ConnectingChemistry

BRENNTAG

CREATING VALUE THROUGH GLOBAL REACH

INTERIM REPORT

JANUARY – SEPTEMBER 2018

KEY FINANCIAL FIGURES AT A GLANCE

CONSOLIDATED INCOME STATEMENT

		Q3 2018	Q3 2017
Sales	EUR m	3,221.8	2,892.5
Operating gross profit	EUR m	678.0	632.2
Operating EBITDA	EUR m	224.5	216.0
Operating EBITDA / operating gross profit	%	33.1	34.2
Profit after tax	EUR m	110.5	100.8
Earnings per share	EUR	0.72	0.65

CONSOLIDATED BALANCE SHEET

		Sep. 30, 2018	Dec. 31, 2017
Total assets	EUR m	7,842.3	7,284.8
Equity	EUR m	3,164.9	2,985.7
Working capital	EUR m	1,846.5	1,510.5
Net financial liabilities	EUR m	1,936.6	1,571.9

CONSOLIDATED CASH FLOW

		Q3 2018	Q3 2017
Net cash provided by operating activities	EUR m	123.5	124.3
Investments in non-current assets (capex)	EUR m	−39.6	−31.5
Free cash flow	EUR m	150.4	146.0

KEY DATA ON THE BRENNTAG SHARES

		Sep. 30, 2018	Dec. 31, 2017
Share price	EUR	53.16	52.77
No. of shares (unweighted)		154,500,000	154,500,000
Market capitalization	EUR m	8,213	8,153
Free float	%	100.0	100.0

COMPANY PROFILE

Brenntag is the **global market leader** in chemical distribution. The company manages complex supply chains for both chemical manufacturers and users by simplifying market access to **thousands of products and services.** It combines a global network with outstanding local execution.

Brenntag is therefore the industry's most effective and preferred channel to market for partners – really living its philosophy "ConnectingChemistry".

Brenntag operates a global network spanning more than 530 locations in 73 countries with a workforce of more than **16,000 employees.** Worldwide, the company generated sales of **EUR 11.7 billion** in 2017.

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DEAR SHAREHOLDERS,

Brenntag continued on its growth track in the third quarter of 2018. The Group reported operating gross profit of EUR 678.0 million, an increase of 7.9% on a constant currency basis. Operating EBITDA rose by 5.0% on a constant currency basis to EUR 224.5 million. This growth was again broad-based and combines both organic growth and contributions from our acquisitions.

In an environment that has become slightly more challenging, we are satisfied with this performance. Our two large regions, EMEA and North America, continued to grow operating EBITDA whilst facing several cost challenges in the quarter. In Latin America, operating EBITDA grew strongly against still volatile market conditions. In Asia Pacific, the results were slightly weaker in the reporting period with strong prior-year comparison. Nevertheless, the overall outlook for the region remains positive and we expect further growth.

Against this background, our initiatives to improve efficiency delivered successful results and we remain focussed on further improvements this year. During the quarter, we acquired Alphamin S. A. headquartered in Belgium and closed the acquisition of the chemical distribution business of Canada Colors and Chemicals Ltd. based in Toronto. This acquisition is an important step forward for our business in Canada.

Regarding overall business performance, and considering the expected macroeconomic developments worldwide, our guidance range of operating EBITDA of EUR 870 to 900 million for full-year 2018 remains unchanged based on largely stable exchange rates for the rest of the current year.

In terms of health, safety and the environment, we are continuously working to improve our operational performance and are committed with our supply partners and customers to support sustainability goals around the world, such as the recycling of plastic containers, which we believe we can make a contribution to improving the supply chain.

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

Essen, November 6, 2018

STEVEN HOLLAND
CHIEF EXECUTIVE OFFICER

BRENNTAG ON THE STOCK MARKET

SHARE PRICE PERFORMANCE

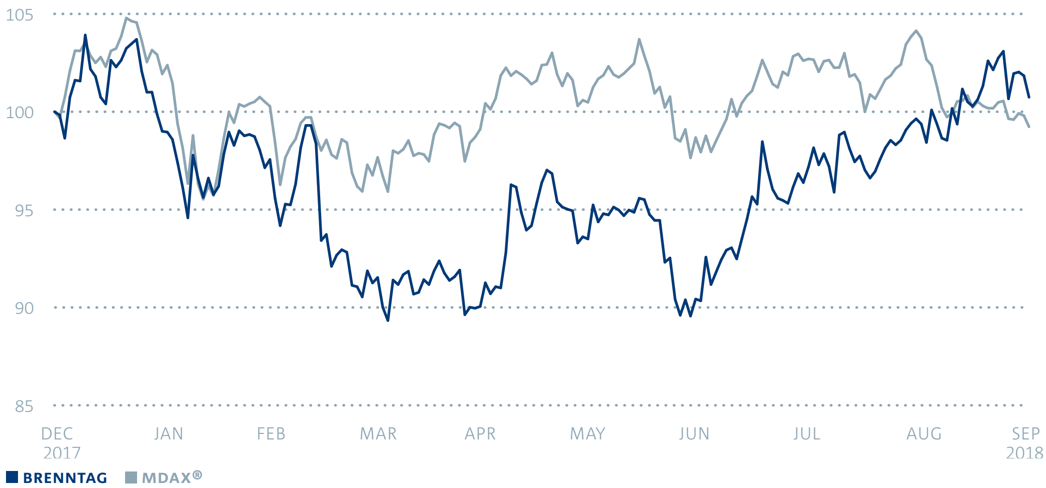
While the global economic environment remained broadly positive in the third quarter of 2018, the focus of market participants shifted increasingly towards signs of economic uncertainty and the current global trade conflicts. Emerging market currencies around the globe, such as the Turkish lira, the Argentinean peso and the Indian rupee, suffered devaluation.

At the same time, equity markets around the globe showed a mixed picture. Whereas the US markets showed growth and marked new all-time highs, the European markets were rather flattish.

The US Federal Reserve continued its strategy, increasing the base interest rate for the third time in 2018. The European Central Bank continued to prepare the markets for a change in its monetary policy.

Germany's leading index, the DAX®, closed the first nine months of 2018 at 12,246 points, down 5.2% compared with year-end 2017. The MDAX® finished down 0.8% at 25,997 points. After the end of the reporting period, the indices came under pressure. Brenntag shares closed the reporting period at EUR 53.16, an increase of 0.7% compared with the 2017 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 2018. The average number of Brenntag shares traded daily on Xetra® in the first nine months of 2018 was approximately 279,000.



A.01 BRENNTAG SHARE PRICE PERFORMANCE (INDEXED)

SHAREHOLDER STRUCTURE

As at November 1, 2018, 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:

Shareholder	Interest in %	Date of notification
BlackRock	>5	Oct. 18, 2016
MFS Investment Management	>5	Jul. 3, 2012
Burgundy Asset Management	>3	Oct. 16, 2018
Threadneedle	>3	May 17, 2018
Wellington Management Group	>3	Sep. 4, 2018

A.02 SHAREHOLDER STRUCTURE

Key Data on the Brenntag Shares		Dec. 31, 2017	Sep. 30, 2018
Price (Xetra® closing price)	EUR	52.77	53.16
Market capitalization	EUR m	8,153	8,213
Primary stock exchange			Xetra®
Indices			MDAX®, MSCI, Stoxx Europe 600
ISIN/WKN/trading symbol			DE000A1DAHH0/A1DAHH/BNR

A.03 KEY DATA ON THE BRENNTAG SHARES

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).

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

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

GROUP INTERIM MANAGEMENT REPORT

for the period from January 1 to September 30, 2018

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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 especially on high diversity across our suppliers, customers and industries and our 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 a large number of 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 worldwide are active in diverse end-market industries such as adhesives, paints, oil and 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 in addition to 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, 2018 include Brenntag AG, 28 (Dec. 31, 2017: 28) domestic and 191 (Dec. 31, 2017: 184) foreign consolidated subsidiaries including structured entities. Five (Dec. 31, 2017: five) associates have been accounted for using the equity method.

SEGMENTS AND LOCATIONS

The Brenntag Group is managed through the geographically structured segments EMEA (Europe, Middle East & Africa), North America, Latin America and Asia Pacific. In addition, all other segments combine the central functions for the entire Group and the activities with regard to the digitization of our business (DigiB). The international operations of BRENNTAG International Chemicals, which buys and sells chemicals in bulk on an international scale without regional boundaries, are also included here.

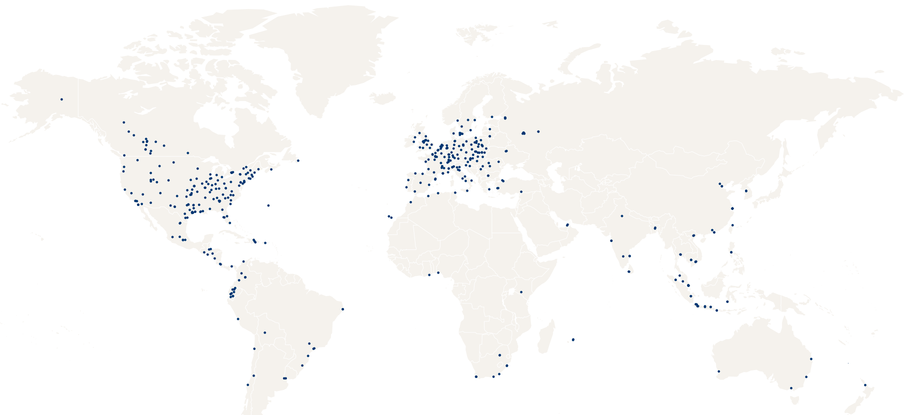
The following graphic gives an overview of the global network and the locations of the Brenntag Group:

NORTH AMERICA

		9M 2018
External sales	EUR m	3,459.2
Operating gross profit	EUR m	829.2
Operating EBITDA	EUR m	308.0
Employees[1]		5,078

EMEA

		9M 2018
External sales	EUR m	4,044.3
Operating gross profit	EUR m	868.0
Operating EBITDA	EUR m	300.3
Employees[1]		6,966



LATIN AMERICA

		9M 2018
External sales	EUR m	594.7
Operating gross profit	EUR m	120.7
Operating EBITDA	EUR m	28.0
Employees[1]		1,442

ASIA PACIFIC

		9M 2018
External sales	EUR m	1,009.4
Operating gross profit	EUR m	163.6
Operating EBITDA	EUR m	55.0
Employees[1]		2,519

B.01 GLOBAL NETWORK OF THE BRENNTAG GROUP

Figures exclude all other segments, which combine various holding companies and the activities with regard to the digitization of Brenntag (DigiB). The international operations of BRENNTAG International Chemicals are also included in all other segments.
1) The number of employees is calculated as the number of employees on the basis of full-time equivalents at the reporting date.

Objectives and Strategy

ConnectingChemistry

Our philosophy “ConnectingChemistry” describes our company’s value creation, purpose 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.

VISION, OBJECTIVES AND STRATEGY

Our 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.

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. By developing 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. Our points of emphasis 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. In a dedicated unit called DigiB, we are implementing customer- and supplier-oriented digital concepts and solutions geared to future growth.

As part of our regional growth strategies, we continue seeking to effectively leverage our capabilities in particularly attractive industries experiencing long-term sustainable growth, such as water treatment, personal care, pharmaceuticals, food and nutrition as well as adhesives, coatings, paints, elastomers and sealants. In oil & gas, we are building on the industry's long-term potential in combination with our excellent capabilities and our supplier and customer network. By expanding our global expertise and position, we aim to promote sustainable 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 site 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 in particular on the aspects derived from our daily operations, service portfolio and stakeholder requests:

- Safety
- Environmental protection/CO_2 reduction
- Responsibility within the supply chain
- Compliance
- Employees
- Sustainable solutions
- Ratings

We are 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 the 2017 Annual Report.

