ConnectingChemistry

BRENNTAG

We're ConnectingChemistry

DELIVERING **SERVICE** EXCELLENCE

INTERIM REPORT
JANUARY – SEPTEMBER 2017

KEY FINANCIAL FIGURES AT A GLANCE

CONSOLIDATED INCOME STATEMENT

		Q3 2017	Q3 2016
Sales	EUR m	2,892.5	2,619.2
Gross profit	EUR m	619.4	593.9
Operating EBITDA	EUR m	216.0	205.2
Operating EBITDA / gross profit	%	34.9	34.6
Profit after tax	EUR m	100.8	93.4
Earnings per share	EUR	0.65	0.60

CONSOLIDATED BALANCE SHEET

		Sep. 30, 2017	Dec. 31, 2016
Total assets	EUR m	7,756.9	7,287.0
Equity	EUR m	2,945.5	2,959.2
Working capital	EUR m	1,539.1	1,354.6
Net financial liabilities	EUR m	1,584.5	1,681.9

CONSOLIDATED CASH FLOW

		Q3 2017	Q3 2016
Net cash provided by operating activities	EUR m	124.3	180.0
Investments in non-current assets (capex)	EUR m	−31.5	−26.2
Free cash flow	EUR m	146.0	190.1

KEY DATA ON THE BRENNTAG SHARES

		Sep. 30, 2017	Dec. 31, 2016
Share price	EUR	47.12	52.80
No. of shares (unweighted)		154,500,000	154,500,000
Market capitalization	EUR m	7,280	8,158

COMPANY PROFILE

Brenntag is the global market leader in chemical distribution. The company manages complex supply chains for both chemical manufacturers and users, provides them with easier market access to thousands of products and services, and thus forms a global network delivering outstanding local execution.

Brenntag is therefore the preferred and most effective 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 – true to our brand identity: “ConnectingChemistry”.

Brenntag operates a global network spanning more than 550 locations in 74 countries. With its global workforce of over 15,000 employees, the company generated sales of EUR 10.5 billion in 2016.

CONTENTS

DEAR SHAREHOLDERS, DEAR LADIES AND GENTLEMEN,

In the third quarter of 2017 Brenntag showed strong earnings results of both gross profit and operating EBITDA. Both the gross profit and operating EBITDA development were driven mainly by organic growth and a positive contribution from acquisitions. All regions supported this encouraging development. The Group achieved a gross profit growth of 7.7% to EUR 619.4 million and an operating EBITDA of EUR 216.0 million, an increase of 8.5% on a constant currency basis.

We are particularly pleased with our performance in North America. In a macro economy with continued positive momentum we reported an operating gross profit of EUR 265.6 million, an increase of 9.7% on a constant currency basis. Operating EBITDA amounted to EUR 103.6 million and showed a growth of 12.3% on a constant currency basis. These encouraging results were driven primarily by strong organic growth as well as the inclusion of our acquisition NOCO.

The macroeconomic conditions in our EMEA region continue to improve steadily. In this environment, the segment reported an operating gross profit of EUR 269.6 million and operating EBITDA of EUR 90.6 million, a moderate increase on a constant currency basis of 4.2% and 3.7% respectively. The results are due mainly to organic growth delivered by various countries across the region.

In the third quarter of 2017 also Latin America performed well. Although the macroeconomic environment is still marked by economic and political turmoil in a number of countries, we managed to improve our performance. Operating gross profit rose by 5.2% and operating EBITDA by 17.0% on a constant currency basis. This development was supported mainly by our results in Brazil.

Asia Pacific continued its positive trajectory and once again showed pleasing results. Both operating gross profit and operating EBITDA grew double-digit percentages, rising by 15.7% and 17.6% on a constant currency basis. This strong performance was attributable to organic growth and the contribution from our acquisitions.

In September we issued a corporate bond with a volume of EUR 600 million and a maturity of eight years. The bond bears a coupon of 1.125%. With this transaction we have taken advantage of the currently attractive market conditions and secured long-term funding at an extremely low interest rate. The strong level of investor interest in the transaction shows once again that our company is highly attractive to the capital market.

Against the background of our performance this year so far and the macroeconomic developments around the globe, we expect growth in our key performance indicators operating gross profit and operating EBITDA. We therefore confirm our guidance range of an operating EBITDA of EUR 820 to 850 million for the full year 2017. This range is before special items and assuming that exchange rates remain largely unchanged.

On behalf of the entire Board of Management, I would like to thank you for your continued support and the confidence you have placed in our company.

Mülheim an der Ruhr, November 7, 2017

STEVEN HOLLAND
Chief Executive Officer

BRENNTAG ON THE STOCK MARKET

SHARE PRICE PERFORMANCE

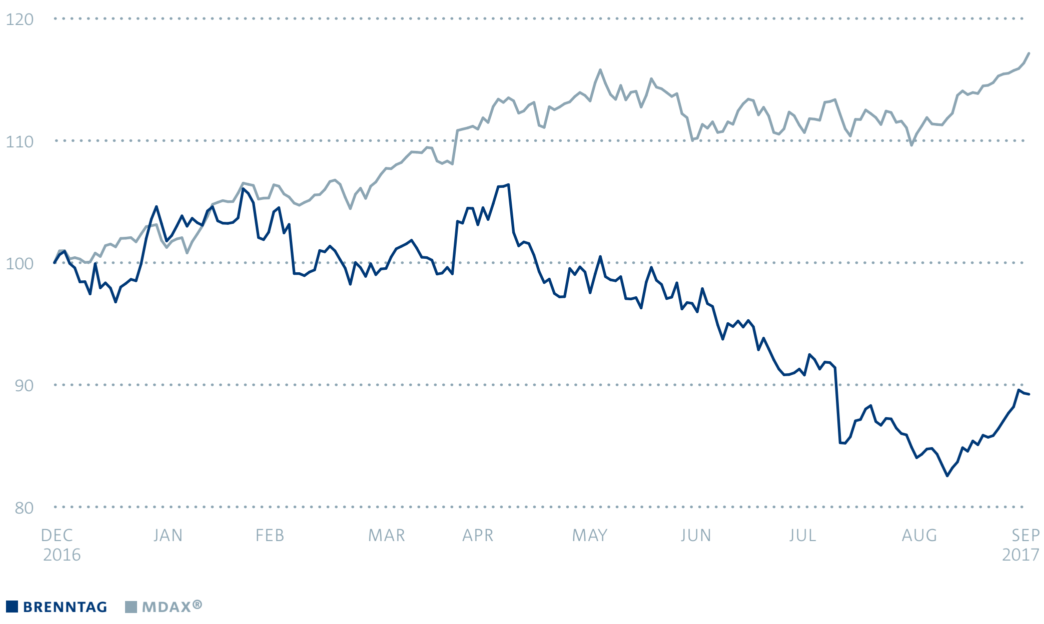
In the third quarter of 2017, equity markets around the globe continued the positive trend that started at the beginning of the year. The positive sentiment in the US economy was impacted only temporarily by the latest hurricanes. In Europe, the elections in Germany were closely watched by the capital markets and the outcome was viewed positively.

The European Central Bank continued its capital market-friendly corporate bond purchase programme. On the currency market, the euro strengthened against the US dollar.

In this environment, Germany's leading index, the DAX®, rose by more than 11% in the first nine months of 2017 to close at 12,829 points. The MDAX® performed similarly, finishing up around 17% at 25,994 points. Brenntag shares closed the reporting period at EUR 47.12, a decrease of 10.8% compared with the 2016 closing price.

According to Deutsche Börse AG's ranking, Brenntag AG ranked 36th among all listed companies in Germany by market capitalization at the end of September 2017. The average number of Brenntag shares traded daily on Xetra® in the first nine months of 2017 was approximately 287,000 compared with around 297,000 shares in the first nine months of 2016.

A.01 BRENNTAG SHARE PRICE PERFORMANCE (INDEXED)



SHAREHOLDER STRUCTURE

As at November 1, 2017, notification had been received from the following shareholders under Section 21, para. 1 of the German Securities Trading Act (WpHG) that their share of the voting rights now exceeds the 3% or 5% threshold:

A.02 SHAREHOLDER STRUCTURE

Shareholder		Interest in %	Date of notification
BlackRock		>5	Oct. 18, 2016
Norges Bank		>5	Sep. 2, 2016
MFS Investment Management		>5	Jul. 3, 2012
Threadneedle		>3	Jun. 27, 2016

A.03 KEY DATA ON THE BRENNTAG SHARES

		Dec. 31, 2016	**Sep. 30, 2017**
Share price (Xetra® closing price)	EUR	52.80	47.12
Market capitalization	EUR m	8,158	7,280
Primary stock exchange			Xetra®
Indices			MDAX®, MSCI, Stoxx Europe 600
ISIN/WKN/trading symbol			DE000A1DAHH0/A1DAHH/BNR

CREDITOR RELATIONS

Brenntag's strong credit profile is reflected in investment grade ratings from two international rating agencies: Standard & Poor's has assigned a "BBB" rating (outlook: stable) and Moody's has assigned a "Baa3" rating (outlook: stable).

On September 20, 2017, Brenntag Finance B.V. successfully placed a EUR 600 million corporate bond with institutional investors. The bond has a term of eight years and bears a coupon of 1.125% per annum. The bond issue was priced at 99.227%.

A.04 KEY DATA ON THE BONDS OF THE BRENNTAG GROUP

		Bond 2018		Bond (with Warrants) 2022		Bond 2025
Issuer		Brenntag Finance B.V.		Brenntag Finance B.V.		Brenntag Finance B.V.
Listing		Luxembourg stock exchange		Frankfurt Open Market (Freiverkehr)		Luxembourg stock exchange
ISIN		XS0645941419		DE000A1Z3XQ6		XS1689523840
Aggregate principal amount	EUR m	400	USD m	500	EUR m	600
Denomination	EUR	1,000	USD	250,000	EUR	1,000
Minimum transferrable amount	EUR	50,000	USD	250,000	EUR	100,000
Coupon	%	5.50	%	1.875	%	1.125
Interest payment	annual	Jul. 19	semi-annual	Jun. 2/Dec. 2	annual	Sep. 27
Maturity		Jul. 19, 2018		Dec. 2, 2022		Sep. 27, 2025

GROUP INTERIM MANAGEMENT REPORT

for the period from January 1 to September 30, 2017

CONTENTS

GROUP OVERVIEW

BUSINESS ACTIVITIES AND GROUP STRUCTURE

BUSINESS ACTIVITIES

Brenntag's growth opportunities along with its resilient business model are based not only on complete geographic coverage, a wide product portfolio and a comprehensive offering of value-added services, but also on high diversity across suppliers, customers and industries and its targeted use of the potential offered by outsourcing.

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 185,000 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 our brand identity "ConnectingChemistry".

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 world-wide are active 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 EMEA (Europe, Middle East & Africa), North America, Latin America and Asia Pacific. Brenntag offers a broad range of more than 10,000 products as well as extensive value-added services (such as just-in-time delivery, product mixing, blending, repackaging, inventory management, drum return handling as well as technical and laboratory services for specialty chemicals).

Brenntag is the global market leader in full-line chemical distribution. We define market leadership not just by business volume; rather, we combine our philosophy "ConnectingChemistry" with constant improvements in the safety standards at our sites. As a responsible service provider, we continually strive to achieve further improvements in the supply chain as a whole.

GROUP STRUCTURE

As the ultimate parent company, Brenntag AG is responsible for the strategy of the Group. The central functions of Brenntag AG are Corporate Controlling, Corporate Finance & Investor Relations, Corporate HSE (Health, Safety and Environment), Corporate IT, Corporate Accounting, Corporate Mergers & Acquisitions, Global Human Resources, Corporate Development, Corporate Communications, Corporate Legal, Corporate Internal Audit, Compliance, Corporate Risk Management as well as Corporate Tax.

The consolidated financial statements as at September 30, 2017 include Brenntag AG, 29 (Dec. 31, 2016: 31) domestic and 191 (Dec. 31, 2016: 191) foreign consolidated subsidiaries including structured entities. Five (Dec. 31, 2016: five) associates have been accounted for using the equity method.

