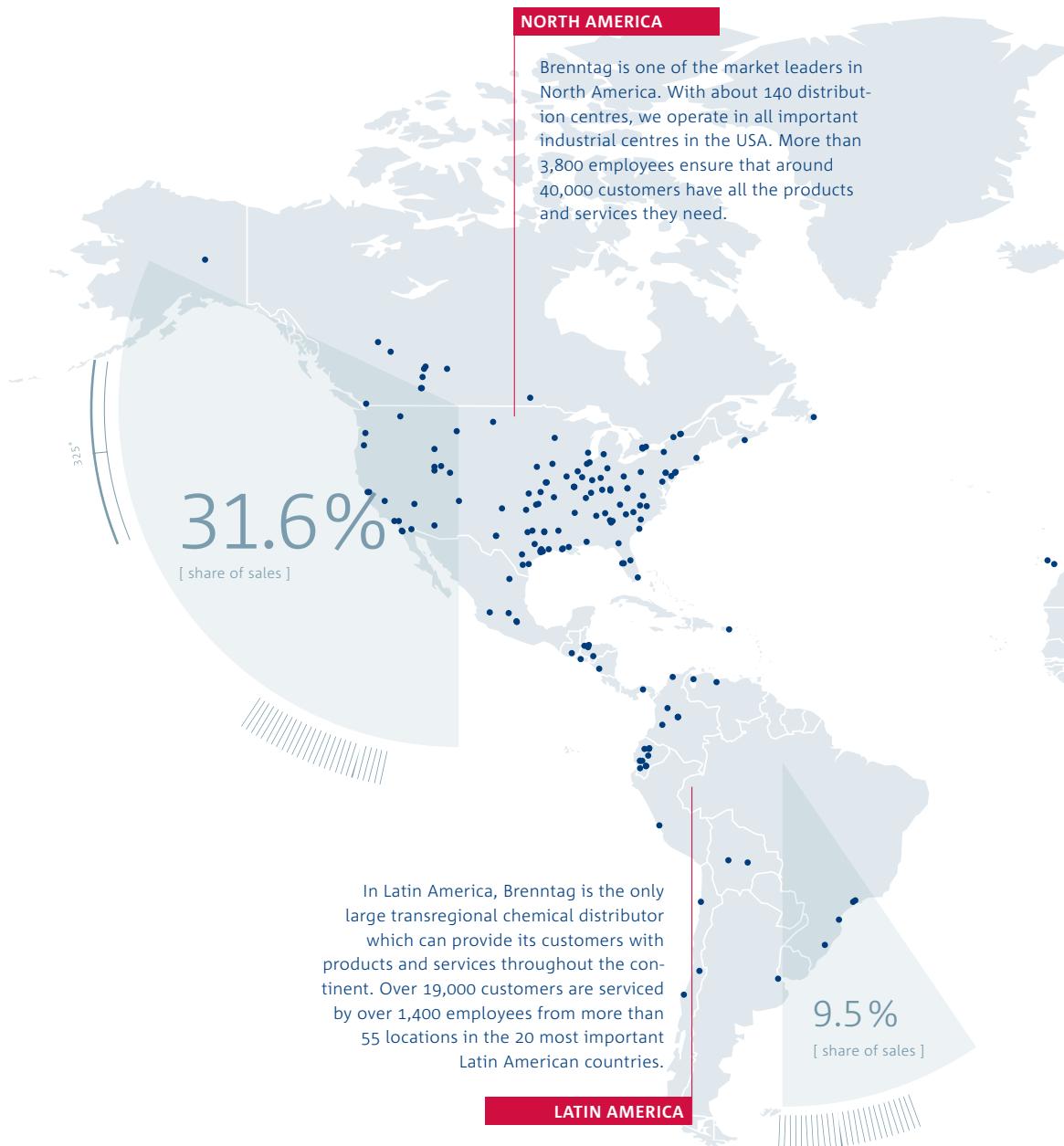


# LOCAL EXCELLENCE DRIVING GLOBAL SUCCESS

ANNUAL REPORT 2012



# SEGMENTS



## NORTH AMERICA

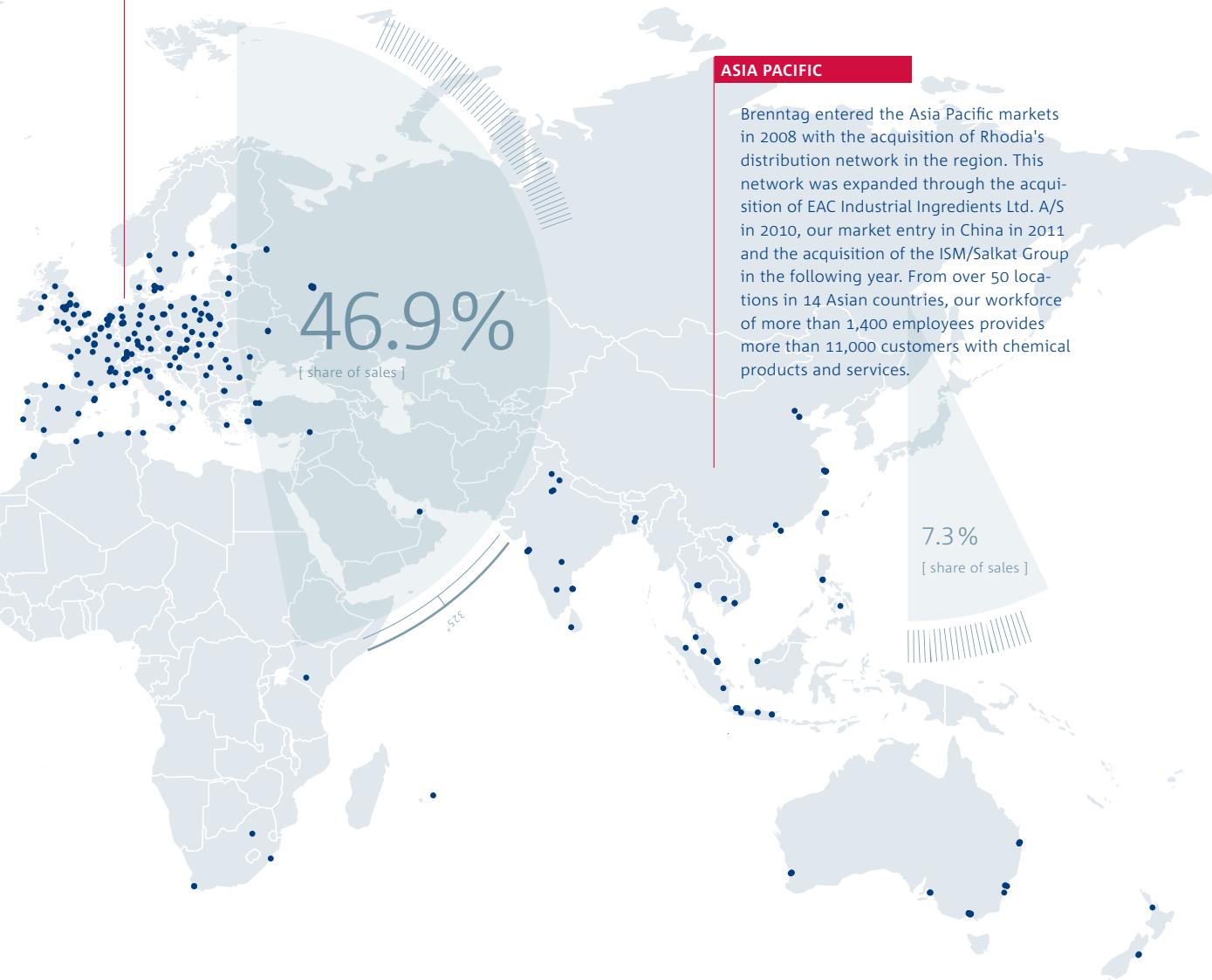
in EUR m	2012	2011
External sales	3,065.2	2,725.7
Operating gross profit	742.3	659.7
Operating expenses	-420.8	-377.6
<b>Operating EBITDA</b>	<b>321.5</b>	<b>282.1</b>

## LATIN AMERICA

in EUR m	2012	2011
External sales	919.0	806.9
Operating gross profit	169.6	150.5
Operating expenses	-112.7	-99.1
<b>Operating EBITDA</b>	<b>56.9</b>	<b>51.4</b>

## EUROPE

Brenntag is the number one in both Western and Eastern Europe. The company has a strong network of about 210 distribution centres throughout Europe. From these locations, our workforce of more than 6,000 employees provides over 110,000 customers with the chemicals and services they need.



## EUROPE

	<b>2012</b>	2011
External sales	<b>4,549.0</b>	4,295.3
Operating gross profit	<b>927.9</b>	898.0
Operating expenses	<b>-626.3</b>	-594.1
<b>Operating EBITDA</b>	<b>301.6</b>	303.9

## ASIA PACIFIC

	<b>2012</b>	2011
External sales	<b>707.6</b>	415.4
Operating gross profit	<b>111.6</b>	82.1
Operating expenses	<b>-62.2</b>	-45.2
<b>Operating EBITDA</b>	<b>49.4</b>	36.9

Figures exclude All Other Segments, which, in addition to various holding companies and our sourcing activities in China, cover the international activities of Brenntag International Chemicals.

# KEY FINANCIAL FIGURES AT A GLANCE

<b>CONSOLIDATED INCOME STATEMENT</b>		<b>2012</b>	<b>2011</b>	<b>Change</b>
Sales	EUR m	<b>9,689.9</b>	8,679.3	11.6%
Gross profit	EUR m	<b>1,925.7</b>	1,768.0	8.9%
Operating EBITDA	EUR m	<b>706.6</b>	660.9	6.9%
Operating EBITDA/Gross profit	%	<b>36.7</b>	37.4	
EBITDA	EUR m	<b>706.6</b>	658.8	7.3%
Profit after tax	EUR m	<b>338.2</b>	279.3	21.1%
Earnings per share	EUR	<b>6.53</b>	5.39	21.2%

<b>CONSOLIDATED BALANCE SHEET</b>		<b>Dec. 31, 2012</b>	<b>Dec. 31, 2011</b>	
Total assets	EUR m	<b>5,710.5</b>	5,575.6	–
Equity	EUR m	<b>1,991.2</b>	1,761.3	–
Working capital	EUR m	<b>1,018.6</b>	961.1	–
Net financial liabilities	EUR m	<b>1,482.9</b>	1,493.6	–

<b>CONSOLIDATED CASH FLOW</b>		<b>2012</b>	<b>2011</b>	
Cash provided by operating activities	EUR m	<b>433.0</b>	349.6	–
Investments in non-current assets (Capex)	EUR m	<b>–94.7</b>	–86.0	–
Free cash flow	EUR m	<b>578.9</b>	511.8	–

<b>KEY FIGURES BRENNTAG SHARE</b>		<b>Dec. 31, 2012</b>	<b>Dec. 31, 2011</b>	
Share price	EUR	<b>99.43</b>	71.95	–
No. of shares (unweighted)		<b>51,500,000</b>	51,500,000	–
Market capitalization	EUR m	<b>5,121</b>	3,705	–
Free float	%	<b>100.00</b>	63.98	–

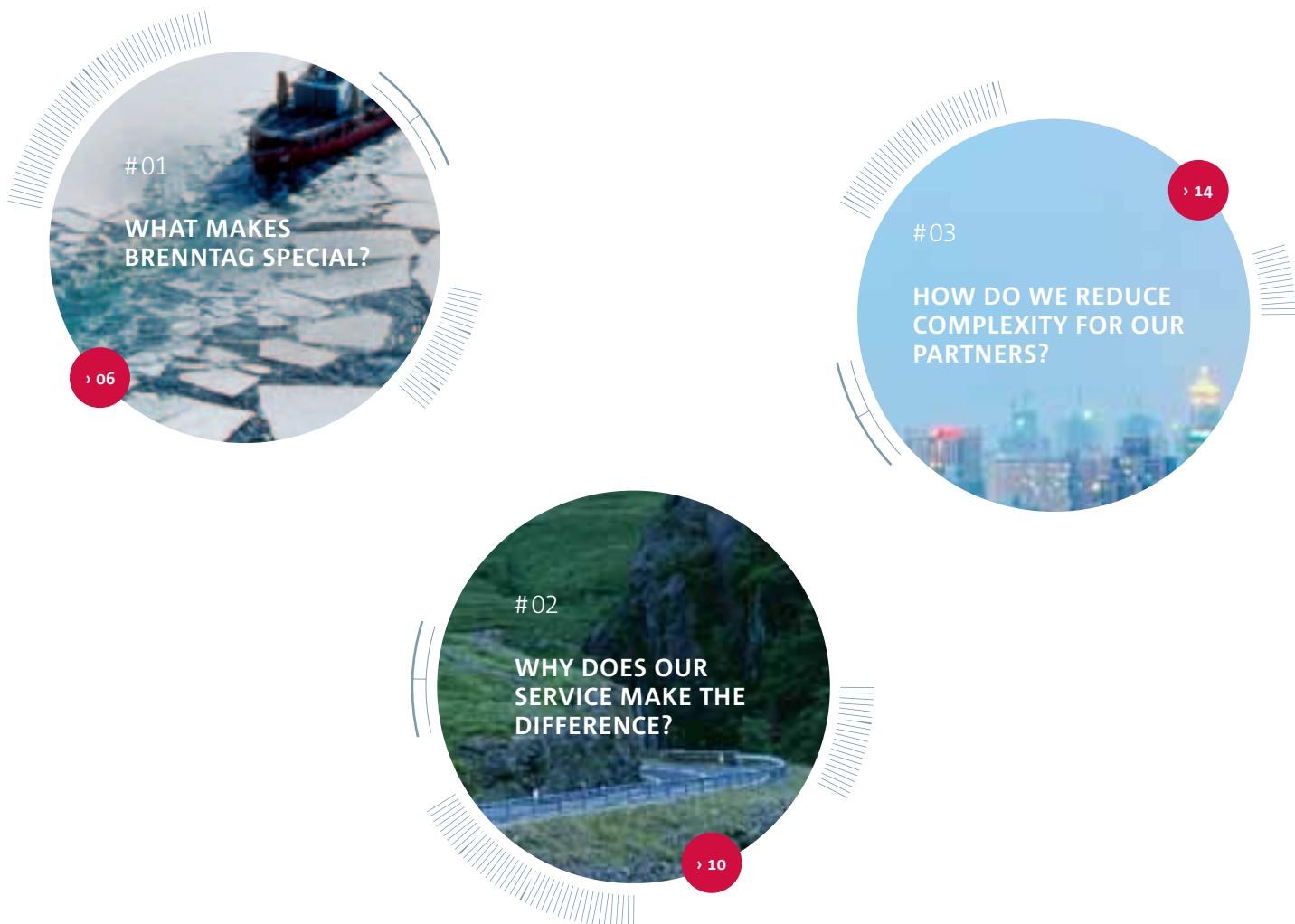
## PROFILE OF BRENNETAG

Brenntag is the global market leader in full-line chemical distribution. Linking chemical manufacturers and chemical users, Brenntag provides business-to-business distribution solutions for industrial and specialty chemicals globally. With over **10,000 products** and a world-class supplier base, Brenntag offers one-stop-shop solutions to more than **170,000 customers**.

The value-added services include just-in-time delivery, product mixing, formulation, repackaging, inventory management, drum return handling as well as extensive technical support. Headquartered in Mülheim an der Ruhr, Germany, the company operates a global network with more than **450 locations** in more than **70 countries**.