REPORT ON ECONOMIC POSITION

Economic Environment

The generally positive trend in the global economy continued into the third quarter of 2018, albeit in a weaker form, particularly in Europe. This trend is also reflected in the Global Manufacturing Purchasing Managers' Index (PMI), which stood at 52.2 in September, still above the 50 neutral mark, but the lowest reading for 22 months. Global industrial production grew by around 2.9% year on year in the first two months of the third quarter of 2018.

Europe recorded reduced economic growth compared with previous quarters. Industrial production expanded by 1.1% year on year in the first two months of the third quarter of 2018.

The US economy remained on a positive trajectory. Industrial production grew by 4.7% year on year in the third quarter of 2018.

Economic conditions in Latin America remain challenging. Overall, Latin American industrial production declined by around 2.8% year on year in the first two months of the third quarter of 2018.

The economies of Asia, particularly China, continued to see stable growth momentum. Industrial production across the region as a whole grew by approximately 5.5% year on year in the first two months of the third quarter of 2018.

Business Performance

MAJOR EVENTS IMPACTING ON BUSINESS IN Q3 2018

In August 2018, Brenntag acquired all shares in Alphamin S.A., Belgium. The company's headquarters are located in Wavre, Belgium, and the company has a subsidiary, Alphamin Inc. in New Jersey, USA. Alphamin S.A. generated sales of EUR 44 million in financial year 2017/2018 ended June 30, 2018.

In addition, in September 2018, Brenntag closed the acquisition of the chemical distribution business of Canada Colors and Chemicals Ltd. based in Toronto, Canada. With operations in the main industrial areas across Canada, the company generated annual sales of EUR 140 million in financial year 2017.

STATEMENT BY THE BOARD OF MANAGEMENT ON BUSINESS PERFORMANCE

The Brenntag Group generated operating EBITDA of EUR 224.5 million in the third quarter of 2018. On a constant currency basis, this represents earnings growth of 5.0%.

Overall, the third quarter of 2018 saw a sound increase in both operating gross profit and operating EBITDA on a constant currency basis. This was underpinned by strong growth in EMEA, North America and Latin America. Operating EBITDA in the EMEA and Latin America segments rose at a faster pace than operating gross profit. The very strong prior-year quarter in the Asia Pacific segment could not be matched. At Group level, earnings performance in the third quarter of 2018 reflects the continuing organic growth trend. The recent acquisitions also contributed to the growth.

In a market environment where chemical prices continue to rise, working capital showed an increase in the third quarter of 2018. Annualized working capital turnover was lower year on year.

As expected, capital expenditure in the third quarter of 2018 was up on the prior-year figure due to projects to expand our business operations. We are also continuing to maintain our existing infrastructure and expand it through targeted growth projects.

The outlined performance in operating EBITDA, working capital and capital expenditure resulted in a free cash flow that was moderately higher year on year. Besides the increase in operating EBITDA, this is due to the lower increase in working capital compared with the third quarter of 2017.

Overall, we are satisfied with the performance in the third quarter of 2018. In the two large regions, EMEA and North America, we continue to grow at a strong pace on a constant currency basis. In Latin America, we achieved strong organic growth in operating EBITDA at constant currency rates. We thus sustained the organic growth trend. The performance from our acquisitions also contributed to the growth.

Results of Operations

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

			Change		
in EUR m	**Q3 2018**	Q3 2017	abs.	in %	in % (fx adj.)[1]
Sales	3,221.8	2,892.5	329.3	11.4	12.1
Operating gross profit	678.0	632.2	45.8	7.2	7.9
Operating expenses	−453.5	−416.2	−37.3	9.0	9.4
Operating EBITDA[2]	**224.5**	**216.0**	**8.5**	**3.9**	**5.0**
Net expense from special items	−0.2	−4.8	4.6	–	–
Depreciation of property, plant and equipment	−30.2	−28.1	−2.1	7.5	7.1
EBITA	194.1	183.1	11.0	6.0	7.5
Amortization of intangible assets	−13.0	−11.2	−1.8	16.1	17.3
Net finance costs	−27.8	−21.8	−6.0	27.5	–
Profit before tax	153.3	150.1	3.2	2.1	–
Income tax expense	−42.8	−49.3	6.5	−13.2	–
Profit after tax	110.5	100.8	9.7	9.6	–

			Change		
in EUR m	**9M 2018**	9M 2017	abs.	in %	in % (fx adj.)[1]
Sales	9,412.0	8,867.2	544.8	6.1	10.8
Operating gross profit	1,992.6	1,936.4	56.2	2.9	7.6
Operating expenses	−1,330.2	−1,297.9	−32.3	2.5	7.0
Operating EBITDA	**662.4**	**638.5**	**23.9**	**3.7**	**8.8**
Net expense from special items	−1.7	−5.9	4.2	–	–
Depreciation of property, plant and equipment	−88.2	−86.2	−2.0	2.3	6.0
EBITA	572.5	546.4	26.1	4.8	9.7
Amortization of intangible assets	−37.3	−34.5	−2.8	8.1	14.4
Net finance costs	−70.6	−67.7	−2.9	4.3	–
Profit before tax	464.6	444.2	20.4	4.6	–
Income tax expense	−129.8	−141.9	12.1	−8.5	–
Profit after tax	334.8	302.3	32.5	10.8	–

B.02 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

[1] Change in % (fx adj.) is the percentage change on a constant currency basis.
[2] Operating EBITDA is calculated as EBITDA adjusted for special items. For a list of special items, please see table B.03 below.

Net expense from special items breaks down as follows:

in EUR m	**Q3 2018**	Q3 2017	**9M 2018**	9M 2017
Expenses in connection with the programme to increase efficiency in the EMEA segment	−0.2	−4.8	−1.7	−5.9
Net expense from special items	**−0.2**	**−4.8**	**−1.7**	**−5.9**

B.03 NET EXPENSE FROM SPECIAL ITEMS

Sales and volumes

The Brenntag Group generated sales of EUR 3,221.8 million in the third quarter of 2018, an increase of 11.4% on the prior-year figure. On a constant currency basis, this represents sales growth of 12.1% due in particular to a higher average sales price per unit as well as a slight increase in volumes.

Sales for the first nine months of 2018 were up by 6.1% on the prior-year figure. On a constant currency basis, they rose by 10.8%.

Whereas for manufacturing companies, sales play a key role, for us as a chemicals 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 678.0 million in the third quarter of 2018. This rise of 7.2%, or 7.9% on a constant currency basis, was driven by all regions. The growth in operating gross profit was mostly organic and also supported by a positive contribution from the acquisitions.

Operating gross profit for the first nine months of 2018 was up by 2.9%, or 7.6% on a constant currency basis.

Operating expenses

The Brenntag Group's operating expenses amounted to EUR 453.5 million in the third quarter of 2018, an increase of 9.0% on the prior-year quarter. On a constant currency basis, Brenntag posted a rise in operating expenses of 9.4%. The growing business and certain inflationary tendencies led to additional costs, particularly personnel, rent and transport costs.

In the first nine months of 2018, the Brenntag Group's operating expenses rose by 2.5%. On a constant currency basis, this represents an increase of 7.0%.

Operating EBITDA

The Brenntag Group achieved operating EBITDA of EUR 224.5 million overall in the third quarter of 2018, an increase of 3.9% on the prior-year period. In the two large regions, EMEA and North America, we continue to grow at a strong pace on a constant currency basis. In Latin America, we achieved a double-digit increase in operating EBITDA at constant currency rates. Across the Group, this led to sound earnings growth of 5.0% on a constant currency basis.

In the first nine months of 2018, the Brenntag Group generated operating EBITDA of EUR 662.4 million, an increase of 3.7%. On a constant currency basis, this represents a strong rise of 8.8% compared with the first nine months of 2017.

Depreciation, amortization and net finance costs

Depreciation of property, plant and equipment and amortization of intangible assets amounted to EUR 43.2 million in the third quarter of 2018, with depreciation of property, plant and equipment accounting for EUR 30.2 million of this amount and amortization of intangible assets for EUR 13.0 million. Compared with the third quarter of 2017, we recorded an increase in total depreciation and amortization of EUR 3.9 million.

In the first nine months of 2018, depreciation of property, plant and equipment and amortization of intangible assets amounted to EUR 125.5 million (9M 2017: EUR 120.7 million).

Net finance costs amounted to EUR 27.8 million in the third quarter of 2018 (Q3 2017: EUR 21.8 million). Net interest expense, which is a component of net finance costs, was on a par with the previous year at EUR 20.0 million (Q3 2017: EUR 20.5 million), while higher expense was recorded on the revaluation of foreign currency receivables and liabilities.

The slight increase in net finance costs in the first nine months of 2018 to EUR 70.6 million (9M 2017: EUR 67.7 million) is due mainly to positive effects in the first nine months of 2017 that did not recur this year. The net interest expense component of net finance costs amounted to EUR 63.0 million in the first nine months of 2018, a slight improvement on the same period of 2017 (9M 2017: EUR 65.8 million).

Profit before tax

Profit before tax amounted to EUR 153.3 million in the third quarter of 2018 (Q3 2017: EUR 150.1 million) and EUR 464.6 million in the first nine months of 2018 (9M 2017: EUR 444.2 million).

Income taxes and profit after tax

Income tax expense declined by EUR 6.5 million year on year to EUR 42.8 million in the third quarter of 2018 (Q3 2017: EUR 49.3 million). This is due mainly to the reduction in the federal corporate tax rate under the US tax reform with effect from 2018.

Income tax expense for the first nine months of 2018 declined by EUR 12.1 million compared with the prior-year period to EUR 129.8 million (9M 2017: EUR 141.9 million).

Profit after tax rose by EUR 9.7 million year on year to EUR 110.5 million in the third quarter of 2018 (Q3 2017: EUR 100.8 million) and by EUR 32.5 million compared with the prior-year period to EUR 334.8 million in the first nine months of 2018 (9M 2017: EUR 302.3 million).

BUSINESS PERFORMANCE IN THE SEGMENTS

Q3 2018 in EUR m	Brenntag Group	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	3,221.8	1,326.9	1,211.9	213.4	372.9	96.7
Operating gross profit	678.0	285.0	290.2	42.1	57.5	3.2
Operating expenses	−453.5	−189.1	−178.3	−30.9	−39.7	−15.5
Operating EBITDA[1]	**224.5**	**95.9**	**111.9**	**11.2**	**17.8**	**−12.3**

9M 2018 in EUR m	Brenntag Group	EMEA	North America	Latin America	Asia Pacific	All other segments
External sales	9,412.0	4,044.3	3,459.2	594.7	1,009.4	304.4
Operating gross profit	1,992.6	868.0	829.2	120.7	163.6	11.1
Operating expenses	−1,330.2	−567.7	−521.1	−92.7	−108.6	−40.0
Operating EBITDA[1]	**662.4**	**300.3**	**308.0**	**28.0**	**55.0**	**−28.9**

B.04 BUSINESS PERFORMANCE IN THE SEGMENTS

EMEA (Europe, Middle East & Africa)

			Change		
in EUR m	**Q3 2018**	Q3 2017	abs.	in %	in % (fx adj.)
External sales	1,326.9	1,244.0	82.9	6.7	8.3
Operating gross profit	285.0	269.6	15.4	5.7	7.2
Operating expenses	−189.1	−179.0	−10.1	5.6	6.7
Operating EBITDA[1]	**95.9**	**90.6**	**5.3**	**5.8**	**8.1**

			Change		
in EUR m	**9M 2018**	9M 2017	abs.	in %	in % (fx adj.)
External sales	4,044.3	3,794.6	249.7	6.6	8.2
Operating gross profit	868.0	828.6	39.4	4.8	6.2
Operating expenses	−567.7	−547.2	−20.5	3.7	5.0
Operating EBITDA[1]	**300.3**	**281.4**	**18.9**	**6.7**	**8.5**

B.05 BUSINESS PERFORMANCE IN THE SEGMENTS / EMEA

[1] Operating EBITDA is calculated as EBITDA adjusted for special items. For a list of special items, please see table B.03.