SEGMENTS AND LOCATIONS

The Brenntag Group is managed by the geographically structured segments EMEA (Europe, Middle East & Africa), North America, Latin America and Asia Pacific. In addition, 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:

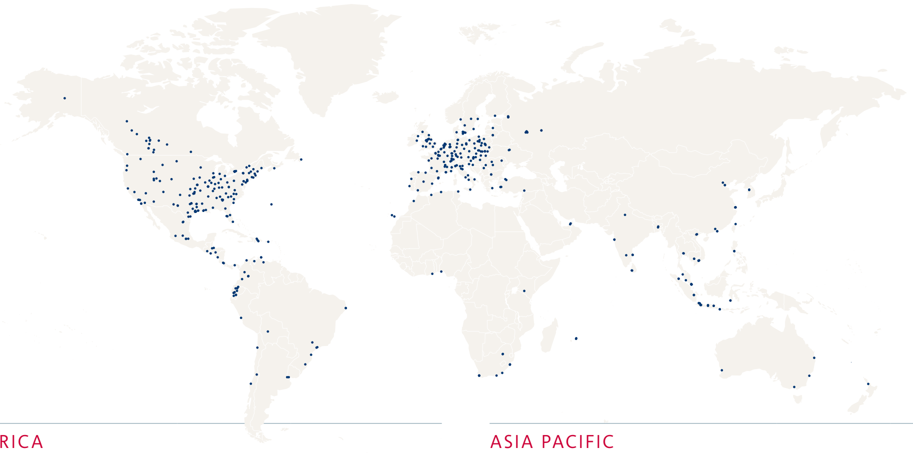
B.01 GLOBAL NETWORK OF THE BRENNTAG GROUP

NORTH AMERICA

		9M 2017
External sales	EUR m	3,308.2
Operating gross profit	EUR m	818.3
Operating EBITDA	EUR m	298.8
Employees[1]		4,699

EMEA

		9M 2017
External sales	EUR m	3,794.6
Operating gross profit	EUR m	828.6
Operating EBITDA	EUR m	281.4
Employees[1]		6,770



LATIN AMERICA

		9M 2017
External sales	EUR m	615.1
Operating gross profit	EUR m	129.8
Operating EBITDA	EUR m	29.5
Employees[1]		1,454

ASIA PACIFIC

		9M 2017
External sales	EUR m	869.5
Operating gross profit	EUR m	148.3
Operating EBITDA	EUR m	52.6
Employees[1]		2,019

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 STRATEGY

ConnectingChemistry

Our philosophy “ConnectingChemistry” describes our company’s purpose, value creation and commitment to all our partners within the supply chain:

- **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 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 develop creative, tailor-made solutions.
- **Customer orientation and 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.

2020 VISION

Our “2020 Vision” illustrates how we continue to position ourselves in the markets and industries we serve and is summarized by the following five commitments to our current and future development:

- 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 and 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.

OBJECTIVES AND STRATEGY

Our goal is to be the preferred distributor for both industrial and specialty 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.

ORGANIC GROWTH AND ACQUISITIONS

We strive to extend our market leadership by steadily growing our product and service offering organically 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 tailored full-service solutions along the entire value chain rather than just products.

In addition, we continue to seek acquisition opportunities that support our strategy. Our strategic focus is on expanding our presence in emerging markets in Asia Pacific in particular so as 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 through acquisitions.

STEADILY IMPROVING PROFITABILITY

A further element of our strategy is to continually and systematically increase profitability. On the basis of our entrepreneurial culture, our operational excellence and our resilient business model, we strive to steadily increase operating gross profit, operating EBITDA and cash flows and achieve an attractive return on capital. Extending the scope of our operations, both organically and through acquisitions, achieving the resulting economies of scale and placing emphasis on value-added services are major levers we use to increase profitability and returns.

STRATEGIC INITIATIVES

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

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

In order to offer our business partners the best service in the industry, we continuously focus worldwide on commercial excellence, that is to say, our effectiveness and efficiency in procurement, sales and marketing. We also take advantage of the opportunities arising from digitalization. Our points of focus include systematically expanding business with regional, pan-regional and global key accounts, for which our broad product offering and extensive geographic network provide unrivalled service capabilities. In addition, we will continue to actively realize the potential that arises as a result of chemical producers outsourcing supply chain and commercial activities.

As part of our regional growth strategies, we continue seeking to effectively leverage our capabilities in particularly attractive industries experiencing above-average growth, such as water treatment, personal care, pharmaceuticals, food & beverages as well as adhesives, coatings, paints, elastomers and sealants. In oil & gas, we are counting on the industry’s long-term potential in combination with our excellent capabilities and our supplier and customer network and 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.

In addition to our growth initiatives, we continue to improve our operational excellence, in particular by optimizing our network, adopting best practice solutions throughout the Brenntag Group and optimizing our warehouse and transport logistics on a regional and global level.

In our human resources activities, we seek to best position the Brenntag brand in the employment market so as to recruit, develop and retain highly qualified employees. Our focus here is on our employees’ continuing development and, in particular, on targeted succession planning.

SUSTAINABILITY

Our sustainability management focuses on the aspects derived from our daily operations and service portfolio:

- Safety
- Environmental protection
- Responsibility within the supply chain
- Compliance
- Employees
- Social responsibility

We remain committed to the principles of responsible care and responsible distribution as well as the principles of the UN Global Compact. We are also a member of "Together for Sustainability", an industry initiative that aims to enhance sustainability across the entire chemical supply chain. Detailed information on our sustainability management is provided in our latest sustainability report and in the "Health, Safety and Environmental Protection, Quality Management" chapter of our 2016 Annual Report.

FINANCIAL MANAGEMENT SYSTEM

The key indicator and measure for the financial performance of the Brenntag Group is operating EBITDA. We use this indicator to manage the segments, as it reflects the performance 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. It 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 certain items.

Until now, the segments' operating EBITDA was adjusted only for holding charges, which are certain costs charged between holding companies and operating companies. At Group level, these effects net to zero. Prompted by the programme to increase efficiency in the EMEA segment, Brenntag is also adjusting operating EBITDA for income and expenses arising from special items so as to improve comparability in presenting the performance of its business operations over multiple reporting periods and explain it more appropriately. Special items are income and expenses outside ordinary activities that have a special and material effect on the results of operations, such as restructuring programmes.

REPORT ON ECONOMIC POSITION

ECONOMIC ENVIRONMENT

Forecasts for the global economy remained positive in the third quarter of 2017. This is reflected in the Global Manufacturing Purchasing Managers' Index (PMI), which stood at 53.2 in September, a reading above the 50 neutral mark. Global industrial production grew by 3.7% year on year in the first two months of the third quarter of 2017.

Europe continued to record stable economic growth overall. Industrial production rose by 3.6% year on year in the first two months of the third quarter of 2017.

US industrial production remained on an upward growth trend in the third quarter of 2017. Industrial production improved by 1.5% year on year in the third quarter of 2017.

Latin America is seeing a sluggish recovery in economic conditions. Overall, Latin American industrial production grew by just 0.1% year on year in the first two months of the third quarter of 2017.

In the economies of Asia, and in China in particular, the stable growth momentum continued into the third quarter of 2017. Industrial production across the region as a whole grew by around 5.4% year on year in the first two months of the third quarter of 2017.

BUSINESS PERFORMANCE

MAJOR EVENTS IMPACTING ON BUSINESS IN Q3 2017

In September, Brenntag successfully placed a new eight-year corporate bond in the amount of EUR 600 million with institutional investors. The bond was issued by Brenntag Finance B.V. and bears a coupon of 1.125%. It was priced at 99.227%. Following the successful refinancing of the syndicated loan at the beginning of the year, the new corporate bond brings a further improvement in the maturity profile. Brenntag used the proceeds of the bond issue primarily to repay existing financial liabilities.

At the beginning of August, Brenntag acquired 51% of the shares in specialty chemical distributor Wellstar Enterprises (Hong Kong) Company Limited, Hong Kong and its three Chinese subsidiaries (jointly "Wellstar Group"). The purchase of the remaining 49% of the shares is scheduled for 2021. Wellstar Group specializes in the distribution of specialty pigments, resins and additives and enables Brenntag to expand its market position in China's specialty chemicals segment. In 2016, the business generated sales of almost EUR 27.6 million.

STATEMENT BY THE BOARD OF MANAGEMENT ON BUSINESS PERFORMANCE

In the third quarter of 2017, the Brenntag Group achieved both an increase in operating gross profit and an increase in operating EBITDA. This was supported predominantly by organic growth. The acquisitions also made positive contributions to EBITDA. Due to the trend in exchange rates, particularly the weakening of the US dollar, the growth rate at actual exchange rates was lower than the growth at constant fx rates.

The very encouraging performance in the North America segment, which recorded clear growth again in the third quarter of 2017, is particularly worthy of note. The EMEA segment delivered results that were moderately higher year on year and the improvement is attributable primarily to organic growth. The results in the Latin America segment were up significantly on those for the prior-year quarter, due mostly to the improving conditions on the Brazilian market. In the Asia Pacific segment, earnings also improved significantly in the third quarter of 2017. The main driver here was the positive performance in Thailand, Vietnam and China.

In the EMEA segment, we started to implement a programme to increase efficiency. Operating EBITDA is adjusted for the expenses associated with this programme.

Average working capital in the third quarter of 2017 was up on the prior-year level due to the significant rise in sales. Annualized working capital turnover remained almost unchanged year on year.

As planned, capital expenditure on property, plant and equipment increased year on year in the third quarter of 2017. We continue to invest appropriately both in our existing infrastructure and in growth projects.

Overall, operating EBITDA and the development of working capital and capital expenditure resulted in a free cash flow that was lower year on year. This was due mainly to the increase in chemical prices and the resulting rise in working capital.

Business performance in the third quarter of 2017 was marked by a positive trend in all regions. Overall, the Group achieved clear earnings growth in the third quarter of 2017, thereby meeting our expectations in full.

RESULTS OF OPERATIONS

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

B.02 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

			Change		
in EUR m	**Q3 2017**	Q3 2016	abs.	in %	in % (fx adj.)[1]
Sales	2,892.5	2,619.2	273.3	10.4	13.9
Operating gross profit	632.2	607.7	24.5	4.0	7.5
Operating expenses	−416.2	−402.5	−13.7	3.4	6.9
Operating EBITDA	**216.0[2]**	**205.2**	**10.8**	**5.3**	**8.5**
Net expense from holding charges and special items[2]	−4.8	–	−4.8	–	–
Depreciation of property, plant and equipment	−28.1	−28.3	0.2	−0.7	2.1
EBITA	183.1	176.9	6.2	3.5	6.8
Amortization of intangible assets	−11.2	−11.7	0.5	−4.3	−0.9
Net finance costs	−21.8	−23.9	2.1	−8.8	–
Profit before tax	150.1	141.3	8.8	6.2	–
Income tax expense	−49.3	−47.9	−1.4	2.9	–
Profit after tax	100.8	93.4	7.4	7.9	–

			Change		
in EUR m	**9M 2017**	9M 2016	abs.	in %	in % (fx adj.)[1]
Sales	8,867.2	7,863.3	1,003.9	12.8	12.7
Operating gross profit	1,936.4	1,825.5	110.9	6.1	6.1
Operating expenses	−1,297.9	−1,212.4	−85.5	7.1	7.1
Operating EBITDA	**638.5[2]**	**613.1**	**25.4**	**4.1**	**4.2**
Net expense from holding charges and special items[2]	−5.9	–	−5.9	–	–
Depreciation of property, plant and equipment	−86.2	−85.5	−0.7	0.8	1.3
EBITA	546.4	527.6	18.8	3.6	3.5
Amortization of intangible assets	−34.5	−35.9	1.4	−3.9	−3.9
Net finance costs	−67.7	−93.0	25.3	−27.2	–
Profit before tax	444.2	398.7	45.5	11.4	–
Income tax expense	−141.9	−137.2	−4.7	3.4	–
Profit after tax	302.3	261.5	40.8	15.6	–

[1] Change in % (fx adj.) is the percentage change on a constant currency basis.
[2] Due to the programme to increase efficiency in the EMEA segment, the definition of operating EBITDA was changed (see section B 1.2.5 Financial management system). Net expense from holding charges and special items comprises expenses in connection with this programme to increase efficiency. As some smaller expenses had already been incurred in this context in the first two quarters of 2017, the amount reported in the third quarter of 2017 (EUR 4.8 million) is not the same as the cumulative amount reported for the first nine months of 2017 (EUR 5.9 million).

Net expense from holding charges and special items breaks down as follows:

B.03 NET EXPENSE FROM HOLDING CHARGES AND SPECIAL ITEMS

in EUR m	**Q3 2017**	Q3 2016	**9M 2017**	9M 2016
Expenses in connection with the programme to increase efficiency in the EMEA segment	−4.8	–	−5.9	–
Holding charges	–	–	–	–
Net expense from holding charges and special items	**−4.8**	**–**	**−5.9**	**–**

SALES AND VOLUMES

The Brenntag Group generated sales of EUR 2,892.5 million in the third quarter of 2017, a year-on-year increase of 10.4%. This sales growth of 13.9% on a constant currency basis is due to both a higher average sales price per unit and higher volumes.

Sales for the first nine months of 2017 were also up significantly on the prior-year figure (12.8%). On a constant currency basis, they rose by 12.7%.

Whereas for manufacturing companies, sales play a key role, for us as a chemical distributor, operating gross profit is a more important factor for increasing our enterprise value over the long term.

OPERATING GROSS PROFIT

The Brenntag Group generated operating gross profit of EUR 632.2 million in the third quarter of 2017, an increase of 4.0% and, on a constant currency basis, 7.5%. All segments contributed to this encouraging growth in operating gross profit. This result was also supported by a positive contribution from the acquirees, particularly NOCO, USA, EPChem Group, Asia and WARREN CHEM SPECIALITIES (PTY) LTD, South Africa, which were acquired and consolidated for the first time in the fourth quarter of 2016.

Operating gross profit for the first nine months of 2017 was up by 6.1% and, likewise on a constant currency basis, by 6.1%.

OPERATING EXPENSES

The Brenntag Group's operating expenses amounted to EUR 416.2 million in the third quarter of 2017, a rise of 3.4% year on year, or 6.9% on a constant currency basis. In addition to the inclusion of the acquisitions, this was also due to organic volume growth, which led to additional costs, particularly personnel, rent and transport costs.

In the first nine months of 2017, the Brenntag Group's operating expenses increased by 7.1% and, likewise on a constant currency basis, by 7.1%.

OPERATING EBITDA

The Brenntag Group achieved operating EBITDA of EUR 216.0 million overall in the third quarter of 2017, an increase of 5.3% on the prior-year period. This earnings growth of 8.5% on a constant currency basis was driven primarily by an encouraging increase in earnings in all regions.