## OUR GOALS

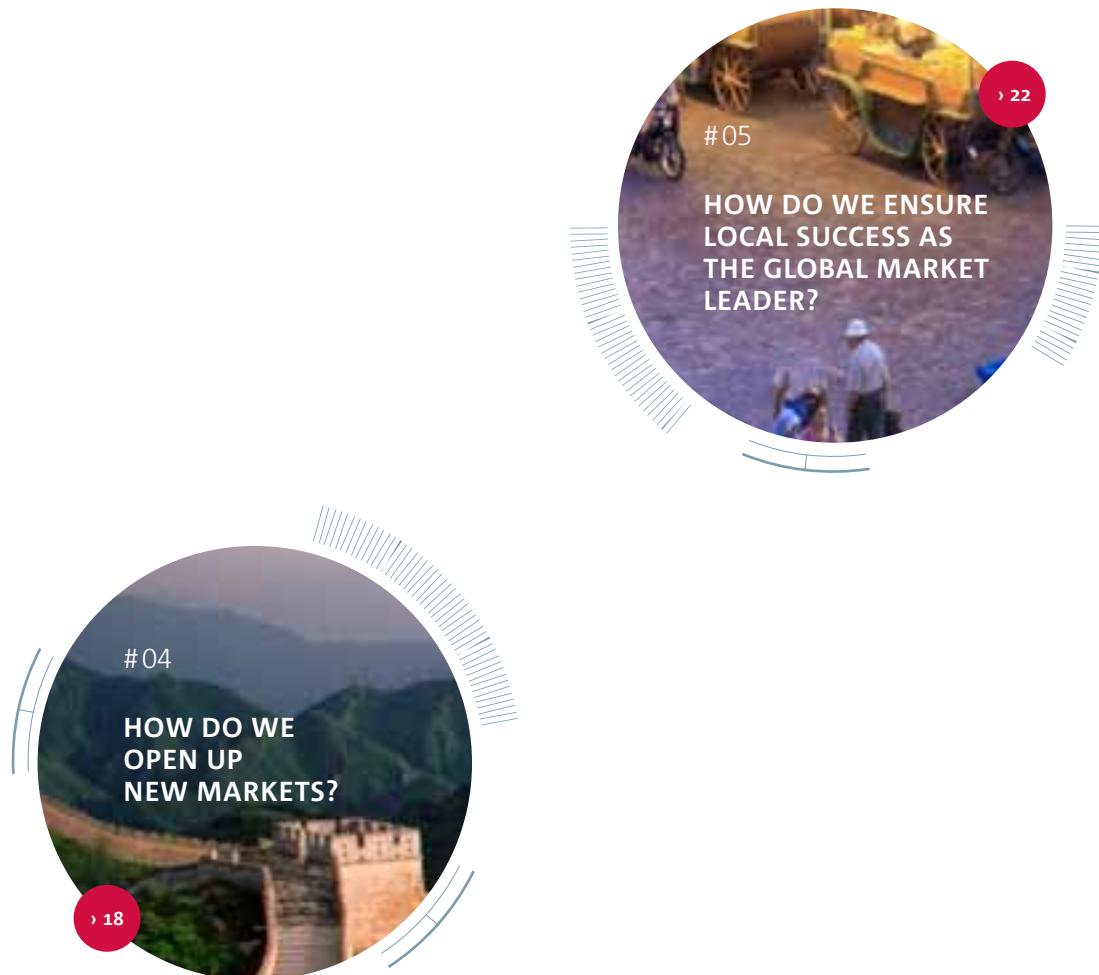


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**Steven Holland**  
CEO



*Dear Shareholders and colleagues,*

2012 was an eventful and successful year for the Brenntag Group. Despite economic challenges and uncertainties, we again exceeded previous year's results.

This success is based in particular on our proven strategy, which we continue to systematically pursue and implement. Our aim is to be the preferred chemical distributor for our customers and suppliers in every respect. We are leveraging our special combination of local presence and global focus in order to achieve this. This has allowed us to set us apart from competition. In addition, we are continually working towards improving our profitability. In particular, the efficiency improvement programme implemented in Europe in early 2012 made a tangible contribution to earnings in the rest of the year and we remain committed to further operational gains as we further benefit from increased levels of integration within our well invested infrastructure.

Acquisitions remain an integral component of our strategy, and we have systematically realised our objectives also in this area. The companies acquired in 2011, such as the Multisol Group (United Kingdom) and Zhong Yung (China), have been integrated well and have made a contribution to our impressive results for the year. The acquisitions we made in 2012 also look very promising: first the ISM/Salkat Group in Australia and New Zealand has allowed us to significantly expand our capacities in an attractive market. The TER Corporation in Texas represents a valuable addition to our oil and gas business in North America; while the strong position enjoyed by the Delanta Group means that we now have additional expertise and growth prospects in southern Latin America. Finally, the acquisition of another Texan company, the Altivia Corporation, in late December represented Brenntag's largest acquisition in the year 2012. Altivia will further strengthen and expand our activities in the area of water treatment, which is one of our focus industries.

Our strong results in 2012 were also attributable to our broad diversification across a number of industries and our extensive supplier relationships. In addition to sales, which increased by 11.6% to EUR 9,689.9 million in 2012, Brenntag achieved a strong improvement in its key performance indicators of gross profit and operating EBITDA in particular. Gross profit increased by 8.9% to EUR 1,925.7 million, while operating EBITDA improved by 6.9% to EUR 706.6 million. Adjusted for currency translation effects, the growth rates amounted to 4.6% and 2.2% respectively. The profit after tax increased by 21.1% to EUR 338.2 million. These results are even more remarkable considering the fact that they were achieved in extremely difficult macroeconomic conditions in a number of countries, with Europe in particular posing significant challenges.

Brenntag's share price saw a strong development for our shareholders over the past year, rising by 38% over the course of 2012 and hence outperforming both the MDAX® and the DAX®. The former shareholder Brachem Acquisition S.C.A., Luxembourg, sold its stake of 36% in Brenntag AG to institutional investors by the middle of the year, and as a consequence the shares in the company have been fully in free float since July 2012. This had a positive impact on the trading volume and served to increase the already considerable level of interest among existing and potential new investors. We are pleased to announce that our excellent development will again permit the payment of an attractive dividend. The Board of Management and the Supervisory Board will propose to the General Shareholders' Meeting a dividend of EUR 2.40 per share, up 20% on the previous year.

We remain confident in our strategy and the resilience of our business model, and we intend to continue on the path we have adopted. We remain in a position to respond quickly and flexibly to changes in conditions and external influences and continue focusing on the continuous improvement of all internal processes and the further expansion of our global network, which we consider to be one of our major strengths. We intend to grow organically but will also take advantage of interesting acquisition opportunities which fit our strategic rational and enhance our services for customers and suppliers alike. Although the economic conditions are likely to remain difficult in 2013 and there will be a number of uncertainties, we believe that we are extremely well positioned for the coming financial year and hence expect to record further growth in the relevant key performance indicators for Brenntag.

On behalf of my colleagues on the Board of Management, I would like to take this opportunity to thank our employees for the commitment and determination with which they have contributed to the Group's development, especially given the difficult macroeconomic conditions in the past year.

We are also grateful to our business partners all around the world for their continued support and trust we have enjoyed in developing new products and services for our customers. Finally, a special thanks to all our shareholders for their continued interest in our company and the very positive and open contribution from investors and their support of our vision and strategic direction.

Kind regards



Steven Holland  
Chief Executive Officer  
Mülheim an der Ruhr, March 20, 2013

»We intend to grow organically but will also take advantage of interesting acquisition opportunities which fit our strategic rational and enhance our services for customers and suppliers alike.«

**Steven Holland**  
CEO

The background image shows a vast, frozen landscape with a large body of water in the foreground and a range of mountains under a clear blue sky.

#01

WHAT MAKES  
BRENNETAG SPECIAL?

#01

## WHAT MAKES BRENNETAG SPECIAL?

MCMURDO SOUND  
ANTARCTICA

The bay in western Antarctica extends approximately 450 kilometres along Victoria Land. It is one of the few sections of the coast that are ice-free at certain times of year.



## WE OFFER LOCAL PROXIMITY THANKS TO OUR GLOBAL PRESENCE.

Close to the customer around the world and uncompromising when it comes to quality: Brenntag is at home in the four key regions of Europe, North America, Latin America and Asia Pacific. Together with the expertise we have built up over the years, this allows us to meet even the most unusual customer requirements at a steadily increasing number of locations around the world. It makes no difference whether the task at hand is the delivery of small quantities of specialty chemicals or the provision of a wide range of services.

**ROTTERDAM CHEMICAL PORT:** A chemical tanker loaded with several thousands of tons of chemical products is safely moored at the pier of the Brenntag distribution center. Products such as toluene, xylene and acetone, purchased via major suppliers, are waiting to be pumped from the vessel into the storage tanks.

In one of Europe's most important logistics and industrial centres, Brenntag has a state-of-the-art branch with a capacity of 12,600 pallet spaces, a 10-kilometre pipeline network, dozens of tanks, several filling stations and a mixing and blending facility for the efficient transhipment of chemicals. "This is where Brenntag fills, packs, mixes and loads a wide range of chemicals. We ensure that safety, health and environmental guidelines are observed above and beyond the statutory requirements," explains Willem van de Laar, General Manager Procurement Strategic Solvents, Brenntag Nederland B.V.

**STATE-OF-THE-ART LOADING FOR EUROPE-WIDE DELIVERY:** The solvents being loaded onto the (tank) trucks and (tank) containers are destined for customers around Europe – from Finland to Spain, from UK to Greece and Turkey. Before being transported further, the products are stored in large tanks. Pipelines lead directly from these tanks to the filling station or mixing facility, where the solvents are processed or packaged in the packaging sizes prescribed by the customer. It is then automatically palletized, transported to the warehouse and loaded onto trucks on time. These trucks either deliver directly to the customer or take the products to Brenntag's branches around Europe, which serve as temporary storage facilities for subsequent just-in-time delivery.

While performing product handling for major suppliers in Rotterdam, we also have thousands of contacts a day with customers requesting products in smaller volumes. Our network ensures individual delivery at every scale, from the mass to niche products. We have developed a unique one-stop shop con-



The distribution centre in Rotterdam is perfectly designed for the rapid transhipment of a wide range of tanker types.

cept for our customers, meaning that all customers placing orders have access to an unparalleled range of products and services. Every year, we process around 3.5 million deliveries around the world.



»This means that flexibility and diversification combined with a global network are the pillars of our business model for positive future development.«

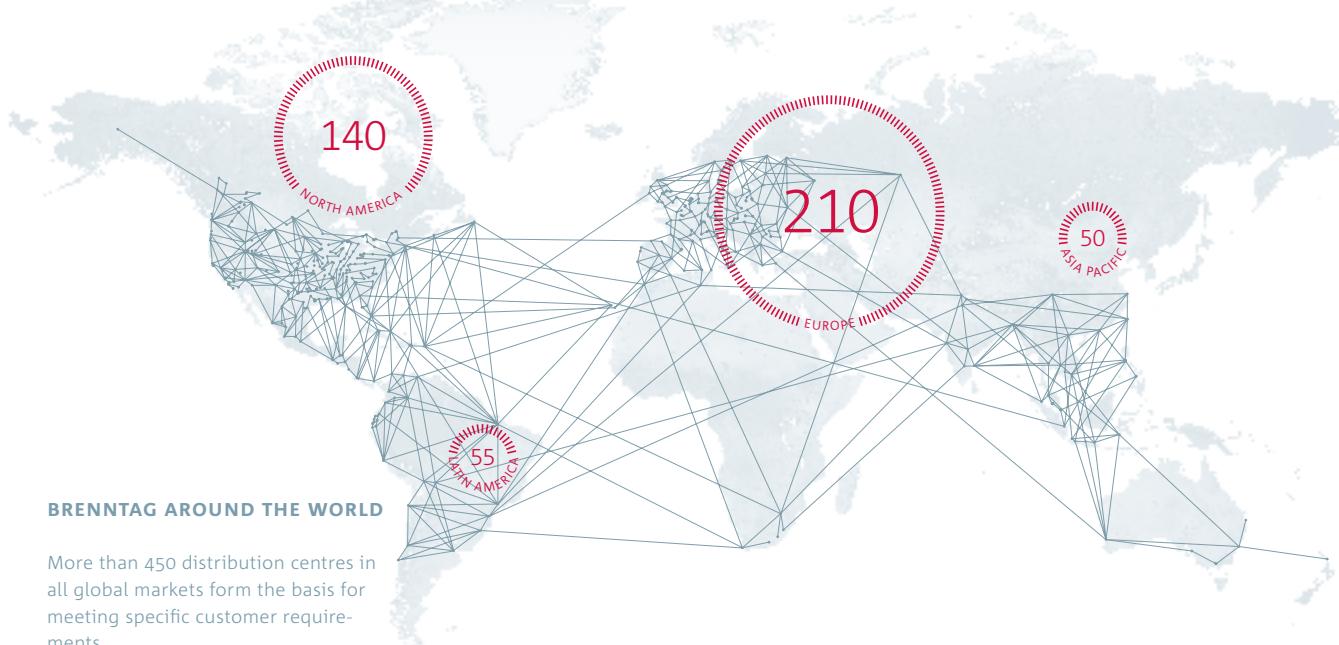
Steven Holland  
CEO

**BUILDING ON DIVERSIFICATION AND FLEXIBILITY:** A product range of more than 10,000 chemicals, more than 450 locations in more than 70 countries and 170,000 customers from every industry: all of this represents broad diversification. We create new business relationships by bringing together the interests of customers and suppliers. Our customers benefit from a comprehensive range of packaging sizes. Our service and reliability also ensure security of supply, and hence security of production. The diversification we have already achieved allows us to leverage growth opportunities and the potential for further economies of scale. To this end, we use the productivity of our facilities and our employees' expertise flexibly to address new markets that offer substantial growth potential. "This means that flexibility and diversification combined with a global network are the pillars of our business model for positive future development," explains CEO Steven Holland.

**BACK AT THE ROTTERDAM CHEMICAL PORT:** The unloading of the ship is complete and it can continue on its way to Shanghai. The next tanker will arrive at the Brenntag terminal in no more than three days.



Several tankers a week arrive at the site in Rotterdam.



#02

WHY DOES OUR  
SERVICE MAKE THE  
DIFFERENCE?



HIGHLANDS  
SCOTLAND

The mostly tree-less highlands in the north of Scotland are characterized by their rugged landscape. The Highlands are also home to Ben Nevis (1344 m), the highest mountain on the British Isles.



#02

## WHY DOES OUR SERVICE MAKE THE DIFFERENCE?

15°

25°

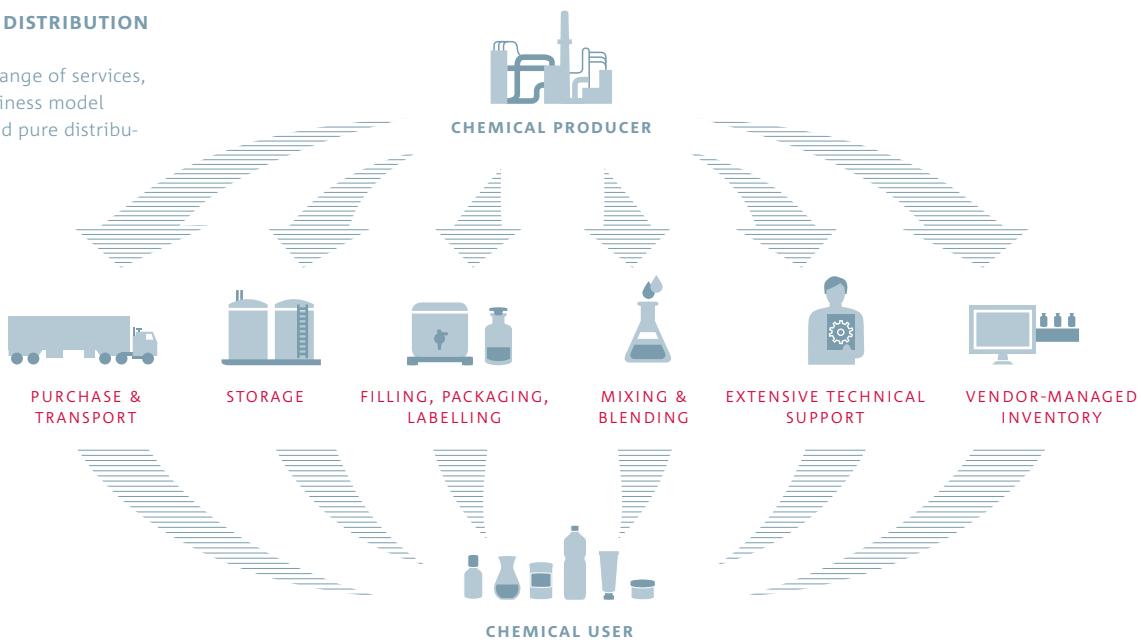
## WE CREATE VALUE ADDED FOR OUR CUSTOMERS AROUND THE WORLD.

