
  Brenntag AG and individual subsidiaries have been named as defendants in various legal actions and proceedings 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.

  In 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 the ongoing investigation by the French Competition Authority concerning whether BRENNTAG SA has illegally made use of its market position, a decision by the authority is still pending. The status of the investigation does not permit an assessment of the outcome. Based on current knowledge, Brenntag further assumes that third-party claims for civil liability arising from the above-mentioned proceedings 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 disputes and other proceedings that Brenntag is involved in, the possibility that a ruling against Brenntag may be made in some of these proceedings cannot be completely eliminated. 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 net assets, financial position and results of operations for a reporting period. However, Brenntag currently does not expect its assets, financial position and results of operations 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 our opinion, the risks described in the chapter "Report on 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 at December 31, 2014, the subscribed capital of Brenntag AG totalled EUR 154,500,000. The share capital is divided into 154,500,000 no-par-value registered shares, each with a notional value of EUR 1.00. By resolution of the General Shareholders' Meeting on June 17, 2014, the share capital of EUR 51,500,000 was increased by EUR 103,000,000 to EUR 154,500,000 by converting a portion of the additional paid-in capital shown in the balance sheet as at December 31, 2013 in the amount of EUR 103,000,000. This capital increase was carried out by issuing 103,000,000 new registered shares to the shareholders. Each existing shareholder thereby received two further shares for each share currently held so that the portion of the share capital owned by the shareholders remained unchanged despite the capital increase. The new shares grant profit participation rights from January 1, 2014.

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 membership rights. Brenntag AG does not currently have any treasury shares. 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.

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

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 at December 31, 2014, 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 www.brenntag.com/en/ under Investor Relations.

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. The Supervisory Board appoints the members of the Board of Management for a maximum term of five years. Their appointment may be resolved according to article 12, para. 4 of the Articles of Association of Brenntag AG 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. The Board of Management of Brenntag AG currently consists of three members.

Contrary to Sections 133, para. 1, 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. 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 June 17, 2014, 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

By resolution of the General Shareholders' Meeting on June 17, 2014, the Board of Management was 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 77,250,000 in aggregate by issuing up to 77,250,000 new no-par-value registered shares against cash contributions or non-cash contributions in the period ending on June 16, 2019. In principle, shareholders are to be granted a pre-emption right. However, in certain cases 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 website at www.brenntag.com/en/ under Investor Relations.

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 June 17, 2014, the Board of Management was authorized, subject to the consent of the Supervisory Board, to purchase treasury shares up to a total of 10% of the company's share capital, 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 June 17, 2014 and remains in effect until June 16, 2019. 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.

AUTHORIZATION TO ISSUE BONDS AND TO CREATE CONDITIONAL CAPITAL

By resolution of the General Shareholders' Meeting on June 17, 2014, the Board of Management was authorized to issue, with the consent of the Supervisory Board, until June 16, 2019 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 25,750,000 new shares of Brenntag AG with a pro-rata amount of the share capital of up to EUR 25,750,000 in accordance with the more detailed terms and conditions of the convertible bonds, warrant-linked bonds, profit-sharing certificates or profit-participating bonds (hereinafter referred to as conditions) as specified by the Board of Management. 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, provided that the value of such contributions corresponds to the issue price and that this is not significantly lower than its market value. 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 specific bond conditions.

By resolution of the General Shareholders' Meeting on June 17, 2014, the share capital of Brenntag AG was conditionally increased by up to EUR 25,750,000 through the issuance of up to 25,750,000 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 by Brenntag AG until June 16, 2019, based on the aforementioned authorization granted by the General Shareholders' Meeting. The conditional capital increase will 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 service such claims. The Board of Management has been authorized to set forth the additional details of the implementation of the conditional capital increase.

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

The company has concluded compensation agreements with some members of the Board of Management. These agreements are always consistent with the relevant provisions of the German Corporate Governance Code. Details on the 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

Further information in chapter "Corporate Covernance"

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 under Investor Relations.

C

CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

as at December 31, 2014

CONSOLIDATED INCOME STATEMENT

in EUR m	Note	**2014**	2013
Sales	1.)	10,015.6	9,769.5
Cost of goods sold	2.)	−7,988.1	−7,824.0
Gross profit		**2,027.5**	**1,945.5**
Selling expenses	3.)	−1,311.3	−1,266.3
Administrative expenses	4.)	−151.9	−143.9
Other operating income	5.)	43.1	34.0
Other operating expenses	6.)	−15.8	−13.4
Operating profit		**591.6**	**555.9**
Result of investments accounted for at equity		3.3	3.0
Finance income	7.)	3.0	4.7
Finance costs	8.)	−76.4	−78.5
Changes in purchase price obligations and liabilities under IAS 32 to minorities	9.)	4.0	25.3
Other financial result	10.)	−17.7	−15.2
Financial result		**−83.8**	**−60.7**
Profit before tax		**507.8**	**495.2**
Income taxes	11.)	−168.1	−156.3
Profit after tax		**339.7**	**338.9**
Attributable to:			
Shareholders of Brenntag AG		339.3	339.2
Minority shareholders		0.4	−0.3
Undiluted earnings per share in euro[1]	13.)	**2.20**	**2.20**
Diluted earnings per share in euro[1]	13.)	**2.20**	**2.20**

C.01 CONSOLIDATED INCOME STATEMENT

[1] As part of a stock split, the number of shares was increased in the third quarter of 2014 from 51.5 million to 154.5 million. The earnings per share refer for all periods reported to these 154.5 million shares.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR m	**2014**	2013
Profit after tax	**339.7**	**338.9**
Remeasurement of defined benefit plans	−56.6	22.3
Deferred tax on remeasurement of defined benefit plans	15.9	−6.1
Non-reclassifiable other comprehensive income	**−40.7**	**16.2**
Change in exchange rate differences of fully consolidated companies	104.6	−82.6
Change in exchange rate differences of companies accounted for at equity	0.8	−5.5
Change in net investment hedge reserve	−4.3	0.6
Change in cash flow hedge reserve	−4.6	8.7
Deferred tax on change in cash flow hedge reserve	1.6	−3.2
Reclassifiable other comprehensive income	**98.1**	**−82.0**
Other comprehensive income	**57.4**	**−65.8**
Total comprehensive income	**397.1**	**273.1**
Attributable to:		
Shareholders of Brenntag AG	393.8	273.8
Minority shareholders	3.3	−0.7

C.02 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED BALANCE SHEET

ASSETS

in EUR m	Note	**Dec. 31, 2014**	Dec. 31, 2013
Current assets			
Cash and cash equivalents	14.)	491.9	426.8
Trade receivables	15.)	1,407.2	1,248.8
Other receivables	16.)	127.7	112.6
Other financial assets	17.)	7.9	6.6
Current tax assets		34.3	36.0
Inventories	18.)	865.8	757.1
Non-current assets held for sale	19.)	0.9	1.9
		2,935.7	**2,589.8**
Non-current assets			
Property, plant and equipment	20.)	879.3	844.7
Intangible assets	21.)	2,268.0	2,074.3
Investments accounted for at equity	22.)	25.0	24.7
Other receivables	16.)	13.8	13.2
Other financial assets	17.)	31.2	30.7
Deferred tax assets	11.)	62.0	49.9
		3,279.3	**3,037.5**
Total assets		**6,215.0**	**5,627.3**

LIABILITIES AND EQUITY

in EUR m	Note	Dec. 31, 2014	Dec. 31, 2013
Current liabilities			
Trade payables	23.)	1,046.2	961.5
Financial liabilities	24.)	334.0	293.9
Other liabilities	25.)	360.8	322.0
Other provisions	26.)	45.1	37.3
Current tax liabilities		43.4	41.7
		1,829.5	**1,656.4**
Non-current liabilities			
Financial liabilities	24.)	1,567.6	1,474.6
Other liabilities	25.)	2.2	2.0
Other provisions	26.)	114.4	111.5
Provisions for pensions and similar obligations	27.)	162.6	101.0
Purchase price obligations and liabilities under IAS 32 to minorities	28.)	39.7	41.1
Deferred tax liabilities	11.)	142.1	147.0
		2,028.6	**1,877.2**
Equity	29.)		
Subscribed capital		154.5	51.5
Additional paid-in capital		1,457.1	1,560.1
Retained earnings		700.7	536.0
Other comprehensive income		13.2	−82.0
Equity attributable to Brenntag shareholders		**2,325.5**	**2,065.6**
Equity attributable to minority shareholders		31.4	28.1
		2,356.9	**2,093.7**
Total liabilities and equity		**6,215.0**	**5,627.3**

C.03 CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR m	Subscribed capital	Additional paid-in capital	Retained earnings
Dec. 31, 2012	**51.5**	**1,560.1**	**304.2**
Dividends	–	–	−123.6
Profit after tax	–	–	339.2
Other comprehensive income	–	–	16.2
Total comprehensive income	**–**	**–**	**355.4**
Dec. 31, 2013	**51.5**	**1,560.1**	**536.0**
Dividends	–	–	−133.9
Capital increase from company funds	103.0	−103.0	–
Profit after tax	–	–	339.3
Other comprehensive income	–	–	−40.7
Total comprehensive income	**–**	**–**	**298.6**
Dec. 31, 2014	**154.5**	**1,457.1**	**700.7**

Exchange rate differences	Net investment hedge reserve	Cash flow hedge reserve	Deferred taxes cash flow hedge reserve	Equity attributable to Brenntag shareholders	Minority interests	**Equity**
2.3	**−2.7**	**–**	**–**	**1,915.4**	**28.8**	**1,944.2**
–	–	–	–	−123.6	–	−123.6
–	–	–	–	339.2	−0.3	338.9
−87.7	0.6	8.7	−3.2	−65.4	−0.4 [1]	−65.8
−87.7	**0.6**	**8.7**	**−3.2**	**273.8**	**−0.7**	**273.1**
−85.4	**−2.1**	**8.7**	**−3.2**	**2,065.6**	**28.1**	**2,093.7**
–	–	–	–	−133.9	–	−133.9
–	–	–	–	–	–	–
–	–	–	–	339.3	0.4	339.7
102.5	−4.3	−4.6	1.6	54.5	2.9 [1]	57.4
102.5	**−4.3**	**−4.6**	**1.6**	**393.8**	**3.3**	**397.1**
17.1	**−6.4**	**4.1**	**−1.6**	**2,325.5**	**31.4**	**2,356.9**

C.04 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

[1] Change in minority interests due to exchange rate differences (accumulated exchange rate differences as at Dec. 31, 2014: EUR 5.3 million, Dec. 31, 2013: EUR 2.4 million, Dec. 31, 2012: EUR 2.8 million).

CONSOLIDATED CASH FLOW STATEMENT

in EUR m	Note	**2014**	2013
	30.)		
Profit after tax		**339.7**	**338.9**
Depreciation and amortization	20.)/21.)	135.3	140.9
Income taxes	11.)	168.1	156.3
Income tax payments		−164.8	−159.9
Interest result	7.)/8.)	73.4	73.8
Interest payments (netted against interest received)		−70.2	−73.2
Dividends received		3.8	1.3
Changes in provisions		−5.8	−39.5
Changes in current assets and liabilities			
Inventories		−51.1	−18.3
Receivables		−76.9	−21.0
Liabilities		37.6	−23.9
Non-cash change in purchase price obligations and liabilities under IAS 32 to minorities	9.)	−4.0	−25.3
Other non-cash items as well as reclassifications		−15.4	7.7
Cash provided by operating activities		**369.7**	**357.8**
Proceeds from disposals of other financial assets		0.1	0.2
Proceeds from disposals of intangible assets as well as property, plant and equipment		7.3	6.8
Purchases of consolidated subsidiaries and other business units		−82.0	−43.9
Purchases of other financial assets		−0.6	−0.1
Purchases of intangible assets as well as property, plant and equipment		−103.0	−98.2
Cash used for investing activities		**−178.2**	**−135.2**
Dividends paid to Brenntag shareholders		−133.9	−123.6
Profits distributed to minority shareholders		−1.8	−1.5
Proceeds from borrowings		61.8	43.9
Repayments of borrowings		−75.4	−34.7
Cash used for financing activities		**−149.3**	**−115.9**
Change in cash and cash equivalents		**42.2**	**106.7**
Change in cash and cash equivalents due to currency gains/losses		22.9	−26.5
Cash and cash equivalents at beginning of period	14.)	426.8	346.6
Cash and cash equivalents at end of period	**14.)**	**491.9**	**426.8**

C.05 CONSOLIDATED CASH FLOW STATEMENT

NOTES

KEY FINANCIAL FIGURES BY SEGMENT

for the period from January 1 to December 31

SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8[1]

in EUR m		Europe	North America	Latin America	Asia Pacific	All other segments	Consolidation	Group
External sales	**2014**	**4,624.7**	**3,332.0**	**864.0**	**748.2**	**446.7**	**–**	**10,015.6**
	2013	4,558.3	3,143.6	849.2	738.0	480.4	–	9,769.5
	Change in %	1.5	6.0	1.7	1.4	−7.0	–	2.5
	fx adjusted change in %	1.5	6.7	4.5	3.6	−7.0	–	3.2
Inter-segment sales	**2014**	**9.0**	**6.5**	**1.9**	**3.6**	**0.8**	**−21.8**	**–**
	2013	7.8	6.5	3.6	2.5	0.5	−20.9	–
Operating gross profit[2]	**2014**	**972.0**	**802.2**	**169.5**	**120.7**	**13.8**	**–**	**2,078.2**
	2013	930.0	763.1	163.6	121.7	13.9	–	1,992.3
	Change in %	4.5	5.1	3.6	−0.8	−0.7	–	4.3
	fx adjusted change in %	4.3	6.0	6.1	1.9	−0.7	–	4.9
Gross profit	**2014**	**–**	**–**	**–**	**–**	**–**	**–**	**2,027.5**
	2013	–	–	–	–	–	–	1,945.5
	Change in %	–	–	–	–	–	–	4.2
	fx adjusted change in %	–	–	–	–	–	–	4.8
Operating EBITDA (segment result)	**2014**	**335.9**	**323.6**	**46.8**	**41.2**	**−20.8**	**–**	**726.7**
	2013	297.4	325.7	47.0	47.5	−19.3	–	698.3
	Change in %	12.9	−0.6	−0.4	−13.3	7.8	–	4.1
	fx adjusted change in %	12.4	−0.2	2.9	−13.1	7.8	–	4.3
EBITDA	**2014**	**–**	**–**	**–**	**–**	**–**	**–**	**726.9**
	2013	–	–	–	–	–	–	696.8
	Change in %	–	–	–	–	–	–	4.3
	fx adjusted change in %	–	–	–	–	–	–	4.6
Operating EBITDA / Operating gross profit[2]	**2014 in %**	**34.6**	**40.3**	**27.6**	**34.1**	**−150.7**	**–**	**35.0**
	2013 in %	32.0	42.7	28.7	39.0	−138.8	–	35.0
Investments in non-current assets (Capex)[3]	**2014**	**56.9**	**32.5**	**9.6**	**5.1**	**0.7**	**–**	**104.8**
	2013	56.1	28.2	9.5	2.5	0.9	–	97.2

C.06 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8

[1] For further information on segment reporting in accordance with IFRS 8, see Note 31.
[2] External sales less cost of materials.
[3] Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.

GROUP KEY FINANCIAL FIGURES

in EUR m	2014	2013
EBITDA (incl. transaction costs/holding charges)	**726.9**	**696.8**
Investments in non-current assets (Capex)[1]	−104.8	−97.2
Changes in working capital[2][3]	−100.5	−56.2
Free cash flow	**521.6**	**543.4**

C.07 FREE CASH FLOW

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

in EUR m	2014	2013
Operating EBITDA (segment result)[1]	**726.7**	**698.3**
Transaction costs/holding charges[2]	0.2	−1.5
EBITDA	**726.9**	**696.8**
Scheduled depreciation of property, plant and equipment	−99.2	−99.3
Impairment of property, plant and equipment	−0.2	−1.9
EBITA	**627.5**	**595.6**
Scheduled amortization of intangible assets[3]	−35.9	−39.7
Impairment of intangible assets	–	–
EBIT	**591.6**	**555.9**
Financial result	−83.8	−60.7
Profit before tax	**507.8**	**495.2**

C.08 RECONCILIATION FROM OPERATING EBITDA TO PROFIT BEFORE TAX

[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, 2014 amortization of customer relationships totalling EUR 28.3 million (2013: EUR 32.8 million).

in EUR m	2014	2013
EBITA	627.5	595.6
Average property, plant and equipment	852.7	856.4
Average working capital	1,161.8	1,090.0
RONA [1]	**31.1%**	**30.6%**

C.09 DETERMINATION OF RONA

[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 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 EUR m	2014	2013
Operating gross profit	**2,078.2**	**1,992.3**
Production / mixing & blending costs	−50.7	−46.8
Gross profit	**2,027.5**	**1,945.5**

C.10 RECONCILIATION OF OPERATING GROSS PROFIT TO GROSS PROFIT

GENERAL INFORMATION

As one of the world's leading chemical distributors with more than 490 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 10, 2015, authorized for publication and submitted to the Supervisory Board for approval at its meeting on March 16, 2015.