In the first nine months of 2017, the Brenntag Group achieved operating EBITDA of EUR 638.5 million, a rise of 4.1%. On a constant currency basis, this represents growth of 4.2% compared with the first nine months of 2016.

DEPRECIATION, AMORTIZATION AND NET FINANCE COSTS

Depreciation of property, plant and equipment and amortization of intangible assets amounted to EUR 39.3 million in the third quarter of 2017, with depreciation of property, plant and equipment accounting for EUR 28.1 million of this amount and amortization of intangible assets for EUR 11.2 million. Compared with the third quarter of 2016, we recorded a slight decrease in total depreciation and amortization of EUR 0.7 million.

In the first nine months of 2017, depreciation of property, plant and equipment and amortization of intangible assets amounted to EUR 120.7 million (9M 2016: EUR 121.4 million).

Net finance costs amounted to EUR 21.8 million in the third quarter of 2017 (Q3 2016: EUR 23.9 million). The improvement in net finance costs is due mainly to lower expense within the net gain/loss on foreign currency items, which is a component of net finance costs.

The year-on-year improvement in net finance costs in the first nine months of 2017 to EUR 67.7 million (9M 2016: EUR 93.0 million) is primarily attributable to the changes to the official exchange rate mechanisms announced by the Venezuelan government in February 2016 and the resulting foreign exchange losses of EUR 27.1 million.

PROFIT BEFORE TAX

Profit before tax amounted to EUR 150.1 million in the third quarter of 2017 (Q3 2016: EUR 141.3 million) and EUR 444.2 million in the first nine months of 2017 (9M 2016: EUR 398.7 million). The increase in profit before tax in the first nine months of 2017 is attributable to both a rise in operating earnings and an improvement in net finance costs.

INCOME TAXES AND PROFIT AFTER TAX

Income tax expense amounted to EUR 49.3 million in the third quarter of 2017 (Q3 2016: EUR 47.9 million).

Income tax expense for the first nine months of 2017 increased by EUR 4.7 million year on year to EUR 141.9 million (9M 2016: EUR 137.2 million) due to the rise in profit before tax.

Profit after tax stood at EUR 100.8 million in the third quarter of 2017 (Q3 2016: EUR 93.4 million) and EUR 302.3 million in the first nine months of 2017 (9M 2016: EUR 261.5 million).

BUSINESS PERFORMANCE IN THE SEGMENTS

B.04 BUSINESS PERFORMANCE IN THE SEGMENTS

Q3 2017 in EUR m	**Brenntag Group**	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	2,892.5	1,244.0	1,050.5	200.7	299.6	97.7
Operating gross profit	632.2	269.6	265.6	42.0	51.1	3.9
Operating expenses	−416.2	−179.0	−162.0	−31.4	−32.3	−11.5
Operating EBITDA	**216.0**[1)]	**90.6**[1)]	**103.6**	**10.6**	**18.8**	**−7.6**

9M 2017 in EUR m	**Brenntag Group**	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	8,867.2	3,794.6	3,308.2	615.1	869.5	279.8
Operating gross profit	1,936.4	828.6	818.3	129.8	148.3	11.4
Operating expenses	−1,297.9	−547.2	−519.5	−100.3	−95.7	−35.2
Operating EBITDA	**638.5**[1)]	**281.4**[1)]	**298.8**	**29.5**	**52.6**	**−23.8**

EMEA (EUROPE, MIDDLE EAST & AFRICA)

B.05 BUSINESS PERFORMANCE IN THE SEGMENTS / EMEA

			Change		
in EUR m	**Q3 2017**	Q3 2016	abs.	in %	in % (fx adj.)
External sales	1,244.0	1,133.2	110.8	9.8	10.7
Operating gross profit	269.6	261.3	8.3	3.2	4.2
Operating expenses	−179.0	−173.1	−5.9	3.4	4.5
Operating EBITDA	**90.6**[1)]	**88.2**	**2.4**	**2.7**	**3.7**

			Change		
in EUR m	**9M 2017**	9M 2016	abs.	in %	in % (fx adj.)
External sales	3,794.6	3,493.7	300.9	8.6	9.3
Operating gross profit	828.6	807.7	20.9	2.6	3.4
Operating expenses	−547.2	−530.7	−16.5	3.1	4.1
Operating EBITDA	**281.4**[1)]	**277.0**	**4.4**	**1.6**	**2.3**

[1)] Due to the programme to increase efficiency in the EMEA segment, the definition of operating EBITDA was changed (see section B 1.2.5 Financial management system). Net expense from holding charges and special items comprises expenses in connection with this programme to increase efficiency. As some smaller expenses had already been incurred in this context in the first two quarters of 2017, the amount reported in the third quarter of 2017 (EUR 4.8 million) is not the same as the cumulative amount reported for the first nine months of 2017 (EUR 5.9 million).

External sales and volumes

The EMEA segment generated external sales of EUR 1,244.0 million in the third quarter of 2017, a rise of 9.8% compared with the prior-year period. On a constant currency basis, external sales were 10.7% higher. The growth is due predominantly to higher average sales prices.

External sales for the first nine months of 2017 increased by 8.6% year on year. On a constant currency basis, they were up by 9.3%.

Operating gross profit

The operating gross profit generated by the companies in the EMEA segment climbed by 3.2% year on year to EUR 269.6 million in the third quarter of 2017. This represents an increase of 4.2% on a constant currency basis and is due primarily to organic growth.

In the first nine months of 2017, operating gross profit in the EMEA segment climbed by 2.6% compared with the same period of 2016, or by 3.4% on a constant currency basis.

Operating expenses

The EMEA segment posted operating expenses of EUR 179.0 million in the third quarter of 2017. This represents a moderate rise of 3.4% compared with the third quarter of 2016, or 4.5% on a constant currency basis, and is due primarily to higher personnel and rent costs as well as to higher transport costs.

In the first nine months of 2017, operating expenses increased by 3.1% and, on a constant currency basis, by 4.1%.

Operating EBITDA

The companies in the EMEA segment achieved operating EBITDA of EUR 90.6 million in the third quarter of 2017, a moderate rise of 2.7% and, on a constant currency basis, 3.7%. While a number of countries performed well, some business divisions in Scandinavia in particular saw falls in demand.

Operating EBITDA for the first nine months of 2017 increased by 1.6% and, on a constant currency basis, by 2.3%.

In accordance with the definition of this performance indicator, the operating EBITDA presented does not include the expenses for the restructuring programme currently being implemented. The expenses incurred for this to date amounted to EUR 4.8 million in the third quarter of 2017 and EUR 5.9 million in the first nine months of 2017.

NORTH AMERICA

B.06 BUSINESS PERFORMANCE IN THE SEGMENTS / NORTH AMERICA

			Change		
in EUR m	**Q3 2017**	Q3 2016	abs.	in %	in % (fx adj.)
External sales	1,050.5	957.4	93.1	9.7	15.5
Operating gross profit	265.6	254.7	10.9	4.3	9.7
Operating expenses	−162.0	−158.4	−3.6	2.3	8.1
Operating EBITDA	**103.6**	**96.3**	**7.3**	**7.6**	**12.3**

			Change		
in EUR m	**9M 2017**	9M 2016	abs.	in %	in % (fx adj.)
External sales	3,308.2	2,833.8	474.4	16.7	16.4
Operating gross profit	818.3	745.2	73.1	9.8	9.5
Operating expenses	−519.5	−471.1	−48.4	10.3	9.9
Operating EBITDA	**298.8**	**274.1**	**24.7**	**9.0**	**8.7**

External sales and volumes

The North America segment generated external sales of EUR 1,050.5 million in the third quarter of 2017. This rise of 9.7% compared with the third quarter of 2016, or 15.5% on a constant currency basis, is primarily attributable to price increases and the inclusion of the acquisitions in North America.

In the first nine months of 2017, external sales in the North America segment were therefore up by 16.7%, or 16.4% on a constant currency basis.

Operating gross profit

The operating gross profit generated by the North American companies rose by 4.3% year on year to EUR 265.6 million in the third quarter of 2017. This rise of 9.7% on a constant currency basis was driven predominantly by organic growth. This improvement is due mainly to our measures to improve earnings in the business. The acquisitions also supported the increase in operating gross profit.

Operating gross profit for the first nine months of 2017 increased by 9.8%, or 9.5% on a constant currency basis.

Operating expenses

At EUR 162.0 million in the third quarter of 2017, operating expenses in the North America segment were up by 2.3% on the prior-year period, or 8.1% on a constant currency basis. In addition to much higher organic growth, the rise is partly due to the acquisitions. Personnel, rent and transport expenses in particular were higher.

Operating expenses for the first nine months of 2017 showed an increase of 10.3% compared with the prior-year period, or 9.9% on a constant currency basis.

Operating EBITDA

The North American companies achieved operating EBITDA of EUR 103.6 million in the third quarter of 2017, a rise of 7.6% compared with the third quarter of 2016. This increase of 12.3% on a constant currency basis is due primarily to very encouraging organic growth. The inclusion of the acquisitions – particularly NOCO's business – also made a larger-than-expected positive contribution.

In the first nine months of 2017, operating EBITDA in the North America segment rose by 9.0% overall compared with the prior-year period; on a constant currency basis, it climbed by 8.7%.

LATIN AMERICA

B.07 BUSINESS PERFORMANCE IN THE SEGMENTS / LATIN AMERICA

			Change		
in EUR m	**Q3 2017**	Q3 2016	abs.	in %	in % (fx adj.)
External sales	200.7	198.2	2.5	1.3	6.0
Operating gross profit	42.0	41.7	0.3	0.7	5.2
Operating expenses	−31.4	−32.3	0.9	−2.8	1.8
Operating EBITDA	**10.6**	**9.4**	**1.2**	**12.8**	**17.0**

			Change		
in EUR m	**9M 2017**	9M 2016	abs.	in %	in % (fx adj.)
External sales	615.1	583.5	31.6	5.4	2.0
Operating gross profit	129.8	128.2	1.6	1.2	−1.9
Operating expenses	−100.3	−95.0	−5.3	5.6	2.5
Operating EBITDA	**29.5**	**33.2**	**−3.7**	**−11.1**	**−14.2**

External sales and volumes

The Latin America segment generated external sales of EUR 200.7 million in the third quarter of 2017 and thus posted a rise of 1.3%, or 6.0% on a constant currency basis. Volumes were roughly on a par with the prior-year period.

In the first nine months of 2017, external sales in the Latin America segment climbed by 5.4%, a rise of 2.0% on a constant currency basis.

Operating gross profit

The operating gross profit achieved by the Latin American companies in the third quarter of 2017 amounted to EUR 42.0 million. Compared with the prior-year period, operating gross profit therefore rose by 0.7%; on a constant currency basis, it was up by 5.2%. The Latin America segment benefited from improving economic conditions in Brazil and a positive performance from our business in Mexico.

In the first nine months of 2017, operating gross profit in the Latin America segment rose by 1.2%. On a constant currency basis, this represents a decrease of 1.9%.

Operating expenses

Operating expenses in the Latin America segment amounted to EUR 31.4 million in the third quarter of 2017, a year-on-year decrease of 2.8%. This was primarily attributable to the fact that the local currencies weakened against the euro, producing a rise of 1.8% on a constant currency basis.

In the first nine months of 2017, operating expenses in the Latin America segment rose by 5.6% year on year, or 2.5% on a constant currency basis.

Operating EBITDA

The Latin American companies posted operating EBITDA of EUR 10.6 million overall in the third quarter of 2017, an increase of 12.8% on the prior-year period. This represents a rise of 17.0% on a constant currency basis and is due mainly to the aforementioned positive performance in Brazil. Overall in Latin America, we continued to see a recovery in industrial production in the third quarter of 2017.

In the first nine months of 2017, operating EBITDA in the Latin America segment declined by 11.1% overall, or 14.2% on a constant currency basis.

ASIA PACIFIC

B.08 BUSINESS PERFORMANCE IN THE SEGMENTS / ASIA PACIFIC

			Change		
in EUR m	**Q3 2017**	Q3 2016	abs.	in %	in % (fx adj.)
External sales	299.6	249.5	50.1	20.1	25.9
Operating gross profit	51.1	46.4	4.7	10.1	15.7
Operating expenses	−32.3	−29.7	−2.6	8.8	14.6
Operating EBITDA	**18.8**	**16.7**	**2.1**	**12.6**	**17.6**

			Change		
in EUR m	**9M 2017**	9M 2016	abs.	in %	in % (fx adj.)
External sales	869.5	731.4	138.1	18.9	19.2
Operating gross profit	148.3	133.9	14.4	10.8	11.1
Operating expenses	−95.7	−85.0	−10.7	12.6	12.7
Operating EBITDA	**52.6**	**48.9**	**3.7**	**7.6**	**8.2**

External sales and volumes

External sales in the Asia Pacific segment increased by 20.1% year on year to EUR 299.6 million in the third quarter of 2017. This represents sales growth of 25.9% on a constant currency basis and is due to both higher volumes and a higher average sales price per unit.

External sales for the first nine months of 2017 rose by 18.9% year on year, or 19.2% on a constant currency basis.