What does distribution actually mean? Many would simply define the term as the on-time delivery of goods to their intended recipient. But today's customers can expect a great deal more. Over the years, Brenntag has systematically expanded its range of value-added services aimed at supporting customers in their business development and limiting costs. We are able to perform complex and customized chemical distribution processes.

**MEETING GROWING CUSTOMER DEMANDS:** For Brenntag, chemical distribution is more than just delivering goods from A to B. Our range and our flexibility mean that we can offer our customers services allowing them to focus entirely on their core business. These include among others just-in-time delivery, mixing and blending, repackaging and inventory management. This is increasingly prompting a number of industries to dispense with their own filling plants, for example, as the necessary investment in construction, safety precautions, staff training and maintenance for such plants is then often no longer needed. Meanwhile, many chemical processing companies are seeking the possibility of creating and testing new compounds and formulations with the help of external expertise. Brenntag offers its own application laboratories around the world, manned by technically qualified teams.

### MORE THAN DISTRIBUTION

With its wide range of services, Brenntag's business model goes far beyond pure distribution.



**ONE-STOP-SHOP FOR ALL SERVICES:** One of Brenntag's quality control laboratories is located in Hamburg. It specializes in specific pharmaceutical excipients: pharmacologically inactive substances that are used as carriers for active ingredients, for example. As with all pharmaceutical substances, their optimal use requires a guarantee of consistent and pure quality. "An understanding of quality and safety in the supply chain is essential. The complexity of selecting the right product, pharma-compliant storage and on-time delivery is crucial. Brenntag's facility in Hamburg is a one-stop shop for all of these services," explains Michael Wilkop, European Marketing Manager Personal Care & Pharma. The company has made targeted investments in the facility to ensure that it also meets the extremely comprehensive regulatory requirements. The filling technology and all of the processes and documentation are compliant with the provisions of Part 2 of the EU Guidelines for Good Manufacturing Practice (GMP).



»An understanding of quality and safety in the supply chain is essential. The complexity of selecting the right product, pharma-compliant storage and on-time delivery is crucial. Brenntag's facility in Hamburg is a one-stop shop for all of these services.«

**Michael Wilkop**

European Marketing Manager Personal Care & Pharma

**A CLEANROOM WITH THE HIGHEST QUALITY STANDARDS:** The heart of the facility is a special cleanroom with constant air pressure. Dedicated lines supply the excipients, which are pumped from tank trucks or tank container stations. Each substance has its own filling lance to ensure product separation. The corresponding packaging is automatically taken from the warehouse and placed under the filling unit. The required sterility is ensured using a number of double-door systems and ventilation systems. The subsequent release analysis of the decanted substances can take place directly at the quality lab. All of the warehouse, filling and laboratory employees are highly qualified and specially trained.

With this broad range of services, the facility in Hamburg is an example of the many activities we perform that typically used to be the remit of the producers themselves. Brenntag consistently follows a simple principle: our customers' demands are complex, our proposed solutions are not. The aim of our business model is always to provide a complete offering that fully addresses producers' and customers' needs. This is how we optimally implement our role as a link within the chemical industry.



The complete analysis of refilled excipients can be carried out on location in our own quality laboratory.



In the clean room, the air pressure is kept on a constant level and, through the use of various air locks and ventilation systems, free of germs.

#03

HOW DO WE  
REDUCE COMPLEXITY  
FOR OUR PARTNERS?

#03

## HOW DO WE REDUCE COMPLEXITY FOR OUR PARTNERS?





At more than eight kilometres long, the architecturally impressive Nanpu Bridge over the Huangpu River is one of the longest suspension bridges in the world. It connects the modern urban area of Pudong with Puxi, the "Old Shanghai".



## BY ADDRESSING THEIR INDIVIDUAL REQUIREMENTS AND OFFERING TAILORED SOLUTIONS.

The answer to the growing complexity of business is clear: focusing on what matters most. Many companies around the world are looking for partners to whom they can outsource non-strategic activities. Brenntag focuses on precisely this area, performing activities for its customers and suppliers.



The high-rack warehouse at the Duisburg site offers nearly 10,000 pallet spaces enabling Brenntag to also store chemical products for their customers.

**A PERFECT LINK IN THE CHAIN:** In order to ensure smooth production processes, the necessary chemicals must be transported from the producer to the chemical user as quickly and reliably as possible. In this era of just-in-time delivery, Brenntag plays a particularly important role. The profile of Brenntag's employees is the key. They must understand the often highly complex requirements of our customers. Our key account managers provide support for customers who require our products and services on several continents simultaneously. They develop tailored concepts aimed at ensuring that their business processes run smoothly. In addition, we offer services such as supply chain management, strategic planning or even full global handling for certain products.

**THE BENEFITS OF SINGLE SOURCING:** Many of our more than 170,000 customers benefit in particular from the single sourcing of non-strategic chemical products that Brenntag is able to offer thanks to its comprehensive product range and global focus. Customers purchase the products they need exclusively from Brenntag. In this case, we supply a wide range of products and assume full responsibility for procurement, storing and just-in-time delivery.

This allows customers to concentrate on the workflows that are important to them and ensures that all of the applicable quality standards are observed for the substances supplied. This also means ongoing cost savings for the customer in many areas.

**OPENING UP NEW MARKETS FOR SUPPLIERS:** Optimal distribution is at least as important as the production of high-quality chemicals. Brenntag is an expert partner that supports the business development of its larger and smaller suppliers through its distribution activities, particularly for less-than-truckload volumes. Our access to the right customers, supported by our comprehensive customer service, plays an important part in this respect.

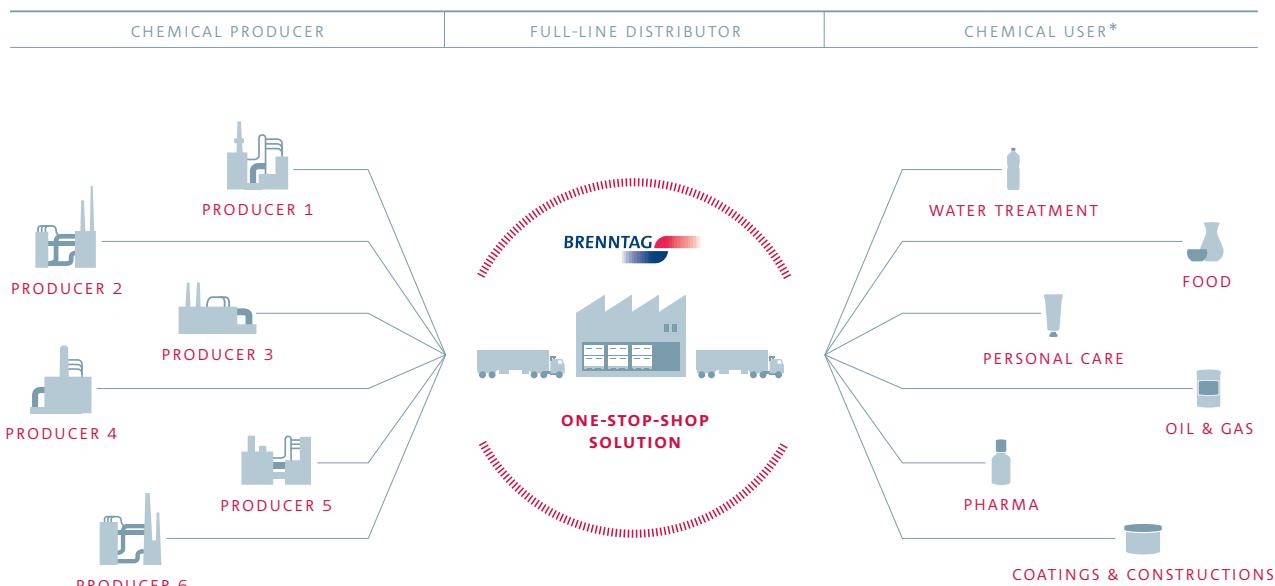
**THE RESULT IS BENEFICIAL FOR BOTH PARTIES:** the producer can focus on production and marketing to major clients, while Brenntag has expanded its portfolio to include interesting additional products for chemical users and can offer its customers comprehensive services that are tailored to their requirements.



In close contact with the customers, the Brenntag Key Account Managers develop tailored concepts for the individual needs of the customers, which can be directly carried out in the own application labs.

#### EFFICIENT DISTRIBUTION

Producers and customers benefit from outsourcing the handling of the less-than-truckload volumes to Brenntag.



\* A small selection of our customer industries

#04

HOW DO WE  
OPEN UP NEW  
MARKETS?





The most famous restored section of the Great Wall of China, with a length of approximately 3.7 kilometres, is located near Badaling, 70 kilometres north-west of Beijing. According to the most recent archaeological investigations, the total length of the Wall amounts to more than 21,000 kilometres.

#04

## HOW DO WE OPEN UP NEW MARKETS?



## BY FOCUSING ON THE ORGANIC GROWTH OF OUR PRODUCT AND SERVICE RANGE AND APPLYING THE EXPERIENCE WE HAVE GAINED FROM NUMEROUS ACQUISITIONS.

“New markets”. As the global market leader in chemical distribution, this means penetrating countries where we are not yet active, as well as rolling out new products and initiating activities in customer industries in those markets where we already have a presence. This allows us to generate organic growth based on our wide experience and global business relationships. Acquisitions are also a proven growth driver for Brenntag. We carefully seek out potential acquisition targets and focus on expanding our business in new regions.



Clare Waters, Managing Director  
Brenntag UK and Ireland, at the  
signing of the Multisol purchase  
agreement.

**A WIN-WIN SITUATION FOR ALL INVOLVED:** Customers turn to our global network so they can make use of our services in new countries, while Brenntag's infrastructure helps our suppliers to distribute products in additional markets. The expansion of our product range also provides our suppliers with excellent opportunities to attract new customers and appeal to existing customers alike. Furthermore, the specialists in our sales teams know their customer industries inside out, allowing them to offer tailored solutions and hence penetrate new markets for Brenntag. Another important factor in generating new market share is our acquisition policy.

**A STANDARDIZED PROCESS FOR SUCCESS:** The large number of successful acquisitions was only possible because Brenntag conducts each and every acquisition using the same principles. The local management team is responsible for identifying attractive companies, performing the initial analysis, conducting negotiations and implementing the subsequent integration. Local expertise is supplemented by experts from the holding company and other regions, while the experienced Group-wide Mergers & Acquisitions team manages the workflow as a whole. The result is a track record of successful transactions dating back many years.

“Our continuously proven process will be central to Brenntag’s ability to leverage forthcoming growth opportunities, particularly in our current focus region of Asia Pacific,” explains Jürgen Buchsteiner, member of the Board of Management responsible for Global M&A and the Asia Pacific region.

**FOCUS ON ONE KEY OBJECTIVE:** When it comes to opening up new markets, we focus among others on one strategic objective that every acquisition is required to fulfil: the geographical expansion of our activities. We start by utilizing the existing infrastructure of the acquired company. As the process continues, we transfer staff and expertise ensuring that experienced Brenntag employees are always available at new locations.



»Our local project groups focus on communicating with the various participants and coordinating their integration within the process from the word go.«

Jürgen Buchsteiner

Member of the Board of Management,  
responsible for Global M&A and region Asia-Pacific



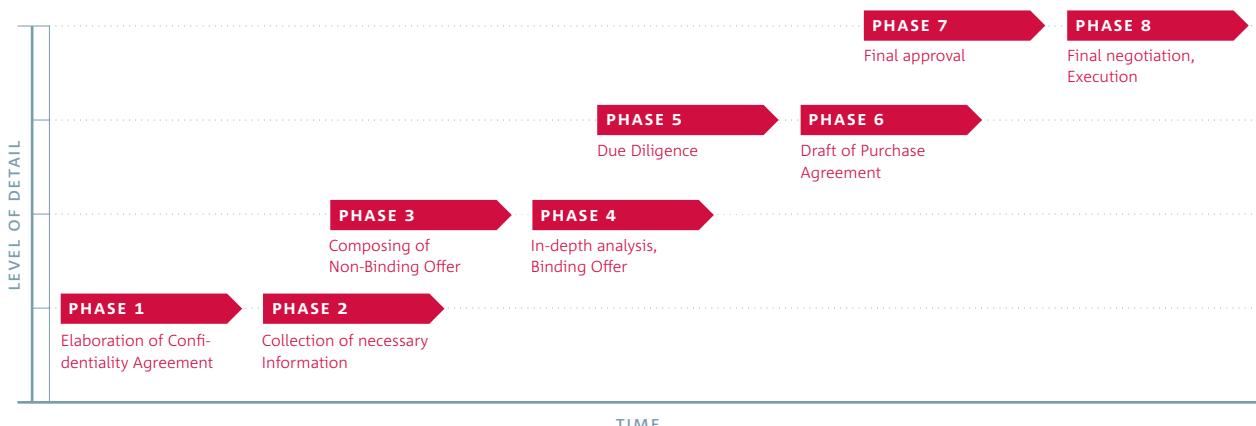
In the past couple of years, Brenntag's presence in Asia Pacific has grown significantly and the smooth integration of the acquired companies was always the top priority.

**THE CHALLENGE OF INTEGRATION:** A successful acquisition always goes hand in hand with the smooth integration of the acquired company. Therefore, Brenntag looks towards the subsequent incorporation of the acquired company within the Group right from the start. "Our local project groups focus on communicating with the various participants and coordinating their integration within the process from the word go," notes Jürgen Buchsteiner.

Four points are given particular consideration throughout the integration process: the continuous inclusion of the employees concerned, providing support for existing customers, business relationships with suppliers, and the realization of monthly sales and profit targets. The aim is for new employees to feel welcome as Brenntag employees from the very start of the process.

#### STANDARDIZED M&A PROCESS

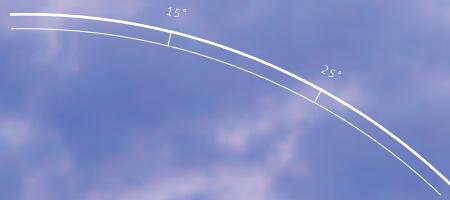
Since 2007 alone, Brenntag has invested more than EUR 782 million in realizing its acquisition targets around the world.





#05

HOW DO WE ENSURE  
LOCAL SUCCESS AS  
THE GLOBAL MARKET  
LEADER?



#05

## HOW DO WE ENSURE LOCAL SUCCESS AS THE GLOBAL MARKET LEADER?



MARRAKESH  
MOROCCO



Jamaa el Fna is the central marketplace of Marrakesh and famous for its oriental atmosphere. In 2001, it was entered into the UNESCO list of "Masterpieces of the Oral and Intangible Heritage of Humanity".



## OUR EXPERTS SPEAK THE LANGUAGE OF DISTRIBUTION: ON A LARGE AND SMALL SCALE.

Without local attention to detail, it is easy to lose sight of the global picture. In chemical distribution, too, success depends on optimally adjusting to reflect local conditions. This is why Brenntag is leading the way: we speak the language of our customers around the world, because cultural expertise opens the door to regional markets.