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, 2014 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 and new standards issued by the International Accounting Standards Board (IASB) were applied by the Brenntag Group for the first time:

- 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 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
- 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 as investments at fair value through profit or loss in the consolidated financial statements of investment entities – not relevant to Brenntag.

As a result of IFRS 10 (Consolidated Financial Statements), the consolidation rules 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. One entity (parent company) controls another entity (subsidiary) when the following conditions are satisfied:

- The entity has decision-making power over the relevant activities of the other entity.
- The entity participates in the variable returns of the other entity.
- The entity can use its decision-making power over the relevant activities of the other entity to influence the variable returns of the other entity.

This applies to both parent-subsidiary relationships which are based on voting rights and parent-subsidiary relationships which result from other contractual arrangements. The consolidation of special purpose entities previously regulated in SIC 12 was replaced by rules concerning structured entities under IFRS 10 (Consolidated Financial Statements).

IAS 27 (Separate Financial Statements (revised 2011)) is now only to be applied to separate 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 structured 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) or IFRS 11 (Joint Arrangements) lead to changes in the scope of consolidation.

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.

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.

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

The following (in some cases revised) standards and interpretations had been published by the end of 2014 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 2015:

- IFRIC 21 (Levies)
- Annual Improvements to IFRS (Cycle 2011-2013)

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. The first-time application of IFRIC 21 (Levies) is not expected to have any material effect on the presentation of the Group's assets, financial position and results of operations for the 2015 financial year as a whole. During the financial year, the date of recognition of expenses and liabilities from levies imposed by a government which are not income taxes within the meaning of IAS 12 (Income Taxes) will change in some cases, therefore affecting the consolidated interim financial statements.

The annual improvements to IFRS contain a large number of minor amendments to various standards which are intended to clarify the content of the standards and to eliminate any existing inconsistencies. They are not expected to have any material effect on the presentation of the Group's assets, financial position and results of operations.

Probable first-time adoption in 2016:

- Amendment to IAS 19 (Employee Benefits (revised 2011)) regarding employee contributions to defined benefit obligations
- Amendments to IFRS 11 (Joint Arrangements) regarding the acquisition of an interest in a joint operation
- Amendments to IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets) regarding acceptable methods of depreciation and amortization
- Amendments to IAS 1 (Presentation of Financial Statements) in connection with the Disclosure Initiative
- Annual Improvements to IFRS (Cycle 2010-2012)
- Annual Improvements to IFRS (Cycle 2012-2014)
- Amendments to IFRS 10 (Consolidated Financial Statements), IFRS 12 (Disclosure of Interests in Other Entities) and IAS 28 (Investments in Associates and Joint Ventures (revised 2011)) regarding the application of the consolidation exception for investment entities – not relevant to Brenntag
- Amendments to IAS 27 (Separate Financial Statements) regarding the use of the equity method in separate financial statements – not relevant to Brenntag
- IFRS 14 (Regulatory Deferral Accounts) – not relevant to Brenntag
- Amendments to IAS 16 (Property, Plant and Equipment) and IAS 41 (Agriculture) regarding accounting for bearer plants – not relevant to Brenntag

IAS 19 (Employee Benefits (revised 2011)) provides for the sharing of risks between employees and employer to be taken into account when employees make their own contributions on the basis of the formal rules of a plan. This may lead to a reduction in the present value of the benefit obligation. Provided that the contributions are independent of the number of years of service, the amendment to IAS 19 leads to an option 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 amendments to IFRS 11 (Joint Arrangements) concerning the acquisition of an interest in a joint operation clarify that the acquisition of an interest, or of an additional interest in a joint operation that constitutes a business is a business combination in accordance with IFRS 3, and that accordingly, the rules set out in IFRS 3 are to be applied to the extent that they are not in conflict with IFRS 11.

When additional interests are acquired while joint control is retained, previously held interests in the same joint operation are not remeasured.

The amendments to IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets) regarding acceptable methods of depreciation and amortization clarify that depreciation of items of property, plant and equipment may not be calculated on the basis of revenues from the sale of goods manufactured with these assets. Revenue is presumed to be an inappropriate basis for amortizing an intangible asset, except in circumstances where the rights embodied in that intangible asset are expressed as a measure of revenue (as is the case for rights to a product which end when a specific total level of revenues is achieved) or when revenue and the consumption of the economic benefits of the intangible asset are highly correlated. Further, it is clarified that a fall in the sales price of goods manufactured and services provided using property, plant and equipment and intangible assets may be an indication of impairment of these items of property, plant and equipment and intangible assets.

The amendments to IAS 1 (Presentation of Financial Statements) made in connection with the Disclosure Initiative are intended to ensure that considerably more emphasis is placed on the materiality concept. The objective of the clarifications is to free the IFRS financial statements from immaterial information and to give more prominence to relevant information.

The annual improvements to IFRS contain a large number of minor amendments to various standards which are intended to clarify the content of the standards and to 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 standards and the annual improvements.

Probable first-time adoption in 2017:

- IFRS 15 (Revenue from Contracts with Customers)

The new IFRS 15 (Revenue from Contracts with Customers) provides new rules for accounting for revenue and replaces IAS 18 (Revenue) and IAS 11 (Construction Contracts). Revenue is measured at the fair value of the consideration expected to be received by the company in exchange for the goods or services provided. The transfer of risks and rewards is no longer the decisive factor for recognizing revenue. Revenue is to be recognized when the customer obtains control of the agreed goods or services and can obtain benefits from these. The new IFRS 15 provides a five-step model for recognizing revenue:

1. Identify the contract(s) with a customer
2. Identify the separate performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the separate performance obligations
5. Recognize revenue when (or as) the entity satisfies a performance obligation

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

Probable first-time adoption in 2018:

- IFRS 9 (Financial Instruments)

IFRS 9 (Financial Instruments) sets out new rules for the accounting treatment and measurement of financial assets, in particular. This includes, amongst other things, recognizing expected losses as well as incurred losses in future when accounting for impairments of financial assets accounted for at amortized cost. In addition, the rules governing hedge accounting have been completely revised. The aim of the new rules is to ensure that hedge accounting more closely reflects the economic risk management of the entity.

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

Amendments to IFRS 10 (Consolidated Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures) regarding an inconsistency between the standards have been postponed for an indefinite period.

SCOPE OF CONSOLIDATION

As at December 31, 2014, the consolidated financial statements include Brenntag AG and 26 domestic (Dec. 31, 2013: 26) and 179 foreign (Dec. 31, 2013: 181) fully consolidated subsidiaries including structured entities.

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

	Dec. 31, 2013	Additions	Disposals	**Dec. 31, 2014**
Domestic consolidated companies	27	–	–	27
Foreign consolidated companies	181	7	9	179
Total consolidated companies	**208**	**7**	**9**	**206**

C.11 CHANGES IN SCOPE OF CONSOLIDATION

The additions relate to new formations and entities acquired within the scope of business combinations accounted for under IFRS 3.

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

Five associates (Dec. 31, 2013: 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.

Existing regulatory restrictions in Venezuela limit the ability of our Venezuelan subsidiary to distribute dividends and to make certain other payments to Brenntag Group companies. These currency transfer restrictions affect net assets totalling about EUR 19 million as at December 31, 2014 (Dec. 31, 2013: about EUR 17 million), of which EUR 5.3 million as at December 31, 2014 relates to cash and cash equivalents (Dec. 31, 2013: EUR 10.4 million).

For those subsidiaries for which Brenntag does not hold the majority of the voting rights, it nevertheless has the power to direct the relevant activities. The structured entities individually listed in the List of Shareholdings in accordance with Section 313 para. 2 of the German Commercial Code (HGB) are above all entities which solely perform financing functions (accounts receivable securitization programme, leasing).

BUSINESS COMBINATIONS IN ACCORDANCE WITH IFRS 3

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 has taken over the distribution of caustic soda, sulphuric and hydrochloric acids, solvents and packed coagulants.

In early April 2014, the acquisition of 100% of the shares in Gafor Distribuidora S.A., a Latin American distributor of specialty solvents headquartered in São Paulo, Brazil, was completed. Through this acquisition, Brenntag is expanding its market presence in Brazil as the most important chemical distribution market in Latin America and adding critical mass to its existing operation in the country.

In early June 2014, Brenntag took over 100% of the shares in Philchem, Inc., based in Houston, Texas, USA. The company is specialized in managing individual supply and demand imbalances in selected product groups. Philchem, Inc. utilizes long-term relationships with key suppliers and has excellent logistics expertise.

At the end of October 2014, Brenntag acquired all the shares in CHIMAB S.p.A., headquartered in Campodarsego near Padua, Italy. The company supplies food manufacturers with semi finished-products and food ingredients. This acquisition will enable Brenntag to increase its market penetration and to further grow its food business in Italy, in order to become the market leader in the meat, bakery and ice cream segments.

At the end of December 2014, Brenntag acquired all the shares in SURTIQUIMICOS S.A., a distributor of specialty chemicals headquartered in Bogotá, Colombia. The company primarily supplies customers in the food, textile and construction industries. This acquisition is in line with our strategy of even deeper market penetration for specialty chemicals in Latin America.

The provisional purchase price of these acquisitions is EUR 110.1 million, EUR 5.1 million of which depends on the achievement of various operating gross profit targets in the years after acquisition.

The net assets of the acquisitions break down as follows:

in EUR m	Provisional fair value
Assets	
Cash and cash equivalents	5.3
Trade receivables, other financial assets and other receivables	31.9
Other current assets	11.2
Non-current assets	34.1
Liabilities	
Current liabilities	33.7
Non-current liabilities	8.5
Net assets	**40.3**

C.12 NET ASSETS ACQUIRED IN 2014

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.

Measurement of the assets and liabilities (among others customer relationships and deferred taxes) taken over has not yet been completed owing to a lack of time. There are no material differences between the gross amount and carrying amount of the receivables. The acquisitions result in provisional goodwill of EUR 69.8 million in total, EUR 44.2 million of which is expected to be subject to amortization under tax law. The main factors determining the goodwill are the above-mentioned reasons for the acquisitions where not included in other assets (e.g. customer relations and similar rights).

Since their acquisition by Brenntag, the businesses acquired in 2014 generated sales of EUR 131.0 million and profit after tax of EUR 2.8 million.

If the above-mentioned business combinations had taken place with effect from January 1, 2014, sales of about EUR 10,107 million would have been shown for the Brenntag Group in the reporting period. The profit after tax would have been about EUR 344 million.

The measurement of the assets and liabilities of Lubrication Services, L.L.C., headquartered in Oklahoma City, Oklahoma, USA, Blue Sky Environment Pty Ltd, headquartered in Brisbane, Australia, and the chemical distribution business of the Zytex Group, headquartered in Mumbai, India, which were all acquired in 2013, as well as a number of smaller acquisitions made in 2013, has been completed. The net assets acquired were adjusted as follows in the measurement period:

in EUR m	Provisional fair value	Adjustments	Final fair value
Assets			
Trade receivables, other financial assets and other receivables	11.3	–	11.3
Other current assets	9.7	–	9.7
Non-current assets	14.6	0.1	14.7
Liabilities			
Current liabilities	2.7	–	2.7
Contingent liabilities	0.2	–	0.2
Net assets	**32.7**	**0.1**	**32.8**

C.13 NET ASSETS ACQUIRED IN 2013

The goodwill was reduced accordingly. Goodwill from the business combinations performed in 2013 and 2014 developed as follows:

in EUR m	Goodwill
Dec. 31, 2013	**10.7**
Exchange rate differences	0.8
Addition	69.8
Adjustments in the measurement period	−0.1
Dec. 31, 2014	**81.2**

C.14 DEVELOPMENT OF GOODWILL

The net cash outflow in 2014 resulting from business combinations has been determined as follows:

in EUR m	
Cost of acquisition 2014	**110.1**
Less cash and cash equivalents acquired	−5.3
Less purchase price components not yet paid	−17.6
Plus subsequent purchase price payments from business combinations in prior years	0.3
Less offsetting with receivables	−5.5
Purchases of consolidated subsidiaries and other business units	**82.0**

C.15 RECONCILIATION OF ACQUISITION COSTS TO THE PURCHASES OF CONSOLIDATED SUBSIDIARIES AND OTHER BUSINESS UNITS

CONSOLIDATION METHODS

The consolidated financial statements include the financial statements – prepared according to uniform accounting and measurement methods – of Brenntag AG and all entities controlled by Brenntag. This is the case when the following conditions are fulfilled:

- Brenntag has decision-making power over the relevant activities of the other entity.
- Brenntag participates in the variable returns of the other entity.
- Brenntag can use its decision-making power over the relevant activities of the other entity to influence the variable returns of the other entity.

Control may be based on voting rights or arise from other contractual arrangements. Accordingly, the scope of consolidation includes, in addition to entities in which Brenntag AG directly or indirectly controls the majority of voting rights, structured entities which are controlled by contractual arrangements.

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 payment of a variable price has been agreed for the purchase of further shares instead of a fixed price, and, as a result, the seller still retains material risks and rewards from the shares, corresponding liabilities are also recognized for these shares, but these liabilities reduce the equity and corresponding minority interests are shown. Changes in the purchase price 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 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 in profit or loss.

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:

	Closing rate		Average rate	
EUR 1 = currencies	**Dec. 31, 2014**	Dec. 31, 2013	**2014**	2013
Canadian dollar (CAD)	1.4063	1.4671	1.4661	1.3684
Swiss franc (CHF)	1.2024	1.2276	1.2146	1.2311
Chinese yuan renminbi (CNY)	7.5358	8.3491	8.1857	8.1646
Danish crown (DKK)	7.4453	7.4593	7.4548	7.4579
Pound sterling (GBP)	0.7789	0.8337	0.8061	0.8493
Polish zloty (PLN)	4.2732	4.1543	4.1843	4.1975
Swedish crown (SEK)	9.3930	8.8591	9.0985	8.6515
US dollar (USD)	1.2141	1.3791	1.3285	1.3281

C.16 EXCHANGE RATES OF MAIN CURRENCIES

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 sufficiently 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 depending on which of the above categories they are allocated to[2]. 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.

[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.

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.

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 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

C.17 USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

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 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

C.18 USEFUL LIVES OF INTANGIBLE ASSETS

Amortization of intangible assets is allocated to the respective functional area in the income statement.

IMPAIRMENT TESTING OF NON-CURRENT NON-FINANCIAL ASSETS

In accordance with IAS 36, non-current non-financial 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 and are, therefore, 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 determined, the recoverable amount of the cash-generating unit (CGU) to which this asset belongs is determined and compared to 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 determined) 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. 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, unless the plans are multi-employer pension funds for which insufficient information is available. 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:

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

C.19 PENSION COST COMPONENTS

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.

Multi-employer defined benefit plans are treated as defined contribution plans when insufficient information is available.

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 measures 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% (2013: 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 mature in the same period.

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 as well as revenues and expenses have to be made in the consolidated financial statements. These assumptions and estimates 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 2013, 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 4.7 million (Dec. 31, 2013: EUR 4.3 million) or increased by EUR 5.3 million (Dec. 31, 2013: EUR 4.8 million), respectively.

Sensitivity analyses of defined benefit pension obligations are described in the section “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 10,015.6 million (2013: EUR 9,769.5 million) mainly relate to the sale of goods. Sales of EUR 0.8 million (2013: 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 7,937.4 million (2013: EUR 7,777.2 million). The cost of goods sold also includes impairment losses and reversals of impairment losses on inventories of EUR 3.2 million (2013: EUR 4.1 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 97.2 million (2013: EUR 90.8 million), of which EUR 0.6 million (2013: EUR 1.1 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

in EUR m	**2014**	2013
Income from the disposal of non-current assets	3.6	2.7
Income from the reversal of liabilities and provisions no longer required	8.2	10.4
Income from receivables derecognized in prior periods	0.1	0.1
Miscellaneous operating income	31.2	20.8
Total	**43.1**	**34.0**

C.20 OTHER OPERATING INCOME

6.) OTHER OPERATING EXPENSES

in EUR m	2014	2013
Impairments of trade receivables	−7.3	−8.8
Impairments of other receivables	−0.1	−0.5
Income from the reversal of impairments of trade receivables	3.4	7.9
Income from the reversal of impairments of other receivables	0.1	0.1
Losses on the disposal of non-current assets	−0.7	−0.6
Miscellaneous operating expenses	−11.2	−11.5
Total	**−15.8**	**−13.4**

C.21 OTHER OPERATING EXPENSES

7.) FINANCE INCOME

Finance income includes EUR 3.0 million (2013: EUR 4.7 million) of interest income from third parties.