Operating gross profit

The Asia Pacific segment generated operating gross profit of EUR 51.1 million in the third quarter of 2017, a rise of 10.1% compared with the prior-year period. On a constant currency basis, operating gross profit climbed by 15.7% due to an increase in volumes and higher operating gross profit per unit. This was supported by the positive performance in Thailand, Vietnam and China as well as the acquisitions made in 2016.

In the first nine months of 2017, the segment lifted operating gross profit by 10.8% compared with the prior-year reporting period, or by 11.1% on a constant currency basis.

Operating expenses

The operating expenses of the companies in the Asia Pacific segment rose by 8.8% year on year, or 14.6% on a constant currency basis, to EUR 32.3 million in the third quarter of 2017. The increase in costs is attributable both to acquisitions and to organic growth and relates in part to higher personnel and rent costs.

In the first nine months of 2017, operating expenses increased by 12.6% (12.7% on a constant currency basis) compared with the prior-year period.

Operating EBITDA

The companies in the Asia Pacific segment generated operating EBITDA of EUR 18.8 million in the third quarter of 2017 and thus exceeded the prior-year result by 12.6%. This represents a rise of 17.6% on a constant currency basis and is attributable to both encouraging organic growth and the inclusion of the acquisitions.

In the first nine months of 2017, operating EBITDA increased by 7.6% overall, or 8.2% on a constant currency basis.

ALL OTHER SEGMENTS

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

			Change		
in EUR m	**Q3 2017**	Q3 2016	abs.	in %	in % (fx adj.)
External sales	97.7	80.9	16.8	20.8	20.8
Operating gross profit	3.9	3.6	0.3	8.3	8.3
Operating expenses	–11.5	–9.0	–2.5	27.8	27.8
Operating EBITDA	**–7.6**	**–5.4**	**–2.2**	**40.7**	**40.7**

			Change		
in EUR m	**9M 2017**	9M 2016	abs.	in %	in % (fx adj.)
External sales	279.8	220.9	58.9	26.7	26.7
Operating gross profit	11.4	10.5	0.9	8.6	8.6
Operating expenses	–35.2	–30.6	–4.6	15.0	15.0
Operating EBITDA	**–23.8**	**–20.1**	**–3.7**	**18.4**	**18.4**

In addition to various holding companies, all other segments contain the operations of Brenntag International Chemicals, which buys and sells chemicals in bulk on an international scale without regional boundaries. The activities with regard to the digitization of our business, which are combined in our Dutch subsidiary DiGiB B.V., Amsterdam, are also included here.

In the third quarter of 2017, Brenntag International Chemicals GmbH, Mülheim an der Ruhr, matched the excellent operating EBITDA achieved in the prior-year period.

The operating expenses posted by the holding companies in the same period were up on the third quarter of 2016.

Overall, the operating EBITDA of all other segments dropped by EUR 2.2 million year on year to EUR –7.6 million in the third quarter of 2017.

Earnings for the first nine months of 2017 declined by EUR 3.7 million to EUR –23.8 million.

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 standard processes throughout the Group.

The most important component in the financing structure of Brenntag AG is the Group-wide syndicated loan agreement. Total liabilities (excluding accrued interest and before offsetting of transaction costs) under the syndicated loan amounted to EUR 1,038.2 million as at September 30, 2017.

In January 2017, Brenntag took advantage of the very favourable capital market conditions for borrowers and refinanced the syndicated loan ahead of schedule. To do so, a new syndicated loan totalling the equivalent of EUR 1.7 billion was concluded with a consortium of international banks. In refinancing the loan, an amount of USD 150.0 million was repaid from available liquidity. The new loan runs until 2022. It is based on variable interest rates with margins depending on leverage, and is divided into different tranches with different currencies. In addition to fully drawn tranches, the loan agreement also contains two revolving credit facilities totalling EUR 940.0 million, which can be drawn down in various currencies.

As at September 30, 2017, one of the two revolving credit facilities was fully drawn down in the amount of EUR 340.0 million. The second revolving credit facility in the amount of EUR 600.0 million was mostly unused at that date. While some of our subsidiaries are still direct borrowers under the loan, others obtain their financing from intra-Group loans.

In April 2013, parts of the floating-rate syndicated loan were hedged against interest rate risk using appropriate financial instruments. Following the expiry of some of those instruments, slightly more than 60% of the Brenntag Group's financial liabilities are currently hedged against the risk of interest rate increases.

The EUR 400 million bond (Bond 2018) issued by our Group company Brenntag Finance B.V., Amsterdam, Netherlands, in July 2011 matures in July 2018 and bears a coupon of 5.5% with interest paid annually. It is guaranteed by Brenntag AG. If any of the events of default defined in the conditions of issue occurs, each holder of the Bond 2018 may terminate his bond and request that it be repaid immediately. Should the issuer not be able to meet its repayment obligations, the bondholders are entitled to call on the guarantee provided by Brenntag AG as security.

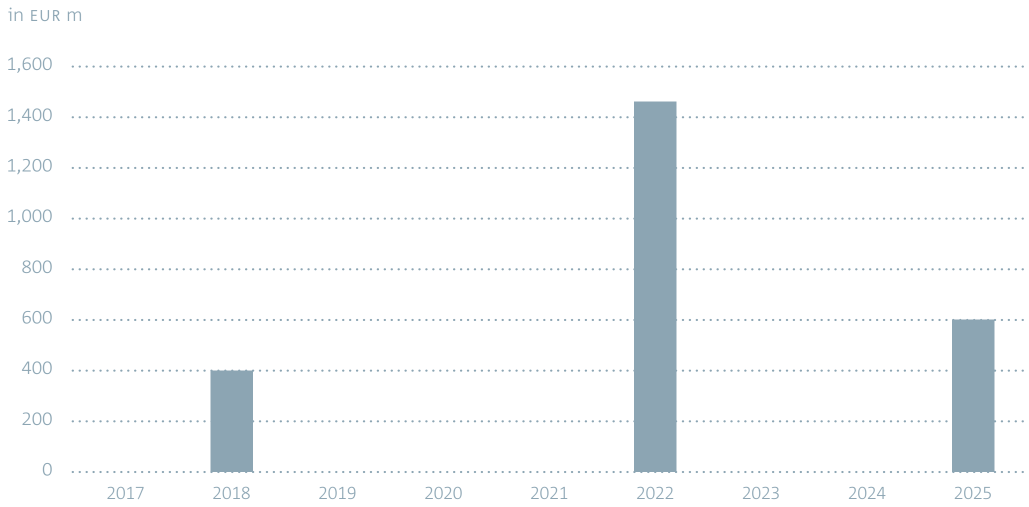
In September 2017, Brenntag Finance B.V. issued another, EUR 600 million bond (Bond 2025) maturing in 2025 and bearing a coupon of 1.125% with interest paid annually. This bond is guaranteed by Brenntag AG. If any of the events of default defined in the conditions of issue occurs, each holder of the Bond 2025 may terminate his bond and request that it be repaid immediately. Should the issuer not be able to meet its repayment obligations, the bondholders are entitled to call on the guarantee provided by Brenntag AG as security. In October, the proceeds from this bond were used largely to repay existing liabilities under the syndicated loan.

Furthermore, in November 2015, Brenntag Finance B.V. issued a bond with warrant units in the amount of USD 500.0 million maturing in December 2022. The bond (Bond (with Warrants) 2022) was issued at 92.7% of par and bears a coupon of 1.875% p.a. with interest payable semi-annually. It is guaranteed by Brenntag AG. The interest expense from the Bond (with Warrants) 2022 comprises the aforementioned interest payments and the ongoing amortization of the discount. The discount (7.3% or USD 36.5 million) is the warrant premium on the warrants issued together with the Bond (with Warrants) 2022 to purchase Brenntag AG shares. The warrant premium was recognized in the Group's additional paid-in capital in 2015. If a termination event as defined in the bond terms and conditions occurs, each holder of the Bond (with Warrants) 2022 may terminate his Bond (with Warrants) 2022 and request that it be repaid immediately. Should the issuer not be able to meet its repayment obligations, the bondholders are entitled to call on the guarantee provided by Brenntag AG as security.

In addition to the four above-mentioned 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 aforementioned revolving credit facilities available to cover short-term liquidity requirements and for general corporate purposes.

B.10 MATURITY PROFILE OF OUR CREDIT PORTFOLIO[1] AS AT SEPTEMBER 30, 2017



[1] Syndicated loan, Bond 2018, Bond (with Warrants) 2022 and Bond 2025 excluding accrued interest and transaction costs.

INVESTMENTS

In the first nine months of 2017, investments in property, plant and equipment and intangible assets (excluding additions from acquisitions) led to a total cash outflow of EUR 85.9 million (9M 2016: EUR 76.3 million).

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

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

Investments are typically funded from cash flow and/or cash from the respective Group companies. With larger investment plans which cannot be covered by local funds, financing is provided by the Group and external borrowings are mostly not necessary.

LIQUIDITY

CASH FLOW

B.11 CASH FLOW

in EUR m	9M 2017	9M 2016
Net cash provided by operating activities	**248.1**	**394.0**
Net cash used in investing activities	**−112.3**	**−118.6**
thereof payments to acquire consolidated subsidiaries, other business units and other financial assets	(−40.7)	(−46.6)
thereof payments to acquire intangible assets and property, plant and equipment	(−85.9)	(−76.3)
thereof proceeds from divestments	(14.3)	(4.3)
Net cash provided by/used in financing activities	**332.8**	**−229.4**
thereof dividends paid to Brenntag shareholders	(−162.2)	(−154.5)
thereof repayments of/proceeds from borrowings	(496.0)	(−11.7)
thereof other financing activities	(−1.0)	(−63.2)
Change in cash and cash equivalents	**486.6**	**46.0**

Net cash provided by operating activities of EUR 248.1 million includes an inflow of EUR 47.8 million from the reimbursement of a fine paid in 2013. The reimbursement was added to provisions, as proceedings are still ongoing before the court of appeal and the amount of any fine ultimately imposed will depend on how those proceedings progress. The net cash inflow from operating activities was influenced by the rise in working capital of EUR 264.3 million.

Of the net cash of EUR 112.3 million used in investing activities, EUR 85.9 million comprised payments to acquire intangible assets and property, plant and equipment. Payments to acquire consolidated subsidiaries, other business units and other financial assets amounted to EUR 40.7 million and included, among other items, the purchase prices for the acquisition of all shares in specialist chemical services provider Petra Industries, Inc. based in Fairmont City, Illinois, USA, for the pipeline and chemical services division of Greene’s Energy Group, LLC based in Houston, Texas, USA, which was acquired in an asset deal, and for the acquisition of 51% of the shares in Wellstar Group based in Hong Kong.

Net cash provided by financing activities amounted to EUR 332.8 million. In addition to the inflow from the placement of a corporate bond with a par value of EUR 600 million, this includes net cash outflows of EUR 134.1 million for the repayment made ahead of schedule in refinancing the syndicated loan.

FREE CASH FLOW

B.12 FREE CASH FLOW

in EUR m	9M 2017	9M 2016	Change abs.	Change in %
Operating EBITDA	638.5	613.1	25.4	4.1
Investments in non-current assets (capex)	−78.9	−70.3	−8.6	12.2
Change in working capital	−264.3	−56.8	−207.5	365.3
Free cash flow	**295.3**	**486.0**	**−190.7**	**−39.2**

The Brenntag Group's free cash flow amounted to EUR 295.3 million in the first nine months of 2017, a decrease on the same period of 2016 (EUR 486.0 million). This is due mainly to the increase in working capital. In the first nine months of the previous year, the rise in working capital was smaller due to lower prices on the chemical market.

As planned, capital expenditure to expand our infrastructure increased and also contributed to the decrease in free cash flow. Operating EBITDA exceeded the prior-year figure, but failed to offset the decrease attributable to the change in working capital and capital expenditure.

FINANCIAL AND ASSETS POSITION

B.13 FINANCIAL AND ASSETS POSITION

	Sep. 30, 2017		Dec. 31, 2016	
in EUR m	**abs.**	**in %**	abs.	in %
Assets				
Current assets	**4,008.4**	**51.7**	**3,281.7**	**45.0**
Cash and cash equivalents	1,053.1	13.6	601.9	8.3
Trade receivables	1,716.3	22.1	1,511.2	20.7
Other receivables and assets	241.9	3.1	205.8	2.8
Inventories	997.1	12.9	962.8	13.2
Non-current assets	**3,748.5**	**48.3**	**4,005.3**	**55.0**
Intangible assets [1]	2,700.0	34.7	2,873.2	39.4
Other fixed assets	952.3	12.3	1,034.7	14.2
Receivables and other assets	96.2	1.3	97.4	1.4
Total assets	**7,756.9**	**100.0**	**7,287.0**	**100.0**
Liabilities and equity				
Current liabilities	**2,804.3**	**36.2**	**1,714.6**	**23.5**
Provisions	89.7	1.2	36.2	0.5
Trade payables	1,174.3	15.1	1,119.4	15.4
Financial liabilities	1,102.8	14.2	146.3	2.0
Miscellaneous liabilities	437.5	5.7	412.7	5.6
Equity and non-current liabilities	**4,952.6**	**63.8**	**5,572.4**	**76.5**
Equity	2,945.5	37.9	2,959.2	40.6
Non-current liabilities	2,007.1	25.9	2,613.2	35.9
Provisions	257.1	3.3	281.5	3.9
Financial liabilities	1,534.8	19.8	2,137.5	29.3
Miscellaneous liabilities	215.2	2.8	194.2	2.7
Total liabilities and equity	**7,756.9**	**100.0**	**7,287.0**	**100.0**

[1] Of the intangible assets as at September 30, 2017, some EUR 1,232 million relates 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.