External sales and volumes

The EMEA segment generated external sales of EUR 1,326.9 million in the third quarter of 2018, a rise of 6.7% compared with the prior-year period. On a constant currency basis, external sales were 8.3% higher. This rise is due to higher average sales prices per unit.

External sales for the first nine months of 2018 increased by 6.6% year on year. On a constant currency basis, they were up by 8.2%.

Operating gross profit

The operating gross profit generated by the companies in the EMEA segment climbed by 5.7% year on year to EUR 285.0 million in the third quarter of 2018. This represents an increase of 7.2% on a constant currency basis. Almost all countries contributed to this positive performance.

In the first nine months of 2018, operating gross profit in the EMEA segment climbed by 4.8% compared with the same period of 2017, or by 6.2% on a constant currency basis.

Operating expenses

The EMEA segment posted operating expenses of EUR 189.1 million in the third quarter of 2018, a rise of 5.6% compared with the same period of 2017. On a constant currency basis, this represents a rise of 6.7% due primarily to increases in transport and rent costs.

In the first nine months of 2018, operating expenses increased by 3.7% and, on a constant currency basis, by 5.0%.

Operating EBITDA

The companies in the EMEA segment achieved operating EBITDA of EUR 95.9 million in the third quarter of 2018 and thus posted clear earnings growth of 5.8%. On a constant currency basis, they achieved an increase of 8.1%. This is based on our continuing organic growth trend and on the contribution from the acquisitions. In addition, operating EBITDA grew at a faster pace than operating gross profit.

Operating EBITDA for the first nine months of 2018 climbed by 6.7%, or 8.5% on a constant currency basis.

North America

in EUR m	Q3 2018	Q3 2017	Change abs.	Change in %	Change in % (fx adj.)
External sales	1,211.9	1,050.5	161.4	15.4	14.3
Operating gross profit	290.2	265.6	24.6	9.3	8.3
Operating expenses	−178.3	−162.0	−16.3	10.1	8.9
Operating EBITDA	**111.9**	**103.6**	**8.3**	**8.0**	**7.5**

in EUR m	9M 2018	9M 2017	Change abs.	Change in %	Change in % (fx adj.)
External sales	3,459.2	3,308.2	151.0	4.6	12.0
Operating gross profit	829.2	818.3	10.9	1.3	8.5
Operating expenses	−521.2	−519.5	−1.7	0.3	7.4
Operating EBITDA	**308.0**	**298.8**	**9.2**	**3.1**	**10.4**

B.06 BUSINESS PERFORMANCE IN THE SEGMENTS / NORTH AMERICA

External sales and volumes

The North America segment generated external sales of EUR 1,211.9 million in the third quarter of 2018, a significant increase of 15.4% compared with the same period of 2017. On a constant currency basis, we likewise achieved strong growth of 14.3% compared with the prior-year period. This is attributable to price trends and an increase in volumes.

External sales for the first nine months of 2018 were 4.6% higher year on year. On a constant currency basis, this represents a significant increase of 12.0%.

Operating gross profit

The operating gross profit generated by the North American companies rose by 9.3% year on year to EUR 290.2 million in the third quarter of 2018. On a constant currency basis, operating gross profit showed a clear increase of 8.3%. This growth is almost entirely organic. Almost all customer industries contributed to this strong growth.

For the first nine months of 2018, we posted a 1.3% rise in operating gross profit compared with the prior-year period. On a constant currency basis, we achieved a strong increase of 8.5%. Due to the weakness of the US dollar in the first half of 2018 compared with the prior-year period, the reported growth rate is well below the growth rate on a constant currency basis.

Operating expenses

At EUR 178.3 million in the third quarter of 2018, operating expenses in the North America segment were up by 10.1% on the prior-year period. On a constant currency basis, operating expenses rose by 8.9%. The rise is predominantly attributable to the organic growth in the business. Higher expenses were incurred for personnel, transport and energy in particular.

In the first nine months of 2018, operating expenses were roughly in line with the prior-year figure. On a constant currency basis, they increased by 7.4%.

Operating EBITDA

The North American companies achieved operating EBITDA of EUR 111.9 million in the third quarter of 2018, a year-on-year increase of 8.0% due almost entirely to organic growth. On a constant currency basis, this represents a clear rise of 7.5%.

In the first nine months of 2018, operating EBITDA rose by 3.1% overall. On a constant currency basis, the segment achieved a double-digit increase of 10.4%.

Latin America

in EUR m	Q3 2018	Q3 2017	Change abs.	Change in %	Change in % (fx adj.)
External sales	213.4	200.7	12.7	6.3	10.2
Operating gross profit	42.1	42.0	0.1	0.2	4.2
Operating expenses	−30.9	−31.4	0.5	−1.6	1.3
Operating EBITDA	**11.2**	**10.6**	**0.6**	**5.7**	**13.0**

in EUR m	9M 2018	9M 2017	Change abs.	Change in %	Change in % (fx adj.)
External sales	594.7	615.1	−20.4	−3.3	6.2
Operating gross profit	120.7	129.8	−9.1	−7.0	2.2
Operating expenses	−92.7	−100.3	7.6	−7.6	1.3
Operating EBITDA	**28.0**	**29.5**	**−1.5**	**−5.1**	**5.3**

B.07 BUSINESS PERFORMANCE IN THE SEGMENTS / LATIN AMERICA

External sales and volumes

The Latin America segment generated external sales of EUR 213.4 million in the third quarter of 2018, a rise of 6.3%. On a constant currency basis, the segment achieved an increase of 10.2%. The growth is due to higher average sales prices.

In the first nine months of 2018, external sales in the Latin America segment dropped by 3.3% due to the weakness of the US dollar in the first half of the year, as business in Latin America is mostly transacted in US dollars. On a constant currency basis, external sales rose by 6.2% year on year.

Operating gross profit

The operating gross profit achieved by the Latin American companies in the third quarter of 2018 was up slightly on the prior-year figure to EUR 42.1 million. On a constant currency basis, this represents growth of 4.2%.

In the first nine months of 2018, operating gross profit in the Latin America segment dropped by 7.0%. On a constant currency basis, this represents a rise of 2.2%.

Operating expenses

Operating expenses in the Latin America segment amounted to EUR 30.9 million in the third quarter of 2018, a decrease of 1.6% on the prior-year figure. On a constant currency basis, operating expenses showed a slight increase of 1.3%.

In the first nine months of 2018, operating expenses in the Latin America segment declined by 7.6% year on year. On a constant currency basis, they rose by 1.3%.

Operating EBITDA

Overall, the Latin American companies posted operating EBITDA of EUR 11.2 million in the third quarter of 2018, an increase of 5.7% on the prior-year period. On a constant currency basis, operating EBITDA rose by 13.0%.

In the first nine months of 2018, operating EBITDA in the Latin America segment declined by 5.1% overall; on a constant currency basis, it grew by 5.3%.

Asia Pacific

			Change		
in EUR m	**Q3 2018**	Q3 2017	abs.	in %	in % (fx adj.)
External sales	372.9	299.6	73.3	24.5	26.2
Operating gross profit	57.5	51.1	6.4	12.5	14.3
Operating expenses	−39.7	−32.3	−7.4	22.9	25.6
Operating EBITDA	**17.8**	**18.8**	**−1.0**	**−5.3**	**−4.8**

			Change		
in EUR m	**9M 2018**	9M 2017	abs.	in %	in % (fx adj.)
External sales	1,009.4	869.5	139.9	16.1	22.2
Operating gross profit	163.6	148.3	15.3	10.3	16.4
Operating expenses	−108.6	−95.7	−12.9	13.5	19.9
Operating EBITDA	**55.0**	**52.6**	**2.4**	**4.6**	**10.0**

B.08 BUSINESS PERFORMANCE IN THE SEGMENTS / ASIA PACIFIC

External sales and volumes

External sales in the Asia Pacific segment were up by 24.5% on the prior-year figure to EUR 372.9 million in the third quarter of 2018 due almost entirely to an increase in volumes attributable to acquisitions. On a constant currency basis, this represents sales growth of 26.2%.

External sales for the first nine months of 2018 rose by 16.1% year on year, or 22.2% on a constant currency basis.

Operating gross profit

The Asia Pacific segment generated operating gross profit of EUR 57.5 million in the third quarter of 2018, a rise of 12.5% compared with the prior-year period. On a constant currency basis, operating gross profit climbed by 14.3%. This was due to our acquisitions as well as the positive performance from our business in China and Vietnam.

In the first nine months of 2018, the segment lifted operating gross profit by 10.3% year on year, or 16.4% on a constant currency basis.

Operating expenses

The operating expenses of the companies in the Asia Pacific segment rose by 22.9% year on year, or 25.6% on a constant currency basis, to EUR 39.7 million in the third quarter of 2018. The rise in costs relates in part to a growth-driven increase in personnel, rent and transport costs.

In the first nine months of 2018, operating expenses increased by 13.5% (19.9% 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 17.8 million in the third quarter of 2018 and thus posted a 5.3% decline in earnings compared with the prior-year period. On a constant currency basis, this represents a decline of 4.8%. The very strong prior-year quarter in the Asia Pacific segment could not be matched. This was due mainly to cost increases attributable to growth, which were not offset by the rise in operating gross profit.

In the first nine months of 2018, operating EBITDA increased by 4.6% overall, or by 10.0% on a constant currency basis.

All other segments

			Change		
in EUR m	**Q3 2018**	Q3 2017	abs.	in %	in % (fx adj.)
External sales	96.7	97.7	−1.0	−1.0	−1.0
Operating gross profit	3.2	3.9	−0.7	−17.9	−17.9
Operating expenses	−15.5	−11.5	−4.0	34.8	34.8
Operating EBITDA	**−12.3**	**−7.6**	**−4.7**	**61.8**	**61.8**

			Change		
in EUR m	**9M 2018**	9M 2017	abs.	in %	in % (fx adj.)
External sales	304.4	279.8	24.6	8.8	8.8
Operating gross profit	11.1	11.4	−0.3	−2.6	−2.6
Operating expenses	−40.0	−35.2	−4.8	13.6	13.6
Operating EBITDA	**−28.9**	**−23.8**	**−5.1**	**21.4**	**21.4**

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

In addition to various holding companies, all other segments present the activities with regard to the digitization of our business (DigiB). The operations of BRENNTAG International Chemicals GmbH, which buys and sells chemicals in bulk on an international scale without regional boundaries, are also included here.

The operating expenses posted by the holding companies were up on the third quarter of 2017. The rise in 2018 is attributable to additional expenses for the implementation of several strategic projects as well as the changes in provisions for personnel expenses.

In the third quarter of 2018, BRENNTAG International Chemicals GmbH did not fully achieve the excellent operating EBITDA posted in the prior-year period.

Overall, the operating EBITDA of all other segments was down by EUR 4.7 million year on year to EUR –12.3 million in the third quarter of 2018.

Earnings for the first nine months of 2018 declined by EUR 5.1 million to EUR –28.9 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 rate 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. The syndicated loan totalling the equivalent of just over EUR 1.4 billion originally had a term ending in January 2022, which in early 2018 was extended until January 2023. It is based on variable interest rates with margins depending on leverage, and is divided into different tranches with different currencies.

Total liabilities (excluding accrued interest and before offsetting of transaction costs) under the syndicated loan amounted to EUR 947.7 million as at September 30, 2018. In addition to fully drawn tranches, the loan agreement also contains a revolving credit facility totalling EUR 600.0 million, only about 20% of which had been used as at September 30, 2018. While some of our subsidiaries are direct borrowers under the loan, others obtain their financing from intra-Group loans.