8.) FINANCE COSTS

in EUR m	2014	2013
Interest expense on liabilities to third parties	−66.9	−70.4
Expense from the measurement of interest rate swaps at fair value	−2.8	−2.0
Net interest expense from defined benefit pension plans	−3.8	−3.7
Interest expense on other provisions	−1.9	−1.2
Interest expense on finance leases	−1.0	−1.2
Total	**−76.4**	**−78.5**

C.22 FINANCE COSTS

9.) CHANGES IN PURCHASE PRICE OBLIGATIONS AND LIABILITIES UNDER IAS 32 TO MINORITIES

in EUR m	2014	2013
Cost from the unwinding of discounting of the purchase price obligation	−1.1	−0.1
Result from measurement of the purchase price obligation at the closing rate	–	0.4
Change in estimate of future purchase price	7.2	26.5
Result from the change in liabilities under IAS 32 to minorities	−2.1	−1.5
Total	**4.0**	**25.3**

C.23 CHANGES IN PURCHASE PRICE OBLIGATIONS AND LIABILITIES UNDER IAS 32 TO MINORITIES

For further information, we refer to Note 28.).

10.) OTHER FINANCIAL RESULT

in EUR m	2014	2013
Result from the translation of foreign currency receivables and liabilities at the closing rate	−9.5	−13.7
Result from the measurement of foreign currency derivatives at fair value	−7.4	−1.8
Miscellaneous other financial result	−0.8	0.3
Total	**−17.7**	**−15.2**

C.24 OTHER FINANCIAL RESULT

11.) INCOME TAXES

in EUR m	2014	2013
Current income taxes	−170.7	−146.2
Deferred taxes	2.6	−10.1
(thereof from temporary differences)	(7.4)	(−6.6)
(thereof from tax loss carryforwards)	(−4.8)	(−3.5)
Total	**−168.1**	**−156.3**

C.25 INCOME TAXES

The effective tax expense of EUR 168.1 million (2013: EUR 156.3 million) differs by EUR 5.6 million (2013: EUR −2.2 million) from the expected tax expense of EUR 162.5 million (2013: EUR 158.5 million). The expected tax expense results from applying the Group tax rate of 32% (2013: 32%) to the pre-tax result.

The reasons for the difference between the expected and the effective tax expense are as follows:

in EUR m	2014	2013
Profit before tax	507.8	495.2
Expected income tax (32%, 2013: 32%)	**−162.5**	**−158.5**
Difference due to tax base	3.0	2.3
Influence of differing tax rates from the inclusion of foreign and domestic subsidiaries	3.7	1.4
Changes in valuation adjustments on deferred tax assets/losses without the establishment of deferred taxes/utilization of loss carryforwards	−2.6	3.7
Changes in the tax rate and tax laws	1.2	0.9
Non-tax-deductible expenses	−14.2	−16.3
Tax-free income	1.3	1.8
Result of investments accounted for at equity	0.7	0.5
Taxes of prior periods	4.0	2.1
Deferred taxes on temporary differences from shares in subsidiaries	−1.5	1.6
Changes in purchase price obligations and liabilities under IAS 32 to minorities	0.9	6.1
Other effects	−2.1	−1.9
Effective tax expense	**−168.1**	**−156.3**

C.26 TAX RATE RECONCILIATION

The deferred taxes result from the individual balance sheet items and other items as follows:

in EUR m	**Dec. 31, 2014** Deferred tax assets	**Dec. 31, 2014** Deferred tax liabilities	Dec. 31, 2013 Deferred tax assets	Dec. 31, 2013 Deferred tax liabilities
Current assets				
Cash and cash equivalents and financial assets	7.1	7.7	8.3	4.3
Inventories	12.5	0.3	9.9	0.3
Non-current assets				
Property, plant and equipment	14.9	84.5	13.3	86.1
Intangible assets	7.9	130.2	5.9	120.2
Financial assets	9.2	11.4	8.8	13.0
Current liabilities				
Other provisions	8.5	0.6	6.1	0.1
Liabilities	26.8	3.7	20.8	4.0
Non-current liabilities				
Provisions for pensions	34.2	5.9	17.2	4.5
Other provisions	22.3	–	19.8	0.7
Liabilities	16.7	5.7	17.2	6.6
Special tax-allowable reserves	0.5	2.8	–	2.8
Loss carryforwards	19.1	–	23.8	–
Consolidation items	–	7.0	–	5.6
Offsetting	−117.7	−117.7	−101.2	−101.2
Deferred taxes	**62.0**	**142.1**	**49.9**	**147.0**
Deferred tax liabilities (net)		**80.1**		**97.1**

C.27 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities and their recovery periods are as follows:

in EUR m	**2014**	2013
Deferred tax assets to be recovered after more than 12 months	17.1	12.4
Deferred tax assets to be recovered within 12 months	44.9	37.5
Deferred tax assets	**62.0**	**49.9**
Deferred tax liabilities to be recovered after more than 12 months	138.6	145.9
Deferred tax liabilities to be recovered within 12 months	3.5	1.1
Deferred tax liabilities	**142.1**	**147.0**
Deferred tax liabilities (net)	**80.1**	**97.1**

C.28 DEFERRED TAX BY MATURITY

Deferred tax liabilities (net) developed as follows:

in EUR m	2014	2013
Deferred tax liabilities (net) at Jan. 1	**97.1**	**79.7**
Exchange rate differences	0.8	0.1
Income/expense in profit and loss	−2.6	10.1
Income taxes recognized in other comprehensive income	−17.5	9.3
Business combinations	2.3	−2.1
Deferred tax liabilities (net) at Dec. 31	**80.1**	**97.1**

C.29 DEVELOPMENT OF DEFERRED TAX LIABILITIES (NET)

The existing tax loss carryforwards can be utilized as follows:

	Dec. 31, 2014		Dec. 31, 2013	
in EUR m	**Loss carryforwards**	**thereof loss carryforwards without deferred taxes**	Loss carryforwards	thereof loss carryforwards without deferred taxes
within one year	8.4	(7.6)	2.4	(2.2)
2 to 5 years	12.8	(11.6)	8.0	(7.0)
6 to 9 years	3.8	(3.8)	4.2	(4.2)
more than 9 years	258.8	(238.9)	230.0	(229.0)
unlimited	202.8	(143.2)	228.9	(136.2)
Total	**486.6**	**(405.1)**	**473.5**	**(378.6)**

C.30 TAX LOSS CARRYFORWARDS

The deferred tax on loss carryforwards is measured based on the expected taxable income derived from the current mid-term planning, allowing for restrictions on loss carryforwards and their utilization (minimum taxation).

Deferred taxes of EUR 19.1 million (Dec. 31, 2013: EUR 23.8 million) were provided for loss carryforwards of EUR 81.5 million (Dec. 31, 2013: EUR 94.9 million) which are likely to be utilized. These include domestic corporate tax loss carryforwards totalling EUR 10.4 million (Dec. 31, 2013: EUR 37.8 million) as well as, for the first time, loss carryforwards of US subsidiaries for state taxes totalling EUR 19.9 million (tax rate between 5% and 7%).

No deferred taxes were provided for loss carryforwards of EUR 405.1 million (Dec. 31, 2013: EUR 378.6 million) which are not likely to be utilized. This figure includes domestic corporate tax and trade income tax loss carryforwards totalling EUR 93.3 million (Dec. 31, 2013: EUR 92.9 million) as well as loss carryforwards totalling EUR 238.7 million (Dec. 31, 2013: EUR 230.0 million) of US subsidiaries for state taxes (tax rate between 5% and 7%).

Temporary differences in connection with shares in subsidiaries for which no deferred tax liabilities were recognized amount to EUR 369.4 million (Dec. 31, 2013: EUR 352.5 million).

12.) PERSONNEL EXPENSES / EMPLOYEES

Personnel expenses amount to EUR 760.1 million (2013: EUR 720.0 million). This line item includes wages and salaries totalling EUR 605.3 million (2013: EUR 574.2 million) as well as social insurance contributions of EUR 154.8 million (Dec. 31, 2013: EUR 145.8 million), of which pension expenses (including employer contributions to the statutory pension insurance fund) account for EUR 48.4 million (2013: EUR 47.0 million). The net interest expense from defined benefit plans is not included in personnel expenses but is shown within the financial result under finance costs. Personnel expenses for the share-based remuneration programmes on the basis of virtual shares amount to EUR 3.3 million (2013: EUR 4.5 million).

The average number of employees by segment breaks down as follows:

	2014	2013
Europe	6,473	6,356
North America	4,085	3,915
Latin America	1,450	1,420
Asia Pacific	1,615	1,483
All other segments	125	123
Total	**13,748**	**13,297**

C.31 EMPLOYEES BY SEGMENT

As at December 31, 2014, the employee numbers of the Brenntag Group totalled 13,870 (Dec. 31, 2013: 13,431). Of this figure, 1,438 (Dec. 31, 2013: 1,405) were employed in Germany.

13.) EARNINGS PER SHARE

Brenntag performed a 1:3 stock split during the third quarter of 2014. Each shareholder received, without additional payment, two additional shares per each share held. After the General Shareholders' Meeting resolved the capital increase from company funds through the issue of new shares in June 2014, the registered share capital of the company is now EUR 154.5 million. It is divided into an equally high number of registered no-par-value shares following the split.

The earnings per share of EUR 2.20 (2013: EUR 2.20) are determined by dividing the share in income after tax of EUR 339.3 million (2013: EUR 339.2 million) due to the shareholders of Brenntag AG by the number of 154.5 million shares after the stock split.

INFORMATION ON THE CONSOLIDATED BALANCE SHEET

14.) CASH AND CASH EQUIVALENTS

in EUR m	Dec. 31, 2014	Dec. 31, 2013
Bank deposits	482.7	418.1
Cheques and cash on hand	9.2	8.7
Total	**491.9**	**426.8**

C.32 CASH AND CASH EQUIVALENTS

15.) TRADE RECEIVABLES

in EUR m	Dec. 31, 2014	Dec. 31, 2013
Trade receivables from third parties	1,407.1	1,248.7
Trade receivables from related parties	0.1	0.1
Total	**1,407.2**	**1,248.8**

C.33 TRADE RECEIVABLES

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:

in EUR m	Dec. 31, 2014	Dec. 31, 2013
1 to 30 days	195.1	184.2
31 to 60 days	41.6	35.9
61 to 90 days	12.7	10.1
91 to 180 days	10.7	6.3
more than 180 days	4.2	5.2
Receivables past due for which no impairment loss has been recorded	**264.3**	**241.7**
Receivables not past due and for which no impairment loss has been recorded	1,138.7	1,001.8
Gross value of receivables for which an impairment loss has been recorded	39.4	41.3
Gross value of trade receivables	**1,442.4**	**1,284.8**

C.34 MATURITY OF TRADE RECEIVABLES WHICH ARE PAST DUE BUT FOR WHICH NO IMPAIRMENT LOSS HAS BEEN RECOGNIZED

Of the trade receivables, EUR 566.0 million (Dec. 31, 2013: EUR 515.0 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 of trade receivables developed as follows:

	Accumulated impairments of trade receivables	
in EUR m	**2014**	2013
Jan. 1	**36.0**	**40.6**
Exchange rate differences	1.3	−1.1
Additions	7.3	8.8
Reversals	−3.4	−7.9
Utilizations	−6.0	−4.4
Dec. 31	**35.2**	**36.0**

C.35 DEVELOPMENT OF IMPAIRMENTS OF TRADE RECEIVABLES

16.) OTHER RECEIVABLES

	Dec. 31, 2014		Dec. 31, 2013	
in EUR m		**thereof current**		thereof current
Value added tax receivables	30.6	(30.6)	25.9	(25.9)
Receivables from packaging	20.4	(20.4)	21.0	(21.0)
Reimbursement claims – environment	4.4	(–)	4.4	(–)
Suppliers with debit balances	4.5	(4.5)	6.6	(6.6)
Receivables from insurance claims	7.1	(7.1)	3.2	(3.2)
Deposits	3.6	(3.6)	4.2	(4.2)
Receivables from commissions and rebates	15.4	(15.4)	11.8	(11.8)
Advance payments	15.1	(15.1)	13.5	(13.5)
Receivables from other taxes	4.3	(4.3)	2.8	(2.8)
Receivables from long-term services contracts	3.8	(–)	2.3	(–)
Receivables from employees	0.6	(0.6)	1.3	(1.3)
Miscellaneous other receivables	16.1	(11.2)	16.8	(11.2)
Prepaid expenses	15.6	(14.9)	12.0	(11.1)
Total	**141.5**	**(127.7)**	**125.8**	**(112.6)**

C.36 OTHER RECEIVABLES

17.) OTHER FINANCIAL ASSETS

	Remaining term			
in EUR m	less than 1 year	1 to 5 years	more than 5 years	**Dec. 31, 2014**
Financial receivables from third parties	4.5	26.1	–	30.6
Derivative financial instruments	2.2	4.9	–	7.1
Available-for-sale financial assets	1.1	–	0.2	1.3
Financial receivables from related parties	0.1	–	–	0.1
Total	**7.9**	**31.0**	**0.2**	**39.1**

C.37 OTHER FINANCIAL ASSETS / DEC. 31, 2014

	Remaining term			
in EUR m	less than 1 year	1 to 5 years	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**

C.38 OTHER FINANCIAL ASSETS / DEC. 31, 2013

18.) INVENTORIES

The inventories break down as follows:

in EUR m	**Dec. 31, 2014**	Dec. 31, 2013
Merchandise	839.7	734.2
Finished goods	20.3	18.3
Raw materials and supplies	5.8	4.6
Total	**865.8**	**757.1**

C.39 INVENTORIES

19.) NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale of EUR 0.9 million (Dec. 31, 2013: EUR 1.9 million) are recognized under current assets; as in the previous year, these relate entirely to the North America segment.

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.

20.) PROPERTY, PLANT AND EQUIPMENT

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 construction costs					
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**
Exchange rate differences	22.1	32.7	6.5	1.9	63.2
Business combinations	0.6	1.9	0.6	0.3	3.4
Other additions	6.5	25.3	30.6	36.1	98.5
Disposals	−0.6	−4.4	−37.0	−0.2	−42.2
Transfers	14.1	16.3	3.8	−35.0	−0.8
Dec. 31, 2014	**687.9**	**531.6**	**231.7**	**33.9**	**1,485.1**
Accumulated depreciation and impairment					
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**
Exchange rate differences	5.3	17.4	3.9	–	26.6
Scheduled depreciation	22.5	42.5	34.2	–	99.2
Impairment	0.2	–	–	–	0.2
Disposals	−0.3	−3.4	−34.8	–	−38.5
Transfers	0.1	–	−0.1	–	–
Dec. 31, 2014	**174.5**	**285.6**	**145.7**	**–**	**605.8**
Carrying amounts at Dec. 31, 2014	513.4	246.0	86.0	33.9	879.3
Carrying amounts at Dec. 31, 2013	498.5	230.7	84.7	30.8	844.7

C.40 PROPERTY, PLANT AND EQUIPMENT

The remaining carrying amounts of the property, plant and equipment subject to impairment in the financial year total EUR 2.8 million (Dec. 31, 2013: EUR 1.3 million).

The carrying amounts for assets recognized on the basis of finance leases total EUR 4.7 million (Dec. 31, 2013: EUR 4.9 million) for real estate, EUR 0.2 million (Dec. 31, 2013: EUR 0.3 million) for technical equipment, plant and machinery, and EUR 5.1 million (Dec. 31, 2013: EUR 6.2 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 13.2 million (Dec. 31, 2013: EUR 12.3 million). The carrying amounts of property, plant and equipment which are subject to restrictions on their disposal total EUR 2.8 million (Dec. 31, 2013: EUR 2.5 million).

The volume of government grants totals EUR 1.2 million (Dec. 31, 2013: EUR 1.1 million).