As at September 30, 2017, total assets had increased by EUR 469.9 million compared with the end of the previous year to EUR 7,756.9 million (Dec. 31, 2016: EUR 7,287.0 million).

Cash and cash equivalents were up year on year to EUR 1,053.1 million (Dec. 31, 2016: EUR 601.9 million). This increase is due to a EUR 600.0 million corporate bond issue (Bond 2025). At the beginning of October, most of the funds were used to temporarily repay a revolving credit facility under the syndicated loan in the amount of EUR 340.0 million and to pay down USD 235.0 million of the syndicated loan.

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

- Trade receivables increased by 13.6% in the reporting period to EUR 1,716.3 million (Dec. 31, 2016: EUR 1,511.2 million).
- Inventories increased by 3.6% in the reporting period to EUR 997.1 million (Dec. 31, 2016: EUR 962.8 million).
- With the opposite effect on working capital, trade payables increased by 4.9% to EUR 1,174.3 million (Dec. 31, 2016: EUR 1,119.4 million).

Adjusted for exchange rate effects and acquisitions, working capital rose by a total of EUR 264.3 million compared with December 31, 2016. This rise is due to a strong increase in prices on the chemical market. At 8.0 in the reporting period, annualized working capital turnover [1)] was almost on a par with the prior-year period (8.1).

The Brenntag Group's intangible and other non-current assets declined by EUR 255.6 million year on year to EUR 3,652.3 million (Dec. 31, 2016: EUR 3,907.9 million). The decline is mainly the result of exchange rate effects (EUR 229.0 million) and depreciation and amortization (EUR 120.3 million). This was partly offset by investments in non-current assets (EUR 78.9 million) and additions from acquisitions (EUR 40.8 million).

Current financial liabilities increased by EUR 956.5 million to EUR 1,102.8 million in total (Dec. 31, 2016: EUR 146.3 million). This increase is due, firstly, to the reclassification of EUR 400 million of non-current financial liabilities into current financial liabilities in connection with the Bond 2018 and, secondly, to the scheduled repayments made on the syndicated loan when the Bond 2025 was issued. In general, current financial liabilities consist mostly of temporary local loans taken out by Brenntag companies. Non-current financial liabilities declined by 28.2% year on year to EUR 1,534.8 million (Dec. 31, 2016: EUR 2,137.5 million).

Current and non-current provisions amounted to a total of EUR 346.8 million (Dec. 31, 2016: EUR 317.7 million). This figure included pension provisions in the amount of EUR 149.1 million (Dec. 31, 2016: EUR 160.2 million).

As at September 30, 2017, the equity of the Brenntag Group totalled EUR 2,945.5 million (Dec. 31, 2016: EUR 2,959.2 million).

[1)] Ratio of annual sales to average working capital; annual sales are defined as sales for the first nine months extrapolated to the full year (sales for the first nine months divided by three and multiplied by four); average working capital for the first nine months is defined as the average of working capital at the beginning of the year and at the end of the first, second and third quarters.

EMPLOYEES

As at September 30, 2017, Brenntag had 15,085 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.

B.14 EMPLOYEES PER SEGMENT

	Sep. 30, 2017		Dec. 31, 2016	
Full-time equivalents (FTEs)	**abs.**	**in %**	abs.	in %
EMEA	6,770	44.9	6,688	45.1
North America	4,699	31.2	4,602	31.0
Latin America	1,454	9.6	1,482	10.0
Asia Pacific	2,019	13.4	1,921	13.0
All other segments	143	0.9	133	0.9
Brenntag Group	**15,085**	**100.0**	**14,826**	**100.0**

REPORT ON EXPECTED DEVELOPMENTS

The International Monetary Fund (IMF) predicts that growth will be higher year on year and has raised its forecast for growth in the **global economy** in 2017, measured in terms of GDP. As regards the individual segments of the Brenntag Group, the Asian economies are predicted to achieve the highest growth. The European economy is forecast to remain on a moderately positive growth track. The rate of expansion in North America is also likely to be higher than in the previous year. In Latin America, the market environment is expected to remain volatile and the economic trend highly uncertain, although the IMF forecasts growth for 2017. Weighted by the sales generated by Brenntag in the individual countries, this results in a forecast average growth rate of 2.5%.

Against this background, we currently expect the following Group and segment performance in financial year 2017 in local currencies, i.e. excluding exchange rate effects:

We expect that the **Brenntag Group** will see growth in the key performance indicators operating gross profit and operating EBITDA. Operating gross profit is anticipated to show a meaningful increase due predominantly to higher volumes as a result of organic growth. All regions are expected to support this performance. Operating EBITDA is also forecast to grow at a meaningful rate, with the EMEA, North America and Asia Pacific segments contributing to this growth. Overall, we are confirming that we expect the Brenntag Group's operating EBITDA for 2017 as a whole to be between EUR 820 million and EUR 850 million. In accordance with the amended definition of operating EBITDA, this specifically does not include the special costs for the programme to increase efficiency in the EMEA segment. For this, we anticipate expenses of approximately EUR 25 million, of which

EUR 5.9 million has already been incurred. In addition, the forecast is based on the assumption that, over the remaining period to year-end, the exchange rate of the various currencies to the euro will remain around the current rate.

For the **EMEA segment**, we forecast meaningful increases in operating gross profit, attributable to both higher volumes and higher operating gross profit per unit. We are focusing on the life science business among others and we are also planning to expand in high-growth regions such as Africa and the Middle East. We expect to be able to translate the growth in operating gross profit into moderate growth in operating EBITDA before special items. We constantly review the performance of our business in order to increase efficiency and in the course of 2017 decided to further accelerate this process. As a result of this programme, we will incur special costs of about EUR 25 million.

In the **North America segment**, we are reiterating our guidance of a meaningful rise in operating gross profit in light of the positive trend. This is based in part on the planned expansion of the business in specialty chemicals and life science products and on further recovery in the oil & gas sector. We therefore also expect meaningful growth in operating EBITDA.

In the **Latin America segment**, a positive third-quarter performance enabled us to partly offset the significant decline in the first half of 2017 and we believe that we remain well positioned to capture future growth in the current macroeconomic environment, which continues to be volatile. In particular, we are planning to expand our product portfolio in food and feed as well as in the agriculture industry. We therefore expect moderate growth in operating gross profit and operating EBITDA that is likely to be moderately lower year on year.

For the **Asia Pacific segment**, we predict a significant increase in operating gross profit, particularly in light of the positive economic momentum. This is attributable to higher volumes as a result of organic growth, but also to the contribution and synergy gains from the acquisitions carried out in 2016. In addition, we are planning to expand our geographical presence and accelerate growth in the industrial chemical business. We therefore also predict a significant increase in operating EBITDA.

Given the planned growth in business volume, we expect average **working capital** to show a significant increase compared with 2016. We will continue to focus on customer and supplier relationship management and work continuously to improve our warehouse logistics. We expect to be able to almost match the working capital turnover achieved in 2016.

In order to keep property, plant and equipment capacities in line with the increasing volume of business and support organic growth, we plan to make **investments** in property, plant and equipment in excess of depreciation in 2017. We expect capital expenditure to increase to over EUR 150 million, primarily as a result of projects to expand our business operations.

Given the continued rise in chemical prices so far this year and the resulting rise in working capital, we expect a decrease in **free cash flow** for 2017 as a whole compared with financial year 2016. Future free cash flow performance depends to a certain extent on the price trend during the rest of the year due to the impact on working capital. We expect to be able to fully continue our acquisition strategy and dividend policy while maintaining Group liquidity at an adequate level without increasing net financial liabilities.

REPORT ON OPPORTUNITIES AND RISKS

Our strategy is geared to steadily improving the efficiency and underlying profitability of our business. The Brenntag Group companies are exposed to a number of risks arising from their business activities in the field of chemical distribution and related areas. At the same time, these business activities also give rise to numerous opportunities to safeguard and nurture the company's competitiveness and growth.

We monitor the risks as part of our risk management. The planning, controlling and reporting processes of the Brenntag Group are integral parts of the risk management systems of all operational and legal units as well as the central functions.

As a global company, Brenntag has to comply with the country-specific tax and customs regulations in each jurisdiction. In this context, risks could result primarily from current and future tax audits of our German and foreign subsidiaries. Specifically, Brenntag is presently examining to what extent the German customs authorities' current review of the tax on spirits and energy gives rise to particular risks. Brenntag is cooperating with the customs authorities. It is not yet possible to make a definitive assessment as to potential tax exposures. Based on the information to date, Brenntag does not expect a significant amount of tax to be incurred. Only in isolated cases is the assessment likely to differ; this risk has been reflected in the balance sheet by recognizing a provision.

The decision issued by the French Competition Authority in 2013 in relation to the allocation of customers and coordination of prices was set aside by a court of appeal due to procedural errors at Brenntag's request in February of this year. Brenntag has received repayment of the fine in the amount of EUR 47.8 million, but the court of appeal has not yet made any decisions on the merits of the case. In the proceedings ongoing before the court of appeal, it will be decided to what extent a fine will be imposed. An appeal has been lodged against this decision by the court of appeal with the aim of definitively reversing the fine ruling. Regarding the investigation also ongoing at 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 Authority has stated that it believes that Brenntag has breached duties to cooperate in this investigation. A fine may be imposed. Brenntag believes that all legal obligations were fulfilled.

In the first nine months of 2017, there were otherwise no significant changes in the opportunities and risks for the Brenntag Group described in detail in the 2016 Annual Report. Other risks that we are currently unaware of or that we currently consider immaterial might also negatively impact our business operations. Currently, there are no indications of risks that may jeopardize the continued existence of the company.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

at September 30, 2017

CONTENTS

CONSOLIDATED INCOME STATEMENT

C.01 CONSOLIDATED INCOME STATEMENT

in EUR m	Note	**Jan. 1, – Sep. 30, 2017**	Jan. 1, – Sep. 30, 2016	**Jul. 1, – Sep. 30, 2017**	Jul. 1, – Sep. 30, 2016
Sales		8,867.2	7,863.3	2,892.5	2,619.2
Cost of sales		−6,974.7	−6,079.2	−2,273.1	−2,025.3
Gross profit		**1,892.5**	**1,784.1**	**619.4**	**593.9**
Selling expenses		−1,255.5	−1,170.9	−406.0	−390.4
Administrative expenses		−141.8	−133.6	−46.2	−42.7
Other operating income		27.6	21.8	9.1	7.1
Other operating expenses		−10.9	−9.7	−4.4	−2.7
Operating profit		**511.9**	**491.7**	**171.9**	**165.2**
Share of profit or loss of equity-accounted investments		2.7	2.3	0.6	0.9
Interest income	1.)	2.3	2.0	0.9	0.6
Interest expense	2.)	−68.1	−65.2	−21.4	−21.7
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	3.)	−0.8	−1.9	−0.3	−0.3
Other net finance costs	4.)	−3.8	−30.2	−1.6	−3.4
Net finance costs		**−67.7**	**−93.0**	**−21.8**	**−23.9**
Profit before tax		**444.2**	**398.7**	**150.1**	**141.3**
Income tax expense	5.)	−141.9	−137.2	−49.3	−47.9
Profit after tax		**302.3**	**261.5**	**100.8**	**93.4**
Attributable to:					
Shareholders of Brenntag AG		301.7	260.8	100.5	93.4
Non-controlling interests		0.6	0.7	0.3	–
Basic earnings per share in euro	**6.)**	**1.95**	**1.69**	**0.65**	**0.60**
Diluted earnings per share in euro	**6.)**	**1.95**	**1.69**	**0.65**	**0.60**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

C.02 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR m	Note	**Jan. 1, – Sep. 30, 2017**	Jan. 1, – Sep. 30, 2016	**Jul. 1, – Sep. 30, 2017**	Jul. 1, – Sep. 30, 2016
Profit after tax		**302.3**	**261.5**	**100.8**	**93.4**
Remeasurements of defined benefit pension plans	10.)	11.7	−54.1	−0.1	−7.5
Deferred tax relating to remeasurements of defined benefit pension plans	10.)	−3.4	14.9	–	2.5
Items that will not be reclassified to profit or loss		**8.3**	**−39.2**	**−0.1**	**−5.0**
Change in exchange rate differences on translation of consolidated companies recognized in other comprehensive income		−148.8	−7.0	−47.1	−5.7
Exchange rate differences reclassified to profit or loss		−2.6	–	–	–
Change in exchange rate differences on translation of equity-accounted investments		−1.7	1.3	−1.1	0.9
Change in net investment hedge reserve		–	2.2	–	–
Change in cash flow hedge reserve		−1.9	−3.7	–	1.7
Deferred tax relating to change in cash flow hedge reserve		0.7	1.5	–	−0.6
Items that may be reclassified subsequently to profit or loss		**−154.3**	**−5.7**	**−48.2**	**−3.7**
Other comprehensive income, net of tax		**−146.0**	**−44.9**	**−48.3**	**−8.7**
Total comprehensive income		**156.3**	**216.6**	**52.5**	**84.7**
Attributable to:					
Shareholders of Brenntag AG		156.9	217.6	52.8	84.7
Non-controlling interests		−0.6	−1.0	−0.3	–