**MUMBAI METROPOLITAN REGION:** With more than 21 million inhabitants, the most important port city in India and the surrounding region is Mumbai, the fifth-largest megacity in the world. A location that is full of people and endless traffic jams – but also endless business opportunities. In 2012, Brenntag opened its new head office in India at the Ackruti Centre Point, right in the heart of the city.

The foundations for this development were laid by the acquisitions on the Indian market that now trade as Brenntag India. “Our local employees in India have exactly the cultural expertise that Brenntag seeks to achieve with its teams all around the world. This allows us to serve local demand even more effectively in these countries with rapid economic growth,” explains Henri Nejade, President & CEO Brenntag Asia Pacific.

The employees in Mumbai are representative of our almost 13,000 employees around the world, who are essentially present across Brenntag’s four major regions of Europe, North America, Latin America and Asia Pacific. All of them have in-depth knowledge of the local business and close relationships with customers. This active customer focus is a key argument for Brenntag. Customers around the world know what Brenntag can offer them – wherever they may be located.

**GLOBAL HSE STRATEGY:** Brenntag always meets the expectations of its customers not only with its core competencies, such as repackaging, just-in-time delivery, inventory management and mixing and blending, but also through its established global health, safety and environment (HSE) strategy. The safety aspect is a particularly important factor for our customers that is given top priority at all locations around the world.

Brenntag’s motto is: The highest safety requirements apply to all our processes. Therefore, we have developed safety programmes for all four regions. In India, for example, our employees compete for the 5-Star Facility Award for their location, an honour that Brenntag Asia Pacific awards for efficiency and



Brenntag employees work closely with customers on tailor-made solutions in applications labs all over the world, like in the Food lab in Mumbai, India.

safety performance. The award significantly improves the image of any branch that wins it – and attracts new customers for whom quality and safety are just as important as a good price/performance ratio.



»Our systems, which are tailored to the respective regional conditions, operate using parameters that are transparent and geared towards continuous improvement and that can be easily communicated both internally and externally.«

**Kim Korff**  
Supply Chain Director Asia Pacific

**SAFETY STRENGTHENS CULTURAL EXPERTISE:** "Our systems, which are tailored to the respective regional conditions, operate using parameters that are transparent and geared towards continuous improvement and that can be easily communicated both internally and externally," comments Kim Korff, Supply Chain Director Asia Pacific. The high safety standards at Brenntag are also a factor in the low turnover rate among our global workforce, which helps to strengthen customer retention.

Programmes such as the 5-Star Facility Award for the Asian market make an important contribution to ensuring that our employees can display their cultural expertise in full. The feeling of working for one of the safest chemical distributors in the world is another asset that helps them to achieve more – whether they are in Mumbai, Buenos Aires, Toronto or Frankfurt am Main.

#### EMPLOYEE FACTS 2012



# BRENNTAG ON THE STOCK MARKET

**DEVELOPMENT OF THE SHARE PRICE:** In 2012, the global economy continued to be marked by uncertainties regarding the on-going debt crisis in the euro-zone and high US national debt. Nevertheless, the capital markets proved to be very robust compared with 2011 and recorded a very positive development over the reporting period.

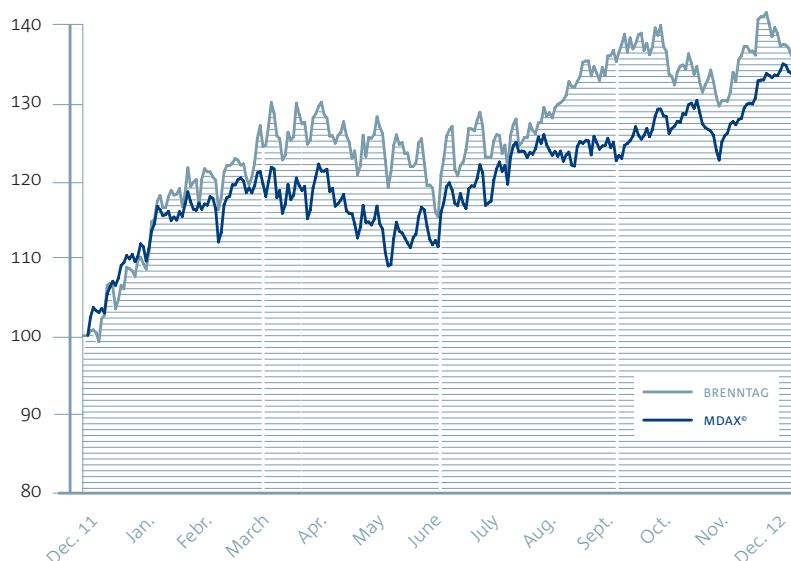
The DAX® increased by 29% in 2012, closing on December 28, 2012 at 7,612 points. The MDAX® developed even better, finishing the year at 11,914 points, which was an increase of 34%. The Brenntag share not only followed this positive trend but even managed to outperform the benchmark indices. The share closed at EUR 99.43 on December 28, 2012. This is an increase of 38% compared with the 2011 closing share price. According to the ranking of Deutsche Börse AG, Brenntag AG held 32nd place among all listed companies in Germany in terms of market capitalization at the end of December 2012.

**38%**

PRICE ADVANCE COMPARED WITH  
THE 2011 CLOSING SHARE PRICE

The average number of Brenntag shares traded daily on XETRA in 2012 amounted to approximately 142,000, which corresponds to an average daily trading volume of EUR 12.8 million. In the prior-year period, the average daily trading volume was EUR 9.2 million with an average number of shares of 126,000.

## DEVELOPMENT OF THE BRENNTAG SHARE PRICE (INDEXED)



**SHAREHOLDER STRUCTURE:** In the reporting period, the former major shareholder, Brachem Acquisition S.C.A., Luxembourg, placed all of its remaining shares in three transactions. After some 22% of the share capital had already been placed in January and February, the remaining share of over 13% was placed with institutional investors in July in an accelerated book-building process. The free float is therefore now 100% of the share capital of 51,500,000 shares.

As of March 1, 2013 notifications have been received, in accordance with section 21, para. 1 of the German Securities Trading Act (WpHG), from the following shareholders that their percentage of the voting rights exceeds the 3% or 5% threshold:

THE NOTIFICATIONS ARE AVAILABLE AT [WWW.BRENNTAG.COM/  
VOTING\\_RIGHTS\\_ANNOUNCEMENTS](http://WWW.BRENNTAG.COM/VOTING_RIGHTS_ANNOUNCEMENTS)

#### SHAREHOLDER STRUCTURE

Shareholder	Number of Brenntag shares	Proportion in %	Date of notification
Threadneedle	2,763,932	5.37	Jul. 27, 2012
BlackRock	2,678,905	5.20	Apr. 5, 2012
Sun Life/MFS	2,590,260	5.03	Jul. 3, 2012
Longview Partners	1,597,984	3.10	Jul. 11, 2012
Artisan Partners	1,575,332	3.06	Oct. 17, 2011
T. Rowe Price Group	1,546,700	3.00	Aug. 23, 2011

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

#### KEY FIGURES AND MASTER DATA ON THE SHARE

	IPO	Dec. 31, 2011	<b>Dec. 31, 2012</b>
Share price	EUR	50.00	71.95
			99.43
Number of shares (unweighted)		51,500,000	51,500,000
Market capitalization	EUR m	2,575	3,705
			5,121
Free float*	%	29.03	63.98
			100.0
Free float market capitalization*	EUR m	748	2,371
			5,121

Most important stock exchange	Xetra
Indices	MDAX®, MSCI, Stoxx Europe 600
ISIN	DE000A1DAHH0
WKN	A1DAHH
Trading symbol	BNR

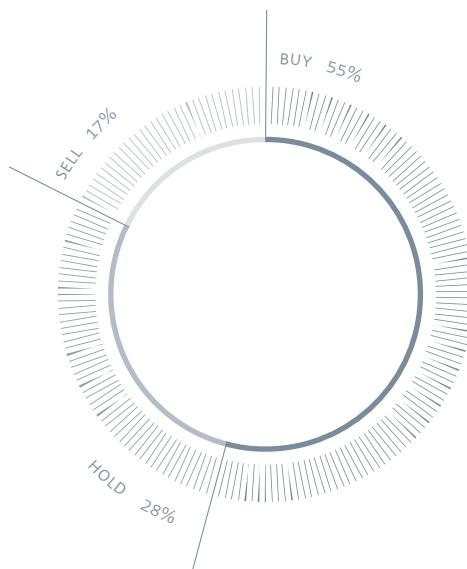
\* On July 6, 2012, the free float increased to 100% following the above-mentioned placings by Brachem Acquisition S.C.A., Luxembourg.

**ANALYSTS' OPINIONS:** The Brenntag share is currently (early March 2013) being covered by 18 analysts of renowned national and international banks. Interested investors can use independent reports to form an opinion on the Brenntag share.

Ten analysts give a buy recommendation for the Brenntag share, five recommend holding the share and three are advising to sell.

CURRENT ANALYSTS' OPINIONS AT  
[WWW.BRENNTAG.COM/  
 ANALYSTS\\_OPINIONS](http://WWW.BRENNTAG.COM/ANALYSTS_OPINIONS)

#### ANALYSTS' OPINIONS



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

#### DEVELOPMENT OF THE PRICE OF THE BRENNTAG BOND



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

**KEY FIGURES AND MASTER DATA ON THE BOND**

		Dec. 31, 2011	<b>Dec. 31, 2012</b>
Bond price	%	101.324	112.867
Issuer			Brenntag Finance B.V.
Guarantors			Brenntag AG, further subsidiaries of Brenntag AG
Listing			Luxembourg stock exchange
ISIN			XS0645941419
Aggregate principal amount	EUR m		400
Denomination			1,000
Minimum transferrable amount	EUR		50,000
Coupon	%		5.50
Interest payment			July 19
Maturity			July 19, 2018

**GENERAL SHAREHOLDERS' MEETING:** The second annual General Shareholders' Meeting of Brenntag AG since the successful IPO in 2010 was held in Düsseldorf on June 20, 2012. The Board of Management reported on the development of the company in the 2011 financial year and explained the future strategy of the Group. Shareholders were able to ask wide-ranging questions to the Board of Management, took the opportunity to personally familiarize themselves with the latest developments and to deepen their understanding of Brenntag. 67.21% of the share capital of 51,500,000 shares was represented.

The annual General Shareholders' Meeting approved the distribution of a dividend of EUR 2.00 per share (prior year: EUR 1.40). The dividend was paid to the shareholders on June 21, 2012. The payout ratio was 37.1% of the profit after tax attributable to shareholders of Brenntag AG for the year 2011.

**37.1%**  
 PAYOUT RATIO IN 2011

**INVESTOR RELATIONS:** Brenntag AG is committed to an open and transparent communication with its shareholders and the financial community. We are committed to the equal treatment of all shareholders, investors, analysts, the financial community and the general public, to prompt communication of information and to continuity in reporting. The company's commitment to a fair communication policy is also evidenced by Brenntag's membership of Deutscher Investor Relations Verband e.V.

**FURTHER INFORMATION AT:**  
[WWW.BRENNTAG.COM/  
INVESTOR\\_RELATIONS](http://WWW.BRENNTAG.COM/INVESTOR_RELATIONS)

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

We use a number of channels including the Internet to inform the interested public regularly about developments at Brenntag. In the Investor Relations section on our website [www.brenntag.com](http://www.brenntag.com), shareholders will find information on the company as well as the share and the development of the share price. The regularly updated financial calendar states the publication dates of our quarterly and annual reports, the dates of the General Shareholders' Meeting and the conferences at which Brenntag meets investors. The financial reports and the latest presentations can be downloaded. All annual and interim reports can also be requested in printed form using the order form. The relevant information on the General Shareholders' Meeting is posted on a dedicated page of the website in good time before the event. Information on the subject of Corporate Governance, to which Brenntag attaches great importance, is also to be found there. Of course, anybody interested in Brenntag can also contact us by phone (+49 (0) 208 7828 7653), e-mail (IR@brenntag.de) or by mail (Brenntag AG, Corporate Finance & Investor Relations, Stinnes-Platz 1, 45472 Mülheim an der Ruhr). The Investor Relations team will be pleased to answer your questions on the company, its share and its bond.

**ROAD SHOWS / CONFERENCES:** In our Investor Relations work, we always strive to maintain close contact with our current investors and actively seek out contact with potential new investors. Therefore, the Brenntag Board of Management and the Investor Relations team regularly went on road shows and attended capital market conferences. In 2012, we visited investors at all important international financial centres. In addition to activities in Germany, we presented the company in various countries including the UK, France, the USA and Switzerland. Talks were conducted with more than 170 institutional investors during about 15 road show days. In addition, we attended several capital market conferences, informing interested investors about Brenntag in one-to-one and group talks as well as at presentations held in front of large audiences. Furthermore, investors took the opportunity to visit us at our head office in Mülheim an der Ruhr. In November, we held an analysts' conference in London, where our analysts had the chance to hold in-depth talks with the Board of Management. In addition to the above-mentioned activities, the Board of Management and the Investor Relations team regularly provided investors, analysts and private shareholders with information on Brenntag AG in numerous phone calls.

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

**DIVIDEND PROPOSAL:** It is Brenntag's declared policy to pay an annual dividend of 30% to 45% of its consolidated profit after tax attributable to shareholders of Brenntag AG. The Board of Management and Supervisory Board will therefore recommend to shareholders at the General Shareholders' Meeting that a dividend of EUR 2.40 per share be paid. The payout ratio on the basis of the consolidated profit after tax attributable to shareholders of Brenntag AG for the year is therefore 36.8%.

**EUR 2.40**  
PROPOSED DIVIDEND

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TO OUR SHAREHOLDERS

# REPORT FROM THE SUPERVISORY BOARD



Dear Shareholders,

Brenntag can look back on a successful year 2012 and demonstrated once again its ability to operate in difficult market conditions thanks to its resilient business model.

**COMPOSITION OF THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT:** At the Supervisory Board meeting on March 19, 2012, it was decided to expand the Board of Management. Georg Müller, previously Vice President Corporate Finance & Investor Relations, was appointed the fourth member of the Board of Management effective April 1, 2012. Furthermore, at the Supervisory Board meeting it was decided that Georg Müller would succeed Jürgen Buchsteiner as the CFO of Brenntag AG as from July 1, 2012. As a consequence, Board responsibilities were reassigned.

As a result of the growth strategy in the emerging markets, Brenntag's business has grown strongly in the Asia Pacific region over the last five years. In recognition of this development and further growth opportunities in this region, Jürgen Buchsteiner took over responsibility for the Asia Pacific region effective July 1, 2012, in addition to his previous responsibilities for the Group's Mergers & Acquisitions function worldwide.

**COOPERATION BETWEEN THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD:** In the year under review, the Supervisory Board of Brenntag AG performed diligently the duties assigned to it by law, by the company's Articles of Association and by its Rules of Procedure. Details on the duties of the Supervisory Board can be found in the management report. We have regularly advised the Board of Management in matters relating to the management of the company and have also monitored its activities. Particularly with regard to decisions that were of fundamental importance for the company, we were involved directly and at an early stage. The Board of Management provided us with regular, timely and comprehensive information (in both written and oral form) regarding the course of business, profitability, company planning, strategic further development, the Group's current situation and the risk situation, including risk management and compliance. Any deviations from planned business activities were explained to us in detail. In addition, the Board of Management consulted us on matters relating to the strategic orientation of the company. Business transac-

tions that were of key importance for the company were discussed in detail based on Board of Management reports. We approved proposed Board of Management resolutions after examining and discussing them extensively. Please refer to the section “Topics addressed in the Supervisory Board meetings” for details.

The Supervisory Board came together for six meetings during the period under review. Two of these meetings were held in the form of telephone conferences in which the Supervisory Board discussed the dividend proposal and decided on an acquisition. With the exception of one member all members of the Supervisory Board attended all six meetings. At the meeting on December 19, one Supervisory Board member was absent and excused.