21.) INTANGIBLE ASSETS

in EUR m	Goodwill	Trademarks	Customer relationships and similar rights	Software, licenses and similar rights	**Total**
Acquisition and construction costs					
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**
Exchange rate differences	117.9	1.3	5.3	2.9	127.4
Business combinations	69.7	–	30.4	–	100.1
Other additions	–	–	–	6.3	6.3
Disposals	–	–	−23.6	−0.9	−24.5
Transfers	–	–	–	0.4	0.4
Dec. 31, 2014	**1,994.8**	**215.8**	**120.3**	**56.8**	**2,387.7**
Accumulated amortization and impairment					
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**
Exchange rate differences	–	0.9	1.7	1.9	4.5
Scheduled amortization	–	2.3	28.3	5.3	35.9
Disposals	–	–	−23.6	−0.8	−24.4
Dec. 31, 2014	**–**	**14.7**	**64.0**	**41.0**	**119.7**
Carrying amounts at Dec. 31, 2014	1,994.8	201.1	56.3	15.8	2,268.0
Carrying amounts at Dec. 31, 2013	1,807.2	203.0	50.6	13.5	2,074.3

C.41 INTANGIBLE ASSETS

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 at December 31, 2014, some EUR 1,217 million (Dec. 31, 2013: 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 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:

in EUR m	**Dec. 31, 2014**	Dec. 31, 2013
Europe	808.1	787.1
North America	892.3	783.8
Latin America	86.6	44.1
Asia Pacific	179.6	164.1
All other segments	28.2	28.1
Group	**1,994.8**	**1,807.2**

C.42 REGIONAL ALLOCATION OF GOODWILL

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 five-year plan consists of the mid-term planning for the first three years submitted by the Group companies and aggregated at segment level (bottom up) and an extrapolation for the two following years performed by the Management (top down). 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, 2014 were derived from the budget for 2015 and the plan years 2016 to 2019. 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 2015 to 2019 (detailed planning period), the assumed growth rates for the period from 2020 onwards are 1.0% in Europe (2013: 1.25%), 1.25% in North America (2013: 1.25%) and 2.0% in Latin America and Asia Pacific (2013: 2.5%).

The region-specific WACC used for discounting the cash flows thus determined is based on a risk-free interest rate of 1.75% (2013: 2.75%) as well as a market risk premium of 6.25% (2013: 6.25%). The estimates of daily interest structure curves published by the German Federal Bank are taken as a basis for determining the risk-free 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 in%	2014	2013
Europe	7.0	8.9
North America	6.6	8.0
Latin America	8.5	10.2
Asia Pacific	7.7	9.4
Group	7.0	8.6

C.43 WACC BY SEGMENT

Amortization of customer relationships and similar rights as well as local trademarks has been recognized under selling expenses.

22.) INVESTMENTS ACCOUNTED FOR AT EQUITY

The investments accounted for at equity developed as follows:

in EUR m		Interests in associates
Dec. 31, 2012		**28.4**
Exchange rate differences	−5.5	
Result from investments accounted for at equity	3.0	
Total comprehensive income		−2.5
Dividends received		−1.2
Dec. 31, 2013		**24.7**
Exchange rate differences	0.8	
Result from investments accounted for at equity	3.3	
Total comprehensive income		4.1
Dividends received		−3.8
Dec. 31, 2014		**25.0**

C.44 DEVELOPMENT OF INVESTMENTS ACCOUNTED FOR AT EQUITY

The financial year of the companies accounted for at equity is the calendar year.

23.) TRADE PAYABLES

Trade payables of EUR 1,046.2 million (Dec. 31, 2013: EUR 961.5 million) include accruals of EUR 136.5 million (Dec. 31, 2013: EUR 134.0 million) and liabilities to related parties of EUR 0.1 million (Dec. 31, 2013: EUR – million).

24.) FINANCIAL LIABILITIES

	Remaining term			
in EUR m	less than 1 year	1 to 5 years	more than 5 years	**Dec. 31, 2014**
Liabilities under syndicated loan	2.5	1,121.6	–	1,124.1
Other liabilities to banks	288.0	2.5	6.1	296.6
Bond	9.9	395.3	–	405.2
Liabilities under finance leases	2.8	6.1	3.4	12.3
Derivative financial instruments	3.6	0.4	–	4.0
Other financial liabilities	27.2	32.2	–	59.4
Total	**334.0**	**1,558.1**	**9.5**	**1,901.6**
Cash and cash equivalents				491.9
Net financial liabilities				**1,409.7**

C.45 FINANCIAL LIABILITIES / DEC. 31, 2014

	Remaining term			
in EUR m	less than 1 year	1 to 5 years	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**

C.46 FINANCIAL LIABILITIES / DEC. 31, 2013

The syndicated bullet loan is a loan agreement with a consortium of international banks. The syndicated loan agreement was extended at the end of March 2014 ahead of schedule and now matures in March 2019. The syndicated loan is divided into different tranches with different currencies.

The liabilities under the syndicated loan break down as follows:

in EUR m		Remaining term	Interest rate above EURIBOR / LIBOR	**Dec. 31, 2014**
Tranches				
	Tranche A	Mar. 28, 2019	1.15%	382.6
	Tranche B	Mar. 28, 2019	1.15%	749.5
Total				**1,132.1**
Accrued interest				2.5
Transaction costs				−10.5
Liabilities under syndicated loan				**1,124.1**

C.47 LIABILITIES UNDER SYNDICATED LOAN / DEC. 31, 2014

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**

C.48 LIABILITIES UNDER SYNDICATED LOAN / DEC. 31, 2013

In addition to the above-mentioned tranches the syndicated loan also includes a revolving credit facility, which was virtually unutilized as at December 31, 2014, and which was increased by EUR 100.0 million in March 2014 in the course of extending the syndicated loan ahead of schedule. As at December 31, 2014, the volume of this credit facility, which can be drawn down in various currencies, is thereby EUR 600.0 million (Dec. 31, 2013: EUR 500.0 million).

The bond with a volume of EUR 400.0 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.

Of the other liabilities to banks, EUR 182.7 million (Dec. 31, 2013: EUR 175.4 million) are amounts owed to banks by the fully consolidated Irish structured entity, Brenntag Funding Limited, Dublin. These liabilities are secured at the balance-sheet date by receivables of EUR 380.7 million (Dec. 31, 2013: EUR 354.8 million) under the international accounts receivable securitization programme.

Detailed disclosures concerning the terms of the syndicated loan, the bond and the international accounts receivable securitization programme are included in the chapters “Capital structure” and “Financial risks and opportunities” in the management report.

The following table shows the reconciliation of the future minimum lease payments to liabilities under finance leases:

in EUR m	Minimum lease payments	Interest portion	Liabilities under finance leases
less than 1 year	3.7	1.0	2.7
1 to 2 years	3.1	0.7	2.4
2 to 3 years	2.3	0.5	1.8
3 to 4 years	1.6	0.4	1.2
4 to 5 years	1.1	0.3	0.8
more than 5 years	6.1	2.7	3.4
Dec. 31, 2014	**17.9**	**5.6**	**12.3**

C.49 MINIMUM LEASE PAYMENTS / 2014

in EUR m	Minimum lease payments	Interest portion	Liabilities under 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**

C.50 MINIMUM LEASE PAYMENTS / 2013

25.) OTHER LIABILITIES

in EUR m	Dec. 31, 2014	Dec. 31, 2014 thereof current	Dec. 31, 2013	Dec. 31, 2013 thereof current
Liabilities to employees	100.9	(100.9)	87.6	(87.6)
Liabilities from packaging	68.6	(68.6)	68.8	(68.8)
Liabilities from value added tax	44.3	(44.3)	37.0	(37.0)
Customers with credit balances	23.9	(23.9)	23.1	(23.1)
Liabilities from other taxes	17.6	(17.6)	15.1	(15.1)
Liabilities to insurance companies	16.0	(16.0)	14.1	(14.1)
Liabilities from sales deductions, rebates	12.6	(12.6)	9.0	(9.0)
Deferred income	7.7	(7.4)	8.5	(8.2)
Liabilities from social insurance contributions	9.1	(9.1)	8.2	(8.2)
Liabilities from the acquisition of assets	7.7	(7.7)	7.6	(7.6)
Miscellaneous other liabilities	54.6	(52.7)	45.0	(43.3)
Total	**363.0**	**(360.8)**	**324.0**	**(322.0)**

C.51 OTHER LIABILITIES

Other liabilities include accruals of EUR 36.8 million (Dec. 31, 2013: EUR 35.6 million).

26.) OTHER PROVISIONS

The other provisions developed as follows:

in EUR m	Environmental provisions	Provisions for personnel expenses	Miscellaneous provisions	Total
Jan. 1, 2014	**98.3**	**26.8**	**23.7**	**148.8**
Exchange rate differences	7.7	0.7	1.5	9.9
Additions from business combinations	0.6	–	2.4	3.0
Unwinding of discounting	1.4	0.3	0.2	1.9
Utilizations	−7.0	−12.8	−10.0	−29.8
Reversals	−1.3	−1.1	−1.2	−3.6
Additions	3.4	13.5	12.4	29.3
Transfers	–	−0.3	0.3	–
Dec. 31, 2014	**103.1**	**27.1**	**29.3**	**159.5**

C.52 DEVELOPMENT OF OTHER PROVISIONS

The other provisions have the following maturities:

in EUR m	Dec. 31, 2014	Dec. 31, 2013
less than 1 year	45.1	37.3
1 to 5 years	62.3	62.9
more than 5 years	52.1	48.6
Total	**159.5**	**148.8**

C.53 MATURITY OF OTHER PROVISIONS

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.

As at December 31, 2014, the environmental provisions total EUR 103.1 million (Dec. 31, 2013: EUR 98.3 million). They 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 22.4 million (Dec. 31, 2013: EUR 21.3 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, 2014 amount to EUR 4.4 million (Dec. 31, 2013: EUR 4.4 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 managers 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 stock 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 to 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 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 stock 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.

At December 31, 2014, the provisions for share-based remuneration total EUR 9.1 million (Dec. 31, 2013: EUR 9.3 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.

27.) 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 2014 financial year, pension expenses in the Brenntag Group total EUR 22.6 million (2013: EUR 21.5 million) for employer contributions to the statutory pension insurance fund and EUR 16.9 million (2013: EUR 15.8 million) for non-statutory defined contribution plans.

In the USA, subsidiaries of the Brenntag Group pay into defined benefit plans maintained by more than one employer (so-called multi-employer plans). These multi-employer defined benefit plans are accounted for in the consolidated financial statements as defined contribution plans because the information required to use defined benefit accounting is not available in a timely manner and in sufficient detail. Furthermore, there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual participating employers, which is necessary for defined benefit accounting in accordance with IAS 19.

If other participating employers do not meet their payment obligations, Brenntag may be liable for the obligations of those employers. Any potential withdrawal from the plans by a Group entity may lead to that entity having to offset the potential shortfall relating to its share of the plan. The coverage ratios of the individual plans are from about 35% to 95% as at December 31, 2014. As in 2013, the share of subsidiaries of the Brenntag Group in the total volume of contributions is approx. 0.04% to 4.5%, depending on the plan. Withdrawal from all plans at the present time would lead to an estimated one-time expense of approx. EUR 23 million (2013: approx. EUR 23 million). No withdrawal from any of these plans is intended at this time.

In the 2014 financial year, contributions of EUR 1.9 million (2013: EUR 1.9 million) were paid. The contributions are included in the above-mentioned contributions for non-statutory defined contribution plans. The contributions are expected to amount to approx. EUR 2.0 million in 2015.

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 eleven 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 the corresponding 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 Schweizerhall AG, the employer pays some 70% of the contributions in accordance with the rules of the plan.

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 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 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 five years or as a life-long pension.

The retirement pension entitlements of the members of the Board of Management are described in the chapter "Remuneration Report" 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.

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 three 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.

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 plans. An increase in life expectancy, salaries, as well as the adjustment of pensions in line with inflation as required by law in Germany, or an increase in medical costs in Canada, 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 an investment risk in Switzerland primarily with regard to the proportion of the plan assets invested in shares. There is no investment risk in Germany or the Netherlands, as the plan assets consist solely of insurance policies. In Canada, 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.

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:

in %		Switzerland	Germany	Canada	Netherlands	Other countries	Weighted
Discount rate	**2014**	**1.00**	**1.90**	**4.00**	**1.90**	**2.86**	**2.03**
	2013	2.20	3.70	5.00	3.70	4.22	3.42
Expected development of salaries	**2014**	**1.50**	**2.70**	**3.25**	**2.70**	**3.62**	**2.47**
	2013	1.50	2.70	3.25	2.70	3.70	2.44
Expected development of pensions	**2014**	**0.50**	**2.00**	**2.25**	**2.00**	**2.44**	**1.59**
	2013	0.50	2.00	2.25	2.00	2.45	1.54
Medical cost trend	**2014**	**n.a.**	**n.a.**	**6.38**	**n.a.**	**n.a.**	**6.38**
	2013	n.a.	n.a.	6.48	n.a.	n.a.	6.48

C.54 ACTUARIAL PARAMETERS APPLIED

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 2014" tables (Dec. 31, 2013: "Prognose Tafel 2012–2062" tables) and, in Canada, the "UP94 generational mortality table".

Provision for pensions and similar obligations by country

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	**Dec. 31, 2014**
Present value of the defined benefit obligation	120.4	102.4	61.7	62.3	28.1	374.9
Fair value of plan assets	−96.6	−15.8	−43.7	−52.4	−3.8	−212.3
Provision for pensions and similar obligations	**23.8**	**86.6**	**18.0**	**9.9**	**24.3**	**162.6**

C.55 PROVISION FOR PENSIONS AND SIMILAR OBLIGATIONS BY COUNTRY / DEC. 31, 2014

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**

C.56 PROVISION FOR PENSIONS AND SIMILAR OBLIGATIONS BY COUNTRY / DEC. 31, 2013

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

in EUR m	Main pension plans	Other countries	**2014**	Main pension plans	Other countries	2013
Present value of pension obligations at the beginning of the period	261.9	21.2	283.1	285.8	23.8	309.6
Exchange rate differences	4.9	0.6	5.5	−7.6	−0.8	−8.4
Addition from business combinations	–	1.1	1.1	–	–	–
Utilizations	−9.3	−1.0	−10.3	−9.4	−1.4	−10.8
Service cost						
Current service cost	8.1	1.2	9.3	9.6	1.3	10.9
Past service cost	−0.8	–	−0.8	−1.6	–	−1.6
Employee contributions	1.4	–	1.4	1.3	–	1.3
Interest expense on the present value of the obligation	8.7	0.9	9.6	7.7	0.8	8.5
Remeasurement components						
Adjustment of economic assumptions	70.0	4.2	74.2	−25.9	−1.7	−27.6
Adjustment of demographic assumptions	1.4	–	1.4	0.5	0.1	0.6
Experience adjustments	0.5	−0.1	0.4	1.5	−0.9	0.6
Present value of pension obligations at the end of the period	**346.8**	**28.1**	**374.9**	**261.9**	**21.2**	**283.1**

C.57 DEVELOPMENT OF THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATIONS

The present value of pension obligations totalling EUR 374.9 million (Dec. 31. 2013: EUR 283.1 million) includes pension obligations for members of the Board of Management amounting to EUR 14.5 million (Dec. 31, 2013: EUR 9.5 million).

In the Netherlands, the basis of assessment for calculating the annual pension has been reduced. A cap of EUR 100,000 has also been set for wages and salaries used in the pension calculation. In addition, for commitments for which the last salary prior to reaching retirement is taken to calculate the pension and multiplied by the years of service and a multiplier, the multiplier has been reduced from 1.75% to 1.657%. In 2014, the resultant return of EUR 0.8 million is shown as a plan amendment in the past service cost.