CONSOLIDATED BALANCE SHEET

ASSETS

in EUR m	Note	**Sep. 30, 2017**	Dec. 31, 2016
Current assets			
Cash and cash equivalents		1,053.1	601.9
Trade receivables		1,716.3	1,511.2
Other receivables		148.6	145.4
Other financial assets		13.9	18.6
Current tax assets		57.3	41.8
Inventories		997.1	962.8
		3,986.3	**3,281.7**
Assets held for sale	7.)	22.1	–
		4,008.4	**3,281.7**
Non-current assets			
Property, plant and equipment		929.5	1,009.1
Intangible assets		2,700.0	2,873.2
Equity-accounted investments		22.8	25.6
Other receivables		20.9	25.1
Other financial assets		13.8	14.4
Deferred tax assets		61.5	57.9
		3,748.5	4,005.3
Total assets		**7,756.9**	**7,287.0**

C.03 CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY

in EUR m	Note	**Sep. 30, 2017**	Dec. 31, 2016
Current liabilities			
Trade payables		1,174.3	1,119.4
Financial liabilities	8.)	1,102.8	146.3
Other liabilities		388.9	376.2
Other provisions	9.)	89.7	36.2
Current tax liabilities		44.6	36.5
		2,800.3	**1,714.6**
Liabilities associated with assets held for sale	7.)	4.0	–
		2,804.3	**1,714.6**
Non-current liabilities			
Financial liabilities	8.)	1,534.8	2,137.5
Other liabilities		1.2	2.0
Other provisions	9.)	108.0	121.3
Provisions for pensions and other post-employment benefits	10.)	149.1	160.2
Liabilities relating to acquisition of non-controlling interests	11.)	17.3	5.5
Deferred tax liabilities		196.7	186.7
		2,007.1	**2,613.2**
Equity			
Subscribed capital		154.5	154.5
Additional paid-in capital		1,491.4	1,491.4
Retained earnings		1,304.3	1,168.5
Accumulated other comprehensive income		–18.0	135.1
Equity attributable to shareholders of Brenntag AG		**2,932.2**	**2,949.5**
Equity attributable to non-controlling interests	12.)	13.3	9.7
		2,945.5	2,959.2
Total liabilities and equity		**7,756.9**	**7,287.0**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR m	Subscribed capital	Additional paid-in capital	Retained earnings
Dec. 31, 2015	**154.5**	**1,491.4**	**938.0**
Dividends	–	–	−154.5
Business combinations	–	–	–
Transactions with owners	–	–	30.4
Profit after tax	–	–	260.8
Other comprehensive income, net of tax	–	–	−39.2
Total comprehensive income for the period	**–**	**–**	**221.6**
Sep. 30, 2016	**154.5**	**1,491.4**	**1,035.5**

Dec. 31, 2016	**154.5**	**1,491.4**	**1,168.5**
Dividends	–	–	−162.2
Business combinations	–	–	−12.0
Transfers	–	–	–
Profit after tax	–	–	301.7
Other comprehensive income, net of tax	–	–	8.3
Total comprehensive income for the period	**–**	**–**	**310.0**
Sep. 30, 2017	**154.5**	**1,491.4**	**1,304.3**

C.04 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / SEP. 30, 2016

Exchange rate differences	Net investment hedge reserve	Cash flow hedge reserve	Deferred taxes relating to cash flow hedge reserve	Equity attributable to shareholders of Brenntag AG	Non-controlling interests	**Equity**
70.3	**−8.6**	**1.2**	**−0.4**	**2,646.4**	**44.1**	**2,690.5**
–	–	–	–	−154.5	–	−154.5
–	–	–	–	–	0.2	0.2
5.8	–	–	–	36.2	−36.2	–
–	–	–	–	260.8	0.7	261.5
−4.0	2.2	−3.7	1.5	−43.2	−1.7	−44.9
−4.0	**2.2**	**−3.7**	**1.5**	**217.6**	**−1.0**	**216.6**
72.1	**−6.4**	**−2.5**	**1.1**	**2,745.7**	**7.1**	**2,752.8**

C.05 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / SEP. 30, 2017

140.3	**−6.4**	**1.9**	**−0.7**	**2,949.5**	**9.7**	**2,959.2**
–	–	–	–	−162.2	–	−162.2
–	–	–	–	−12.0	4.2	−7.8
−6.4	6.4	–	–	–	–	–
–	–	–	–	301.7	0.6	302.3
−151.9	–	−1.9	0.7	−144.8	−1.2	−146.0
−151.9	**–**	**−1.9**	**0.7**	**156.9**	**−0.6**	**156.3**
−18.0	**–**	**–**	**–**	**2,932.2**	**13.3**	**2,945.5**

CONSOLIDATED CASH FLOW STATEMENT

C.06 CONSOLIDATED CASH FLOW STATEMENT

in EUR m	Note	Jan. 1, – Sep. 30, 2017	Jan. 1, – Sep. 30, 2016	Jul. 1, – Sep. 30, 2017	Jul. 1, – Sep. 30, 2016
	13.)				
Profit after tax		**302.3**	**261.5**	**100.8**	**93.4**
Depreciation and amortization		120.7	121.4	39.3	40.0
Income tax expense		141.9	137.2	49.3	47.9
Income taxes paid		−144.8	−131.7	−42.1	−42.7
Net interest expense		65.8	63.2	20.5	21.1
Interest paid (netted against interest received)		−62.5	−56.0	−33.1	−32.4
Dividends received		3.7	2.2	0.9	0.1
Changes in provisions		49.9	−1.8	4.6	1.7
Changes in current assets and liabilities					
Inventories		−91.8	3.4	−2.1	−5.4
Receivables		−309.2	−111.5	14.5	69.4
Liabilities		154.5	59.0	−33.5	−27.1
Non-cash change in liabilities relating to acquisition of non-controlling interests		0.8	1.9	0.3	0.3
Other non-cash items and reclassifications		16.8	45.2	4.9	13.7
Net cash provided by operating activities		**248.1**	**394.0**	**124.3**	**180.0**
Proceeds from the disposal of other financial assets		–	0.3	–	0.3
Proceeds from the disposal of intangible assets and property, plant and equipment		14.3	4.0	2.4	0.4
Payments to acquire consolidated subsidiaries and other business units		−40.7	−46.4	−5.8	−0.3
Payments to acquire other financial assets		–	−0.2	–	–
Payments to acquire intangible assets and property, plant and equipment		−85.9	−76.3	−32.8	−26.6
Net cash used in investing activities		**−112.3**	**−118.6**	**−36.2**	**−26.2**
Dividends paid to Brenntag shareholders		−162.2	−154.5	–	–
Profits distributed to non-controlling interests		−1.0	−1.0	–	–
Repayments of liabilities relating to acquisition of non-controlling interests		–	−62.2	–	−6.3
Proceeds from borrowings		737.7	31.7	595.5	–
Repayments of borrowings		−241.7	−43.4	−8.0	−3.3
Net cash provided by / used in financing activities		**332.8**	**−229.4**	**587.5**	**−9.6**
Change in cash and cash equivalents		**468.6**	**46.0**	**675.6**	**144.2**
Effect of exchange rate changes on cash and cash equivalents		−16.5	−18.0	−2.1	−0.5
Reclassification into assets held for sale		−0.9	–	−0.9	–
Cash and cash equivalents at beginning of period		601.9	579.1	380.5	463.4
Cash and cash equivalents at end of period		**1,053.1**	**607.1**	**1,053.1**	**607.1**

CONDENSED NOTES

KEY FINANCIAL FIGURES BY SEGMENT

for the period from January 1 to September 30

C.07 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8

in EUR m		EMEA[4]	North America	Latin America	Asia Pacific	All other segments	Consolidation	**Group**
External sales	**2017**	**3,794.6**	**3,308.2**	**615.1**	**869.5**	**279.8**	**–**	**8,867.2**
	2016	3,493.7	2,833.8	583.5	731.4	220.9	–	7,863.3
	Change in %	8.6	16.7	5.4	18.9	26.7	–	12.8
	fx adjusted change in %	9.3	16.4	2.0	19.2	26.7	–	12.7
Inter-segment sales	**2017**	**8.1**	**8.0**	**0.3**	**–**	**0.8**	**–17.2**	**–**
	2016	6.4	10.0	1.4	–	0.1	–17.9	–
Operating gross profit[1]	**2017**	**828.6**	**818.3**	**129.8**	**148.3**	**11.4**	**–**	**1,936.4**
	2016	807.7	745.2	128.2	133.9	10.5	–	1,825.5
	Change in %	2.6	9.8	1.2	10.8	8.6	–	6.1
	fx adjusted change in %	3.4	9.5	–1.9	11.1	8.6	–	6.1
Gross profit	**2017**	**–**	**–**	**–**	**–**	**–**	**–**	**1,892.5**
	2016	–	–	–	–	–	–	1,784.1
	Change in %	–	–	–	–	–	–	6.1
	fx adjusted change in %	–	–	–	–	–	–	6.1
Operating EBITDA[2] (segment result)	**2017**	**281.4**	**298.8**	**29.5**	**52.6**	**–23.8**	**–**	**638.5**
	2016	277.0	274.1	33.2	48.9	–20.1	–	613.1
	Change in %	1.6	9.0	–11.1	7.6	18.4	–	4.1
	fx adjusted change in %	2.3	8.7	–14.2	8.2	18.4	–	4.2
Investments in non-current assets (capex)[3]	**2017**	**36.3**	**29.8**	**4.1**	**4.6**	**4.1**	**–**	**78.9**
	2016	33.9	26.4	5.0	4.8	0.2	–	70.3

[1] External sales less cost of materials.
[2] Due to the programme to increase efficiency in the EMEA segment, the definition of operating EBITDA was changed (see section B 1.2.5 Financial management system in the Group Interim Management Report). Net expense from holding charges and special items comprises expenses in connection with this programme to increase efficiency. As some smaller expenses had already been incurred in this context in the first two quarters of 2017, the amount reported in the third quarter of 2017 (EUR 4.8 million) is not the same as the cumulative amount reported for the first nine months of 2017 (EUR 5.9 million).
[3] Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.
[4] Europe, Middle East & Africa

KEY FINANCIAL FIGURES BY SEGMENT

for the period from July 1 to September 30

C.08 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8

in EUR m		EMEA[4]	North America	Latin America	Asia Pacific	All other segments	Consoli-dation	Group
External sales	**2017**	**1,244.0**	**1,050.5**	**200.7**	**299.6**	**97.7**	**–**	**2,892.5**
	2016	1,133.2	957.4	198.2	249.5	80.9	–	2,619.2
	Change in %	9.8	9.7	1.3	20.1	20.8	–	10.4
	fx adjusted change in %	10.7	15.5	6.0	25.9	20.8	–	13.9
Inter-segment sales	**2017**	**2.7**	**2.3**	**0.3**	**–**	**0.2**	**–5.5**	**–**
	2016	2.4	4.1	–	0.1	–	–6.6	–
Operating gross profit[1]	**2017**	**269.6**	**265.6**	**42.0**	**51.1**	**3.9**	**–**	**632.2**
	2016	261.3	254.7	41.7	46.4	3.6	–	607.7
	Change in %	3.2	4.3	0.7	10.1	8.3	–	4.0
	fx adjusted change in %	4.2	9.7	5.2	15.7	8.3	–	7.5
Gross profit	**2017**	**–**	**–**	**–**	**–**	**–**	**–**	**619.4**
	2016	–	–	–	–	–	–	593.9
	Change in %	–	–	–	–	–	–	4.3
	fx adjusted change in %	–	–	–	–	–	–	7.7
Operating EBITDA[2] (segment result)	**2017**	**90.6**	**103.6**	**10.6**	**18.8**	**–7.6**	**–**	**216.0**
	2016	88.2	96.3	9.4	16.7	–5.4	–	205.2
	Change in %	2.7	7.6	12.8	12.6	40.7	–	5.3
	fx adjusted change in %	3.7	12.3	17.0	17.6	40.7	–	8.5
Investments in non-current assets (capex)[3]	**2017**	**14.0**	**11.1**	**1.0**	**2.1**	**3.3**	**–**	**31.5**
	2016	13.8	9.3	2.0	1.0	0.1	–	26.2

[1] External sales less cost of materials.
[2] Due to the programme to increase efficiency in the EMEA segment, the definition of operating EBITDA was changed (see section B 1.2.5 Financial management system in the Group Interim Management Report). Net expense from holding charges and special items comprises expenses in connection with this programme to increase efficiency. As some smaller expenses had already been incurred in this context in the first two quarters of 2017, the amount reported in the third quarter of 2017 (EUR 4.8 million) is not the same as the cumulative amount reported for the first nine months of 2017 (EUR 5.9 million).
[3] Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.
[4] Europe, Middle East & Africa.

GROUP KEY FINANCIAL FIGURES

C.09 FREE CASH FLOW

in EUR m	**Jan. 1, – Sep. 30, 2017**	Jan. 1, – Sep. 30, 2016	**Jul. 1, – Sep. 30, 2017**	Jul. 1, – Sep. 30, 2016
Operating EBITDA [1]	**638.5**	**613.1**	**216.0**	**205.2**
Investments in non-current assets (capex) [2]	−78.9	−70.3	−31.5	−26.2
Change in working capital [3][4]	−264.3	−56.8	−38.5	11.1
Free cash flow	**295.3**	**486.0**	**146.0**	**190.1**

[1] Due to the programme to increase efficiency in the EMEA segment, the definition of operating EBITDA was changed (see section B 1.2.5 Financial management system in the Group Interim Management Report). Net expense from holding charges and special items comprises expenses in connection with this programme to increase efficiency. As some smaller expenses had already been incurred in this context in the first two quarters of 2017, the amount reported in the third quarter of 2017 (EUR 4.8 million) is not the same as the cumulative amount reported for the first nine months of 2017 (EUR 5.9 million).
[2] Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.
[3] Definition of working capital: trade receivables plus inventories less trade payables.
[4] Adjusted for exchange rate effects and acquisitions.