The EUR 400 million bond issued by our Group company Brenntag Finance B.V., Amsterdam, Netherlands, in July 2011 was repaid on schedule on July 19, 2018.

In September 2017, Brenntag Finance B.V. issued a EUR 600 million bond (Bond 2025) maturing in 2025 and bearing a coupon of 1.125% with interest paid annually.

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. 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.

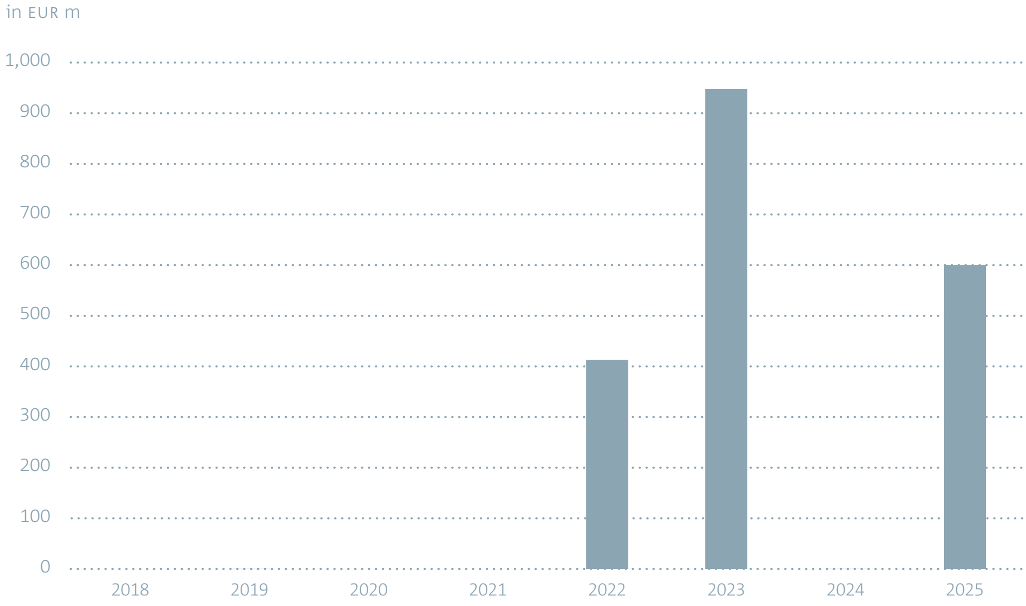
Each of the bonds issued by Brenntag Finance B.V. is guaranteed by Brenntag AG.

In addition to the three 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.

In 2013, parts of the floating-rate syndicated loan were hedged against interest rate risk using appropriate financial instruments. Together with the two fixed-rate bonds, about 60% of the Brenntag Group's financial liabilities are therefore currently hedged against the risk of interest rate increases.

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 facility available to cover short-term liquidity requirements and for general corporate purposes.

MATURITY PROFILE OF OUR CREDIT PORTFOLIO[1)] AS AT JUNE 30, 2018 IN EUR M



B.10 MATURITY PROFILE OF OUR CREDIT PORTFOLIO

[1)] Syndicated loan maturing in 2023, Bond 2018 (repaid on July 19, 2018), Bond (with Warrants) 2022 and Bond 2025 excluding accrued interest and transaction costs.

INVESTMENTS

In the first nine months of 2018, investments in property, plant and equipment and intangible assets (excluding additions from acquisitions) led to a total cash outflow of EUR 113.7 million (9M 2017: EUR 85.9 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.

One notable example among a vast number of investments is a project in northern Italy entailing an investment volume of EUR 5.4 million in the first nine months of 2018. The project involves optimizing and consolidating the operations network in this region. In this context, land was acquired in Filago, Italy, where facilities are currently being installed that will transform the site into a production facility for mixing and blending and into a distribution centre for the entire area.

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

LIQUIDITY

Cash flow

in EUR m	**9M 2018**	9M 2017
Net cash provided by operating activities	**184.0**	**248.1**
Net cash used in investing activities	**−285.7**	**−112.3**
thereof payments to acquire consolidated subsidiaries, other business units and other financial assets	(−178.1)	(−40.7)
thereof payments to acquire intangible assets and property, plant and equipment	(−113.7)	(−85.9)
thereof proceeds from divestments	(6.1)	(14.3)
Net cash used in / provided by financing activities	**−64.7**	**332.8**
thereof dividends paid to Brenntag shareholders	(−170.0)	(−162.2)
thereof repayments of / proceeds from borrowings	(106.3)	(496.0)
thereof other financing activities	(−1.0)	(−1.0)
Change in cash and cash equivalents	**−166.4**	**468.6**

B.11 CASH FLOW

Net cash provided by operating activities of EUR 184.0 million was influenced by the rise in working capital of EUR 231.7 million. In the prior-year period, net cash provided by operating activities included an inflow of EUR 47.8 million from the reimbursement of a fine paid in 2013. In the current reporting period, a fine of EUR 30.0 million was paid in connection with a related matter.

Of the net cash of EUR 285.7 million used in investing activities, EUR 113.7 million comprised payments to acquire intangible assets and property, plant and equipment. Payments to acquire consolidated subsidiaries, other business units and other financial assets primarily included the purchase prices for 65% of the shares in Raj Petro Specialities Private Limited based in Mumbai, India and all shares in CCC Chemical Distribution Inc. based in Toronto, Canada, the Alphamin Group headquartered in Wavre, Belgium and the Quimitecnica Group based in Lordelo (Guimarães), Portugal.

Net cash used in financing activities amounted to EUR 64.7 million. In addition to the EUR 170.0 million dividend payment to Brenntag shareholders, it was attributable mostly to the repayment of the bond with a par value of EUR 400.0 million, which fell due in July of this year. Conversely, increased use was made of the syndicated loan and local bank loans. In the prior-year period, net cash provided by financing activities mainly reflected the issue of a bond with a par value of EUR 600.0 million.

Free cash flow

in EUR m	9M 2018	9M 2017	Change abs.	Change in %
Operating EBITDA	662.4	638.5	23.9	3.7
Investments in non-current assets (capex)	−104.7	−78.9	−25.8	32.7
Change in working capital	−231.7	−264.3	32.6	−12.3
Free cash flow	**326.0**	**295.3**	**30.7**	**10.4**

B.12 FREE CASH FLOW

The Brenntag Group's free cash flow amounted to EUR 326.0 million in the first nine months of 2018, an increase of 10.4% on the same period of 2017 (EUR 295.3 million).

The growth in operating EBITDA and the lower rise in working capital compared with the prior-year period more than offset the planned increase in capital expenditure to expand our infrastructure.

Financial and Assets Position

	Sep. 30, 2018		Dec. 31, 2017	
in EUR m	**abs.**	**in %**	abs.	in %
Assets				
Current assets	**3,855.7**	**49.2**	**3,490.4**	**47.9**
Cash and cash equivalents	347.1	4.4	518.0	7.1
Trade receivables	1,958.5	25.0	1,672.7	23.0
Other receivables and assets	325.4	4.1	256.1	3.5
Inventories	1,224.7	15.7	1,043.6	14.3
Non-current assets	**3,986.6**	**50.8**	**3,794.4**	**52.1**
Intangible assets	2,875.8	36.7	2,746.7	37.7
Other non-current assets	1,028.6	13.1	968.0	13.3
Receivables and other assets	82.2	1.0	79.7	1.1
Total assets	**7,842.3**	**100.0**	**7,284.8**	**100.0**
Liabilities and equity				
Current liabilities	**2,213.9**	**28.2**	**2,338.2**	**32.1**
Provisions	93.3	1.2	117.4	1.6
Trade payables	1,336.7	17.0	1,205.8	16.6
Financial liabilities	303.8	3.9	569.8	7.8
Miscellaneous liabilities	480.1	6.1	445.2	6.1
Equity and non-current liabilities	**5,628.4**	**71.8**	**4,946.6**	**67.9**
Equity	3,164.9	40.4	2,985.7	41.0
Non-current liabilities	2,463.5	31.4	1,960.9	26.9
Provisions	259.9	3.3	262.9	3.6
Financial liabilities	1,979.9	25.2	1,520.1	20.9
Miscellaneous liabilities	223.7	2.9	177.9	2.4
Total liabilities and equity	**7,842.3**	**100.0**	**7,284.8**	**100.0**

B.13 FINANCIAL AND ASSETS POSITION

As at September 30, 2018, total assets had increased by EUR 557.5 million compared with the end of the previous year to EUR 7,842.3 million (Dec. 31, 2017: EUR 7,284.8 million).

Cash and cash equivalents were down on the 2017 year-end figure to EUR 347.1 million (Dec. 31, 2017: EUR 518.0 million). The main items set against the positive net cash inflow from operating activities and increased borrowings were the dividend payment by Brenntag AG in the amount of EUR 170.0 million and the net cash outflow from investing activities.

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 17.1% in the reporting period to EUR 1,958.5 million (Dec. 31, 2017: EUR 1,672.7 million).
- Inventories increased by 17.4% in the reporting period to EUR 1,224.7 million (Dec. 31, 2017: EUR 1,043.6 million).
- With the opposite effect on working capital, trade payables increased by 10.9% to EUR 1,336.7 million (Dec. 31, 2017: EUR 1,205.8 million).

Adjusted for exchange rate effects and acquisitions, working capital rose by a total of EUR 231.7 million compared with December 31, 2017. This rise is due in part to a further increase in prices on the chemical market in the first nine months of 2018. At 7.4 in the reporting period, annualized working capital turnover[1)] was lower than at the end of 2017 (7.9).

The Brenntag Group's intangible and other non-current assets increased by EUR 189.7 million compared with the end of the previous year to EUR 3,904.4 million (Dec. 31, 2017: EUR 3,714.7 million). The increase is mainly the result of acquisitions (EUR 171.8 million), investments in non-current assets (EUR 104.7 million) and exchange rate effects (EUR 39.1 million). This was partly offset by depreciation and amortization (EUR 125.5 million).

Current financial liabilities decreased by EUR 266.0 million to EUR 303.8 million in total (Dec. 31, 2017: EUR 569.8 million). This decrease is due primarily to the repayment of the Bond 2018 in the amount of EUR 400.0 million in July. As non-current instruments have been used to refinance the repayment, non-current financial liabilities increased by a corresponding amount to EUR 1,979.9 million at the end of the quarter (Dec. 31, 2017: EUR 1,520.1 million).

Current and non-current provisions amounted to a total of EUR 353.2 million (Dec. 31, 2017: EUR 380.3 million). This figure included pension provisions in the amount of EUR 147.7 million (Dec. 31, 2017: EUR 155.9 million).

As at September 30, 2018, the equity of the Brenntag Group totalled EUR 3,164.9 million (Dec. 31, 2017: EUR 2,985.7 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, 2018, Brenntag had 16,170 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.

	Sep. 30, 2018		Dec. 31, 2017	
Full Time Equivalents (FTE)	**abs.**	**in %**	abs.	in %
EMEA	6,966	43.1	6,823	45.0
North America	5,078	31.4	4,717	31.1
Latin America	1,442	8.9	1,443	9.5
Asia Pacific	2,519	15.6	2,041	13.4
All other segments	165	1.0	148	1.0
Brenntag Group	**16,170**	**100.0**	**15,172**	**100.0**

B.14 EMPLOYEES PER SEGMENT

REPORT ON EXPECTED DEVELOPMENTS

The International Monetary Fund forecasts that the **global economy**, measured in terms of GDP, will continue to grow in 2018. As regards the individual segments of the Brenntag Group, the Asian economies are predicted to achieve the highest growth. The two large regions, North America and EMEA, are also expected to remain on a positive macroeconomic growth track. In a market environment still marked by volatility, Latin America is expected to see lower growth than the other regions of the Brenntag Group. Weighted by the sales generated by Brenntag in the individual countries, this results in a forecast average GDP growth rate of 2.8% in 2018.