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. In 2013, 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

in EUR m	Main pension plans	Other countries	2014	Main pension plans	Other countries	2013
Fair value of plan assets at the beginning of the period	178.7	3.4	182.1	182.6	3.5	186.1
Exchange rate differences	3.8	–	3.8	−5.4	−0.3	−5.7
Utilizations	−7.9	−0.3	−8.2	−8.0	−0.2	−8.2
Employer contributions	7.8	0.6	8.4	8.0	0.3	8.3
Administrative costs of plan assets	−0.4	–	−0.4	−0.4	–	−0.4
Employee contributions	1.4	–	1.4	1.3	–	1.3
Interest income from plan assets	5.6	0.2	5.8	4.7	0.1	4.8
Remeasurement components Income/(expense) from the plan assets (excl. amounts in net interest expense)	19.5	−0.1	19.4	−4.1	–	−4.1
Fair value of plan assets at the end of the period	**208.5**	**3.8**	**212.3**	**178.7**	**3.4**	**182.1**

C.58 DEVELOPMENT OF THE FAIR VALUE OF THE PLAN ASSETS

Development of the provision for pensions and similar obligations recognized in the balance sheet

in EUR m	Main pension plans	Other countries	2014	Main pension plans	Other countries	2013
Provision for pensions and similar obligations at the beginning of the period	83.2	17.8	101.0	103.2	20.3	123.5
Exchange rate differences	1.1	0.6	1.7	−2.2	−0.5	−2.7
Addition from business combinations	–	1.1	1.1	–	–	–
Utilizations	−1.4	−0.7	−2.1	−1.4	−1.2	−2.6
Employer contributions	−7.8	−0.6	−8.4	−8.0	−0.3	−8.3
Service cost	7.3	1.2	8.5	8.0	1.3	9.3
Administrative costs of plan assets	0.4	–	0.4	0.4	–	0.4
Net interest expense	3.1	0.7	3.8	3.0	0.7	3.7
Remeasurement components	52.4	4.2	56.6	−19.8	−2.5	−22.3
Provision for pensions and similar obligations at the end of the period	**138.3**	**24.3**	**162.6**	**83.2**	**17.8**	**101.0**

C.59 DEVELOPMENT OF THE PENSION PROVISIONS AND SIMILAR OBLIGATIONS RECOGNIZED IN THE BALANCE SHEET

The provisions for pensions recognized include EUR 15.0 million (Dec. 31, 2013: EUR 11.4 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 12.7 million (2013: EUR 13.4 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:

in EUR m	Main pension plans	Other countries	**2014**	Main pension plans	Other countries	2013
Present value of the pension obligations funded by plan assets, thereof:	**263.6**	**8.4**	**272.0**	**202.3**	**6.7**	**209.0**
Active members with lump-sum payout	–	6.4	6.4	–	4.9	4.9
Active members with monthly pension	123.9	1.6	125.5	99.5	1.8	101.3
Active members with option to choose	18.7	–	18.7	12.4	–	12.4
Former employees with vested rights to lump-sum payment	0.2	–	0.2	–	–	–
Former employees with vested rights to monthly pension	15.7	–	15.7	5.3	–	5.3
Former employees with vested rights with option to choose	7.1	–	7.1	2.8	–	2.8
Pensioners with monthly pension	98.0	0.4	98.4	82.3	–	82.3
Present value of the pension obligations not funded by plan assets, thereof:	**68.2**	**19.7**	**87.9**	**48.2**	**14.5**	**62.7**
Active members with lump-sum payout	14.1	11.3	25.4	10.3	8.4	18.7
Active members with monthly pension	29.0	7.8	36.8	18.7	5.5	24.2
Active members with option to choose	–	–	–	–	–	–
Former employees with vested rights to lump-sum payment	3.4	–	3.4	2.3	–	2.3
Former employees with vested rights to monthly pension	3.2	–	3.2	1.9	–	1.9
Former employees with vested rights with option to choose	–	–	–	–	–	–
Pensioners with monthly pension	18.5	0.6	19.1	15.0	0.6	15.6
Medical cost plan	**15.0**	**–**	**15.0**	**11.4**	**–**	**11.4**
Present value of pension obligations at the end of the period	**346.8**	**28.1**	**374.9**	**261.9**	**21.2**	**283.1**
Average weighted duration of the pension obligations in years	**17**	**15**	**17**	**15**	**16**	**15**

C.60 BREAKDOWN OF THE DEFINED BENEFIT OBLIGATIONS BY MEMBERS

The pension payments to be made by the company direct amount to EUR 2.1 million in 2014 (2013: 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 2015 total EUR 2.7 million.

The fair value of the plan assets disaggregates into the following asset classes:

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	**Dec. 31, 2014**
Shares	9.2	–	24.3	–	–	33.5
Fixed-interest securities	12.1	–	18.8	–	0.9	31.8
Insurance policies	68.9	15.8	–	52.4	2.4	139.5
Cash and cash equivalents	6.4	–	0.6	–	0.5	7.5
Fair value of plan assets	**96.6**	**15.8**	**43.7**	**52.4**	**3.8**	**212.3**

C.61 FAIR VALUE OF THE PLAN ASSETS BY ASSET CLASS / DEC. 31, 2014

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**

C.62 FAIR VALUE OF THE PLAN ASSETS BY ASSET CLASS / DEC. 31, 2013

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 (2014: 30.8% of plan assets; 2013: 29.8% 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 8.4 million (2013: EUR 8.3 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 9 million in the long term. Payments for the 2015 financial year into the plan assets are expected to total EUR 7.7 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.

in EUR m	Main pension plans	Other countries	**2014**	Main pension plans	Other countries	2013
Discount rate						
Increase by 0.5 percentage points	−27.0	−1.7	−28.7	−18.2	−1.2	−19.4
Decrease by 0.5 percentage points	30.3	1.8	32.1	20.3	1.1	21.4
Expected development of salaries						
Increase by 0.5 percentage points	2.8	1.3	4.1	2.2	0.9	3.1
Decrease by 0.5 percentage points	−2.6	−1.1	−3.7	−2.3	−0.8	−3.1
Expected development of pensions						
Increase by 0.5 percentage points	9.9	0.7	10.6	7.7	0.4	8.1
Decrease by 0.5 percentage points	−9.1	−0.6	−9.7	−7.0	−0.4	−7.4
Medical cost trend						
Increase by 0.5 percentage points	1.3	–	1.3	1.0	–	1.0
Decrease by 0.5 percentage points	−1.1	–	−1.1	−0.9	–	−0.9

C.63 SENSITIVITY ANALYSIS OF THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION

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, 2014 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 11.0 million (2013: EUR 6.7 million) with the main pension plans and by EUR 0.3 million (2013: EUR 0.2 million) in the other countries.

C — FINANCIAL STATEMENTS
D — FURTHER INFORMATION

28.) 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:

in EUR m	**Dec. 31, 2014**	Dec. 31, 2013
Purchase price obligation for second tranche of Zhong Yung (49%)	37.6	39.4
Liabilities under IAS 32 to minorities	2.1	1.7
Total	**39.7**	**41.1**

C.64 PURCHASE PRICE OBLIGATIONS AND LIABILITIES UNDER IAS 32 TO MINORITIES

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. Unwinding of discounting and changes in the estimate of the future purchase price are recognized in profit or loss.

As the entire liability was included in net investment hedge accounting in 2014, the exchange-rate-related change in the liability is recorded within equity in the net investment hedge reserve.

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 in the previous year are shown in Note 9.).

29.) 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 2014, the Group generated RONA of 31.1% (2013: 30.6%).

in EUR m	**2014**	2013
EBITA	**627.5**	**595.6**
Average property, plant and equipment	852.7	856.4
Average working capital	1,161.8	1,090.0
RONA [1]	**31.1%**	**30.6%**

C.65 DETERMINATION OF RONA

[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 in line with the continued positive development of business without, in the company's opinion, any immediate counteraction being necessary.

The ratio of net financial liabilities to operating EBITDA remained unchanged on the previous year at 1.9.

in EUR m	**2014**	2013
Non-current financial liabilities	1,567.6	1,474.6
Current financial liabilities	334.0	293.9
Less cash and cash equivalents	−491.9	−426.8
Net financial liabilities	1,409.7	1,341.7
Operating EBITDA	726.7	698.3
Net financial liabilities / operating EBITDA	**1.9x**	**1.9x**

C.66 NET FINANCIAL LIABILITIES / OPERATING EBITDA

SUBSCRIBED CAPITAL

As at December 31, 2014, the subscribed capital of Brenntag AG totalled EUR 154.5 million. The share capital is divided into 154,500,000 no-par-value registered shares, each with a notional value of EUR 1.00. By resolution of the General Shareholders' Meeting on June 17, 2014, the share capital of EUR 51.5 million was increased by EUR 103.0 million to EUR 154.5 million by converting a portion of the additional paid-in capital shown in the balance sheet as at December 31, 2013 in the amount of EUR 103.0 million. This capital increase was carried out by issuing 103,000,000 new registered shares to the shareholders. Each existing shareholder thereby received two further shares for each share currently held, so that the portion of the share capital owned by the shareholders remained unchanged despite the capital increase. The new shares grant profit participation rights from January 1, 2014.

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 membership rights. Brenntag AG does not currently have any treasury shares. 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 amounts to EUR 1,457.1 million (2013: 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 17, 2014 passed a resolution to pay a dividend of EUR 133.9 million (2013: EUR 123.6 million). Based on 51.5 million shares that is a dividend of EUR 2.60 (2013: EUR 2.40) per no-par-value share entitled to a dividend or – based on 154.5 million shares after the stock split – a dividend of EUR 0.87 (2013: EUR 0.80) per no-par-value share entitled to a dividend.

At the General Shareholders' Meeting on June 9, 2015, the Board of Management and the Supervisory Board will propose that a dividend of EUR 139,050,000.00 be paid. Based on 154.5 million shares, this is a dividend of EUR 0.90 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 in the result of fully consolidated entities.

POWERS OF THE BOARD OF MANAGEMENT TO ISSUE AND REPURCHASE SHARES

Authorization to create authorized capital

By resolution of the General Shareholders' Meeting on June 17, 2014, the Board of Management was 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 77,250,000 in aggregate by issuing up to 77,250,000 new no-par-value registered shares against cash contributions or non-cash contributions in the period ending on June 16, 2019. In principle, shareholders are to be granted a pre-emption right. However, in certain cases 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 website at www.brenntag.com under Investor Relations.

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 June 17, 2014, the Board of Management was authorized, subject to the consent of the Supervisory Board, to purchase treasury shares up to a total of 10% of the company's share capital, 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 June 17, 2014 and remains in effect until June 16, 2019. 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.

Authorization to issue bonds and to create conditional capital

By resolution of the General Shareholders' Meeting on June 17, 2014, the Board of Management was authorized, with the consent of the Supervisory Board, until June 16, 2019 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 25,750,000 new shares of Brenntag AG with a pro-rata amount of the share capital of up to EUR 25,750,000 in accordance with the more detailed terms and conditions of the convertible bonds, warrant-linked bonds, profit-sharing certificates or profit-participating bonds (here-inafter referred to as conditions) as specified by the Board of Management. 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, provided that the value of such contributions corresponds to the issue price and that this is not significantly lower than its market value. The Board of Management is authorized, under certain circumstances, to exclude, with the consent of the Supervisory Board, shareholders' preemption 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 specific bond conditions.

By resolution of the General Shareholders' Meeting on June 17, 2014, the share capital of Brenntag AG was conditionally increased by up to EUR 25,750,000 through the issuance of up to 25,750,000 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 by Brenntag AG until June 16, 2019, based on the aforementioned authorization granted by the General Shareholders' Meeting. The conditional capital increase will 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 service such claims. The Board of Management has been authorized to set forth the additional details of the implementation of the conditional capital increase.

30.) INFORMATION ON THE CONSOLIDATED CASH FLOW STATEMENT

The net cash inflow from operating activities amounting to EUR 369.7 million was influenced by cash outflows from the increase in working capital of EUR 100.5 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:

in EUR m	**2014**	2013
Increase in inventories	−51.1	−18.3
Increase in gross trade receivables	−68.4	−15.2
Increase/decrease in trade payables	20.8	−16.6
Write-downs of trade receivables and on inventories [1]	−1.8	−6.1
Change in working capital [2]	**−100.5**	**−56.2**

C.67 CHANGE IN WORKING CAPITAL

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

At 8.6, the annualized working capital turnover [3] in the reporting period fell by 0.4 compared to the level of 2013 (9.0).

Of the interest payments, EUR 3.0 million (2013: EUR 3.8 million) relate to interest received and EUR 73.2 million (2013: EUR 77.0 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.

31.) SEGMENT REPORTING

The Brenntag Group operates solely in the chemical distribution business 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.

The impairments of property, plant and equipment amounting to EUR 0.2 million relate to the Europe segment. In 2013, EUR 1.8 million related to the Europe segment and EUR 0.1 million to the North America segment. They are shown in the selling expenses.

The non-current assets comprise property, plant and equipment as well as intangible assets including goodwill. The allocation of the non-current assets over the different countries is as follows:

in EUR m		Germany	USA	France	Others	Group
Property, plant and equipment	**Dec. 31, 2014**	**90.6**	**196.3**	**89.0**	**503.4**	**879.3**
	Dec. 31, 2013	95.3	169.4	90.4	489.6	844.7
Intangible assets	**Dec. 31, 2014**	**379.4**	**800.2**	**147.9**	**940.5**	**2,268.0**
	Dec. 31, 2013	377.5	687.2	150.7	858.9	2,074.3

C.68 NON-CURRENT ASSETS BY COUNTRY

The allocation of external sales over the different countries is shown in the following table:

in EUR m		Germany	USA	France	Others	Group
External sales	**2014**	**1,291.7**	**3,049.1**	**519.0**	**5,155.8**	**10,015.6**
	2013	1,323.6	2,863.0	525.2	5,057.7	9,769.5

C.69 EXTERNAL SALES BY COUNTRY

32.) OTHER FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

The following other financial obligations exist:

in EUR m	Remaining term less than 1 year	 1 to 5 years	 more than 5 years	Dec. 31, 2014
Purchase commitments for property, plant and equipment	0.9	–	–	0.9
Obligations from future minimum lease payments for operating leases	67.6	154.3	31.3	253.2
Total	**68.5**	**154.3**	**31.3**	**254.1**

C.70 OTHER FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES / DEC. 31, 2014

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**

C.71 OTHER FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES / DEC. 31, 2013

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, as at December 31, 2014, there are contingent liabilities with a fair value of EUR 2.7 million (Dec. 31, 2013: EUR 2.1 million).

33.) LEGAL PROCEEDINGS AND DISPUTES

Brenntag AG and individual subsidiaries have been named as defendants in various legal actions and proceedings 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.

In 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 the ongoing investigation by the French Competition Authority concerning whether BRENNTAG SA has illegally made use of its market position, a decision by the authority is still pending. The status of the investigation does not permit an assessment of the outcome. Based on current knowledge, Brenntag further assumes that third-party claims for civil liability arising from the above-mentioned proceedings 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 disputes and other proceedings that Brenntag is involved in, the possibility that a ruling against Brenntag may be made in some of these proceedings cannot be completely eliminated. 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 assets, financial position and results of operations for a reporting period. However, Brenntag currently does not expect its assets, financial position and results of operations to be materially affected.

34.) 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:

in EUR m	2014					
Measurement in the balance sheet:	At amortized cost	At fair value			**Dec. 31, 2014**	
Classification of financial assets:	Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Derivatives designated in hedge accounting	Total carrying amount	Fair value
Cash and cash equivalents	491.9	–	–	–	491.9	491.9
Trade receivables	1,407.2	–	–	–	1,407.2	1,407.2
Other receivables	75.8	–	–	–	75.8	75.8
Other financial assets	30.7	2.2	1.3	4.9	39.1	39.1
Total	**2,005.6**	**2.2**	**1.3**	**4.9**	**2,014.0**	**2,014.0**

C.72 CLASSIFICATION OF FINANCIAL ASSETS ACCORDING TO MEASUREMENT CATEGORIES / DEC. 31, 2014

in EUR m	2013					
Measurement in the balance sheet:	At amortized cost	At fair value			Dec. 31, 2013	
Classification of financial assets:	Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Derivatives designated in hedge accounting	Total carrying amount	Fair value
Cash and cash equivalents	426.8	–	–	–	426.8	426.8
Trade receivables	1,248.8	–	–	–	1,248.8	1,248.8
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**

C.73 CLASSIFICATION OF FINANCIAL ASSETS ACCORDING TO MEASUREMENT CATEGORIES / DEC. 31, 2013

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 65.7 million (Dec. 31, 2013: EUR 54.4 million) are not financial assets within the meaning of IFRS 7. They are mainly receivables from value added tax and other taxes, prepaid expenses and advance payments.

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

in EUR m	2014						
Measurement in the balance sheet:	At amortized cost		At fair value			**Dec. 31, 2014**	
Classification of financial liabilities:	Not designated in hedge accounting	Designated in hedge accounting	Financial liabilities at fair value through profit or loss	Derivatives designated in hedge accounting	Valuation under IAS 17	Total carrying amount	Fair value
Trade payables	1,046.2	–	–	–	–	1,046.2	1,046.2
Other liabilities	181.5	–	–	–	–	181.5	181.5
Purchase price obligations and liabilities under IAS 32 to minorities	2.1	37.6	–	–	–	39.7	40.2
Financial liabilities	1,885.3	–	3.6	0.4	12.3	1,901.6	1,956.2
Total	**3,115.1**	**37.6**	**3.6**	**0.4**	**12.3**	**3,169.0**	**3,224.1**

C.74 CLASSIFICATION OF FINANCIAL LIABILITIES ACCORDING TO MEASUREMENT CATEGORIES / DEC. 31, 2014

in EUR m	2013						
Measurement in the balance sheet:	At amortized cost		At fair value			Dec. 31, 2013	
Classification of financial liabilities:	Not designated in hedge accounting	Designated in hedge accounting	Financial liabilities at fair value through profit or loss	Derivatives designated in hedge accounting	Valuation under IAS 17	Total carrying amount	Fair value
Trade payables	961.5	–	–	–	–	961.5	961.5
Other liabilities	159.2	–	–	–	–	159.2	159.2
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	**2,875.4**	**39.4**	**1.8**	**0.1**	**13.6**	**2,930.3**	**2,976.9**

C.75 CLASSIFICATION OF FINANCIAL LIABILITIES ACCORDING TO MEASUREMENT CATEGORIES / DEC. 31, 2013

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 181.5 million (Dec. 31, 2013: EUR 164.8 million) are not financial liabilities within the meaning of IFRS 7. They are mainly liabilities to employees, liabilities from value added tax and other taxes, as well as deferred income.