All Board of Management members were present at regular meetings on March 19, June 20 and August 30. At the meeting on December 19, one Board of Management member was absent and excused. At least two Board of Management members took part in telephone conferences in which the dividend proposal and the acquisition of the ISM/Salkat Group were decided.

**TOPICS ADDRESSED IN THE SUPERVISORY BOARD MEETINGS:** At its first meeting of the year under review on March 1, 2012, which was held as a telephone conference, the Supervisory Board dealt with the dividend proposal for the 2011 financial year.

At the meeting on March 19, 2012, the Supervisory Board approved the consolidated financial statements, which had been prepared by the Board of Management and audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf (PwC), who issued an unqualified audit certificate, as well as the management report for the 2011 financial year combined with the Group management report. In addition, it adopted the annual financial statements of Brenntag AG. Furthermore, the Supervisory Board decided to recommend a dividend of EUR 2.00 for the 2011 financial year to the General Shareholders' Meeting and the election of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, as auditors for the 2012 financial year.

The Board of Management reported on various topics including the progress of cost-saving measures in Europe, the status of investigations against the French company, PIP, as well as on current and planned acquisition projects. Furthermore, the Board of Management detailed the progress made with the internal compliance system and the integration of Zhong Yung. Moreover, the aforementioned changes in the composition of the Board of Management were decided. Georg Müller was appointed as the fourth member of the Board of Management effective April 1, 2012 and succeeded Jürgen Buchsteiner as CFO on July 1, 2012. The reassignment of responsibilities within the Board of Management was also decided, including the reallocation of the regions as a result of which Jürgen Buchsteiner took over responsibility for the Asia Pacific region as from July 1, 2012.

During the telephone conference on May 31, 2012, the Supervisory Board members approved the acquisition of the ISM/Salkat Group in Australia and New Zealand.

A Supervisory Board meeting was held following the General Shareholders' Meeting on June 20, 2012. The subjects discussed included the development of working capital, the progress of cost-saving measures in Europe, active M&A projects as well as growth initiatives for Asia Pacific and the current

status of the PIP case. In addition, the Board of Management informed the Supervisory Board members about the global sourcing strategy.

At the Supervisory Board meeting on August 30, 2012, in which Stephen Clark took part via telephone, various topics were discussed, in particular the July result and the status of cost-saving measures in Europe. Furthermore, the Board of Management reported on current M&A projects, the growth strategy for specialty chemicals and the current status as well as the development of activities in Health, Safety and Environment (HSE), HR, Investor Relations and Compliance. Moreover, the Supervisory Board was informed about the status of investigations by the French anti-trust authorities into possible infringements of competition law.

At the last Supervisory Board meeting of the year on December 19, 2012, a projection of the results for the current financial year was presented and the budget for 2013 was discussed as well as the mid-term strategy. Furthermore, the Supervisory Board was informed about current and planned acquisition projects and compliance systems. In addition, the Supervisory Board of Brenntag AG again submitted the unconditional Declaration of Conformity regarding the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act (AktG). Finally, the Supervisory Board passed a resolution on tax parity agreements granted by the then shareholder of the company, Brachem Acquisition S.C.A., in favour of Steven Holland and Stephen Clark as so-called benefits from third parties. The purpose of the agreements is to ensure that, through their work for Brenntag AG in Germany, Stephen Clark and Steven Holland should not be at a tax disadvantage compared with their home country with regard to income from investments. Any resulting payments are not charged to Brenntag. Stephen Clark did not take part in the discussion and the subsequent vote on this resolution. Moreover, the acquisition of the Altivia Corporation was presented to the Supervisory Board. It was subsequently approved by the Supervisory Board on December 20/21, 2012 using the written circulation procedure.

**SUPERVISORY BOARD COMMITTEE ACTIVITIES:** In the reporting period, the Audit Committee, which is made up of Prof. Dr Edgar Fluri (Chairman), Doreen Nowotne and Stephen Clark, convened for nine meetings. Five of these meetings took place as telephone conferences. The Committee concerned itself in particular with the following core topics: the 2011 financial statements for the Group and Brenntag AG, internal auditing, the effectiveness of the internal control and risk management system, and the further development of the compliance system. In addition, the work and the reports of the auditors and the respective quarterly financial reports for 2012 were discussed.

In advance of the Supervisory Board meeting on March 19, 2012, the Presiding and Nomination Committee with members Stefan Zuschke, Dr Thomas Ludwig and Dr Andreas Rittstieg convened for a meeting to discuss the appointment of Georg Müller to the Board of Management as well as the change of responsibilities of Jürgen Buchsteiner.

**CORPORATE GOVERNANCE CODE:** In the Declaration of Conformity of December 19, 2012, the Supervisory Board declares, together with the Board of Management, that Brenntag AG complies with all recommendations issued by the Government Commission on the German Corporate Governance Code in the version dated May 15, 2012, as published by the Federal Ministry of Justice in the official part of the Federal Gazette (Bundesanzeiger). In line with the change in Section 5.4.2 of the Code, the Supervisory Board has revised its objectives for the composition of the Supervisory Board.

The Board of Management and Supervisory Board also declare that Brenntag AG has complied in the reporting period with all recommendations of the German Corporate Governance Code in the version dated May 26, 2010. Details on Corporate Governance in the company can be found in the Corporate Governance Report.

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

The annual financial statements of Brenntag AG for the year ended December 31, 2012, and the combined group management report and management report of Brenntag AG were prepared in accordance with the regulations of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG), and the consolidated financial statements according to section 315a of the German Commercial Code in accordance with the principles of the International Financial Reporting Standards (IFRS) – as adopted in the EU.

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

The annual financial statements, consolidated financial statements, combined management report as well as the audit reports were provided to all members of the Audit Committee in good time before the Audit Committee meeting on March 11, 2013, and to all members of the Supervisory Board before the Supervisory Board meeting on the financial statements on March 18, 2013, respectively. The financial statement documents were discussed in great detail in the Audit Committee and in the Supervisory Board's meeting on the financial statements – the auditors were present at both meetings and gave a report beforehand.

The Supervisory Board endorses the findings of the audit. After the pre-review by the Audit Committee and our own review during the Supervisory Board meeting on March 18, 2013, no objections are to be raised. The Supervisory Board approved the annual financial statements as prepared by the Board of Management; the annual financial statements were thus adopted on March 18, 2013. We concur with the Board of Management's proposal to use some of the unappropriated profit to pay a dividend of EUR 2.40 for each share entitled to a dividend.

The Supervisory Board would like to thank all employees, the senior management and the Board of Management for their hard work in the past financial year.

On behalf of the Supervisory Board



Stefan Zuschke  
Chairman

Mülheim an der Ruhr, March 2013

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE REPORT

In the following chapter, which makes reference to the remuneration report, the Board of Management and the Supervisory Board of Brenntag AG report, in accordance with number 3.10 of the German Corporate Governance Code, on the implementation of the recommendations of the Government Commission German Corporate Governance Code (hereinafter referred to as "Code").

**IMPLEMENTATION OF THE RECOMMENDATIONS OF THE CODE:** As in the previous year, the Board of Management and the Supervisory Board of Brenntag AG discussed the recommendations of the Code thoroughly in this reporting period. On the basis of these deliberations, the Board of Management and Supervisory Board gave, on December 19, 2012, the declaration of compliance with the recommendations of the Code, made in accordance with section 161, para. 1 of the German Stock Corporation Act. The exact wording of the declaration of compliance is given on page 44 of this Annual Report and is also posted on the Brenntag AG website, where declarations of previous years will remain accessible as well. If there are any changes in the handling of the recommendations of the Code, the declaration of compliance will be updated during the year and posted on the website of Brenntag AG.

On May 15, 2012, the Government Commission "German Corporate Governance Code" resolved the first amendments to the Code since 2010. The amended version was published in the Bundesanzeiger (Federal Gazette) on June 15, 2012. As a result of the amendments, Brenntag AG needed to slightly modify its objectives for the composition of the Supervisory Board. These modified objectives were resolved by the Supervisory Board at its meeting on December 19, 2012. They are detailed in the section "Composition of the Supervisory Board".

Therefore, in 2012, Brenntag AG continued to comply without exception with the recommendations of the Code in the version dated May 26, 2010 and, since the implementation of the relevant recommendation, in the version dated May 15, 2012 and also plans to comply with the recommendations of the Code in the version dated May 15, 2012 in future.

**COMPOSITION OF THE SUPERVISORY BOARD:** "The Supervisory Board shall specify concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of number 5.4.2, an age

limit to be specified for the members of the Supervisory Board and diversity. These concrete objectives shall, in particular, stipulate an appropriate degree of female representation." (number 5.4.1 of the Code).

In line with these requirements, the Supervisory Board first set itself concrete objectives for its future composition on December 17, 2010. Here the Supervisory Board took up the subject of "diversity" in all its aspects and, in addition to the appropriate degree of female representation, also included industry experience and experience acquired abroad in the evaluation. The updated Code of May 15, 2012 requires that the Supervisory Board should also set objectives with respect to the number of independent Supervisory Board members within the meaning of number 5.4.2 of the Code. Therefore, on December 19, 2012 the Supervisory Board modified its objectives accordingly.

On December 19, 2012, the Supervisory Board set the following objectives for its composition:

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

**STATUS REPORT ON THE IMPLEMENTATION OF THESE OBJECTIVES:** The size of the Supervisory Board remained unchanged at six members in the reporting period. There have also been no changes in the people serving on the Supervisory Board since Mr Clark was elected at the General Shareholders' Meeting on June 22, 2011.

Dr Thomas Ludwig has many years of experience in the industry. Stefan Zuschke and Doreen Nowotne have already been advising Brenntag Management GmbH and, following its conversion into a stock corporation, Brenntag AG, since 2006. Stephen Clark has been working for Brenntag since 1981, from 2006 to 2011 as the Chief Executive Officer of the Brenntag Group.

Through the election of the Swiss national Prof. Dr Edgar Fluri, who has particularly great experience abroad, as well as the election of the US citizen Stephen Clark, who was President and Chief Executive Officer of Brenntag North America, Inc. from 1990 to 2006, the company is also documenting its claim to internationality, also with regard to its Supervisory Board members. In line with the Supervisory Board objectives, as of December 31, 2012 only two members of the Supervisory Board hold office (advisory board and administrative board mandates) at customers', suppliers' or lenders' of the company. In number 5.4.2 of the Code as last amended, the previous definition of independent was replaced by a list of negative examples. According to this list, a Supervisory Board member is not to be considered independent in particular if he/she has personal or business relations with the company, its executive bodies, a controlling shareholder or an enterprise associated with the latter which may cause a substantial and not merely temporary conflict of interests. In the reporting period, no member of the Supervisory Board was dependent in this regard. Even above and beyond the examples expressly mentioned, there is no indication that the Supervisory Board members are not independent. In line with Brenntag's objectives, the aim is to increase the number of women members on the Supervisory Board in addition to Ms Doreen Nowotne.

Again no special objectives with regard to employee representatives have been set since the Supervisory Board of Brenntag AG has no employee representatives as members. Finally, in line with the Rules of Procedure of the Supervisory Board, no member of the Supervisory Board will turn 70 during the current term of office. As all Supervisory Board members are independent within the meaning of number 5.4.2 of the German Corporate Governance Code and otherwise no changes in the composition of the Supervisory Board have taken place, the Supervisory Board not only complies with the requirements of the Code but in this reporting period again fully meets the objectives with regard to its composition which it has set itself.

**SHARES HELD BY BOARD OF MANAGEMENT AND SUPERVISORY BOARD:** On December 31, 2012, no member of the Board of Management or the Supervisory Board held share packages of Brenntag AG or financial instruments relating to such shares, which in each case exceed 1% of the shares in Brenntag AG either directly or indirectly. At that date, the total number of shares held by all members of the Board of Management and Supervisory Board together also did not exceed 1% of the shares in the company.

**AVOIDANCE OF CONFLICTS OF INTEREST ON THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD:** There were again no advisory or other service agreements and contracts for work between a member of the Supervisory Board and the company or the other consolidated subsidiaries in the reporting period

2012. There were no conflicts of interest of Board of Management or Supervisory Board members which are to be reported immediately to the Supervisory Board. Stephen Clark abstained in the vote on the resolution on tax parity agreements granted by the then shareholder of the company, Brachem Acquisition S.C.A. Details are to be found in the Report from the Supervisory Board. Further mandates held by the members of the Supervisory Board on supervisory boards to be established by law or on comparable domestic and foreign supervisory bodies of business enterprises are listed in detail on pages 52 ff. "No member of the Board of Management has accepted more than a total of three supervisory board mandates in non-group listed companies or in supervisory bodies of companies which make similar requirements."

## DETAILED LIST OF THE MANDATES

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**REPORTABLE SECURITIES TRANSACTIONS OF BOARD OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS:**

Pursuant to section 15a of the German Securities Trading Act (WpHG), members of the Board of Management and Supervisory Board as well as related parties are obliged to report the purchase or sale of Brenntag shares or related financial instruments if the value of the transactions which they have made in one calendar year reaches or exceeds EUR 5,000. In the 2012 financial year, 15 transactions were reported to Brenntag AG, including 14 with a volume of at least EUR 5,000, all of which were duly published and can also be accessed at any time on the website of Brenntag AG under the section Directors' Dealings.

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

**SHAREHOLDERS AND GENERAL SHAREHOLDERS' MEETING:** To the extent provided for in the Articles of Association, the shareholders of Brenntag AG exercise their rights before or during the General Shareholders' Meeting and, in this respect, exercise their voting rights. The chairman of the Supervisory Board presides over the General Shareholders' Meeting. The ordinary General Shareholders' Meeting takes place once a year. Each share carries one vote in the General Shareholders' Meeting. Shareholders who are registered with the share register of the company and whose application for participation is received by the company or any other body designated in the notice of the respective General Shareholders' Meeting in good time before the General Shareholders' Meeting are entitled to participate in the General Shareholders' Meeting and exercise their voting rights. Shareholders may exercise their right to vote in the General Shareholders' Meeting either personally or through a representative of their choice, or by a company-appointed proxy acting on their instructions. As in the previous year, shareholders were offered the option of exercising their right to vote at the 2012 General Shareholders' Meeting in writing by postal vote, without appointing a person to represent them. It is also planned to offer the

option of postal voting for the 2013 General Shareholders' Meeting. Brenntag AG posts the Annual Report on the past financial year on its website promptly after the Supervisory Board meeting at which the annual financial statements are adopted. As in the previous year, notice of the 2013 General Shareholders' Meeting will be given at least 36 days before the date on which it is to be held. The invitation to attend will include a list of items on the agenda as well as an explanation of conditions for attendance and the rights of the shareholders. All documents and information on the forthcoming General Shareholders' Meeting are also available in good time for downloading from the website of Brenntag AG. After the General Shareholders' Meeting, Brenntag AG publishes attendance and the results of votes on the Internet.

FOR DETAILS ON THE INTERNAL RISK MANAGEMENT AND CONTROL SYSTEM SEE PAGE 98 FF.

**APPROPRIATE RISK MANAGEMENT AND CONTROL:** An effective risk management and control system is a prerequisite for the Board of Management and Supervisory Board of Brenntag AG to ensure that opportunities and risks arising from the business activities of Brenntag AG and its subsidiaries are handled appropriately. One particular focus remains the financial risks, in particular the liquidity and credit default risks. Systematic risk management enables risks to be identified and assessed at an early stage and risk positions to be optimized. The Board of Management reports regularly to the Supervisory Board on any existing risks and their development. The Audit Committee of the Supervisory Board is responsible for monitoring the accounting process, effectiveness and efficiency of the company's internal controls, risk management and the internal audit system. The Audit Committee's work is described in detail on page 48.