C.10 RECONCILIATION OF OPERATING EBITDA TO PROFIT BEFORE TAX

in EUR m	**Jan. 1, – Sep. 30, 2017**	Jan. 1, – Sep. 30, 2016	**Jul. 1, – Sep. 30, 2017**	Jul. 1, – Sep. 30, 2016
Operating EBITDA (segment result)[1][2]	**638.5**	**613.1**	**216.0**	**205.2**
Net expense from holding charges and special items	−5.9	–	−4.8	–
EBITDA	**632.6**	**613.1**	**211.2**	**205.2**
Depreciation of property, plant and equipment	−85.8	−85.5	−28.1	−28.3
Impairment of property, plant and equipment	−0.4	–	–	–
EBITA	**546.4**	**527.6**	**183.1**	**176.9**
Amortization of intangible assets [3]	−34.5	−35.9	−11.2	−11.7
Impairment of intangible assets	–	–	–	–
EBIT	**511.9**	**491.7**	**171.9**	**165.2**
Net finance costs	−67.7	−93.0	−21.8	−23.9
Profit before tax	**444.2**	**398.7**	**150.1**	**141.3**

[1] Operating EBITDA of the reportable segments (EMEA, North America, Latin America and Asia Pacific) amounts to EUR 662.3 million (9M 2016: EUR 633.2 million) and operating EBITDA of all other segments to EUR −23.8 million (9M 2016: EUR −20.1 million).
[2] Due to the programme to increase efficiency in the EMEA segment, the definition of operating EBITDA was changed (see section B 1.2.5 Financial management system in the Group Interim Management Report). Net expense from holding charges and special items comprises expenses in connection with this programme to increase efficiency. As some smaller expenses had already been incurred in this context in the first two quarters of 2017, the amount reported in the third quarter of 2017 (EUR 4.8 million) is not the same as the cumulative amount reported for the first nine months of 2017 (EUR 5.9 million).
[3] This figure includes amortization of customer relationships in the amount of EUR 27.4 million (9M 2016: EUR 27.1 million).

C.11 RECONCILIATION OF OPERATING GROSS PROFIT TO GROSS PROFIT

in EUR m	**Jan. 1, – Sep. 30, 2017**	Jan. 1, – Sep. 30, 2016	**Jul. 1, – Sep. 30, 2017**	Jul. 1, – Sep. 30, 2016
Operating gross profit	**1,936.4**	**1,825.5**	**632.2**	**607.7**
Production/mixing & blending costs	–43.9	–41.4	–12.8	–13.8
Gross profit	**1,892.5**	**1,784.1**	**619.4**	**593.9**

CONSOLIDATION POLICIES AND METHODS

STANDARDS APPLIED

These interim consolidated financial statements for the period from January 1 to September 30, 2017 have been prepared in accordance with the requirements of IAS 34 (Interim Financial Reporting). The Notes are presented in condensed form compared with the Notes to the consolidated financial statements as at December 31, 2016.

The same accounting policies have been applied as for the consolidated financial statements as at December 31, 2016.

Income taxes have been recognized on the basis of the latest estimate of the Group tax rate expected for financial year 2017.

Brenntag has not yet completed its examination of the effects of accounting standards IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments), both of which are effective as of January 1, 2018. Based on the current status of preparations for the application of these standards, Brenntag does not expect any material effect on the Group's net assets, financial position and results of operations. Consequently, Brenntag does not expect to present adjusted figures for financial year 2017 together with next year's reports. However, this assessment based on the current status of preparations is not yet final.

SCOPE OF CONSOLIDATION

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

C.12 CHANGES IN SCOPE OF CONSOLIDATION

	Dec. 31, 2016	Additions	Disposals	**Sep. 30, 2017**
Domestic consolidated companies	32	–	2	30
Foreign consolidated companies	191	9	9	191
Total consolidated companies	**223**	**9**	**11**	**221**

The additions relate to entities acquired in business combinations under IFRS 3 and entities established. The disposals are the result of mergers and the sale of our three Venezuelan subsidiaries Holanda Venezuela, C.A., Valencia, Quimicos Barcelona, C.A., Caracas and Inversiones HCI-Chemcentral de Venezuela, C.A., Caracas. The sale does not have any material effect on the Group's net assets, financial position and results of operations.

Five (Dec. 31, 2016: five) associates are accounted for using the equity method.

BUSINESS COMBINATIONS IN ACCORDANCE WITH IFRS 3

In February 2017, we expanded our portfolio of mixing and blending services in North America by acquiring 100% of the shares in Petra Industries, Inc. based in Fairmont City, Illinois, USA.

Also in February 2017, Brenntag extended the existing product and service portfolio for the oil and gas industry in the USA by acquiring the pipeline and chemical services division of Greene's Energy Group, LLC based in Houston, Texas.

At the beginning of August, Brenntag acquired 51% of the shares in specialty chemical distributor Wellstar Enterprises (Hong Kong) Company Limited, Hong Kong and its three Chinese subsidiaries (jointly "Wellstar Group"). It will purchase the remaining 49% of the shares in 2021. Wellstar Group specializes in the distribution of specialty pigments, resins and additives and enables Brenntag to expand its market position in China's specialty chemicals segment.

Purchase prices, net assets and goodwill relating to the acquisitions carried out in 2017 break down as follows:

C.13 NET ASSETS ACQUIRED

in EUR m	Provisional fair value
Purchase price	**36.2**
of which consideration contingent on earnings targets	–
Assets	
Cash and cash equivalents	3.2
Trade receivables, other financial assets and other receivables	5.2
Other current assets	8.4
Non-current assets	20.0
Liabilities	
Current liabilities	3.0
Non-current liabilities	10.6
Net assets	**23.2**
of which Brenntag's share	19.0
Goodwill	**17.2**
of which deductible for tax purposes	2.4

Assets acquired and liabilities assumed in business combinations are normally recognized at their fair value at the date of acquisition. The multi-period excess earnings method was used to measure customer relationships.

Measurement of the assets acquired and liabilities assumed (among others customer relationships and deferred taxes) has not yet been completed for reasons of time. There are no material differences between the gross amount and carrying amount of the receivables. The main factors determining the goodwill are the above-mentioned reasons for the acquisitions where not included in other assets (e.g. customer relationships and similar rights).

Acquisition-related costs in the amount of EUR 1.8 million were recognized under other operating expenses.

Since their acquisition by Brenntag, the businesses acquired in 2017 have generated sales of EUR 22.4 million and profit after tax of EUR 0.7 million.

If the above-mentioned business combinations had taken place with effect from January 1, 2017, sales of about EUR 8,886 million would have been reported for the Brenntag Group in the reporting period. Profit after tax would have been about EUR 303 million.

As a result of measurement-period adjustments and subsequent acquisition costs, goodwill from entities acquired in 2016 increased by a total of EUR 9.5 million.

CURRENCY TRANSLATION

The euro exchange rates of major currencies changed as follows:

C.14 EXCHANGE RATES OF MAJOR CURRENCIES

	Closing rate		Average rate	
EUR 1 = currencies	**Sep. 30, 2017**	Dec. 31, 2016	**Jan. 1 – Sep. 30, 2017**	Jan. 1 – Sep. 30, 2016
Canadian dollar (CAD)	1.4687	1.4188	1.4546	1.4746
Swiss franc (CHF)	1.1457	1.0739	1.0951	1.0936
Chinese yuan renminbi (CNY)	7.8534	7.3202	7.5766	7.3466
Danish krone (DKK)	7.4423	7.4344	7.4373	7.4472
Pound sterling (GBP)	0.8818	0.8562	0.8732	0.8030
Polish zloty (PLN)	4.3042	4.4103	4.2651	4.3582
Swedish krona (SEK)	9.6490	9.5525	9.5833	9.3732
US dollar (USD)	1.1806	1.0541	1.1140	1.1162

CONSOLIDATED INCOME STATEMENT, CONSOLIDATED BALANCE SHEET AND CONSOLIDATED CASH FLOW STATEMENT DISCLOSURES

1.) INTEREST INCOME

Interest income in the amount of EUR 2.3 million (9M 2016: EUR 2.0 million) is interest income from third parties.

2.) INTEREST EXPENSE

C.15 INTEREST EXPENSE

in EUR m	**Jan. 1 – Sep. 30, 2017**	Jan. 1 – Sep. 30, 2016
Interest expense on liabilities to third parties	–66.7	–59.1
Income / expense from the fair value measurement of interest rate swaps	2.1	–1.8
Net interest expense on defined benefit pension plans	–2.0	–2.6
Interest expense on other provisions	–1.1	–1.2
Interest expense on finance leases	–0.4	–0.5
Total	**–68.1**	**–65.2**

3.) CHANGE IN LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS RECOGNIZED IN PROFIT OR LOSS

C.16 CHANGE IN LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS RECOGNIZED IN PROFIT OR LOSS

in EUR m	**Jan. 1 – Sep. 30, 2017**	Jan. 1 – Sep. 30, 2016
Unwinding of discounting of liabilities relating to acquisition of non-controlling interests	–	–1.4
Final purchase price adjustment for the acquisition of Zhong Yung	–	0.4
Change in liabilities recognized in profit or loss arising from limited partners' rights to repayment of contributions	–0.8	–0.9
Total	**–0.8**	**–1.9**

For further information, please refer to Note 11.).

4.) OTHER NET FINANCE COSTS

In the prior-year period, other net finance costs comprised foreign exchange losses of EUR 27.1 million resulting from the devaluation of the Venezuelan currency, the bolivar.

5.) INCOME TAX EXPENSE

Income tax expense comprises current tax expense of EUR 135.6 million (9M 2016: current tax expense of EUR 137.8 million) and deferred tax expense of EUR 6.3 million (9M 2016: deferred tax income of EUR 0.6 million).

Tax expense for the third quarter of 2017 was calculated using the Group tax rate expected for financial year 2017. Some items of income and expense that cannot be planned with sufficient accuracy are disregarded when determining the expected Group tax rate and calculating tax expense for the reporting period.

C.17 PROFIT BEFORE TAX AFTER ELIMINATION OF UNPLANNABLE TAX-NEUTRAL INCOME / EXPENSES

	Jan. 1 – Sep. 30, 2017			Jan. 1 – Sep. 30, 2016		
in EUR m	Profit before tax	Tax rate in%	Income tax expense	Profit before tax	Tax rate in%	Income tax expense
excluding unplannable tax-neutral income / expenses	444.2	31.9	−141.9	400.6	34.2	−137.2
tax-neutral income / expenses that cannot be planned with sufficient accuracy	–	–	–	−1.9	–	–
including unplannable tax-neutral income / expenses	444.2	31.9	−141.9	398.7	34.4	−137.2

The expected Group tax rate for financial year 2017 is 31.9%, 2.3 percentage points lower than the prior-year rate. The higher Group tax rate for financial year 2016 was due mainly to foreign exchange losses in Venezuela, which are disregarded for tax purposes.

6.) EARNINGS PER SHARE

Earnings per share in the amount of EUR 1.95 (9M 2016: EUR 1.69) are determined by dividing the share of profit after tax of EUR 301.7 million (9M 2016: EUR 260.8 million) attributable to the shareholders of Brenntag AG by the average weighted number of shares in circulation.

The warrants from the bond (Bond (with Warrants) 2022) issued in November 2015 had no diluting effect as the average Brenntag share price is lower than the warrant strike price of EUR 72.7779. The diluted earnings per share are therefore the basic earnings per share.

7.) ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

Assets held for sale and associated liabilities contain the assets and liabilities of our Danish subsidiary Brenntag Biosector A/S, Ballerup, as Brenntag intends to sell the company within one year.

The assets and liabilities break down as follows:

C.18 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

in EUR m	**Sep. 30, 2017**
Cash and cash equivalents	0.9
Trade receivables and other receivables	4.1
Inventories	2.6
Property, plant and equipment and software	14.5
Assets held for sale	**22.1**
Trade payables, other liabilities and provisions	1.5
Current tax liabilities and deferred tax liabilities	2.5
Liabilities associated with assets held for sale	**4.0**

8.) FINANCIAL LIABILITIES

C.19 DETERMINATION OF NET FINANCIAL LIABILITIES

in EUR m	**Sep. 30, 2017**	Dec. 31, 2016
Liabilities under syndicated loan	1,036.5	1,249.0
Other liabilities to banks	144.8	116.4
Bond 2018	403.3	407.9
Bond 2025	592.2	–
Bond (with Warrants) 2022	400.2	442.1
Finance lease liabilities	8.8	11.5
Derivative financial instruments	1.4	1.8
Other financial liabilities	50.4	55.1
Total	**2,637.6**	**2,283.8**
Cash and cash equivalents	1,053.1	601.9
Net financial liabilities	**1,584.5**	**1,681.9**

Detailed disclosures on the terms of the syndicated loan, the Bond 2018, the bond issued in September 2017 (Bond 2025) and the Bond (with Warrants) 2022 are presented in the “Capital structure” section of the Group Interim Management Report.