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

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	**Dec. 31, 2014**
Financial assets at fair value through profit or loss	–	2.2	–	2.2
Derivatives designated in hedge accounting with a positive fair value	–	4.9	–	4.9
Financial liabilities at fair value through profit or loss	–	3.6	–	3.6
Derivatives designated in hedge accounting with a negative fair value	–	0.4	–	0.4
Available-for-sale financial assets	1.3	–	–	1.3

C.76 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / DEC. 31, 2014

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

C.77 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / DEC. 31, 2013

The net results from financial assets and liabilities broken down into measurement categories are as follows:

in EUR m	2014								
	Interest		Change in purchase price obligations under IAS 32	At fair value		Currency translation		Balance of impairments	Net result
Measurement category:	Income	Expense		Gains	Losses	Gains	Losses		
Loans and receivables	3.0	–	–	–	–	66.5	−56.2	−4.0	9.3
Financial liabilities measured at amortized cost	–	−64.7	4.0	–	–	29.8	−49.6	–	−80.5
Financial assets and liabilities at fair value through profit or loss	–	–	–	30.5	−37.9	–	–	–	−7.4
Derivatives designated in hedge accounting	–	−2.8	–	–	–	–	–	–	−2.8
Total	**3.0**	**−67.5**	**4.0**	**30.5**	**−37.9**	**96.3**	**−105.8**	**−4.0**	**−81.4**

C.78 NET RESULTS OF FINANCIAL ASSETS AND LIABILITIES / 2014

in EUR m	2013								
	Interest		Change in purchase price obligations under IAS 32	At fair value		Currency translation		Balance of impairments	Net result
Measurement category:	Income	Expense		Gains	Losses	Gains	Losses		
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
Derivatives 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**

C.79 NET RESULTS OF FINANCIAL ASSETS AND LIABILITIES / 2013

Of the interest expense on liabilities to third parties contained in finance costs, EUR 2.2 million (2013: EUR 2.9 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:

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, 2014 Net amount**
Trade receivables	1,444.6	−37.4	1,407.2	−4.6	1,402.6
Other receivables	141.5	–	141.5	−0.1	141.4
Other financial assets	39.1	–	39.1	−0.3	38.8
Trade payables	1,052.0	−5.8	1,046.2	−4.5	1,041.7
Other liabilities	394.6	−31.6	363.0	−0.2	362.8
Financial liabilities	1,901.6	–	1,901.6	−0.3	1,901.3

C.80 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES / DEC. 31, 2014

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	1,279.9	−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

C.81 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES / DEC. 31, 2013

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

According to IFRS 7, risks arising from financial instruments can typically be divided into currency risks, interest rate risks, credit risks and liquidity risks.

The sources of as well as the processes and policies used to manage these risks are described in detail in the chapter “Financial risks and opportunities” in the management report.

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. 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.

Special negative impacts may arise through unfavourable political developments and financial policy decisions in specific countries. In 2014, the even tighter exchange restrictions in Venezuela led to exchange-rate-related expenses of EUR 2.3 million. At present, further impairments resulting from currency effects – also in light of the legislation concerning exchange rates, which was amended again in February 2015 – cannot be ruled out.

As the entire liability for the purchase price obligation for the second tranche of Zhong Yung was included in net investment hedge accounting in 2014, the exchange-rate-related change in the liability is recorded in its entirety in the net investment hedge reserve.

The net investment hedge reserve developed as follows:

in EUR m	Net investment hedge reserve
Dec. 31, 2013	**−2.1**
Transfer to net investment hedge reserve	−4.3
Dec. 31, 2014	**−6.4**

C.82 DEVELOPMENT OF NET INVESTMENT HEDGE RESERVE

If the euro had been worth 10% more or less against all currencies at December 31, 2014, 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, 2014, would have had a negative impact on the financial result of EUR 0.1 million (Dec. 31, 2013: positive impact of EUR 0.3 million) or a positive impact on the financial result of EUR 0.1 million (2013: negative impact of EUR 0.4 million).

The change in the financial result by currency is as follows:

	2014		2013	
in EUR m	+10%	−10%	+10%	−10%
USD	−1.8	2.2	−1.1	1.3
GBP	1.0	−1.2	1.0	−1.2
CHF	1.1	−1.4	1.1	−1.3
Others	−0.4	0.5	−0.7	0.8
Total	**−0.1**	**0.1**	**0.3**	**−0.4**

C.83 SENSITIVITY ANALYSIS CURRENCY RISK

The net investment hedge reserve would have been reduced by EUR 3.7 million (Dec. 31, 2013: reduced by EUR 3.9 million) or increased by EUR 3.7 million (Dec. 31, 2013: increased by EUR 3.9 million).

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. 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:

in EUR m	Cash flow hedge reserve
Dec. 31, 2013	**8.7**
Reclassification to profit and loss	2.8
Measurement at fair value	−7.4
Dec. 31, 2014	**4.1**

C.84 DEVELOPMENT OF CASH FLOW HEDGE RESERVE

If the market interest rate at December 31, 2014 had been 25 basis points (2013: 25 basis points) higher or lower (related to the total amount of derivatives as well as variable-interest financial liabilities as at December 31, 2014), the cash flow hedge reserve would have been EUR 3.5 million higher (Dec. 31, 2013: EUR 4.2 million higher) or EUR 3.5 million lower (Dec. 31, 2013: EUR 4.2 million lower). The negative impact on the financial result would have been EUR 2.3 million or the positive impact EUR 2.3 million (2013: negative impact of EUR 2.2 million or positive impact of EUR 2.2 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. The maximum credit risk of the non-derivative financial instruments corresponds to their carrying amounts. The expected credit risk from individual receivables is allowed for by write-downs of the assets. See also Note 15.).

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.

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:

		Cash flows 2015–2020 ff.					
in EUR m	**Carrying amount Dec. 31, 2014**	2015	2016	2017	2018	2019	2020 ff.
Trade payables	1,046.2	1,046.2	–	–	–	–	–
Other liabilities	363.0	360.8	1.6	0.1	–	–	0.5
Purchase price obligations and liabilities under IAS 32 to minorities	39.7	–	41.3	–	–	–	–
Liabilities under syndicated loan	1,124.1	15.5	15.5	15.5	15.5	1,135.9	–
Other liabilities to banks	296.6	288.7	2.5	–	–	–	6.1
Bond	405.2	22.0	22.0	22.0	422.0	–	–
Liabilities under finance leases	12.3	3.7	3.1	2.3	1.6	1.0	6.1
Derivative financial instruments	4.0	–	–	–	–	–	–
Cash inflows	–	401.6	–	–	–	–	–
Cash outflows	–	406.1	0.4	–	–	–	–
Other financial liabilities	59.4	27.2	22.1	3.5	2.8	3.8	–
Total	**3,350.5**	**1,768.6**	**108.5**	**43.4**	**441.9**	**1,140.7**	**12.7**

C.85 FUTURE CASH FLOWS FROM FINANCIAL LIABILITIES / DEC. 31, 2014

in EUR m	Carrying amount Dec. 31, 2013	Cashflows 2014–2019 ff. 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**

C.86 FUTURE CASH FLOWS FROM FINANCIAL LIABILITIES / DEC. 31, 2013

DERIVATIVE FINANCIAL INSTRUMENTS

The nominal volume and fair values of derivative financial instruments are shown in the table below:

in EUR m	**Dec. 31, 2014** Nominal volume	**Dec. 31, 2014** Positive fair value	**Dec. 31, 2014** Negative fair value	Dec. 31, 2013 Nominal volume	Dec. 31, 2013 Positive fair value	Dec. 31, 2013 Negative fair value
Foreign exchange forward transactions and foreign exchange swaps excluding hedge accounting	500.6	2.2	3.6	448.4	3.0	1.8
Interest rate swaps in hedge accounting	511.8	4.9	0.4	463.0	8.4	0.1
Total		**7.1**	**4.0**		**11.4**	**1.9**

C.87 DERIVATIVE FINANCIAL INSTRUMENTS

35.) 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 3.0 million for the 2014 financial year (2013: EUR 4.2 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 2014 amounts to EUR 1.4 million (2013: EUR 3.6 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 0.3 million (thereof: EUR 0.3 million for defined benefit plans); in 2013: EUR 0.4 million (thereof: EUR 0.4 million for defined benefit plans). The total remuneration of the Board of Management is therefore EUR 4.7 million (2013: EUR 8.2 million). Other than the payout of EUR 1.0 million (2013: -) under a post-contractual non-competition clause, no further remuneration was paid to former members of the Board of Management in the 2014 financial year (2013: -).

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 2014 financial year (2013: 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:

in EUR m	**2014**	2013
Sales from transactions with associates	0.8	0.5
Goods and services rendered by associates	0.9	0.6
Sales from transactions with companies at which related persons perform a supervisory function	0.2	0.1

C.88 TRANSACTIONS WITH RELATED PARTIES

in EUR m	Dec. 31, 2014	Dec. 31, 2013
Trade receivables from associates	0.1	0.1
Trade payables to associates	0.1	–
Financial receivables from associates	0.1	0.1

C.89 RECEIVABLES AND PAYABLES FROM RELATED PARTIES

The transactions of Brenntag AG with consolidated subsidiaries as well as between consolidated subsidiaries have been eliminated.

36.) 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:

in EUR m	2014	2013
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	0.3	–
Total	**1.4**	**1.1**

C.90 AUDIT FEES FOR THE AUDITORS OF THE CONSOLIDATED FINANCIAL STATEMENTS

37.) EXEMPTIONS PURSUANT TO SECTION 264, PARA. 3 / SECTION 264B OF THE GERMAN COMMERCIAL CODE

For the 2014 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

38.) DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

On December 15, 2014, 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 2014 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/Corporate Governance/ComplianceStatement/index.html).

39.) SUBSEQUENT EVENTS

In early March 2015, Brenntag closed its acquisitions of all of the shares in Fred Holmberg & Co AB, headquartered in Malmö, Sweden, and in Lionheart Chemical Enterprises Proprietary Limited, headquartered in Johannesburg, South Africa.

Fred Holmberg & Co AB, Sweden, is focused on the distribution of organic and inorganic chemicals in Scandinavia and provides efficient mixing and blending activities. With the acquisition, Brenntag will further strengthen and expand its industrial chemicals product portfolio in the region.

Lionheart Chemical Enterprises Proprietary Limited, South Africa, is a specialty distributor in the South African market operating mainly in the food & beverage sector. Through this acquisition Brenntag is strengthening its position in the South African chemical distribution market.

The provisional purchase price of these acquisitions is EUR 25.3 million. The net assets acquired break down as follows:

in EUR m	Provisional fair value
Assets	
Cash and cash equivalents	3.1
Trade receivables, other financial assets and other receivables	12.9
Other current assets	9.5
Non-current assets	6.4
Liabilities	
Current liabilities	19.6
Non-current liabilities	1.0
Net assets	**11.3**

C.91 NET ASSETS ACQUIRED AFTER THE BALANCE-SHEET DATE

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 amount and carrying amount of the receivables from today's perspective. Customer relationships and similar rights as well as deferred taxes have not yet been recognized. The acquisitions therefore result in provisional non-tax-deductible goodwill of EUR 14.0 million. The main factors determining the goodwill are the above-mentioned reasons for the acquisitions.

If these acquisitions and all of the business combinations implemented in 2014 had taken place with effect from January 1, 2014, sales of about EUR 10,194 million would have been shown for the Brenntag Group in the reporting period. The profit after tax would have been about EUR 347 million.

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 10, 2015

Brenntag AG

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, 2014

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	125 130
Australia						
4	Brenntag Australia Pty. Ltd.	Highett		100.00	100.00	162
5	Brenntag Pty. Ltd.	Highett		100.00	100.00	4
Bangladesh						
6	BRENNTAG BANGLADESH LTD.	Dhaka		100.00	100.00	125
7	BRENNTAG BANGLADESH FORMULATION LTD.	Dhaka		100.00	100.00	125
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	139
Bermuda						
11	HCI Ltd.	Hamilton		100.00	100.00	12
12	Pelican Chemical Traders Ltd.	Hamilton		100.00	100.00	26
Bolivia						
13	Brenntag Bolivia S.R.L.	Santa Cruz		90.00 10.00	100.00	125 126
Brazil						
14	Brenntag Quimica Brasil Ltda.	Guarulhos / São Paulo		100.00	100.00	125
15	Gafor Distribuidora S.A. [3]	São Paulo		100.00	100.00	14
Bulgaria						
16	BRENNTAG BULGARIA EOOD	Sofia		100.00	100.00	125
Chile						
17	Brenntag Chile Comercial e Industrial Limitada	Santiago		95.00 5.00	100.00	125 126

No.	Company	Seat	Held directly %[1]	Held indirectly %[1]	Effective net holding %[1]	Via No.
China						
18	Brenntag (Shanghai) Chemical Trading Co., Ltd.	Shanghai		100.00	100.00	125
19	Guangzhou Fan Ya Jia Rong Trading Co., Ltd.	Guangzhou		60.00 40.00	51.00	21 23
20	Shanghai Anyijie Chemical Logistic Co., Ltd	Shanghai		100.00	51.00	24
21	Shanghai Jia Rong Trading Co., Ltd.	Shanghai		100.00	51.00	24
22	Shanghai Yi Rong International Trading Co., Ltd.	Shanghai		24.70 75.30	51.00	94 21
23	Tianjin Tai Rong Chemical Trading Co., Ltd.	Tianjin		100.00	51.00	21
24	Tianjin Zhong Rong Chemical Storage Co., Ltd.	Tianjin		100.00	51.00	94
Costa Rica						
25	Quimicos Holanda Costa Rica S.A.	San Jose		100.00	100.00	125
Curaçao (Dutch Antilles)						
26	H.C.I. (Curaçao) N.V.	Curaçao		100.00	100.00	125
27	HCI Shipping N.V.	Curaçao		100.00	100.00	26
Denmark						
28	Brenntag Nordic A/S	Ballerup		100.00	100.00	125
29	Aktieselskabet af 1. Januar 1987	Ballerup		100.00	100.00	28
30	Brenntag Biosector A/S	Ballerup		100.00	100.00	28
Germany						
31	Brenntag Germany Holding GmbH	Mülheim an der Ruhr		100.00	100.00	49
32	CVH Chemie-Vertrieb GmbH & Co. Hannover KG	Hanover		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
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	Hanover		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

No.	Company	Seat	Held directly % 1)	Held indirectly % 1)	Effective net holding % 1)	Via No,
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		0.00	0.00	100
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
Dominican Republic						
57	BRENNTAG CARIBE S.R.L.	Santo Domingo		100.00 0.00	100.00	125 130
58	HCI CHEMCENTRAL, DOM. REP., S.A.	Santo Domingo		99.80 0.10 0.10	100.00	125 26 27
Ecuador						
59	BRENNTAG ECUADOR S.A.	Guayaquil		100.00 0.00	100.00	125 130
El Salvador						
60	BRENNTAG EL SALVADOR, S.A. DE C.V.	Soyapango		99.99 0.01	100.00	125 126
Finland						
61	Brenntag Nordic Oy	Vantaa		100.00	100.00	125
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	100
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	125
Greece						
74	Brenntag Hellas Chimika Monoprosopi EPE	Penteli		100.00	100.00	138