Brenntag AG's controlling, risk management and audit systems are continually refined and regularly adapted to changing conditions. Details on the internal control and risk management system are to be found on pages 98 ff.

#### TRANSPARENCY AND EQUAL TREATMENT THROUGH COMPREHENSIVE

**INFORMATION:** Brenntag AG aims to ensure that communications with the capital market are as transparent as possible and that all market stakeholders are treated equally. Hereby, it is made sure that all market stakeholders receive information promptly and on an equal basis. The Brenntag AG website offers shareholders and potential investors information on the latest developments in the company at all times. In particular, press releases and ad-hoc news are published on the Brenntag website in both German and English. The Articles of Association and the last interim reports of Brenntag AG are also available for downloading.

Brenntag AG continues to maintain a close dialogue with its shareholders and potential investors. For example, Brenntag AG holds regular analysts conferences and meets with investors. The places and dates of the analysts and investors conferences, conference calls and road shows are also posted on the

Brenntag website, as are the relevant presentations of past events. In addition to these dates, the market stakeholders, the media and general public are also informed of other regular dates, such as the date of the General Shareholders' Meeting, in the financial calendar on the website. The financial calendar is also published on the last page of this Annual Report.

**ACCOUNTING AND FINANCIAL STATEMENT AUDITING:** Both the consolidated financial statements and the interim reports of Brenntag AG are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The statutory parent-company financial statements of Brenntag AG, on which the dividend payment is based, are drawn up in accordance with German GAAP (HGB). For the 2012 financial year, we again agreed with the financial statement auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, that the chairman of the Audit Committee would be informed immediately of any possible grounds for exclusion or bias arising during the audit insofar as they are not immediately eliminated, and that the auditors would report immediately on any findings or occurrences during the audit which have a significant bearing on the duties of the Supervisory Board. It was also agreed that the auditors would inform the Supervisory Board or make a note in the audit report of any facts ascertained during their examination that conflict with the declaration of compliance with the Government Commission's recommendation known as the German Corporate Governance Code; this declaration was issued by the Board of Management and Supervisory Board pursuant to section 161 of the German Stock Corporation Act.

## REMUNERATION REPORT

The remuneration report summarizes the principles applied to the determination of the total remuneration of the Brenntag AG Board of Management members and explains the structure and amount of their remuneration. Furthermore, the principles and the amount of remuneration of the Supervisory Board members are described. The remuneration report is based on the recommendations of the German Corporate Governance Code and fulfils the requirements in the applicable provisions of section 314, para. 1, No. 6a and section 315, para. 2, No. 4 of the German Commercial Code. The remuneration report can be found in the combined group management report and management report of Brenntag AG, which is part of the Annual Report for the 2012 financial year.

REMUNERATION REPORT  
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## DECLARATION OF COMPLIANCE

**DECLARATION OF COMPLIANCE WITH THE RECOMMENDATIONS OF THE GOVERNMENT COMMISSION “GERMAN CORPORATE GOVERNANCE CODE”:** On December 19, 2012, the Board of Management and Supervisory Board made the following declaration on the recommendations of the Government Commission “German Corporate Governance Code” in accordance with section 161, para. 1 of the German Stock Corporation Act:

“The Board of Management and the Supervisory Board hereby declare that Brenntag AG complies and plans to continue to comply with all recommendations of the Government Commission “German Corporate Governance Code” in the version dated May 15, 2012, announced by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette). Furthermore, the Board of Management and the Supervisory Board hereby declare that since the last declaration on December 16, 2011, Brenntag AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated May 26, 2010.”

The current declaration of compliance and declarations of the previous year can be viewed at any time on the company’s website.

### COMPLIANCE REPORT AND DISCLOSURES ON CORPORATE GOVERNANCE

**PRACTICES:** As a global company, Brenntag is subject to a large number of laws, directives, regulations and ordinances. Furthermore, Brenntag’s highest priorities are honesty and integrity. Comprehensive rules of conduct for all our employees (Compliance Rules) summarize the standards Brenntag applies in all its business activities. The Compliance Rules contain fundamental requirements on areas such as health, safety and the environment, dealings with customers, suppliers and public institutions, competition and antitrust law, avoidance of conflicts of interest as well as data privacy and information security. The aim is to give all employees guidance in the legal and ethical challenges of their daily work and to encourage proper conduct.

The Compliance Rules have been communicated throughout the Brenntag Group. Their observance by the respective management teams of the subsidiaries is monitored. Every infringement of the compliance rules may lead to disciplinary action and is punished in line with the normal company policies.

These compliance requirements have been summarized in the Brenntag Business Principles which are freely available on the website at [www.brenntag.com/business\\_principles](http://www.brenntag.com/business_principles).

Compliance work focuses particularly on observing antitrust law requirements as well as environmental and health protection. Therefore, employee training

courses on these subjects were again held in the reporting year. The aim is to keep the employees' knowledge up-to-date and avoid any illegal actions as well as to protect the environment and employees.

Brenntag has installed established procedures throughout the Group for receiving and handling complaints and anonymous reports of questionable matters. The information received is treated in strict confidence so the source of the information does not suffer any negative consequences from making complaints or reports. The reports received are examined and appropriate action is taken if a compliance infringement has taken place. In the reporting period, the function of a Governance, Risk & Compliance (GRC) Manager was created at Brenntag AG to steer these processes. Material complaints and reports as well as general questions on compliance are discussed in a Compliance Committee, an internal advisory body whose members include the heads of department of Brenntag AG.

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

#### **WORKING PRACTICES OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD AS WELL AS COMPOSITION AND WORKING PRACTICES OF ITS COMMITTEES**

##### **Shareholders and General Shareholders' Meeting**

Information on the rights of the shareholders and on the organization and conduct of the General Shareholders' Meeting is to be found in the Corporate Governance Report on page 39.

##### **Supervisory Board**

As in the previous year, the Supervisory Board of Brenntag AG has six members. The chairman of the Supervisory Board is Stefan Zuschke. There are no employee representatives on the Supervisory Board of Brenntag AG as the German One-Third Employee Participation Act is not applicable. The Supervisory Board members are in principle elected for a period up to the conclusion of the General Shareholders' Meeting which resolves on the formal discharge of the Supervisory Board for the fourth financial year after commencement of the respective term of office. The financial year in which the term of office starts is not counted for this purpose. The General Shareholders' Meeting can determine a shorter period. The re-election of members of the Supervisory Board is possible.

MEMBERS OF THE  
SUPERVISORY BOARD  
[WWW.BRENNTAG.COM/  
SUPERVISORY\\_BOARD](http://WWW.BRENNTAG.COM/SUPERVISORY_BOARD)

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The Supervisory Board advises and supervises the Board of Management in the management of the company. It appoints and dismisses the members of the Board of Management and respects diversity when appointing the Board of Management in line with the recommendations of the Government Commission "German Corporate Governance Code". The Supervisory Board has adopted rules of procedure and, according to these rules, holds at least two meetings in the first two quarters and at least two meetings in the last two quarters of each calendar year. Additional meetings are held if necessary.

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

The Supervisory Board regularly discusses the company's strategy with the Board of Management and the progress made in its implementation. Furthermore, the Board of Management regularly informs the Supervisory Board of all issues important to Brenntag with regard to planning, business development, the risk situation and risk management in compliance with section 90 of the German Stock Corporation Act. The Supervisory Board also decides the Board of Management's business plan assignment if the latter cannot decide it unanimously itself.

Furthermore, the consent of the Supervisory Board is required for some major Board of Management decisions, including but not limited to major changes in the business strategy of the Brenntag Group, the acquisition or sale of land, companies or business operations if the price or value exceeds EUR 15 million, or agreements in connection with the granting or raising of loans or the assumption of guarantees, the amount of which exceeds EUR 50 million in each specific case.

The Supervisory Board has regulated the work of the Board of Management in rules of procedure for the Board of Management, in particular the matters which have to be dealt with by the entire Board of Management as well as the necessary majority for Board of Management resolutions.

Information on the remuneration of the Supervisory Board members can be found in the remuneration report on pages 93 ff of the combined management report.

The Supervisory Board reviews the efficiency of its activities on a regular basis but at least once every two years. The last efficiency review took place on December 16, 2011.

## Committees of the Supervisory Board

The Supervisory Board has set up two committees from among its members, the Presiding and Nomination Committee as well as the Audit Committee. The members of the committees are appointed for the entire period of office as members of the Supervisory Board. The committees may also take decisions in place of the Supervisory Board. They have a quorum if at least three of their members take part in the adoption of the resolution. Each committee chairman reports regularly to the Supervisory Board on the committee activities.

## Presiding and Nomination Committee

There were no changes made to the composition of the Presiding and Nomination Committee in 2012. It consists of the chairman of the Supervisory Board, Stefan Zuschke, and two other members, Dr Thomas Ludwig and Dr Andreas Rittstieg. The chairman of the Supervisory Board is also the chairman of the Presiding and Nomination Committee. The Committee prepares the staffing decisions and meetings of the Supervisory Board and, provided that it is not legally required that the tasks are performed by the entire Supervisory Board, has the task of preparing the following resolutions of the Supervisory Board:

- on concluding, altering and terminating the service agreements of members of the Board of Management within the structure of the remuneration system adopted by the Supervisory Board,
- on applying to court to reduce the remuneration of the Board of Management members in accordance with section 87, para. 2 of the German Stock Corporation Act, and
- on the structure of the remuneration system for the Board of Management, including the essential contractual elements and providing the Supervisory Board with information necessary for it to verify the compensation system on a regular basis.

Furthermore, the Committee represents Brenntag AG vis-à-vis former members of the Board of Management in accordance with section 112 of the German Stock Corporation Act, consents to sideline occupations of Board of Management members in accordance with section 88 of the German Stock Corporation Act and grants loans to the persons named in section 89 and 115 of the German Stock Corporation Act. In addition, the Committee approves contracts with Supervisory Board members in accordance with section 114 of the German Stock Corporation Act and proposes suitable candidates as Supervisory Board members to the General Shareholders' Meeting in case of election of Supervisory Board members. Finally, it is the Committee's task to monitor compliance with the Board of Management's rules of procedure.

### Audit Committee

The Audit Committee has three members who are appointed by the Supervisory Board. They are Prof. Dr Edgar Fluri (chairman), Doreen Nowotne and Stephen Clark.

In line with the recommendation of the German Corporate Governance Code (number 5.3.2), the chairman of the Audit Committee is to have special knowledge of and experience in applying accounting principles as well as internal control procedures and should not be a former member of the Board of Management whose appointment ended less than two years prior to his appointment as chairman of the Audit Committee. These requirements are met by Prof. Dr Edgar Fluri.

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

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

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

In addition, the Audit Committee discusses the financial, investment and liquidity planning with the Board of Management, including the planning with respect to the observance of financial covenants and the adequacy of interest hedging for the Group as well as deviations of the actual development from targets previously reported. The Audit Committee is responsible for the receipt and handling of complaints by employees and third parties about the accounting, internal company control system, risk management, audit of the financial statements and other accounting-related issues (whistleblowing).

The Audit Committee may assume other tasks which the Supervisory Board assigns to it. It obtains regular reports about the work of the Corporate Internal Audit department, in particular about that department's audit focuses and audit findings. The same applies to risk management and the monitoring of compliance. The Audit Committee meets at least four times in each calendar year. The chairman of the Audit Committee reports regularly to the Supervisory Board.

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### Board of Management

Since April 1, 2012, the Board of Management of Brenntag AG is for the first time made up of four members. Steven Holland remains Chairman of the Board of Management.

After the appointment of Georg Müller and his assumption of the function of CFO effective July 1, 2012, the areas of responsibility of the individual Board of Management members were reassigned as follows:

#### ① GEORG MÜLLER, CFO

- Corporate Finance & Investor Relations
- Corporate IT
- Corporate Legal
- Corporate Tax
- Corporate Controlling
- Corporate Risk Management
- Corporate Group Accounting

#### ② JÜRGEN BUCHSTEINER

- Asia Pacific region
- Corporate M&A

#### ③ STEVEN E. HOLLAND, CEO

- Europe region
- Corporate Communications
- Corporate Development
- Corporate Human Resources
- Corporate Health, Safety and Environment
- Corporate Internal Audit

#### ④ WILLIAM A. FIDLER

- North America region
- Latin America region
- Global Sourcing

235°

①





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**MEMBERS OF THE BOARD OF MANAGEMENT**  
**WWW.BRENNTAG.COM/MANAGEMENT**

The members of the Board of Management bear joint responsibility for the entire management of the company's business. They work together in a spirit of collective responsibility and keep one another informed about all major business transactions and measures adopted in their respective areas of responsibility. Notwithstanding the joint responsibility of all Board of Management members for the conduct of Brenntag AG's business, each Board member is individually responsible for the areas assigned to him under the assignment of business plan or through other resolutions of the Board of Management. The Board of Management is responsible for independently managing the business of Brenntag AG. In doing so, it must act in the company's best interest. The Board of Management operates in accordance with the applicable laws and the provisions of their individual service agreements as well as the rules of procedure and the assignment of business plan, both of them adopted by the Supervisory Board. The Board of Management ensures general compliance within the company (including the observance of internal rules of conduct), works towards the observance by the subsidiaries of all applicable external and internal rules and ensures appropriate risk management and risk monitoring. It develops the strategy of Brenntag AG in cooperation with the Supervisory Board and discusses the current status of its implementation with the Supervisory Board at regular intervals.

The Board of Management must regularly inform the Supervisory Board, in due time and comprehensively, of all issues important to Brenntag AG and its subsidiaries with regard to planning, business development, the risk situation, risk management and compliance.

The Board of Management requires the prior consent of the Supervisory Board for certain major matters (see section "Supervisory Board").

In addition to transactions for which a resolution adopted by the Board of Management is required by law or by the Articles of Association of Brenntag AG, the following measures in particular require a resolution adopted by the entire Board of Management:

- Board of Management's reports to the Supervisory Board,
- fundamental organizational measures, such as the conclusion of company agreements, transformation measures within the meaning of the German Transformation of Companies Act or acquisitions, carve-out or sale of material parts of the company as well as strategy and business planning issues (section 90, para. 1, No. 1 of the German Stock Corporation Act),
- measures related to the implementation and controlling of a monitoring system (section 91, para. 2 of the German Stock Corporation Act),
- issuance of the declaration of compliance (section 161, para. 1 of the German Stock Corporation Act),
- the annual financial statements and the management report,

- convening of the General Shareholders' Meeting as well as the Board of Management's requests and proposals for resolutions to be dealt with and voted on at the General Shareholders' Meeting,
- matters with respect to which the chairman or any two members have requested a resolution by the Board of Management.

The Board of Management is to meet every two weeks but at least once a month. The Board of Management has a quorum if all its members have received invitations to the meeting and at least half of its members participate in adopting resolutions. Resolutions may be adopted outside meetings either by circulating the documents or in another form. The Board of Management must do everything in its power to ensure that its resolutions are adopted unanimously. Should unanimity not be achievable, it is to adopt resolutions with the simple majority of the members of the Board participating in the vote, insofar as other majorities are not prescribed by law or by the Articles of Association of Brenntag AG. In the event of a tie, the chairman of the Board of Management has a second vote. The remuneration of the Board of Management members is given in detail in the remuneration report on page 84 ff. of the combined management report.

The Board of Management has not set up any committees.