9.) OTHER PROVISIONS

Other provisions break down as follows:

C.20 OTHER PROVISIONS

in EUR m	Sep. 30, 2017	Dec. 31, 2016
Environmental provisions	92.3	102.2
Provisions for personnel expenses	20.8	19.6
Miscellaneous provisions	84.6	35.7
Total	**197.7**	**157.5**

Due to procedural errors, Brenntag was reimbursed a fine paid in 2013 in the amount of EUR 47.8 million. No findings have yet been made in the matter, however. Proceedings are still ongoing before the court of appeal and the amount of any fine ultimately imposed will depend on how those proceedings progress. The reimbursement was therefore added to provisions and resulted mainly in the rise in miscellaneous provisions from EUR 35.7 million to EUR 84.6 million.

10.) PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

In the interim consolidated financial statements as at September 30, 2017, the present value of pension obligations was determined using a discount rate of 1.9% (Dec. 31, 2016: 1.6%) in Germany and the other countries of the euro zone, 0.7% (Dec. 31, 2016: 0.6%) in Switzerland and 4.0% (Dec. 31, 2016: 4.0%) in Canada.

Due to the remeasurement of defined benefit plans, provisions for pensions and other post-employment benefits decreased by an amount of EUR 11.7 million recognized directly in retained earnings. This is mainly the result of the increase in the discount rate in the euro zone. Net of deferred taxes, actuarial losses recognized in other comprehensive income consequently decreased by EUR 8.3 million.

11.) LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

Liabilities relating to the acquisition of non-controlling interests break down as follows:

C.21 LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

in EUR m	Sep. 30, 2017	Dec. 31, 2016
Liabilities relating to acquisition of non-controlling interests	15.7	3.7
Liabilities arising from limited partners' rights to repayment of contributions	1.6	1.8
Total	**17.3**	**5.5**

At the beginning of August, Brenntag acquired 51% of the shares in specialty chemical distributor Wellstar Enterprises (Hong Kong) Company Limited, Hong Kong and its three Chinese subsidiaries (jointly "Wellstar Group"). It will purchase the remaining 49% of the shares in 2021. On initial recognition at the beginning of August 2017, the purchase price expected for 2021 was required to be recognized outside profit or loss as a liability at its present value; it is presented in liabilities relating to the acquisition of non-controlling interests.

12.) EQUITY

As proposed by the Board of Management and the Supervisory Board, the ordinary General Shareholders' Meeting of Brenntag AG on June 8, 2017 passed a resolution to pay a dividend of EUR 162,225,000.00. Based on 154.5 million shares, that is a dividend of EUR 1.05 per no-par value share entitled to a dividend.

Non-controlling interests comprise the shares of non-Group shareholders in the equity of consolidated entities. The non-controlling interests changed as follows:

C.22 CHANGE IN NON-CONTROLLING INTERESTS / SEP. 30, 2016

in EUR m	**Subscribed capital, retained earnings and additional paid-in capital**	**Exchange rate differences**	Non-controlling interests
Dec. 31, 2015	**36.6**	**7.5**	**44.1**
Business combinations	0.2	–	0.2
Transactions with owners	−30.4	−5.8	−36.2
Profit after tax	0.7	–	0.7
Other comprehensive income, net of tax	–	−1.7	−1.7
Total comprehensive income for the period	**0.7**	**−1.7**	**−1.0**
Sep. 30, 2016	**7.1**	**–**	**7.1**

C.23 CHANGE IN NON-CONTROLLING INTERESTS / SEP. 30, 2017

in EUR m	**Subscribed capital, retained earnings and additional paid-in capital**	**Exchange rate differences**	Non-controlling interests
Dec. 31, 2016	**9.4**	**0.3**	**9.7**
Business combinations	4.2	–	4.2
Profit after tax	0.6	–	0.6
Other comprehensive income, net of tax	–	−1.2	−1.2
Total comprehensive income for the period	**0.6**	**−1.2**	**−0.6**
Sep. 30, 2017	**14.2**	**−0.9**	**13.3**

13.) CONSOLIDATED CASH FLOW STATEMENT DISCLOSURES

Net cash provided by operating activities of EUR 248.1 million includes an inflow of EUR 47.8 million from the reimbursement of a fine paid in 2013. The reimbursement was added to provisions, as proceedings are still ongoing before the court of appeal and the amount of any fine ultimately imposed will depend on how those proceedings progress.

Net cash provided by operating activities was influenced by cash outflows attributable to the rise in working capital of EUR 264.3 million.

C.24 CHANGE IN WORKING CAPITAL

in EUR m	**Jan. 1, – Sep. 30, 2017**	Jan. 1, – Sep. 30, 2016
Increase/decrease in inventories	−91.8	3.4
Increase in gross trade receivables	−296.2	−94.7
Increase in trade payables	117.7	38.8
Valuation allowances on trade receivables and on inventories [1]	6.0	−4.3
Change in working capital [2]	**−264.3**	**−56.8**

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

At 8.0 in the reporting period, annualized working capital turnover [1] was almost on a par with the prior-year period (8.1).

14.) LEGAL PROCEEDINGS AND DISPUTES

The decision issued by the French Competition Authority in 2013 in relation to the allocation of customers and coordination of prices was set aside by a court of appeal due to procedural errors at Brenntag's request in February of this year. Brenntag has received repayment of the fine in the amount of EUR 47.8 million, but the court of appeal has not yet made any decisions on the merits of the case. In the proceedings ongoing before the court of appeal, it will be decided to what extent a fine will be imposed. An appeal has been lodged against this decision by the court of appeal with the aim of definitively reversing the fine ruling. Regarding the investigation also ongoing at 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 Authority has stated that it believes that Brenntag has breached duties to cooperate in this investigation. A fine may be imposed. Brenntag believes that all legal obligations were fulfilled.

[1] Ratio of annual sales to average working capital; annual sales are defined as sales for the first nine months extrapolated to the full year (sales for the first nine months divided by three and multiplied by four); average working capital for the first nine months is defined as the average of working capital at the beginning of the year and at the end of the first, second and third quarters.

15.) REPORTING OF FINANCIAL INSTRUMENTS

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:

C.25 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / SEP. 30, 2017

in EUR m

Measurement in the balance sheet:	At amortized cost	At fair value			Sep. 30, 2017	
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	1,053.1	–	–	–	1,053.1	1,053.1
Trade receivables	1,716.3	–	–	–	1,716.3	1,716.3
Other receivables	81.1	–	–	–	81.1	81.1
Other financial assets	21.7	4.8	1.2	–	27.7	27.7
Total	**2,872.2**	**4.8**	**1.2**	**–**	**2,878.2**	**2,878.2**

C.26 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / DEC. 31, 2016

in EUR m

Measurement in the balance sheet:	At amortized cost	At fair value			Dec. 31, 2016	
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	601.9	–	–	–	601.9	601.9
Trade receivables	1,511.2	–	–	–	1,511.2	1,511.2
Other receivables	89.6	–	–	–	89.6	89.6
Other financial assets	26.0	3.9	1.2	1.9	33.0	33.0
Total	**2,228.7**	**3.9**	**1.2**	**1.9**	**2,235.7**	**2,235.7**

The majority of the financial assets measured at amortized cost have remaining terms of less than one year. Their carrying amounts at the reporting date approximate their fair values.

Of the other receivables recognized in the balance sheet, EUR 88.4 million (Dec. 31, 2016: EUR 80.9 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 prepayments.

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:

C.27 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / SEP. 30, 2017

in EUR m

Measurement in the balance sheet:	At amortized cost		At fair value			**Sep. 30, 2017**	
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	Carrying amount under IAS 17	Total carrying amount	Fair value
Trade payables	1,174.3	–	–	–	–	1,174.3	1,174.3
Other liabilities	171.6	–	–	–	–	171.6	171.6
Liabilities relating to acquisition of non-controlling interests	17.3	–	–	–	–	17.3	17.3
Financial liabilities	2,627.4	–	1.4	–	8.8	2,637.6	2,693.1
Total	**3,990.6**	**–**	**1.4**	**–**	**8.8**	**4,000.8**	**4,056.3**

C.28 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / DEC. 31, 2016

in EUR m

Measurement in the balance sheet:	At amortized cost		At fair value			Dec. 31, 2016	
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	Carrying amount under IAS 17	Total carrying amount	Fair value
Trade payables	1,119.4	–	–	–	–	1,119.4	1,119.4
Other liabilities	185.8	–	–	–	–	185.8	185.8
Liabilities relating to acquisition of non-controlling interests	5.5	–	–	–	–	5.5	5.5
Financial liabilities	2,270.5	–	1.8	–	11.5	2,283.8	2,329.2
Total	**3,581.2**	**–**	**1.8**	**–**	**11.5**	**3,594.5**	**3,639.9**

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 reporting date therefore approximate their fair values. The fair values of the financial liabilities measured at amortized cost were mainly determined using quoted or market prices in an active market (Level 1 of the fair value hierarchy). The fair values of liabilities relating to the acquisition of non-controlling interests 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). The fair values of foreign exchange forwards and foreign exchange swaps are determined by comparing forward rates and discounted to present value (Level 2 of the fair value hierarchy). The fair values of interest rate swaps are determined by applying the discounted cash flow method on the basis of current interest curves, taking into account the non-performance risk (Level 2 of the fair value hierarchy).

Of the other liabilities recognized in the balance sheet, EUR 218.5 million (Dec. 31, 2016: EUR 192.4 million) are not financial liabilities within the meaning of IFRS 7. They are mainly 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:

C.29 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / SEP. 30, 2017

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	**Sep. 30, 2017**
Financial assets at fair value through profit or loss	–	4.8	–	4.8
Financial liabilities at fair value through profit or loss	–	1.4	–	1.4
Available-for-sale financial assets	1.2	–	–	1.2

C.30 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / DEC. 31, 2016

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	Dec. 31, 2016
Financial assets at fair value through profit or loss	–	3.9	–	3.9
Derivatives designated in hedge accounting with a positive fair value	–	1.9	–	1.9
Financial liabilities at fair value through profit or loss	–	1.8	–	1.8
Available-for-sale financial assets	1.2	–	–	1.2

16.) EVENTS AFTER THE REPORTING PERIOD

In October, EUR 340.0 million of the cash inflow from the EUR 600.0 million corporate bond issue was used to repay a revolving credit facility under the syndicated loan. The revolving credit facility can be drawn upon again at any time, for example to obtain funds to contribute to the repayment of the corporate bond maturing in July 2018. Brenntag also used the cash inflow to pay down USD 235.0 million of the syndicated loan.

Mülheim an der Ruhr, November 7, 2017

Brenntag AG

BOARD OF MANAGEMENT

Steven Holland   Karsten Beckmann   Markus Klähn

Georg Müller   Henri Nejade

REVIEW REPORT

To Brenntag AG, Mülheim an der Ruhr

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, income statement and statement of comprehensive income, cash flow statement, statement of changes in equity and selected explanatory notes – and the interim group management report of Brenntag AG, Mülheim an der Ruhr, for the period from January 1 to September 30, 2017 which are part of the quarterly financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, November 7, 2017

PricewaterhouseCoopers
Wirtschaftsprüfungsgesellschaft

sgd. Thomas Tandetzki
Wirtschaftsprüfer
(German Public Auditor)

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

TABLE DIRECTORY

C CONSOLIDATED FINANCIAL STATEMENTS

IMPRINT AND CONTACT

ISSUER
Brenntag AG
Stinnes-Platz 1
45472 Mülheim an der Ruhr, Germany
Phone: + 49 (0) 208 7828 0
Fax: + 49 (0) 208 7828 698
E-mail: info@brenntag.de
Internet: www.brenntag.com

CONTACT
Brenntag AG
Corporate Finance & Investor Relations
Thomas Langer, Diana Alester, René Weinberg
Phone: +49 (0) 208 7828 7653
Fax: +49 (0) 208 7828 7755
E-mail: IR@brenntag.de

CONCEPT AND TEXTS
Brenntag AG
Corporate Finance & Investor Relations

DESIGN
MPM Corporate Communication Solutions
Untere Zahlbacher Straße 13
55131 Mainz, Germany
Phone: + 49 (0) 61 31 95 69 0
Fax: + 49 (0) 61 31 95 69 112
E-mail: info@mpm.de
Internet: www.mpm.de

PRINT
Woeste Druck + Verlag GmbH & Co. KG, Essen

Print CO_2 kompensiert
Id-Nr. 1327318
www.bvdm-online.de

FSC
www.fsc.org
MIX
Papier aus verantwortungsvollen Quellen
FSC® C006990

INFORMATION ON THE INTERIM 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 2017

NOV 28
2017
Deutsche Bank
Business Service & Leisure Conference
London

DEC 4–5
2017
Berenberg
European Conference
London

DEC 5–6
2017
Credit Suisse
Business Services West Coast Conference
San Francisco

JAN 8–9
2018
Commerzbank
German Investment Seminar
New York

JAN 16
2018
Kepler Cheuvreux
German Corporate Conference
Frankfurt

MAR 14
2018
Annual Report
2017

Brenntag AG
Corporate Finance & Investor Relations
Stinnes-Platz 1
45472 Mülheim an der Ruhr
Germany

Phone: + 49 (0) 208 7828 7653
Fax: + 49 (0) 208 7828 7755
E-mail: IR@brenntag.de