Against this macroeconomic background, we confirm our forecast for the **Brenntag Group** to post a meaningful rise in operating gross profit and operating EBITDA of between EUR 870 million and EUR 900 million for financial year 2018 compared with EUR 836 million for financial year 2017. This range implies meaningful growth compared with 2017 as reported as well as on a constant currency basis. The current foreign exchange environment has been reflected in this forecast. We expect all regions to support this performance. The range also takes into account the contributions from the acquisitions already undertaken.

In the **EMEA segment**, we expect to deliver a meaningful increase in both operating gross profit and operating EBITDA. In addition to the sound performance from the acquisitions closed at the end of 2017, the measures implemented with a view to increasing efficiency in the EMEA segment will also make a positive contribution. In the **North America segment**, we are planning a meaningful rise in operating gross profit and operating EBITDA. This growth is broad-based across most customer industries. In the **Latin America segment**, we expect a moderate increase in operating gross profit. We also anticipate a moderate rise in operating EBITDA in light of the fact that macroeconomic conditions remain volatile. We believe that we remain well positioned to be successful, even in this environment. In the **Asia Pacific segment**, we expect a significant increase in operating gross profit and a meaningful increase in operating EBITDA.

Given the expected growth in business volume and the increases in chemical prices so far, we expect average **working capital** to show a significant increase compared with 2017. We will continue to focus on customer and supplier relationship management and improving our warehouse logistics.

We plan to make **investments** in property, plant and equipment of approximately EUR 170 million in 2018, primarily as a result of projects to expand our business operations.

Overall, we anticipate that **free cash flow** in 2018 will show a meaningful increase on the prior-year figure. We therefore expect to be able to continue our acquisition strategy and dividend policy while maintaining Group liquidity at an adequate level.

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.

In connection with the antitrust proceedings in France which concern matters dating back to 1998, there have been the following developments: In the proceedings regarding the decision issued by the French Competition Authority in 2013 in relation to the allocation of customers and coordination of prices, Brenntag filed an appeal. Brenntag's request to have the fine ruling definitively reversed due to procedural errors was dismissed in July 2018. The court of appeal is now to decide to what extent a fine will be imposed, but in no event will this be above the amount of the original fine.

In the first nine months of 2018, there were no further significant changes in the opportunities and risks for the Brenntag Group described in detail in the 2017 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

as at September 30, 2018

CONTENTS

CONSOLIDATED INCOME STATEMENT

in EUR m	Note	**Jan. 1 – Sep. 30, 2018**	Jan. 1 – Sep. 30, 2017	**Jul. 1 – Sep. 30, 2018**	Jul. 1 – Sep. 30, 2017
Sales		9,412.0	8,867.2	3,221.8	2,892.5
Cost of sales		−7,468.8	−6,974.7	−2,562.6	−2,273.1
Gross profit		**1,943.2**	**1,892.5**	**659.2**	**619.4**
Selling expenses		−1,277.9	−1,255.5	−432.7	−406.0
Administrative expenses		−143.0	−141.8	−47.8	−46.2
Other operating income		21.8	27.6	5.2	9.1
Impairment losses on trade receivables and other receivables		−2.6	−4.0	−1.0	−2.4
Other operating expenses		−6.3	−6.9	−1.8	−2.0
Operating profit		**535.2**	**511.9**	**181.1**	**171.9**
Share of profit or loss of equity-accounted investments		0.8	2.7	−0.6	0.6
Interest income	1.)	2.2	2.3	0.7	0.9
Interest expense	2.)	−65.2	−68.1	−20.7	−21.4
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	3.)	−2.1	−0.8	−0.8	−0.3
Other net finance costs		−6.3	−3.8	−6.4	−1.6
Net finance costs		**−70.6**	**−67.7**	**−27.8**	**−21.8**
Profit before tax		**464.6**	**444.2**	**153.3**	**150.1**
Income tax expense	4.)	−129.8	−141.9	−42.8	−49.3
Profit after tax		**334.8**	**302.3**	**110.5**	**100.8**
Attributable to:					
Shareholders of Brenntag AG		334.5	301.7	111.1	100.5
Non-controlling interests		0.3	0.6	−0.6	0.3
Basic earnings per share in euro	**5.)**	**2.17**	**1.95**	**0.72**	**0.65**
Diluted earnings per share in euro	**5.)**	**2.17**	**1.95**	**0.72**	**0.65**

C.01 CONSOLIDATED INCOME STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR m	Note	**Jan. 1 – Sep. 30, 2018**	Jan. 1 – Sep. 30, 2017	**Jul. 1 – Sep. 30, 2018**	Jul. 1 – Sep. 30, 2017
Profit after tax		**334.8**	**302.3**	**110.5**	**100.8**
Remeasurements of defined benefit pension plans	9.)	12.6	11.7	7.6	−0.1
Deferred tax relating to remeasurements of defined benefit pension plans	9.)	−3.2	−3.4	−2.0	–
Items that will not be reclassified to profit or loss		**9.4**	**8.3**	**5.6**	**−0.1**
Change in exchange rate differences on translation of consolidated companies		9.5	−148.8	−0.1	−47.1
Exchange rate differences reclassified to profit or loss		–	−2.6	–	–
Change in exchange rate differences on translation of equity-accounted investments		−1.4	−1.7	−0.2	−1.1
Change in net investment hedge reserve		1.2	–	1.2	–
Change in cash flow hedge reserve		–	−1.9	–	–
Deferred tax relating to change in cash flow hedge reserve		–	0.7	–	–
Items that may be reclassified subsequently to profit or loss		**9.3**	**−154.3**	**0.9**	**−48.2**
Other comprehensive income, net of tax		**18.7**	**−146.0**	**6.5**	**−48.3**
Total comprehensive income		**353.5**	**156.3**	**117.0**	**52.5**
Attributable to:					
Shareholders of Brenntag AG		354.2	156.9	118.7	52.8
Non-controlling interests		−0.7	−0.6	−1.7	−0.3

C.02 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED BALANCE SHEET

ASSETS

in EUR m	Note	Sep. 30, 2018	Dec. 31, 2017
Current assets			
Cash and cash equivalents		347.1	518.0
Trade receivables		1,958.5	1,672.7
Other receivables		188.9	145.1
Other financial assets		8.9	20.9
Current tax assets		76.5	37.7
Inventories		1,224.7	1,043.6
		3,804.6	**3,438.0**
Assets held for sale	6.)	51.1	52.4
		3,855.7	**3,490.4**
Non-current assets			
Property, plant and equipment		1,008.6	946.4
Intangible assets		2,875.8	2,746.7
Equity-accounted investments		20.0	21.6
Other receivables		23.4	21.1
Other financial assets		8.5	7.6
Deferred tax assets		50.3	51.0
		3,986.6	**3,794.4**
Total assets		**7,842.3**	**7,284.8**

LIABILITIES AND EQUITY

in EUR m	Note	Sep. 30, 2018	Dec. 31, 2017
Current liabilities			
Trade payables		1,336.7	1,205.8
Financial liabilities	7.)	303.8	569.8
Other liabilities		399.6	398.3
Other provisions	8.)	93.3	117.4
Current tax liabilities		63.2	29.9
		2,196.6	**2,321.2**
Liabilities associated with assets held for sale	6.)	17.3	17.0
		2,213.9	**2,338.2**
Non-current liabilities			
Financial liabilities	7.)	1,979.9	1,520.1
Other liabilities		0.8	1.3
Other provisions	8.)	112.2	107.0
Provisions for pensions and other post-employment benefits	9.)	147.7	155.9
Liabilities relating to acquisition of non-controlling interests	10.)	37.3	13.5
Deferred tax liabilities		185.6	163.1
		2,463.5	**1,960.9**
Equity			
Subscribed capital		154.5	154.5
Additional paid-in capital		1,491.4	1,491.4
Retained earnings		1,518.9	1,363.4
Accumulated other comprehensive income		−25.8	−36.1
Equity attributable to shareholders of Brenntag AG		**3,139.0**	**2,973.2**
Equity attributable to non-controlling interests	11.)	25.9	12.5
		3,164.9	**2,985.7**
Total liabilities and equity		**7,842.3**	**7,284.8**

C.03 CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR m	Subscribed capital	Additional paid-in capital	Retained earnings
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**

Dec. 31, 2017	**154.5**	**1,491.4**	**1,363.4**
Initial application of IFRS 15 at Jan. 1, 2018	–	–	6.0
Initial application of IFRS 9 at Jan. 1, 2018	–	–	−0.6
Jan. 1, 2018 after initial application of IFRS 15 and IFRS 9	**154.5**	**1,491.4**	**1,368.8**
Dividends	–	–	−170.0
Business combinations	–	–	−23.8
Profit after tax	–	–	334.5
Other comprehensive income, net of tax	–	–	9.4
Total comprehensive income for the period	**–**	**–**	**343.9**
Sep. 30, 2018	**154.5**	**1,491.4**	**1,518.9**

Exchange rate differences	Net investment hedge reserve	Cash flow hedge reserve	Deferred tax relating to cash flow hedge reserve	Equity attributable to shareholders of Brenntag AG	Equity attributable to non-controlling interests	**Equity**
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**

C.04 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / SEP. 30, 2017

−36.1	**–**	**–**	**–**	**2,973.2**	**12.5**	**2,985.7**
–	–	–	–	6.0	–	6.0
–	–	–	–	−0.6	–	−0.6
−36.1	**–**	**–**	**–**	**2,978.6**	**12.5**	**2,991.1**
–	–	–	–	−170.0	–	−170.0
–	–	–	–	−23.8	14.1	−9.7
–	–	–	–	334.5	0.3	334.8
9.1	1.2	–	–	19.7	−1.0	18.7
9.1	**1.2**	**–**	**–**	**354.2**	**−0.7**	**353.5**
−27.0	**1.2**	**–**	**–**	**3,139.0**	**25.9**	**3,164.9**

C.05 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / SEP. 30, 2018

CONSOLIDATED CASH FLOW STATEMENT

in EUR m	Note	**Jan. 1 – Sep. 30, 2018**	Jan. 1 – Sep. 30, 2017	**Jul. 1 – Sep. 30, 2018**	Jul. 1 – Sep. 30, 2017
	12.)				
Profit after tax		**334.8**	**302.3**	**110.5**	**100.8**
Depreciation and amortization		125.5	120.7	43.2	39.3
Income tax expense		129.8	141.9	42.8	49.3
Income taxes paid		−122.3	−144.8	−38.5	−42.1
Net interest expense		63.0	65.8	20.0	20.5
Dividends received		1.1	3.7	0.5	0.9
Interest paid (netted against interest received)		−64.3	−62.5	−42.7	−33.1
Changes in provisions		−24.1	49.9	3.8	4.6
Changes in current assets and liabilities					
Inventories		−126.0	−91.8	−24.2	−2.1
Receivables		−225.0	−309.2	48.1	14.5
Liabilities		80.6	154.5	−58.5	−33.5
Non-cash change in liabilities relating to acquisition of non-controlling interests		2.1	0.8	0.8	0.3
Other non-cash items and reclassifications		8.8	16.8	17.7	4.9
Net cash provided by operating activities		**184.0**	**248.1**	**123.5**	**124.3**
Proceeds from the disposal of intangible assets and property, plant and equipment		5.9	–	1.0	–
Proceeds from the disposal of other financial assets		0.2	14.3	–	2.4
Payments to acquire consolidated subsidiaries and other business units		−178.1	−40.7	−108.9	−5.8
Payments to acquire intangible assets and property, plant and equipment		−113.7	−85.9	−41.2	−32.8
Net cash used in investing activities		**−285.7**	**−112.3**	**−149.1**	**−36.2**
Dividends paid to Brenntag shareholders		−170.0	−162.2	–	–
Profits distributed to non-controlling interests		−1.0	−1.0	–	–
Proceeds from borrowings		518.2	737.7	444.9	595.5
Repayments of borrowings		−411.9	−241.7	−400.6	−8.0
Net cash used in financing activities		**−64.7**	**332.8**	**44.3**	**587.5**
Change in cash and cash equivalents		**−166.4**	**468.6**	**18.7**	**675.6**
Effect of exchange rate changes on cash and cash equivalents		−4.9	−16.5	−5.0	−2.1
Reclassification into assets held for sale		0.4	−0.9	0.6	−0.9
Cash and cash equivalents at beginning of period		518.0	601.9	332.8	380.5
Cash and cash equivalents at end of period		**347.1**	**1,053.1**	**347.1**	**1,053.1**