## OFFICES OF BOARD OF MANAGEMENT AND SUPERVISORY BOARD

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

**Steven Holland,**

North Kilvington, Thirsk/United Kingdom, Chief Executive Officer

- BRENNTAG GmbH (Chairman of the Supervisory Board)
- BRENNTAG (Holding) B.V. (Member of the Supervisory Board)
- Brenntag HoldCo B.V. (Member of the Supervisory Board)
- Brenntag NEDERLAND B.V. (Member of the Supervisory Board)
- BRENNTAG Polska sp. z o.o. (Chairman of the Supervisory Board)
- BRENNTAG QUIMICA, S.A.U. (Member of the Administrative Board)
- BRENNTAG SA (Chairman of the Supervisory Board)
- HCI Central Europe Holding B.V. (Member of the Supervisory Board)

**Georg Müller,**

Essen/Germany, Chief Financial Officer (since July 1, 2012)

- none

**Jürgen Buchsteiner,**

Mettmann/Germany, Member of the Board of Management  
(Chief Financial Officer until June 30, 2012)

- BRENNTAG GmbH (Member of the Supervisory Board, until July 31, 2012)
- Brenntag NEDERLAND B.V. (Member of the Supervisory Board,  
until July 9, 2012)
- BRENNTAG Polska sp. z o.o. (Member of the Supervisory Board,  
until July 31, 2012)
- BRENNTAG QUIMICA, S.A.U. (Member of the Administrative Board,  
until July 31, 2012)
- BRENNTAG SA (Deputy Chairman of the Supervisory Board, until July 9, 2012)
- Brenntag (Shanghai) Chemical Trading Co. Ltd. (Supervisor/Supervisory Body)
- HCI U.S.A. Holdings B.V. (Member of the Supervisory Board)
- Holland Chemical International B.V. (Member of the Supervisory Board)

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

- none

These offices are exclusively offices held in Group company bodies.

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

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

- Aenova Holding GmbH (Chairman of the Advisory Board,  
since September 27, 2012)
- Brachem Acquisition S.C.A. (Member of the Advisory Board)
- Nils Swed AB (non-executive director on the Board of Directors)
- Nils Norway I AS (non-executive director on the Board of Directors)
- Nils Norway II AS (non-executive director on the Board of Directors)
- OME Acquisition S.C.A. (Member of the Advisory Board)
- OME Investment Acquisition S.C.A. (Member of the Advisory Board)
- SL Lux Investment (Member of the Advisory Board)
- SMIT Transformatoren B.V. (Chairman of the Supervisory Board)

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

- Bandstahl Schulte & Co. GmbH (Chairman of the Advisory Board)
- DALLI-WERKE GmbH & Co. KG (Member of the Advisory Board)
- Grünenthal GmbH (Deputy Chairman of the Advisory Board)
- Plasticum Group B.V. (Chairman of the Supervisory Board,  
since September 21, 2012)
- Rölf's RP AG Wirtschaftsprüfungsgesellschaft (Chairman of the Supervisory Board, until July 26, 2012)
- 7(S)Personal GmbH (Chairman of the Supervisory Board)
- TRIMET AG (Chairman of the Supervisory Board)
- TRIMET ALUMINIUM AG (Member of the Supervisory Board)
- Weener Plastik GmbH (Chairman of the Supervisory Board,  
since March 8, 2012)

**Stephen Clark,**  
Wyomissing/USA, Businessman

- none

**Prof. Dr Edgar Fluri,**  
Binningen/Switzerland, Auditor

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

**Doreen Nowotne,**  
Hamburg/Germany, Business Consultant

- OME Acquisition S.C.A. (Member of the Advisory Board)
- OME Investment Acquisition S.C.A. (Member of the Advisory Board)
- PUCC Investments S.C.A. (Member of the Advisory Board)
- SMIT Transformatoren B.V. (Member of the Supervisory Board)

**Dr Andreas Rittstieg,**  
Hamburg/Germany, Lawyer

- Berenberg Bank (Member of the Administrative Board)
- Hapag-Lloyd AG (Member of the Supervisory Board)
- Hapag-Lloyd Holding AG (Member of the Supervisory Board)
- Huesker Holding GmbH (Member of the Advisory Board)
- Kühne Holding AG (Member of the Administrative Board,  
since October 31, 2012)
- Tomorrow Focus AG (Deputy Chairman of the Supervisory Board)
- Turina Holding GmbH & Co. KG (Member of the Advisory Board,  
until December 31, 2012)

# COMBINED GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT OF BRENNTAG AG

for the financial year from January 1 to December 31, 2012

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## BUSINESS AND ECONOMIC ENVIRONMENT

### BUSINESS ACTIVITIES AND GROUP STRUCTURE

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

Linking chemical manufacturers (our suppliers) and chemical users (our customers), Brenntag provides complete distribution solutions rather than just chemical products. Brenntag purchases large-scale quantities of industrial and specialty chemicals from various suppliers, enabling the company to achieve economies of scale and offer its more than 170,000 customers a full-line range of chemical products. Brenntag is the strategic partner and service provider for manufacturers of industrial and specialty chemicals at the one end and chemical users at the other end of the value chain.

Brenntag stores the products it purchases in its owned and leased distribution facilities, packs them into quantities the customers require and delivers them, typically in less-than-truckloads. Brenntag's customers are active worldwide in diverse end-market industries such as adhesives, paints, oil & gas, food, water treatment, personal care and pharmaceuticals. In order to be able to react quickly to the market and customers' and suppliers' requirements, Brenntag manages its business regionally from branches in Europe, North America, Latin America and Asia Pacific. Brenntag offers a broad range of over 10,000 products as well as extensive value-added services (such as just-in-time delivery, product mixing, blending, repackaging, inventory management, drum return handling as well as technical and laboratory services for specialty chemicals). High diversification means that Brenntag is largely independent from the volatility of specific market segments or regions.

Brenntag is the global market leader in full-line chemical distribution. We define market leader not just by business volume but also associate it with our philosophy of continually improving the safety standards at our sites. As a responsible service provider, we continually strive to achieve further improvements in the overall safety performance in the Group.

**GROUP STRUCTURE** As the ultimate holding company, Brenntag AG is responsible for the strategy of the Group, risk management and central financing. Further central functions of Brenntag AG are Controlling, HSE (Health, Safety and Environment), Investor Relations, IT, Group Accounting, Mergers & Acquisitions, International Human Resources Management, Cor-

FURTHER INFORMATION ON HSE:  
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porate Development, Corporate Communications, Legal, Corporate Internal Audit and Tax.

The consolidated financial statements include as at December 31, 2012 Brenntag AG, 26 domestic (December 31, 2011: 26) and 194 foreign (December 31, 2011: 189) fully consolidated subsidiaries and special purpose entities. Five associates (December 31, 2011: five) have been accounted for at equity.

The following graph gives an overview of the global network of the Brenntag Group, which is managed by the regionally structured segments Europe, North America, Latin America and Asia Pacific. Furthermore, All Other Segments cover the central functions for the entire Group, the sourcing activities in China and the international business of Brenntag International Chemicals.

<b>NORTH AMERICA</b>			<b>EUROPE</b>		
		2012			2012
External sales	EUR m	3,065.2	External sales	EUR m	4,549.0
Operating gross profit	EUR m	742.3	Operating gross profit	EUR m	927.9
Operating EBITDA	EUR m	321.5	Operating EBITDA	EUR m	301.6
Employees <sup>1)</sup>		3,886	Employees <sup>1)</sup>		6,128

<b>LATIN AMERICA</b>			<b>ASIA PACIFIC</b>		
		2012			2012
External sales	EUR m	919.0	External sales	EUR m	707.6
Operating gross profit	EUR m	169.6	Operating gross profit	EUR m	111.6
Operating EBITDA	EUR m	56.9	Operating EBITDA	EUR m	49.4
Employees <sup>1)</sup>		1,414	Employees <sup>1)</sup>		1,408



Figures exclude All Other Segments, which, in addition to various holding companies and our sourcing activities in China, cover the international activities of Brenntag International Chemicals.

<sup>1)</sup> Employees are defined as number of employees on the basis of full-time equivalents at the reporting date.

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Para. 4 and Section 315, Para 4, of the  
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## CORPORATE STRATEGY

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

Against this background, our goal for the future is to remain the preferred distributor for both specialty and industrial chemicals for our customers and suppliers and, at the same time, the industry leader in safety, growth and profitability. We aim to achieve this with a clear growth strategy geared to steadily expanding our leading market positions while continually improving profitability.

### Organic growth and acquisitions

#### EXTENSION OF OUR MARKET LEADERSHIP

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

In addition, we continue to seek acquisition opportunities that support our overall strategy. Our strategic focus is on expanding our presence in emerging markets, particularly in the Asia Pacific region, in Latin America and Eastern Europe, to capture the expected strong growth in demand for chemicals in these regions. Today, we already generate almost 30% of our total sales in the emerging markets. In the established markets of Europe and North America, we continue to further develop our product and service portfolio as well as to optimize our nationwide distribution network, also through acquisitions.

### Steadily improving profitability

A further element of our strategy is to continually and systematically increase profitability. On the basis of our entrepreneurial culture, our operational excellence and our resilient business model, we strive to steadily increase our operating gross profits, EBITDA, cash flows and return on assets. Extending the scope of our operations, both organically and through acquisitions, and achieving the resulting economies of scale are major levers for increasing our profitability and returns.

The systematic implementation of our strategy is based on global and regional initiatives. We seek to effectively leverage our capabilities through accelerated and targeted growth in the particularly attractive industries: water treatment, personal care, pharmaceuticals, food & beverages, oil & gas as well as adhesives, coatings, elastomers and sealants. We are also focusing on further expanding business with regional, pan-regional and global key accounts, sectors where our broad product offering and far-reaching geo-

graphic network provide unrivalled service capabilities. In addition, we will continue to actively realize the potential offered by the trend for chemical producers to outsource activities. Further initiatives focus on growing the customer-specific mixing and blending business by providing value-added services.

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

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

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

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

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

FURTHER INFORMATION AT:  
[WWW.BRENNTAG.COM/  
KEY\\_ACCOUNT\\_MANAGEMENT](http://WWW.BRENNTAG.COM/KEY_ACCOUNT_MANAGEMENT)

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## OVERALL ECONOMY

The global economy cooled as 2012 progressed with growth slowing significantly, particularly in the emerging markets. At the same time, economic development in the mature economies remained rather weak or lost momentum during the year. Global industrial output slowed considerably from nearly 6% to approximately 3.5% over the course of 2012. Signs of stabilization emerged at the end of the year as the Global Manufacturing Purchasing Managers' Index rose above the neutral mark of 50 in December for the first time since May 2012.

A number of European countries remained in recession in 2012, which affected the rest of the world through weaker international trade flows. For the year as a whole, GDP in the eurozone fell by about 0.4% in 2012, while GDP in the Central and East European countries grew by about 1.7% in 2012. Industrial output in Europe fell by just under 2% in 2012 compared with the previous year. Western Europe contributed to this negative development with industrial output declining by some 2.7% in 2012 compared with 2011. By contrast, Eastern Europe enjoyed moderate growth of roughly 1.5%.

Economic development in the USA slowed during the course of 2012. The debate surrounding the fiscal cliff fuelled concern among many companies and therefore impacted investment and hiring activities. Overall, measured by GDP, the US economy grew at a slightly higher rate of 2.3% versus 2011 at 1.8%. Industrial output rose by some 3.7% in 2012 slightly down from the prior-year growth rate of about 4%.

In Latin America, GDP growth in 2012 fell to 2.7% as against 4.2% in the prior year. Industrial output was flat in 2012 and well below the 3.2% growth rate seen in the previous year.

In Asia, the pace of growth also slowed in 2012, partly as a result of weaker demand from abroad. Overall, economic growth in Asia fell to some 6% in 2012 (approx. 8% in the previous year). The picture was similar for the growth of industrial output, which slowed from slightly over 11% in the previous year to almost 8% in 2012. The economy started to pick up again in some Asian countries at the end of 2012. For example, industrial output in China was up by 10% in November 2012 in a year-on-year comparison; that was the sharpest rise since March 2012. This momentum increasingly came from China's strong domestic economy, which was also driven by an expansive economic policy.

## BUSINESS PERFORMANCE

### MAJOR EVENTS IMPACTING ON BUSINESS IN 2012

By acquiring the ISM/Salkat Group in July 2012, one of the leading distributors of specialty chemicals in Australia and New Zealand, Brenntag is further expanding its market position in this region and enlarging its existing specialty chemicals portfolio. In 2012, the ISM/Salkat Group posted annual sales of EUR 84.8 million. The income and expenses of ISM/Salkat have been included in the Brenntag consolidated financial statements on a pro-rata temporis basis since July 2012.

ACQUISITIONS SUCCESSFULLY  
COMPLETED IN 2012

In July, Brenntag bought the US company THE TREAT-EM-RITE CORPORATION (TER Corporation), a chemical distribution company for the oil and gas industry. TER Corporation based in Pearsall, Texas, provides customers with production (well-treating) chemicals and specialized services which help to optimize a well's productivity. This acquisition has given Brenntag access to the market in one of the fastest-growing natural gas shale areas in the USA. There are also cross-selling opportunities with the products of our existing subsidiaries. For the 2012 financial year, the company generated sales of EUR 11.6 million.

In December 2012, Brenntag closed the deal to acquire the Delanta Group, a specialty chemical distributor with presence in the southern cone of Latin America. The Delanta Group supplies specialty chemicals to various industries, including the paints and coatings, ceramics, construction and food industries. In the 2012 financial year, the Delanta Group generated sales of EUR 21.1 million.

We acquired the Altivia Corporation, a water treatment chemical distributor headquartered in Texas, effective December 31, 2012. This acquisition will strengthen Brenntag's position in the water treatment business, which is one of its declared focus industries. The strategically located facility in Houston with barge and rail capabilities will permit efficiency gains. Moreover, we are expecting that the merger of the acquired infrastructure with our existing locations will reduce future investment spending. Altivia recorded sales of EUR 63.0 million in the 2012 financial year. As at December 31, 2012, the Brenntag consolidated financial statements do not yet include any income and expenses but only the assets and liabilities of the company.

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**NEW RECORD RESULT IN THE  
COMPANY'S HISTORY****SUCCESSFUL IMPLEMENTATION OF  
OUR STRATEGY****STATEMENT BY THE BOARD OF MANAGEMENT ON  
BUSINESS PERFORMANCE**

The global economy lost momentum during 2012. Economic growth was impacted, particularly in Europe by the euro crisis. Nevertheless, the Brenntag Group again increased both sales and gross profit in the 2012 financial year, posting a new record result. We continued the successful execution of our strategy. Furthermore, the ISM/Salkat Group, acquired in 2012, and the full-year inclusion of the Multisol Group and the Zhong Yung Group, both acquired in 2011, contributed quite considerably to this pleasing development of results.

Operating expenses of the Brenntag Group increased in line with the larger business volume. However, we also saw the first cost savings from the efficiency-enhancement programme introduced in Europe.

The Brenntag Group again increased operating EBITDA and all other major earnings parameters in the 2012 financial year. The acquisitions, in particular the ISM/Salkat Group and the full-year inclusion of the Zhong Yung Group and the Multisol Group, made a major contribution to this development of earnings.

Average working capital rose compared with the level at the end of 2011. This is mainly due to higher sales and the acquisitions made. The annualized working capital turnover rate decreased slightly.

Investment in property, plant and equipment increased moderately compared with the level in 2011. We continue to make appropriate investment in our existing infrastructure as well as in growth projects.

Given the overall economic environment, our business performance and the development of the results of operations and the company's financial condition were again highly positive in 2012. This is also reflected in the free cash flow which we increased significantly compared with the previous year.