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 i.L.	Leeds		100.00	100.00	82
77	Brenntag Colours Limited	Leeds		100.00	100.00	82
78	Brenntag Inorganic Chemicals Limited	Leeds		100.00	100.00	82
79	Brenntag Inorganic Chemicals (Thetford) Limited	Leeds		100.00	100.00	82
80	Brenntag UK Group Limited	Leeds		100.00	100.00	82
81	Brenntag UK Limited	Leeds		100.00	100.00	82
82	Brenntag UK Holding Limited	Leeds		100.00	100.00	65
83	Multisol Limited	Leeds		100.00	100.00	84
84	Multisol Chemicals Limited	Nantwich		100.00	100.00	87
85	Multisol EBT Limited	Leeds		100.00	100.00	83
86	Multisol Europe Limited	Leeds		100.00	100.00	88
87	Multisol Group Limited	Leeds		100.00	100.00	82
88	Multisol Holdings Limited	Leeds		100.00	100.00	83
89	Murgatroyd`s Salt & Chemical Company Limited	Leeds		100.00	100.00	78
90	Water Treatment Solutions Limited	Leeds		100.00	100.00	82
Guatemala						
91	BRENNTAG GUATEMALA S.A.	Guatemala City		99.97 0.03	100.00	125 130
Honduras						
92	INVERSIONES QUIMICAS, S.A.	San Pedro Sula		98.51 1.49	100.00	125 130
Hong Kong						
93	Brenntag Hong Kong Limited	Hong Kong		99.96 0.04	100.00	125 130
94	Zhong Yung (International) Chemical Co., Limited	Hong Kong		51.00	51.00	125
India						
95	Brenntag India Private Limited	Mumbai		100.00	100.00	162
96	Brenntag Ingredients (India) Private Limited	Mumbai		100.00	100.00	162
Indonesia						
97	PT. Brenntag	Jakarta Selatan		100.00	100.00	162
98	PT. Dharmala HCI i.L.	Jakarta		91.14	91.14	125
Ireland						
99	Brenntag Chemicals Distribution (Ireland) Limited	Dublin		100.00	100.00	82
100	Brenntag Funding Limited [2]	Dublin		0.00	0.00	
Italy						
101	BRENNTAG S.P.A.	Milan		100.00	100.00	125
102	ROMANA CHIMICI S.P.A.	Anagni		100.00	100.00	101
103	Brenntag Italia S.r.l. [2]	Milan		0.00	0.00	100
104	CHIMAB S.p.A. [3]	Campodarsego (PD)		100.00	100.00	101
105	NATURAL WORLD S.R.L.	Lugo		100.00	100.00	101

No.	Company	Seat	Held directly %[1]	Held indirectly %[1]	Effective net holding %[1]	Via No.
Canada						
106	BRENNTAG CANADA INC.	Toronto		100.00	100.00	129
Colombia						
107	BRENNTAG COLOMBIA S.A.	Bogotá D.C.		92.00 5.06 0.57 1.23 1.14	100.00	125 126 26 27 130
108	SURTIQUIMICOS S.A.[3]	Bogotá		100.00	100.00	107
Croatia						
109	BRENNTAG HRVATSKA d.o.o.	Zagreb		100.00	100.00	138
Latvia						
110	SIA BRENNTAG LATVIA	Riga		100.00	100.00	145
111	SIA DIPOL BALTIJA	Riga		100.00	100.00	199
Lithuania						
112	UAB BRENNTAG LIETUVA	Kaunas		100.00	100.00	145
Malaysia						
113	AKASHI SDN. BHD.	Kuala Lumpur		100.00	100.00	116
114	BRENNTAG MALAYSIA SDN. BHD.	Kuala Lumpur		100.00	100.00	125
115	BRENNTAG MALAYSIA SERVICES SDN. BHD.	Kuala Lumpur		100.00	100.00	113
116	BRENNTAG SDN. BHD.	Kuala Lumpur		100.00	100.00	162
Morocco						
117	BRENNTAG MAROC S.A.R.L associé unique	Casablanca		100.00	100.00	63
118	ALCOCHIM MAROC S.A.R.L.	Casablanca		100.00	100.00	63
Mauritius						
119	Multisol Mauritius Limited	Ebene		100.00	100.00	88
Mexico						
120	BRENNTAG MÈXICO, S.A. DE C.V.	Cuautitlan Izcalli		99.99 0.01	100.00	125 126
121	BRENNTAG PACIFIC, S. DE R.L. DE C.V.	Tijuana		1.00 99.00	100.00	196 197
122	AMCO INTERNACIONAL S.A. DE C.V.	Mexico City		0.00 100.00	100.00	121 120
New Zealand						
123	BRENNTAG NEW ZEALAND LIMITED	Wellington		100.00	100.00	162
Nicaragua						
124	BRENNTAG NICARAGUA, S.A.	Managua		99.99 0.01	100.00	125 130
Netherlands						
125	BRENNTAG (Holding) B.V.	Amsterdam		26.00 74.00	100.00	44 134
126	H.C.I Chemicals Nederland B.V.	Amsterdam		100.00	100.00	125
127	Brenntag Nederland B.V.	Dordrecht		100.00	100.00	125
128	HCI U.S.A. Holdings B.V.	Amsterdam		100.00	100.00	131

No.	Company	Seat	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via No.
129	Holland Chemical International B.V.	Dordrecht		100.00	100.00	125
130	HCI Central Europe Holding B.V.	Amsterdam		100.00	100.00	125
131	BRENNTAG Coöperatief U.A.	Amsterdam		99.00 1.00	100.00	196 195
132	BRENNTAG Dutch C.V.	Amsterdam		99.90 0.10	100.00	125 126
133	Brenntag Finance B.V.	Amsterdam		100.00	100.00	125
134	Brenntag HoldCo B.V.	Amsterdam		100.00	100.00	53
135	Brenntag Vastgoed B.V.	Dordrecht		100.00	100.00	127
Nigeria						
136	Brenntag Chemicals Nigeria Limited	Onikan-Lagos		90.00 10.00	100.00	125 130
Norway						
137	BRENNTAG NORDIC AS	Borgenhaugen		100.00	100.00	160
Austria						
138	Brenntag CEE GmbH	Vienna		99.90 0.10	100.00	141 49
139	JLC-Chemie Handels GmbH	Vienna Neustadt		100.00	100.00	138
140	Provida GmbH	Vienna		100.00	100.00	138
141	Brenntag Austria Holding GmbH	Vienna		100.00	100.00	9
Panama						
142	BRENNTAG PANAMA S.A.	Panama City		100.00	100.00	26
Peru						
143	BRENNTAG PERU S.A.C.	Lima		100.00	100.00	125
Philippines						
144	BRENNTAG INGREDIENTS INC.	Makati City		100.00	100.00	125
Poland						
145	BRENNTAG Polska sp. z o.o.	Kedzierzyn-Kozle		61.00 39.00	100.00	9 138
146	Eurochem Service Polska sp. z o.o.	Warsaw		100.00	100.00	145
147	FORCHEM sp. z o.o.	Warsaw		100.00	100.00	10
148	Motor Polimer sp. z o.o.	Suchy Las		100.00	100.00	10
149	Multisol Poland Sp. z o.o. i.L.	Warsaw		100.00	100.00	86
150	Obsidian Company sp. z o.o.	Warsaw		100.00	100.00	145
151	PHU ELMAR sp. z o.o.	Bydgoszcz		100.00	100.00	145
Portugal						
152	Brenntag Portugal - Produtos Quimicos, Lda.	Sintra		73.67 0.28 26.05	100.00	44 31 125
Puerto Rico						
153	Brenntag Puerto Rico, Inc.	Caguas		100.00	100.00	125
Romania						
154	BRENNTAG S.R.L.	Chiajna		100.00	100.00	130

No.	Company	Seat	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via No.
Russia						
155	OOO BRENNTAG	Moscow		100.00	100.00	138
156	OOO Multisol	Moscow		100.00	100.00	86
157	OOO Tride Rus	Moscow		100.00	100.00	182
Sweden						
158	Brenntag Nordic AB	Malmö		100.00	100.00	159
159	Brenntag Nordic Investment AB	Malmö		100.00	100.00	160
160	Brenntag Nordic Holding AB	Malmö		100.00	100.00	125
Switzerland						
161	Brenntag Schweizerhall AG	Basle		100.00	100.00	68
Singapore						
162	BRENNTAG PTE. LTD.	Singapore		100.00	100.00	125
Slovakia						
163	BRENNTAG SLOVAKIA s.r.o.	Pezinok		100.00	100.00	138
Slovenia						
164	BRENNTAG LJUBLJANA d.o.o.	Ljubljana		100.00	100.00	138
Spain						
165	Devon Chemicals S.A.	Barcelona		100.00	100.00	125
166	BRENNTAG QUIMICA, S.A.U.	Dos Hermanas		100.00	100.00	68
167	BRENNTAG QUIMICA FINANCE, S.L.U. [2]	Madrid		0.00	0.00	100
Sri Lanka						
168	BRENNTAG LANKA (PRIVATE) LIMITED	Athurugiriya		100.00	100.00	125
South Africa						
169	Canada Oil Sales (Proprietary) Limited	Cape Town		100.00	100.00	170
170	Multisol South Africa (Proprietary) Limited	Cape Town		100.00	100.00	88
171	Trade Firm 100 (Proprietary) Limited	Cape Town		100.00	100.00	170
Taiwan						
172	Brenntag (Taiwan) Co. Ltd.	Taipeh		100.00	100.00	125
173	Brenntag Chemicals Co., Ltd.	Taipeh		100.00	100.00	125
Thailand						
174	Brenntag Enterprises (Thailand) Co., Ltd.	Bangkok		51.00 49.00	100.00	176 125
175	Brenntag Ingredients (Thailand) Public Company Limited	Bangkok		51.00 49.00	100.00	174 125
176	Brenntag Service (Thailand) Co., Ltd.	Bangkok		51.01 48.99	100.00	174 125
177	Thai-Dan Corporation Limited	Bangkok		99.90 0.05 0.05	100.00	175 174 176
Czech Republic						
178	Brenntag CR s.r.o.	Prague		100.00	100.00	138
Tunisia						
179	ALLIANCE - TUNISIE S.A.R.L.	Tunis		100.00	100.00	63

No.	Company	Seat	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via No.
Turkey						
180	BRENNTAG KIMYA TICARET LIMITED SIRKETI	Istanbul		0.02 99.98	100.00	141 138
Ukraine						
181	TOB BRENNTAG UKRAINE	Kiev		100.00	100.00	199
182	TOB TRIDE	Kiev		100.00	100.00	138
Hungary						
183	BRENNTAG Hungaria Kft.	Budapest		97.94 2.06	100.00	138 130
184	BCB Union Kft.	Budapest		96.67 3.33	100.00	125 126
Uruguay						
185	Brenntag Sourcing Uruguay S.A.	Montevideo		100.00	100.00	125
USA						
186	Brenntag Mid-South, Inc.	Henderson/Kentucky		100.00	100.00	196
187	Brenntag Southwest, Inc.	Longview/Texas		100.00	100.00	196
188	Brenntag Northeast, Inc.	Wilmington/Delaware		100.00	100.00	196
189	Coastal Chemical Co., L.L.C.	Abbeville/Louisiana		100.00	100.00	128
190	Brenntag Latin America, Inc.	Wilmington/Delaware		100.00	100.00	196
191	Altivia Louisiana, L.L.C.	St. Gabriel/Louisiana		100.00	100.00	187
192	Brenntag Funding LLC	Wilmington/Delaware		100.00	100.00	196
193	Brenntag Global Marketing, LLC	Wilmington/Delaware		100.00	100.00	196
194	Brenntag Great Lakes LLC	Chicago/Illinois		100.00	100.00	128
195	Brenntag North America Foreign Holding, LLC	Wilmington/Delaware		100.00	100.00	196
196	Brenntag North America, Inc.	Wilmington/Delaware		100.00	100.00	125
197	Brenntag Pacific, Inc.	Wilmington/Delaware		100.00	100.00	196
198	Brenntag Specialties, Inc.	Wilmington/Delaware		100.00	100.00	196
199	Dipol Chemical International, Inc.	Kings/New York		100.00	100.00	138
200	Philchem, Inc. [3]	Houston		100.00	100.00	193
201	THE TREAT-EM-RITE CORPORATION	Dallas/Texas		100.00	100.00	196
Venezuela						
202	HOLANDA VENEZUELA, C.A.	Valencia		100.00	100.00	125
203	INVERSIONES HCI-CHEMCENTRAL de VENEZUELA, C.A.	Caracas		100.00	100.00	202
204	QUIMICOS BARCELONA, C.A.	Caracas		100.00	100.00	202
Vietnam						
205	BRENNTAG VIETNAM CO. LTD.	Ho Chi Minh City		100.00	100.00	162
206	Nam Giang Trading and Service Co., Ltd [2]	Ho Chi Minh City		0.00	0.00	

No.	Company	Seat	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via No.
INVESTMENTS ACCOUNTED FOR AT EQUITY						
Denmark						
207	Borup Kemi I/S	Borup		33.33	33.33	29
Germany						
208	SOFT CHEM GmbH	Laatzen		33.40	17.03	40
South Africa						
209	Crest Chemicals (Proprietary) Limited	Woodmead		50.00	50.00	125
Thailand						
210	Berli Asiatic Soda Co., Ltd.	Bangkok		50.00	50.00	175
211	Siri Asiatic Co., Ltd.	Bangkok		50.00	50.00	175

[1] Shares in the capital of the company
[2] Structured entity
[3] Business combinations in accordance with IFRS 3 in 2014

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, 2014.

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 Section 315a (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 Section 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 Section 322 (3) Clause 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 Section 315a (1) HGB and give a true and fair view of the net assets and financial position of the Group as at December 31, 2014 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, 2014. 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 Section 315a (1) HGB. We conducted our audit in accordance with Section 317 (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 Section 322 (3) Clause 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 10, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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

SEGMENT INFORMATION

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

2014

in EUR m	**2014**	2013	Change abs.	Change in %	Change in % (fx adj.)
External sales	10,015.6	9,769.5	246.1	2.5	3.2
Operating gross profit	2,078.2	1,992.3	85.9	4.3	4.9
Operating expenses	−1,351.5	−1,294.0	−57.5	4.4	5.2
Operating EBITDA	**726.7**	**698.3**	**28.4**	**4.1**	**4.3**
Transaction costs/holding charges	0.2	−1.5	1.7	–	–
EBITDA (incl. transaction costs/holding charges)	**726.9**	**696.8**	**30.1**	**4.3**	**4.6**
Depreciation of property. plant and equipment	−99.4	−101.2	1.8	−1.8	−1.9
EBITA	627.5	595.6	31.9	5.4	5.7
Amortization of intangible assets	−35.9	−39.7	3.8	−9.6	−8.7
Financial result	−83.8	−60.7	−23.1	38.1	–
Profit before tax	507.8	495.2	12.6	2.5	–
Income taxes	−168.1	−156.3	−11.8	7.5	–
Profit after tax	339.7	338.9	0.8	–	–

D.01 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP/2014

Q4 2014

in EUR m	**Q4 2014**	Q4 2013	Change abs.	Change in %	Change in % (fx adj.)
External sales	2,511.0	2,315.9	195.1	8.4	4.7
Operating gross profit	536.2	480.4	55.8	11.6	7.4
Operating expenses	−339.3	−299.1	−40.2	13.4	9.8
Operating EBITDA	**196.9**	**181.3**	**15.6**	**8.6**	**3.6**
Transaction costs/holding charges	–	−1.5	1.5	–	–
EBITDA (incl. transaction costs/holding charges)	**196.9**	**179.8**	**17.1**	**9.5**	**4.4**
Depreciation of property. plant and equipment	−25.8	−25.0	−0.8	3.2	−0.4
EBITA	171.1	154.8	16.3	10.5	5.2
Amortization of intangible assets	−9.0	−9.9	0.9	−9.1	−11.1
Financial result	−19.6	10.3	−29.9	290.3	–
Profit before tax	142.5	155.2	−12.7	−8.2	–
Income taxes	−42.0	−36.0	−6.0	16.7	–
Profit after tax	100.5	119.2	−18.7	–	–

D.02 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP/Q4 2014

BUSINESS PERFORMANCE IN THE SEGMENTS

2014

in EUR m	**Brenntag Group**	Europe	North America	Latin America	Asia Pacific	All Other Segments
External sales	10,015.6	4,624.7	3,332.0	864.0	748.2	446.7
Operating gross profit	2,078.2	972.0	802.2	169.5	120.7	13.8
Operating expenses	−1,351.5	−636.1	−478.6	−122.7	−79.5	−34.6
Operating EBITDA	**726.7**	**335.9**	**323.6**	**46.8**	**41.2**	**−20.8**

D.03 BUSINESS PERFORMANCE IN THE SEGMENTS / 2014

Q4 2014

in EUR m	**Brenntag Group**	Europe	North America	Latin America	Asia Pacific	All Other Segments
External sales	2,511.0	1,105.7	876.6	233.2	196.3	99.2
Operating gross profit	536.2	238.4	214.3	48.5	32.3	2.7
Operating expenses	−339.3	−154.6	−125.0	−33.7	−19.9	−6.1
Operating EBITDA	**196.9**	**83.8**	**89.3**	**14.8**	**12.4**	**−3.4**