C.06 CONSOLIDATED CASH FLOW STATEMENT

CONDENSED NOTES

Key Financial Figures by Segment

for the period from January 1 to September 30

in EUR m		EMEA[4]	North America	Latin America	Asia Pacific	All other segments	Consoli-dation	**Group**
External sales within the meaning of IFRS 15.114 f.	**2018**	**4,044.3**	**3,459.2**	**594.7**	**1,009.4**	**304.4**	**–**	**9,412.0**
	2017	3,794.6	3,308.2	615.1	869.5	279.8	–	8,867.2
	Change in %	6.6	4.6	–3.3	16.1	8.8	–	6.1
	fx adjusted change in %	8.2	12.0	6.2	22.2	8.8	–	10.8
Inter-segment sales	**2018**	**10.2**	**7.2**	**0.1**	**–**	**0.2**	**–17.7**	**–**
	2017	8.1	8.0	0.3	–	0.8	–17.2	–
Operating gross profit[1]	**2018**	**868.0**	**829.2**	**120.7**	**163.6**	**11.1**	**–**	**1,992.6**
	2017	828.6	818.3	129.8	148.3	11.4	–	1,936.4
	Change in %	4.8	1.3	–7.0	10.3	–2.6	–	2.9
	fx adjusted change in %	6.2	8.5	2.2	16.4	–2.6	–	7.6
Gross profit	**2018**	**–**	**–**	**–**	**–**	**–**	**–**	**1,943.2**
	2017	–	–	–	–	–	–	1,892.5
	Change in %	–	–	–	–	–	–	2.7
	fx adjusted change in %	–	–	–	–	–	–	7.4
Operating EBITDA[2] (segment result)	**2018**	**300.3**	**308.0**	**28.0**	**55.0**	**–28.9**	**–**	**662.4**
	2017	281.4	298.8	29.5	52.6	–23.8	–	638.5
	Change in %	6.7	3.1	–5.1	4.6	21.4	–	3.7
	fx adjusted change in %	8.5	10.4	5.3	10.0	21.4	–	8.8
Investments in non-current assets (capex)[3]	**2018**	**47.1**	**37.7**	**4.1**	**7.3**	**8.5**	**–**	**104.7**
	2017	36.3	29.8	4.1	4.6	4.1	–	78.9

C.07 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8

[1] External sales less cost of materials.
[2] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items. For a list of special items, please see table B.03 in the Group Interim Management Report.
[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

in EUR m		EMEA[4]	North America	Latin America	Asia Pacific	All other segments	Consoli-dation	Group
External sales within the meaning of IFRS 15.114 f.	**2018**	**1,326.9**	**1,211.9**	**213.4**	**372.9**	**96.7**	**–**	**3,221.8**
	2017	1,244.0	1,050.5	200.7	299.6	97.7	–	2,892.5
	Change in %	6.7	15.4	6.3	24.5	−1.0	–	11.4
	fx adjusted change in %	8.3	14.3	10.2	26.2	−1.0	–	12.1
Inter-segment sales	**2018**	**4.7**	**2.2**	**0.1**	**−0.1**	**0.2**	**−7.1**	**–**
	2017	2.7	2.3	0.3	–	0.2	−5.5	–
Operating gross profit[1]	**2018**	**285.0**	**290.2**	**42.1**	**57.5**	**3.2**	**–**	**678.0**
	2017	269.6	265.6	42.0	51.1	3.9	–	632.2
	Change in %	5.7	9.3	0.2	12.5	−17.9	–	7.2
	fx adjusted change in %	7.2	8.3	4.2	14.3	−17.9	–	7.9
Gross profit	**2018**	**–**	**–**	**–**	**–**	**–**	**–**	**659.2**
	2017	–	–	–	–	–	–	619.4
	Change in %	–	–	–	–	–	–	6.4
	fx adjusted change in %	–	–	–	–	–	–	7.1
Operating EBITDA[2] (segment result)	**2018**	**95.9**	**111.9**	**11.2**	**17.8**	**−12.3**	**–**	**224.5**
	2017	90.6	103.6	10.6	18.8	−7.6	–	216.0
	Change in %	5.8	8.0	5.7	−5.3	61.8	–	3.9
	fx adjusted change in %	8.1	7.5	13.0	−4.8	61.8	–	5.0
Investments in non-current assets (capex)[3]	**2018**	**19.3**	**12.7**	**1.9**	**2.2**	**3.5**	**–**	**39.6**
	2017	14.0	11.1	1.0	2.1	3.3	–	31.5

C.08 SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8

[1] External sales less cost of materials.
[2] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items. For a list of special items, please see table B.03 in the Group Interim Management Report.
[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

in EUR m	**Jan. 1 – Sep. 30, 2018**	Jan. 1 – Sep. 30, 2017	**Jul. 1 – Sep. 30, 2018**	Jul. 1 – Sep. 30, 2017
Operating EBITDA	**662.4**	**638.5**	**224.5**	**216.0**
Investments in non-current assets (capex)[1]	−104.7	−78.9	−39.6	−31.5
Change in working capital[2][3]	−231.7	−264.3	−34.5	−38.5
Free cash flow	**326.0**	**295.3**	**150.4**	**146.0**

C.09 FREE CASH FLOW

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

in EUR m	**Jan. 1 – Sep. 30, 2018**	Jan. 1 – Sep. 30, 2017	**Jul. 1 – Sep. 30, 2018**	Jul. 1 – Sep. 30, 2017
Operating EBITDA (segment result)[1][2]	**662.4**	**638.5**	**224.5**	**216.0**
Net expense from special items	−1.7	−5.9	−0.2	−4.8
EBITDA	**660.7**	**632.6**	**224.3**	**211.2**
Depreciation of property, plant and equipment	−88.2	−85.8	−30.2	−28.1
Impairment of property, plant and equipment	–	−0.4	–	–
EBITA	**572.5**	**546.4**	**194.1**	**183.1**
Amortization of intangible assets[3]	−37.3	−34.5	−13.0	−11.2
Impairment of intangible assets	–	–	–	–
EBIT	**535.2**	**511.9**	**181.1**	**171.9**
Net finance costs	−70.6	−67.7	−27.8	−21.8
Profit before tax	**464.6**	**444.2**	**153.3**	**150.1**

C.10 RECONCILIATION OF OPERATING EBITDA TO PROFIT BEFORE TAX

[1] Operating EBITDA is calculated as EBITDA adjusted for special items. For a list of special items, please see table B.03 in the Group Interim Management Report.
[2] Operating EBITDA of the reportable segments (EMEA, North America, Latin America and Asia Pacific) amounts to EUR 691.3 million (9M 2017: EUR 662.3 million) and operating EBITDA of all other segments to EUR −28.9 million (9M 2017: EUR −23.8 million).
[3] This figure includes amortization of customer relationships in the amount of EUR 30.4 million (9M 2017: EUR 27.4 million).

in EUR m	**Jan. 1 – Sep. 30, 2018**	Jan. 1 – Sep. 30, 2017	**Jul. 1 – Sep. 30, 2018**	Jul. 1 – Sep. 30, 2017
Operating gross profit	**1,992.6**	**1,936.4**	**678.0**	**632.2**
Production/mixing & blending costs	−49.4	−43.9	−18.8	−12.8
Gross profit	**1,943.2**	**1,892.5**	**659.2**	**619.4**

C.11 RECONCILIATION OF OPERATING GROSS PROFIT TO GROSS PROFIT

Consolidation Policies and Methods

STANDARDS APPLIED

These interim consolidated financial statements for the period from January 1 to September 30, 2018 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, 2017.

With the exception of the standards and interpretations that became effective on January 1, 2018, the same accounting policies have been applied as for the consolidated financial statements as at December 31, 2017.

The following revised and new standards issued by the International Accounting Standards Board (IASB) have been applied by the Brenntag Group for the first time:

- IFRS 15 (Revenue from Contracts with Customers)
- Clarifications to IFRS 15 (Revenue from Contracts with Customers)
- IFRS 9 (Financial Instruments)
- Amendments to IFRS 2 (Share-based Payment) regarding the classification and measurement of share-based payment transactions
- Annual Improvements (2014–2016 Cycle) amending IAS 28 (Investments in Associates and Joint Ventures)
- Amendments to IAS 40 (Investment Property) regarding transfers of investment property – not relevant to Brenntag
- IFRIC 22 (Foreign Currency Transactions and Advance Consideration)
- Amendments to IFRS 4 (Insurance Contracts) – not relevant to Brenntag

The new IFRS 15 (Revenue from Contracts with Customers) provides new rules on accounting for revenue and replaces IAS 18 (Revenue) and IAS 11 (Construction Contracts). Revenue is measured at the amount of consideration the entity expects to receive in exchange for the goods or services provided. The transfer of risks and rewards is no longer the sole deciding factor for recognizing revenue. Revenue is required to be recognized when the customer obtains control of the agreed goods or services and can obtain benefits from them. The new IFRS 15 provides a five-step model for recognizing revenue:

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

The clarifications to IFRS 15 (Revenue from Contracts with Customers) contain clarifying guidance in particular on the identification of performance obligations and assessment of whether they are separately identifiable, the classification of the entity as a principal or an agent and revenue from licences. They also provide practical expedients for entities on initial application.

In examining the effects of IFRS 15 (Revenue from Contracts with Customers), the subsidiaries' different revenue streams were identified and analyzed using a questionnaire spanning the five-step model. Due to our business model (chemical distribution), most of our performance obligations are satisfied at a point in time. However, questions arose in particular with regard to the timing of recognition of revenue from services provided prior to and after the sale of chemicals. Applying the new standard did not have a material effect on the presentation of the Group's net assets, financial position and results of operations. As a result, Brenntag applied the modified retrospective method, under which prior-year figures are not adjusted. Effects in the amount of EUR 6.0 million were recognized directly in equity at January 1, 2018, increasing equity by that amount. Compared with the rules in effect under IAS 11, IAS 18 and the related interpretations prior to the introduction of IFRS 15, the balance sheet items affected changed as follows:

in EUR m	Jan. 1, 2018	**Sep. 30, 2018**
Trade receivables	3.2	4.8
Inventories	−0.6	−1.3
Other current liabilities	−5.5	−6.7
Current tax liabilities	0.7	1.1
Deferred tax liabilities	1.4	1.6
Exchange rate differences	–	0.1
Retained earnings	**6.0**	**7.4**

C.12 EFFECTS OF IFRS 15 ON THE BALANCE SHEET

The effects on the income statement are shown in the table below:

in EUR m	Jan. 1– Sep. 30, 2018
Sales	2.8
Other operating income	−0.1
Cost of sales	−0.7
Income tax expense	−0.6
Profit after tax	**1.4**

C.13 EFFECTS OF IFRS 15 ON THE INCOME STATEMENT

IFRS 9 (Financial Instruments) sets out new rules on the accounting for and measurement of financial assets in particular. This includes the requirement to recognize both incurred losses (incurred loss model) and expected losses (expected loss model) in future when accounting for impairments of financial assets accounted for at amortized cost. IFRS 9 also introduces a new model for classifying financial assets. The rules governing hedge accounting have been completely revised. The aim of the new rules is to ensure that hedge accounting more closely reflects the entity's economic risk management.

In examining the effects of IFRS 9 (Financial Instruments), the new rules on the recognition of impairment losses on trade receivables were given particular attention. The effects of the new model for classifying financial assets were also investigated. Applying the new standard did not have a material effect on the presentation of the Group's net assets, financial position and results of operations. Effects of the initial application of the expected loss model in the amount of EUR 0.6 million were recognized directly in equity at January 1, 2018, reducing equity by that amount. Trade receivables decreased by EUR 0.8 million, while deferred tax assets increased by EUR 0.2 million. Compared with the incurred loss model, an additional impairment loss of EUR 0.2 million had to be recognized for the first nine months of 2018 as a result of applying the expected loss model.

The amendments to IFRS 2 (Share-based Payment) regarding the classification and measurement of share-based payment transactions contain clarifying guidance on the measurement of cash-settled share-based payments, the classification of share-based payments where amounts are withheld for tax obligations and the recognition of a modification that changes a share-based payment's classification from cash-settled to equity-settled. IFRIC 22 (Foreign Currency Transactions and Advance Consideration) clarifies which exchange rate to use for foreign currency transactions when payment is made or received in advance. The amendments to IFRS 2, IFRIC 22 and the annual improvements did not have a material effect on the presentation of the Group's net assets, financial position and results of operations.

Income taxes have been recognized on the basis of the latest estimate of the Group tax rate expected for financial year 2018.

Under the new rules in IFRS 16 (Leases), which are effective from January 1, 2019, lessees will be required to recognize generally all leases in the balance sheet in the form of a right-of-use asset and a corresponding lease liability. In the income statement, leases will in all cases be presented as a financing transaction, i.e. the right-of-use asset will usually have to be depreciated on a straight-line basis and the lease liability adjusted using the effective interest method.

Brenntag has introduced a Group-wide software solution in which existing leases are currently being entered so that they can next be measured and quantified uniformly. It intends to quantify the effects of the new rules on the presentation of the Group's net assets, financial position and results of operations in the fourth quarter.

SCOPE OF CONSOLIDATION

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

	Dec. 31, 2017	Additions	Disposals	**Sep. 30, 2018**
Domestic consolidated companies	29	–	–	29
Foreign consolidated companies	184	13	6	191
Total consolidated companies	**213**	**13**	**6**	**220**

C.14 CHANGES IN SCOPE OF CONSOLIDATION

The disposals are the result of the liquidation and merger of companies no longer operating. The additions are attributable to entities acquired in business combinations under IFRS 3 and to entities established.

Five (Dec. 31, 2017: five) associates are accounted for using the equity method.

BUSINESS COMBINATIONS IN ACCORDANCE WITH IFRS 3

In early May 2018, Brenntag acquired 65 % of the shares in Raj Petro Specialities Pvt. Ltd., India (Raj Petro). Headquartered in Mumbai and Chennai, the company distributes its own-blended brands of petroleum-related products to a diverse range of customer industries. With Raj Petro, Brenntag is expanding its footprint in the promising Indian chemical distribution market and in other countries in Asia Pacific, Africa and the Middle East. The acquisition offers Brenntag diverse potential for synergies and future growth. The second tranche of 35 % is expected to be purchased after five, but no later than after seven years.

The purchase price, net assets and goodwill relating to Raj Petro break down as follows:

in EUR m	Provisional fair value
Purchase price	**54.8**
of which consideration contingent on earnings targets	–
Assets	
Cash and cash equivalents	9.9
Trade receivables, other financial assets and other receivables	90.8
Other current assets	34.0
Non-current assets	17.3
Liabilities	
Current liabilities	107.1
Non-current liabilities	4.6
Net assets	**40.3**
of which Brenntag's share (65%)	26.2
of which non-controlling interests (35%)	14.1
Goodwill	**28.6**
of which deductible for tax purposes	–

C.15 NET ASSETS ACQUIRED: RAJ PETRO

Measurement of the assets acquired and liabilities assumed (among others customer relationships, brands and deferred taxes) has not yet been completed for reasons of time. The main factors determining the goodwill are the above-mentioned reasons for the acquisition where not included in other assets (e.g. customer relationships, brands and similar rights). No share of the goodwill was recognized for non-controlling interests (partial goodwill method).

In early September 2018, Brenntag closed the acquisition of the chemical distribution business of Canada Colors and Chemicals Ltd. (CCC) based in Toronto, Canada. With operations in the main industrial areas across Canada, CCC offers a full-line portfolio and serves a broad customer base in industries such as life sciences, water treatment, coatings, construction, energy and mining.

The purchase price, net assets and goodwill relating to CCC break down as follows:

in EUR m	Provisional fair value
Purchase price	**86.4**
of which consideration contingent on earnings targets	–
Assets	
Trade receivables, other financial assets and other receivables	18.0
Other current assets	14.5
Non-current assets	39.4
Liabilities	
Current liabilities	12.5
Non-current liabilities	2.4
Net assets	**57.0**
Goodwill	**29.4**
of which deductible for tax purposes	–

C.16 NET ASSETS ACQUIRED: CCC

Measurement of the assets acquired and liabilities assumed (among others customer relationships and deferred taxes) has not yet been completed for reasons of time. The main factors determining the goodwill are the above-mentioned reasons for the acquisition where not included in other assets (e.g. customer relationships and similar rights).

In addition, in June 2018, Brenntag acquired the Quimitecnica Group based in Lordelo (Guimarães), Portugal. The acquisition of Quimitecnica is an excellent strategic fit with Brenntag's existing distribution activities in Portugal and the north of Spain. Quimitecnica has a strong position in the markets for industrial chemicals, water treatment and specialty chemicals. Also in June 2018, Brenntag acquired the business of Nemo Oil Company, USA.

In mid-August 2018, Brenntag acquired all shares in Alphamin S.A. based in Wavre, Belgium. The company supplies specialty polymers and waxes to customers in a diverse range of industries worldwide. In addition to its headquarters in Wavre, Belgium, the company has a subsidiary, Alphamin Inc. in New Jersey, USA.

The purchase price, net assets and goodwill relating to these companies break down as follows:

in EUR m	Provisional fair value
Purchase price	**57.2**
of which consideration contingent on earnings targets	3.4
Assets	
Cash and cash equivalents	4.8
Trade receivables, other financial assets and other receivables	14.8
Other current assets	9.8
Non-current assets	25.8
Liabilities	
Current liabilities	16.0
Non-current liabilities	12.9
Net assets	**26.3**
Goodwill	**30.9**
of which deductible for tax purposes	0.8

C.17 NET ASSETS ACQUIRED

Measurement of the assets acquired and liabilities assumed (among others customer relationships and deferred taxes) has not yet been completed for reasons of time. The main factors determining the goodwill are the above-mentioned reasons for the acquisition where not included in other assets (e.g. customer relationships and similar rights).

Acquisition-related costs in the amount of EUR 1.2 million were recognized under other operating expenses.

Since their acquisition by Brenntag, the businesses acquired in 2018 have generated sales of EUR 125.0 million and profit after tax of EUR 0.3 million.

If the above-mentioned business combinations had taken place with effect from January 1, 2018, sales of about EUR 9,631 million would have been reported for the Brenntag Group in the reporting period. Profit after tax would have been about EUR 331 million.

As a result of measurement-period adjustments, goodwill from entities acquired in 2017 increased by a total of EUR 3.1 million.

CURRENCY TRANSLATION

The euro exchange rates of major currencies changed as follows:

	Closing rate		Average rate	
EUR 1 = currencies	**Sep. 30, 2018**	Dec. 31, 2017	**Jan. 1 – Sep. 30, 2018**	Jan. 1 – Sep. 30, 2017
Canadian dollar (CAD)	1.5064	1.5039	1.5372	1.4546
Swiss franc (CHF)	1.1316	1.1702	1.1611	1.0951
Chinese yuan renminbi (CNY)	7.9662	7.8044	7.7789	7.5766
Danish krone (DKK)	7.4564	7.4449	7.4503	7.4373
Pound sterling (GBP)	0.8873	0.8872	0.8841	0.8732
Polish zloty (PLN)	4.2774	4.1770	4.2488	4.2651
Swedish krona (SEK)	10.3090	9.8438	10.2374	9.5833
US dollar (USD)	1.1576	1.1993	1.1942	1.1140

C.18 EXCHANGE RATES OF MAJOR CURRENCIES

Consolidated Income Statement, Consolidated Balance Sheet and Consolidated Cash Flow Statement Disclosures

1.) INTEREST INCOME

Interest income in the amount of EUR 2.2 million (9M 2017: EUR 2.3 million) is interest income from third parties.

2.) INTEREST EXPENSE

in EUR m	**Jan. 1 – Sep. 30, 2018**	Jan. 1 – Sep. 30, 2017
Interest expense on liabilities to third parties	–62.6	–66.7
Income from the fair value measurement of interest rate swaps	1.1	2.1
Net interest expense on defined benefit pension plans	–2.1	–2.0
Interest expense on other provisions	–1.3	–1.1
Interest expense on finance leases	–0.3	–0.4
Total	**–65.2**	**–68.1**

C.19 INTEREST EXPENSE

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

in EUR m	**Jan. 1 – Sep. 30, 2018**	Jan. 1 – Sep. 30, 2017
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	–1.3	–
Change in liabilities recognized in profit or loss arising from limited partners' rights to repayment of contributions	–0.8	–0.8
Total	**–2.1**	**–0.8**

C.20 CHANGE IN LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS RECOGNIZED IN PROFIT OR LOSS

For further information, please refer to Note 10.).

4.) INCOME TAX EXPENSE

Income tax expense comprises current tax expense of EUR 119.5 million (9M 2017: current tax expense of EUR 135.6 million) and deferred tax expense of EUR 10.3 million (9M 2017: deferred tax expense of EUR 6.3 million).

Tax expense for the first nine months of 2018 was calculated using the Group tax rate expected for financial year 2018. Any 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.

	Jan. 1–Sep. 30, 2018			Jan. 1–Sep. 30, 2017		
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	465.9	27.9	129.8	444.2	31.9	−141.9
tax-neutral income / expenses that cannot be planned with sufficient accuracy	−1.3	–	–	–	–	–
including unplannable tax-neutral income / expenses	464.6	27.9	129.8	444.2	31.9	−141.9

C.21 PROFIT BEFORE TAX AFTER ELIMINATION OF UNPLANNABLE TAX-NEUTRAL INCOME / EXPENSES

The expected Group tax rate for financial year 2018 is 27.9%, 4.0 percentage points lower than the prior-year rate. The lower Group tax rate for financial year 2018 is mainly the result of the reduction in the federal corporate tax rate under the US tax reform with effect from 2018.

5.) EARNINGS PER SHARE

Earnings per share in the amount of EUR 2.17 (9M 2017: EUR 1.95) are determined by dividing the share of profit after tax of EUR 334.5 million (9M 2017: EUR 301.7 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 72.7036. The diluted earnings per share are therefore the basic earnings per share.

The initial application of IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) at January 1, 2018 did not have a material effect on earnings per share.