D.04 BUSINESS PERFORMANCE IN THE SEGMENTS / Q4 2014

EUROPE

2014

			Change		
in EUR m	**2014**	2013	abs.	in %	in % (fx adj.)
External sales	4,624.7	4,558.3	66.4	1.5	1.5
Operating gross profit	972.0	930.0	42.0	4.5	4.3
Operating expenses	−636.1	−632.6	−3.5	0.6	0.4
Operating EBITDA	**335.9**	**297.4**	**38.5**	**12.9**	**12.4**

D.05 BUSINESS PERFORMANCE IN THE SEGMENTS / EUROPE 2014

Q4 2014

			Change		
in EUR m	**Q4 2014**	Q4 2013	abs.	in %	in % (fx adj.)
External sales	1.105,7	1.080,7	25,0	2,3	2,2
Operating gross profit	238,4	226,8	11,6	5,1	4,6
Operating expenses	−154,6	−151,7	−2,9	1,9	1,5
Operating EBITDA	**83,8**	**75,1**	**8,7**	**11,6**	**10,9**

D.06 BUSINESS PERFORMANCE IN THE SEGMENTS / EUROPE Q4 2014

NORTH AMERICA

2014

in EUR m	**2014**	2013	Change abs.	Change in %	Change in % (fx adj.)
External sales	3,332.0	3,143.6	188.4	6.0	6.7
Operating gross profit	802.2	763.1	39.1	5.1	6.0
Operating expenses	−478.6	−437.4	−41.2	9.4	10.6
Operating EBITDA	**323.6**	**325.7**	**−2.1**	**−0.6**	**−0.2**

D.07 BUSINESS PERFORMANCE IN THE SEGMENTS / NORTH AMERICA 2014

Q4 2014

in EUR m	**Q4 2014**	Q4 2013	Change abs.	Change in %	Change in % (fx adj.)
External sales	876.6	754.1	122.5	16.2	7.8
Operating gross profit	214.3	184.9	29.4	15.9	7.8
Operating expenses	−125.0	−96.9	−28.1	29.0	19.7
Operating EBITDA	**89.3**	**88.0**	**1.3**	**1.5**	**−5.4**

D.08 BUSINESS PERFORMANCE IN THE SEGMENTS / NORTH AMERICA Q4 2014

LATIN AMERICA

2014

in EUR m	**2014**	2013	Change abs.	Change in %	Change in % (fx adj.)
External sales	864.0	849.2	14.8	1.7	4.5
Operating gross profit	169.5	163.6	5.9	3.6	6.1
Operating expenses	−122.7	−116.6	−6.1	5.2	7.3
Operating EBITDA	**46.8**	**47.0**	**−0.2**	**−0.4**	**2.9**

D.09 BUSINESS PERFORMANCE IN THE SEGMENTS / LATIN AMERICA 2014

Q4 2014

in EUR m	**Q4 2014**	Q4 2013	Change abs.	Change in %	Change in % (fx adj.)
External sales	233.2	202.4	30.8	15.2	10.6
Operating gross profit	48.5	37.0	11.5	31.1	25.2
Operating expenses	−33.7	−27.4	−6.3	23.0	16.8
Operating EBITDA	**14.8**	**9.6**	**5.2**	**54.2**	**49.5**

D.10 BUSINESS PERFORMANCE IN THE SEGMENTS / LATIN AMERICA Q4 2014

ASIA PACIFIC

2014

in EUR m	2014	2013	Change abs.	Change in %	Change in % (fx adj.)
External sales	748.2	738.0	10.2	1.4	3.6
Operating gross profit	120.7	121.7	−1.0	−0.8	1.9
Operating expenses	−79.5	−74.2	−5.3	7.1	11.8
Operating EBITDA	**41.2**	**47.5**	**−6.3**	**−13.3**	**−13.1**

D.11 BUSINESS PERFORMANCE IN THE SEGMENTS / ASIA PACIFIC 2014

Q4 2014

in EUR m	Q4 2014	Q4 2013	Change abs.	Change in %	Change in % (fx adj.)
External sales	196.3	189.9	6.4	3.4	−2.8
Operating gross profit	32.3	29.6	2.7	9.1	2.7
Operating expenses	−19.9	−19.7	−0.2	1.0	1.6
Operating EBITDA	**12.4**	**9.9**	**2.5**	**25.3**	**4.4**

D.12 BUSINESS PERFORMANCE IN THE SEGMENTS / ASIA PACIFIC Q4 2014

ALL OTHER SEGMENTS

2014

in EUR m	2014	2013	Change abs.	Change in %	Change in % (fx adj.)
External sales	446.7	480.4	−33.7	−7.0	−7.0
Operating gross profit	13.8	13.9	−0.1	−0.7	−0.7
Operating expenses	−34.6	−33.2	−1.4	4.2	4.2
Operating EBITDA	**−20.8**	**−19.3**	**−1.5**	**7.8**	**7.8**

D.13 BUSINESS PERFORMANCE IN THE SEGMENTS / ALL OTHER SEGMENTS 2014

Q4 2014

in EUR m	Q4 2014	Q4 2013	Change abs.	Change in %	Change in % (fx adj.)
External sales	99.2	88.8	10.4	11.7	11.7
Operating gross profit	2.7	2.1	0.6	28.6	28.6
Operating expenses	−6.1	−3.4	−2.7	79.4	79.4
Operating EBITDA	**−3.4**	**−1.3**	**−2.1**	**161.5**	**161.5**

D.14 BUSINESS PERFORMANCE IN THE SEGMENTS / ALL OTHER SEGMENTS Q4 2014

KEY FINANCIAL FIGURES BY SEGMENT
for the period from January 1 to December 31

SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8[1)]/ 2014

in EUR m		Europe	North America	Latin America	Asia Pacific	All Other Segments	Consoli-dation	Group
External sales	**2014**	**4,624.7**	**3,332.0**	**864.0**	**748.2**	**446.7**	**–**	**10,015.6**
	2013	4,558.3	3,143.6	849.2	738.0	480.4	–	9,769.5
	Change in %	1.5	6.0	1.7	1.4	−7.0	–	2.5
	fx adjusted change in %	1.5	6.7	4.5	3.6	−7.0	–	3.2
Inter-segment sales	**2014**	**9.0**	**6.5**	**1.9**	**3.6**	**0.8**	**−21.8**	**–**
	2013	7.8	6.5	3.6	2.5	0.5	−20.9	–
Operating gross profit [2)]	**2014**	**972.0**	**802.2**	**169.5**	**120.7**	**13.8**	**–**	**2,078.2**
	2013	930.0	763.1	163.6	121.7	13.9	–	1,992.3
	Change in %	4.5	5.1	3.6	−0.8	−0.7	–	4.3
	fx adjusted change in %	4.3	6.0	6.1	1.9	−0.7	–	4.9
Gross profit	**2014**	**–**	**–**	**–**	**–**	**–**	**–**	**2,027.5**
	2013	–	–	–	–	–	–	1,945.5
	Change in %	–	–	–	–	–	–	4.2
	fx adjusted change in %	–	–	–	–	–	–	4.8
Operating EBITDA	**2014**	**335.9**	**323.6**	**46.8**	**41.2**	**−20.8**	**–**	**726.7**
	2013	297.4	325.7	47.0	47.5	−19.3	–	698.3
	Change in %	12.9	−0.6	−0.4	−13.3	7.8	–	4.1
	fx adjusted change in %	12.4	−0.2	2.9	−13.1	7.8	–	4.3
EBITDA	**2014**	**–**	**–**	**–**	**–**	**–**	**–**	**726.9**
	2013	–	–	–	–	–	–	696.8
	Change in %	–	–	–	–	–	–	4.3
	fx adjusted change in %	–	–	–	–	–	–	4.6
Operating EBITDA / Operating gross profit [2)]	**2014 in %**	**34.6**	**40.3**	**27.6**	**34.1**	**−150.7**	**–**	**35.0**
	2013 in %	32.0	42.7	28.7	39.0	−138.8	–	35.0
Investments in non-current assets (Capex) [3)]	**2014**	**56.9**	**32.5**	**9.6**	**5.1**	**0.7**	**–**	**104.8**
	2013	56.1	28.2	9.5	2.5	0.9	–	97.2

D.15 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8 / 2014

[1)] Further information on segment reporting in accordance with IFRS 8 is to be found under Note 31.
[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.

KEY FINANCIAL FIGURES BY SEGMENT
for the period from October 1 to December 31

SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8 [1] / Q4 2014

in EUR m		Europe	North America	Latin America	Asia Pacific	All Other Segments	Consolidation	Group
External sales	**2014**	**1,105.7**	**876.6**	**233.2**	**196.3**	**99.2**	**–**	**2,511.0**
	2013	1,080.7	754.1	202.4	189.9	88.8	–	2,315.9
	Change in %	2.3	16.2	15.2	3.4	11.7	–	8.4
	fx adjusted change in %	2.2	7.8	10.6	−2.8	11.7	–	4.7
Inter-segment sales	**2014**	**2.5**	**1.7**	**0.3**	**0.9**	**0.4**	**−5.8**	**–**
	2013	1.2	1.9	0.9	2.1	0.1	−6.2	–
Operating gross profit [2]	**2014**	**238.4**	**214.3**	**48.5**	**32.3**	**2.7**	**–**	**536.2**
	2013	226.8	184.9	37.0	29.6	2.1	–	480.4
	Change in %	5.1	15.9	31.1	9.1	28.6	–	11.6
	fx adjusted change in %	4.6	7.8	25.2	2.7	28.6	–	7.4
Gross profit	**2014**	**–**	**–**	**–**	**–**	**–**	**–**	**521.4**
	2013	–	–	–	–	–	–	468.2
	Change in %	–	–	–	–	–	–	11.4
	fx adjusted change in %	–	–	–	–	–	–	7.2
Operating EBITDA	**2014**	**83.8**	**89.3**	**14.8**	**12.4**	**−3.4**	**–**	**196.9**
	2013	75.1	88.0	9.6	9.9	−1.3	–	181.3
	Change in %	11.6	1.5	54.2	25.3	161.5	–	8.6
	fx adjusted change in %	10.9	−5.4	49.5	4.4	161.5	–	3.6
EBITDA	**2014**	**–**	**–**	**–**	**–**	**–**	**–**	**196.9**
	2013	–	–	–	–	–	–	179.8
	Change in %	–	–	–	–	–	–	9.5
	fx adjusted change in %	–	–	–	–	–	–	4.4
Operating EBITDA / Operating gross profit [2]	**2014 in %**	**35.2**	**41.7**	**30.5**	**38.4**	**−125.9**	**–**	**36.7**
	2013 in %	33.1	47.6	25.9	33.4	−61.9	–	37.7
Investments in non-current assets (Capex) [3]	**2014**	**20.0**	**13.1**	**5.8**	**2.0**	**−0.5**	**–**	**40.4**
	2013	21.9	12.7	4.2	0.6	0.2	–	39.6

D.16 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8 / Q4 2014

[1] Further information on segment reporting in accordance with IFRS 8 is to be found under Note 31.
[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.

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.

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 an indicator for investments in non-current assets. At Brenntag, Capex is defined as other additions to in property, plant and equipment and other additions to acquired software, licences and similar rights (see the Group Notes, Note 20 and 21).

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 obligation 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 obligation is not probable or the amount of the obligation 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.

CONVERTIBLE BOND | 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.

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 GOODS SOLD | Costs of goods sold 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 temporary differences between the ifrs carrying amount and tax balance sheet carrying value as well as from tax loss carryforwards. Deferred tax assets may result in future tax refunds. But at the balance sheet date, there are no effective tax receivables 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. But at the balance sheet date, there are no effective tax 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). Derivative financial instruments are financial instruments, which are linked to a price, index, rate or similar variable, 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 Annual General 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.

FEDERAL GAZETTE ("BUNDESANZEIGER") | The Federal Gazette is the central platform for official publications and announcements and for legal news about companies.

FINANCE LEASE | Type of lease in which an 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 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, co-operation 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 refers at Brenntag 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 against interest rate, currency or share price risks → derivative financial instruments (options, swaps and forward contracts, etc.).

HOLDING CHARGES | These are allocations of certain costs between holding companies and operating companies. On Group level they net to zero.

HSE | HSE stands for Health, Safety, and Environment. HSE therefore covers topics concerning occupational health and safety and environmental protection.

HUB-AND-SPOKE-SYSTEM | 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.

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 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 previously-defined 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 worldwide 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 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 relationships 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 (see also the Group Notes, Note 24).

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 ot 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 asset nor the liability appears in the balance sheet of the lessee. The periodic payments are entered in the lessee’s accounts as operating expenditure.

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 fulfilment 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) (percentage rate 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 a profit in the income statement as a proportion of the capital employed, in other words the interest earned on the capital employed.

ROAD SHOW | Presentation of a company to shareholders and potential investors in various financial centers. The roadshow is an important investor relations measure 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 Annual General Meetings; to vote at Annual General 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. Which manufacturer produces the speciality chemical is of prime importance for the user.

STANDARD & POOR'S | International rating agency; see rating

STOCK SPLIT| The Stock Split is an action in which a company divides its existing shares into multiple shares. The primary motive is to make shares seem more affordable and improve the marketability of their shares. Although the number of shares outstanding increases by a specific multiple, the total value of the shares remains the same compared to pre-split amounts.The proportion that each individual shareholder holds in the company is unchanged. The shareholder holds a greater number of shares than before the split as the Company's assets will be distributed to more shares than before.

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 Annual General 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 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 Annual General 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 sales 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).

TABLE DIRECTORY

A TO OUR SHAREHOLDERS

B MANAGEMENT REPORT

C CONSOLIDATED FINANCIAL STATEMENTS

FIVE-YEAR OVERVIEW

CONSOLIDATED INCOME STATEMENT

		2014	2013	2012	2011	2010
Sales	EUR m	10,015.6	9,769.5	9,689.9	8,679.3	7,649.1
Gross Profit	EUR m	2,027.5	1,945.5	1,925.7	1,768.0	1,636.4
Operating EBITDA	EUR m	726.7	698.3	707.0	660.9	602.6
Operating EBITDA / Gross Profit	%	35.8	35.9	36.7	37.4	36.8
EBITDA	EUR m	726.9	696.8	707.0	658.8	597.6
Profit after tax	EUR m	339.7	338.9	337.8	279.3	146.6
Earnings per share after stock split [1])	EUR	2.20	2.20	2.17	1.80	0.98

D.17 CONSOLIDATED INCOME STATEMENT

CONSOLIDATED BALANCE SHEET

		Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012	Dec 31, 2011	Dec 31, 2010
Total Assets	EUR m	6,215.0	5,627.3	5,708.1	5,570.9	4,970.2
Equity	EUR m	2,356.9	2,093.7	1,944.2	1,737.6	1,617.9
Working capital	EUR m	1,226.8	1,044.4	1,018.6	961.1	831.7
Net financial liabilities	EUR m	1,409.7	1,341.7	1,482.9	1,493.6	1,420.9

D.18 CONSOLIDATED BALANCE SHEET

CONSOLIDATED CASH FLOW

		2014	2013	2012	2011	2010
Cash provided by operating activities	EUR m	369.7	357.8	433.0	349.6	150.3
Investments in non-current assets (Capex)	EUR m	−104.8	−97.2	−94.7	−86.0	−85.1
Free cash flow	EUR m	521.6	543.4	579.3	511.8	376.1

D.19 CONSOLIDATED CASH FLOW

KEY FIGURES BRENNTAG SHARE

		Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012	Dec 31, 2011	Dec 31, 2010
Share price	EUR	46.51	44.92	33.14	23.98	25.43
No. of shares (unweighted)		154,500,000	154,500,000	154,500,000	154,500,000	154,500,000
Market capitalization	EUR m	7,186	6,939	5,121	3,705	3,929
Free float	%	100.00	100.00	100.00	63.98	50.39

D.20 KEY FIGURES BRENNTAG SHARE

[1]) As part of a stock split, the number of shares was increased in the third quarter of 2014 from 51.1 million to 154.5 million. The number of shares and the share prices have been retroactively adjusted to the stock split.

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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 2015

6 MAY 2015

Interim Report Q1 2015,
Mülheim

13 MAY 2015

JP Morgan Business Services
Conference, London

9 JUNE 2015

General Shareholders' Meeting
Düsseldorf

22 JUNE 2015

Goldman Sachs Business Services
Conference, London

6 AUGUST 2015

Interim Report Q2 2015,
Mülheim

5 NOVEMBER 2015

Interim Report Q3 2015,
Mülheim

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