6.) 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:

in EUR m	**Sep. 30, 2018**	Dec. 31, 2017
Cash and cash equivalents	0.2	0.6
Trade receivables and other receivables	4.9	5.9
Inventories	2.5	3.0
Property, plant and equipment and intangible assets	43.5	42.9
Assets held for sale	**51.1**	**52.4**
Trade payables, other liabilities and provisions	14.9	15.3
Current tax liabilities and deferred tax liabilities	2.4	1.7
Liabilities associated with assets held for sale	**17.3**	**17.0**

C.22 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

7.) FINANCIAL LIABILITIES

in EUR m	**Sep. 30, 2018**	Dec. 31, 2017
Liabilities under syndicated loan	925.4	488.3
Other liabilities to banks	279.9	130.4
Bond 2018	–	409.2
Bond 2025	593.5	594.5
Bond (with Warrants) 2022	412.9	393.2
Finance lease liabilities	7.1	8.2
Derivative financial instruments	6.3	4.1
Other financial liabilities	58.6	62.0
Total	**2,283.7**	**2,089.9**
Cash and cash equivalents	347.1	518.0
Net financial liabilities	**1,936.6**	**1,571.9**

C.23 DETERMINATION OF NET FINANCIAL LIABILITIES

The EUR 400 million bond issued by Brenntag Finance B.V., Amsterdam, Netherlands, in July 2011 (Bond 2018) was repaid on schedule on July 19, 2018. The repayment was mainly refinanced with credit lines under the syndicated loan, which are available on a long-term basis.

8.) OTHER PROVISIONS

Other provisions break down as follows:

in EUR m	**Sep. 30, 2018**	Dec. 31, 2017
Environmental provisions	89.2	89.2
Provisions for personnel expenses	23.8	24.5
Miscellaneous provisions	92.5	110.7
Total	**205.5**	**224.4**

C.24 OTHER PROVISIONS

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

In the interim consolidated financial statements as at September 30, 2018, the present value of pension obligations was determined using a discount rate of 1.8% (Dec. 31, 2017: 1.7%) in Germany and the other countries of the euro zone, 1.0% (Dec. 31, 2017: 0.6%) in Switzerland and 4.1% (Dec. 31, 2017: 3.6%) in Canada.

Due to the remeasurement of defined benefit plans, provisions for pensions and other post-employment benefits decreased by an amount of EUR 12.6 million recognized directly in retained earnings. This is the result of the increase in the discount rate in the euro zone, Switzerland and Canada. Net of deferred taxes, actuarial losses recognized in other comprehensive income consequently decreased by EUR 9.4 million.

The new Heubeck 2018 G mortality tables for Germany were published on July 20, 2018. The tables reflect the latest statistics from the statutory pension insurance fund and the Federal Statistical Office. For the first time, they also include socioeconomic factors.

Brenntag expects pension obligations to increase only slightly as a result of first-time application. The effect of applying the new Heubeck 2018 G mortality tables for the first time will be recognized in other comprehensive income as of December 31, 2018 as part of the remeasurement component.

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

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

in EUR m	**Sep. 30, 2018**	Dec. 31, 2017
Liabilities relating to acquisition of non-controlling interests	35.8	11.8
Liabilities arising from limited partners' rights to repayment of contributions	1.5	1.7
Total	**37.3**	**13.5**

C.25 LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

On initial recognition in early May, the purchase price for the remaining 35 % of the shares in Raj Petro was required to be recognized as a liability at its present value of EUR 23.8 million by reducing retained earnings. Unwinding of discounting and changes in estimates of the future purchase price are recognized in profit or loss.

As the liability has been included in net investment hedge accounting, exchange rate-related changes in the liability are recognized within equity in the net investment hedge reserve.

Those effects arising on liabilities relating to the acquisition of non-controlling interests that are recognized in profit or loss are presented in Note 3.).

11.) EQUITY

As proposed by the Board of Management and the Supervisory Board, the ordinary General Shareholders' Meeting of Brenntag AG on June 20, 2018 passed a resolution to pay a dividend of EUR 169,950,000.00. Based on 154.5 million shares, that is a dividend of EUR 1.10 per no-par value share entitled to a dividend.

Retained earnings declined by EUR 23.8 million due to the initial recognition of the liability relating to the acquisition of the remaining 35 % of the shares in Raj Petro in early May 2018.

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

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**

C.26 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, 2017	**13.7**	**−1.2**	**12.5**
Business combinations	14.1	–	14.1
Profit after tax	0.3	–	0.3
Other comprehensive income, net of tax	–	−1.0	−1.0
Total comprehensive income for the period	**0.3**	**−1.0**	**0.7**
Sep. 30, 2018	**28.1**	**−2.2**	**25.9**

C.27 CHANGE IN NON-CONTROLLING INTERESTS / SEP. 30, 2018

Non-controlling interests increased by EUR 14.1 million (35 %) due to the acquisition of 65 % of the shares in Raj Petro.

12.) CONSOLIDATED CASH FLOW STATEMENT DISCLOSURES

Net cash provided by operating activities was influenced by cash outflows attributable to the rise in working capital of EUR 231.7 million. The rise in working capital resulted from changes in inventories, gross trade receivables and trade payables as well as from valuation allowances on trade receivables and inventories as follows:

in EUR m	**Jan. 1 – Sep. 30, 2018**	Jan. 1 – Sep. 30, 2017
Increase in inventories	−126.0	−91.8
Increase in gross trade receivables	−189.8	−296.2
Increase in trade payables	74.5	117.7
Increase/decrease in valuation allowances on trade receivables and on inventories[1]	9.6	6.0
Change in working capital[2]	**−231.7**	**−264.3**

C.28 CHANGE IN WORKING CAPITAL

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

At 7.4 in the reporting period, annualized working capital turnover [1] was lower than at the end of 2017 (7.9).

The initial application of IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) at January 1, 2018 did not have a material effect on the consolidated cash flow statement.

[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.

13.) Legal proceedings and disputes

In connection with the antitrust proceedings in France which concern matters dating back to 1998, there have been the following developments: In the proceedings regarding the decision issued by the French Competition Authority in 2013 in relation to the allocation of customers and coordination of prices, Brenntag filed an appeal. Brenntag's request to have the fine ruling definitively reversed due to procedural errors was dismissed in July 2018. The court of appeal is now to decide to what extent a fine will be imposed, but in no event will this be above the amount of the original fine.

14.) Reporting of financial instruments

IFRS 9 Financial Instruments, which was first applied at January 1, 2018, introduces a new model for classifying financial assets. As a result of migrating to this model, other financial assets of EUR 1.4 million (Dec. 31, 2017: EUR 1.4 million) that were previously measured at fair value through other comprehensive income will in future be measured at fair value through profit or loss. Cash and cash equivalents, trade receivables and other receivables will continue to be measured at amortized cost.

The classification and measurement of the financial assets recognized in the balance sheet are shown in the table below:

in EUR m	Sep. 30, 2018			
Classification of financial assets:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Cash and cash equivalents	347.1	–	347.1	347.1
Trade receivables	1,958.5	–	1,958.5	1,958.5
Other receivables	111.1	–	111.1	111.1
Other financial assets	10.6	6.8	17.4	17.4
Total	**2,427.3**	**6.8**	**2,434.1**	**2,434.1**

C.29 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / SEP. 30, 2018

[1] Financial assets at fair value through profit or loss.

in EUR m						
Measurement in the balance sheet:	At amortized cost	At fair value			Dec. 31, 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	518.0	–	–	–	518.0	518.0
Trade receivables	1,672.7	–	–	–	1,672.7	1,672.7
Other receivables	95.7	–	–	–	95.7	95.7
Other financial assets	21.7	5.4	1.4	–	28.5	28.5
Total	**2,308.1**	**5.4**	**1.4**	**–**	**2,314.9**	**2,314.9**

C.30 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / DEC. 31, 2017

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 101.2 million (Dec. 31, 2017: EUR 70.4 million) are not financial assets as defined by IFRS 7. They are mainly receivables from value-added tax and other taxes, prepaid expenses and prepayments.

The classification and measurement of the financial liabilities recognized in the balance sheet are shown in the table below:

in EUR m	Sep. 30, 2018				
Classification of financial liabilities:	At amortized cost	FVTPL[1]	Carrying amount under IAS 17	Total carrying amount	Fair value
Trade payables	1,336.7	–	–	1,336.7	1,336.7
Other liabilities	170.1	–	–	170.1	170.1
Liabilities relating to acquisition of non-controlling interests	37.3	–	–	37.3	37.3
Financial liabilities	2,243.2	33.4	7.1	2,283.7	2,297.6
Total	**3,787.3**	**33.4**	**7.1**	**3,827.8**	**3,841.7**

C.31 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / SEP. 30, 2018

[1] Financial liabilities at fair value through profit or loss.

in EUR m

Measurement in the balance sheet:	At amortized cost		At fair value			Dec. 31, 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	1,205.8	–	–	–	–	1,205.8	1,205.8
Other liabilities	181.6	–	–	–	–	181.6	181.6
Liabilities relating to acquisition of non-controlling interests	13.5	–	–	–	–	13.5	13.5
Financial liabilities	2,054.0	–	27.7	–	8.2	2,089.9	2,114.6
Total	**3,454.9**	**–**	**27.7**	**–**	**8.2**	**3,490.8**	**3,515.5**

C.32 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / DEC. 31, 2017

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 recognized company valuation models. The company valuation models are 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 230.3 million (Dec. 31, 2017: EUR 217.4 million) are not financial liabilities as defined by 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:

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	**Sep. 30, 2018**
Financial assets at fair value through profit or loss	1.4	5.4	–	6.8
Financial liabilities at fair value through profit or loss	–	6.3	27.1	33.4

C.33 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / SEP. 30, 2018

in EUR m				
Hierarchy level	Level 1	Level 2	Level 3	Dec. 31, 2017
Financial assets at fair value through profit or loss	–	5.4	–	5.4
Financial liabilities at fair value through profit or loss	–	4.1	23.6	27.7
Available-for-sale financial assets	1.4	–	–	1.4

C.34 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / DEC. 31, 2017

Financial liabilities at fair value through profit or loss of EUR 27.1 million (Dec. 31, 2017: EUR 23.6 million) relate to liabilities for contingent purchase prices payable in acquisitions (Level 3 of the fair value hierarchy). The amount of the contingent purchase price components is required to be recognized at fair value and is contingent on the acquiree meeting certain earnings targets (e.g. operating gross profit, EBITDA).

Liabilities resulting from contingent consideration arrangements changed as follows:

in EUR m	**2018**	2017
Jan. 1	**23.6**	**9.3**
Adjustments in the measurement period (increase in goodwill)	–	0.4
Business combinations	3.4	–
Payments	–	−1.8
Exchange rate differences	0.1	–
Sep. 30	**27.1**	**7.9**

C.35 CHANGE IN LIABILITIES RESULTING FROM CONTINGENT CONSIDERATION ARRANGEMENTS

Essen, November 6, 2018

Brenntag AG

BOARD OF MANAGEMENT

Steven Holland | Karsten Beckmann | Markus Klähn

Georg Müller | Henri Nejade

REVIEW REPORT

To Brenntag AG, Essen

We have reviewed the condensed consolidated interim financial statements – comprising the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and selected explanatory notes – and the interim group management report of Brenntag AG, Essen, for the period from January 1 to September 30, 2018 which are part of the quarterly financial report pursuant to § (Article) 115 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 6, 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Thomas Tandetzki
Wirtschaftsprüfer
(German Public Auditor)

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

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INFORMATION ON THE INTERIM REPORT

This translation is only a convenience translation. In the event 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 adapt them in line with future events or developments.

FINANCIAL CALENDAR

DEC 4
2018
Berenberg European Conference, London

JAN 14–15
2019
Commerzbank German Investment Seminar, New York

JAN 22
2019
KeplerCheuvreux German Corporate Conference, Frankfurt

MAR 6
2019
Annual Report 2018

JUN 13
2019
General Shareholders’ Meeting, Essen

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