# RESULTS OF OPERATIONS AND FINANCIAL CONDITION

## RESULTS OF OPERATIONS

### BUSINESS PERFORMANCE OF THE BRENNETAG GROUP

in EUR m	2012	2011	abs.	Change	
				in %	in % (fx adj.) <sup>2)</sup>
Sales	9,689.9	8,679.3	1,010.6	11.6	7.7
Operating gross profit	1,968.4	1,807.6	160.8	8.9	4.5
Operating expenses	-1,261.8	-1,146.7	-115.1	10.0	5.9
<b>Operating EBITDA</b>	<b>706.6</b>	<b>660.9</b>	<b>45.7</b>	<b>6.9</b>	<b>2.2</b>
Transaction costs / holding charges	-	-2.1	2.1	-	-
<b>EBITDA (incl. transaction costs / holding charges)</b>	<b>706.6</b>	<b>658.8</b>	<b>47.8</b>	<b>7.3</b>	<b>2.5</b>
Depreciation of property, plant and equipment and investment property	-96.2	-88.9	-7.3	8.2	4.6
EBITA <sup>1)</sup>	610.4	569.9	40.5	7.1	2.1
Amortization of intangible assets	-36.9	-24.1	-12.8	53.1	46.4
Financial result	-94.7	-126.3	31.6	-25.0	-
Profit before tax	478.8	419.5	59.3	14.1	-
Income taxes	-140.6	-140.2	-0.4	0.3	-
Profit after tax	338.2	279.3	58.9	21.1	-

<sup>1)</sup> EBITA is defined as EBITDA less depreciation of property, plant and equipment and investment property.

<sup>2)</sup> Change in % (fx adj.) is the percentage change on a constant currency basis.

### Sales

In 2012, the Brenntag Group recorded external sales of EUR 9,689.9 million, exceeding the figure for 2011 by 11.6% or 7.7% on a constant currency basis. In the Europe and Latin America segments, this growth in sales was mainly due to an increase in the average selling price whereas, in the North America and Asia Pacific segments, it was a result of both higher volumes and a higher average selling price. Sales were significantly influenced by the acquisition of the ISM/Salkat Group and the full-year inclusion of the Zhong Yung Group and Multisol Group, which were acquired in 2011.

**EUR 9,689.9 M**  
SALES

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**EUR 1,968.4 M**  
OPERATING GROSS PROFIT**Operating gross profit**

In 2012, the Brenntag Group grew operating gross profit year-on-year by 8.9% to EUR 1,968.4 million. On a constant currency basis, that was an increase of 4.5% and was largely due to higher average operating gross profit per unit.

**Operating expenses**

In 2012, operating expenses (excluding the financial result, income taxes, depreciation, amortization, transaction costs and holding charges) rose by 10.0% (on a constant currency basis by 5.9%) to EUR 1,261.8 million. This increase was partly due to higher personnel expenses and rents. In addition, the result in Europe was impacted by the costs for efficiency-enhancement measures as well as the adjustment of provisions in connection with regulatory proceedings. On the other hand, in the Europe segment, income resulted from the release of a provision relating to the final settlement of a third-party claim. We also saw the first cost savings from the efficiency-enhancement programme.

**EBITDA**

The key indicator and measure for the financial performance of the Brenntag Group is EBITDA. The segments are primarily controlled on the basis of operating EBITDA, which is the operating profit/loss as recorded in the consolidated income statement plus amortization of intangible assets as well as depreciation of property, plant and equipment and investment property, adjusted for the following items:

- **Transaction costs:** Costs connected with restructuring under company law and refinancing, particularly the refinancing in 2011. They are eliminated for purposes of management reporting to permit proper presentation of the operating performance and comparability on segment level.
- **Holding charges:** Certain costs charged between holding companies and operating companies. On Group level they net to zero.

**EUR 706.6 M**  
EBITDA

Overall, the Brenntag Group posted EBITDA of EUR 706.6 million in 2012, exceeding the prior-year earnings by 7.3% or 2.5% on a constant currency basis. Adjusted for transaction costs and holding charges, operating EBITDA was also EUR 706.6 million, which is an increase of 6.9% compared with the previous year (2.2% on a constant currency basis). This was achieved in a difficult economic climate which cooled increasingly as the year progressed.

**Depreciation, amortization and financial result**

Depreciation and amortization amounted to EUR 133.1 million in 2012. Of this figure, EUR 96.2 million relates to depreciation of property, plant and equipment and investment property as well as EUR 36.9 million to amortization of intangible assets. Overall, depreciation and amortization increased by EUR 20.1 million compared with the previous year. This is largely due to

exchange rate effects as well as higher amortization of customer relationships and brands resulting from acquisitions.

The financial result amounted to EUR -94.7 million in 2012 and therefore clearly improved compared with the previous year (EUR -126.3 million). In addition to the somewhat lower interest level in 2012 and positive effects from the refinancing completed in mid-July 2011, we also benefited from the fact that several long-term interest swaps expired in 2011 which, from today's point of view, had high fixed interest rates.

The result in 2012 from the measurement of foreign currency receivables, foreign currency liabilities and foreign currency derivatives totalling EUR -19.1 million (2011: EUR -10.1 million) is largely connected with our activities in Venezuela. The unfavourable political development and stricter exchange restrictions led to expenses for the establishment of provisions amounting to EUR 10.5 million. The other exchange rate losses include hedging costs as well as the result of foreign currency items which we intentionally either did not hedge or did not hedge completely.

Furthermore, the financial result includes income from the change in the liability for the outstanding purchase price payment from the acquisition of Zhong Yung (International) Chemical Co., Limited, Hong Kong.

#### **Profit before tax**

In 2012, the profit before tax amounted to EUR 478.8 million (2011: EUR 419.5 million).

#### **Income taxes and profit after tax**

At EUR 140.6 million, income tax expense was roughly on a par with the previous year (2011: EUR 140.2 million).

The profit after tax totalled EUR 338.2 million (2011: EUR 279.3 million).

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**BUSINESS PERFORMANCE IN THE SEGMENTS****2012**

in EUR m	<b>Brenntag Group</b>	Europe	North America	Latin America	Asia Pacific	All Other Segments
External sales	9,689.9	4,549.0	3,065.2	919.0	707.6	449.1
Operating gross profit	1,968.4	927.9	742.3	169.6	111.6	17.0
Operating expenses	-1,261.8	-626.3	-420.8	-112.7	-62.2	-39.8
<b>Operating EBITDA</b>	<b>706.6</b>	<b>301.6</b>	<b>321.5</b>	<b>56.9</b>	<b>49.4</b>	<b>-22.8</b>

**EUROPE**

in EUR m	<b>2012</b>	2011	Change		
			abs.	in %	in % (fx adj.)
External sales	4,549.0	4,295.3	253.7	5.9	5.3
Operating gross profit	927.9	898.0	29.9	3.3	2.4
Operating expenses	-626.3	-594.1	-32.2	5.4	4.6
<b>Operating EBITDA</b>	<b>301.6</b>	<b>303.9</b>	<b>-2.3</b>	<b>-0.8</b>	<b>-1.8</b>

**External sales**

In the 2012 financial year, the European companies generated external sales of EUR 4,549.0 million. That is a rise of 5.9% or 5.3% on a constant currency basis compared with the previous year and is mainly due to a higher average selling price. Growth was positively influenced by the full-year inclusion of the Multisol Group acquired in the fourth quarter of 2011.

**Operating gross profit**

Operating gross profit increased in the reporting period by 3.3% and by 2.4% on a constant currency basis to EUR 927.9 million. This development was attributable to higher average operating gross profit per unit while volumes fell slightly.

**Operating expenses**

In 2012, operating expenses rose compared with the prior-year period by 5.4% to EUR 626.3 million. This is an increase of 4.6% on a constant currency basis and is mainly due to higher personnel and energy costs as well as costs for the European efficiency-enhancement programme and the adjustment of provisions in connection with regulatory proceedings. On the other hand, the release of a provision relating to the final settlement of a third-party claim had positive effects. We also benefited from cost savings achieved by the efficiency-enhancement programme.

## Operating EBITDA

In 2012, the Europe segment posted operating EBITDA of EUR 301.6 million, which is a decrease of 0.8% or 1.8% on a constant currency basis and due in part to the above-mentioned one-off expenses and income. This development is to be seen in the context of the continuing recession in Europe and its effects, which our business weathered well, but could also not entirely avoid.

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**NORTH AMERICA**

in EUR m	<b>2012</b>	2011	Change		
			abs.	in %	in % (fx adj.)
External sales	3,065.2	2,725.7	339.5	12.5	3.9
Operating gross profit	742.3	659.7	82.6	12.5	4.0
Operating expenses	-420.8	-377.6	-43.2	11.4	2.9
<b>Operating EBITDA</b>	<b>321.5</b>	<b>282.1</b>	<b>39.4</b>	<b>14.0</b>	<b>5.5</b>

**External sales**

The North America segment generated external sales of EUR 3,065.2 million in 2012. In comparison to the previous year, that is a growth rate of 12.5% or 3.9% on a constant currency basis. This development was mainly due to an increase in volumes delivered to our customers but the higher average selling price was also a contributory factor to this growth.

**Operating gross profit**

In 2012, operating gross profit increased in the North America segment by 12.5% (4.0% on a constant currency basis) to EUR 742.3 million. This rise was driven by both higher average operating gross profit per unit and higher volumes.

**Operating expenses**

Operating expenses totalled EUR 420.8 million in 2012, which is an increase of 11.4% or 2.9% on a constant currency basis. The higher business volume led to a rise in personnel expenses and the volume-related expenses for transport, rents and energy.

**Operating EBITDA**

Overall, the North American companies grew earnings by 14.0% to EUR 321.5 million in 2012. On a constant currency basis, operating EBITDA exceeded the prior-year figure by 5.5%. This result was achieved in an economic environment which became increasingly challenging over the course of the year.

**LATIN AMERICA**

in EUR m	2012	2011	abs.	Change	
				in %	in % (fx adj.)
External sales	919.0	806.9	112.1	13.9	8.5
Operating gross profit	169.6	150.5	19.1	12.7	7.3
Operating expenses	-112.7	-99.1	-13.6	13.7	8.2
<b>Operating EBITDA</b>	<b>56.9</b>	<b>51.4</b>	<b>5.5</b>	<b>10.7</b>	<b>5.6</b>

**External sales**

The Latin American companies grew external sales by 13.9% to EUR 919.0 million in 2012. On a constant currency basis, that is an increase of 8.5%. This rise in external sales was due to a higher average selling price, but volumes were also up slightly.

**Operating gross profit**

In 2012, operating gross profit totalled EUR 169.6 million, which is an increase of 12.7% or 7.3% on a constant currency basis. This was above all a result of higher average operating gross profit per unit.

**Operating expenses**

In 2012, operating expenses totalled EUR 112.7 million, rising by 13.7% or 8.2% on a constant currency basis. This increase was mainly the result of higher costs for personnel, rents, energy and transport.

**Operating EBITDA**

The Latin America segment generated operating EBITDA of EUR 56.9 million in 2012, growing earnings by 10.7% compared with 2011 or 5.6% on a constant currency basis. This result was achieved despite a stagnating macroeconomic environment which gained some momentum only in the second half of 2012.

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**ASIA PACIFIC**

in EUR m	<b>2012</b>	2011	Change		
			abs.	in %	in % (fx adj.)
External sales	707.6	415.4	292.2	70.3	58.4
Operating gross profit	111.6	82.1	29.5	35.9	26.7
Operating expenses	-62.2	-45.2	-17.0	37.6	27.7
<b>Operating EBITDA</b>	<b>49.4</b>	<b>36.9</b>	<b>12.5</b>	<b>33.9</b>	<b>25.4</b>

**External sales**

The companies in the Asia Pacific segment posted external sales of EUR 707.6 million in 2012 and thus showed pleasing growth of 70.3% or 58.4% on a constant currency basis compared with 2011. This increase was attributable to both a higher average selling price and higher volumes and was decisively influenced by the ISM/Salkat Group, acquired in July 2012, and the full-year inclusion of the Zhong Yung Group, which has been consolidated since September 2011.

**Operating gross profit**

In 2012, operating gross profit rose by 35.9% (on a constant currency basis by 26.7%) to EUR 111.6 million. This growth was achieved through the contributions to earnings made by the ISM/Salkat Group and the full-year inclusion of the Zhong Yung Group.

**Operating expenses**

In line with the expansion of the business, operating expenses rose in 2012 by 37.6% or 27.7% on a constant currency basis to EUR 62.2 million compared with the previous year. This is above all due to higher costs for personnel, rents and transport.

**Operating EBITDA**

The Asia Pacific segment recorded operating EBITDA of EUR 49.4 million in 2012, an increase of 33.9% or 25.4% on a constant currency basis in a year-on-year comparison. This growth in earnings was achieved through the acquisition of the ISM/Salkat Group and the full-year inclusion of the Zhong Yung Group. Overall, industrial output in the Asian economies continued to expand in 2012 but at a slower pace than in the prior-year period. The improvement we saw in the second half of the year was driven by accelerating growth in some Asian countries. Particularly China's economy started to pick up again at the end of the year.

**ALL OTHER SEGMENTS**

in EUR m	<b>2012</b>	2011	abs.	Change	
				in %	in % (fx adj.)
External sales	449.1	436.0	13.1	3.0	3.0
Operating gross profit	17.0	17.3	-0.3	-1.7	-1.7
Operating expenses	-39.8	-30.7	-9.1	29.6	29.6
<b>Operating EBITDA</b>	<b>-22.8</b>	<b>-13.4</b>	<b>-9.4</b>	<b>70.1</b>	<b>70.1</b>

In addition to various holding companies and our sourcing activities in China, All Other Segments contains the operations of Brenntag International Chemicals, which buys and sells chemicals in bulk on an international scale without regional boundaries.

Brenntag International Chemicals matched the strong results of the previous year with regard to operating EBITDA.

In the holding companies, operating EBITDA was down on the figure for the previous year, partly as a result of higher personnel expenses and costs in connection with acquisitions.

Overall, the operating EBITDA of All Other Segments in the 2012 financial year amounted to EUR -22.8 million and was thus EUR 9.4 million lower than the figure for 2011.

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## DEVELOPMENT OF FREE CASH FLOW AND RETURN ON NET ASSETS (RONA)

### **FREE CASH FLOW**

in EUR m	<b>2012</b>	2011	Change	
			abs.	in %
EBITDA (incl. transaction costs / holding charges)	706.6	658.8	47.8	7.3
Investments in non-current assets (Capex)	-94.7	-86.0	-8.7	10.1
Changes in working capital	-33.0	-61.0	28.0	-45.9
<b>Free cash flow</b>	<b>578.9</b>	<b>511.8</b>	<b>67.1</b>	<b>13.1</b>

Free cash flow is defined as EBITDA less other additions to property, plant and equipment as well as other additions to intangible assets (Capex) plus/less changes in working capital.

The Group's free cash flow amounted to EUR 578.9 million in the reporting period and thus increased significantly by 13.1% compared with the previous year.

This pleasing development is largely due to the increase in EBITDA. Furthermore, the increase in working capital was smaller than in the previous year while Capex only rose slightly.

### **RONA**

in EUR m	<b>2012</b>	2011	Change	
			abs.	in %
EBITA	610.4	569.9	40.5	7.1
Average property, plant and equipment	860.5	824.0	36.5	4.4
Average working capital	1,048.8	928.3	120.5	13.0
<b>RONA</b>	<b>32.0%</b>	<b>32.5%</b>	–	–

Return on Net Assets (RONA) is defined as EBITA divided by the sum of average property, plant and equipment and average working capital. Average property, plant and equipment is defined for a particular year as the average of values for property, plant and equipment at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year. Average working capital is defined for a particular year as the average of the values for working capital at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

In 2012, the Group generated RONA of 32.0%, a slight decrease of 0.5 percentage points on the figure for 2011. EBITA rose again in 2012, but the

positive effect on RONA was more than offset by the slight increase in average property, plant and equipment and higher average working capital.

## FINANCIAL CONDITION

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

The syndicated bullet loan matures in July 2016 and is divided into different tranches with different currencies. While some of our subsidiaries are direct borrowers under the loan, others obtain their financing from intra-group loans. Major Group companies are liable for the debt under the syndicated loan. Total liabilities (excluding accrued interest and before offsetting of transaction costs) under the syndicated loan amounted to EUR 1,076.0 million as at December 31, 2012. The revolving credit facility of EUR 500 million, which is part of the loan agreement, was virtually unused on the reporting date.

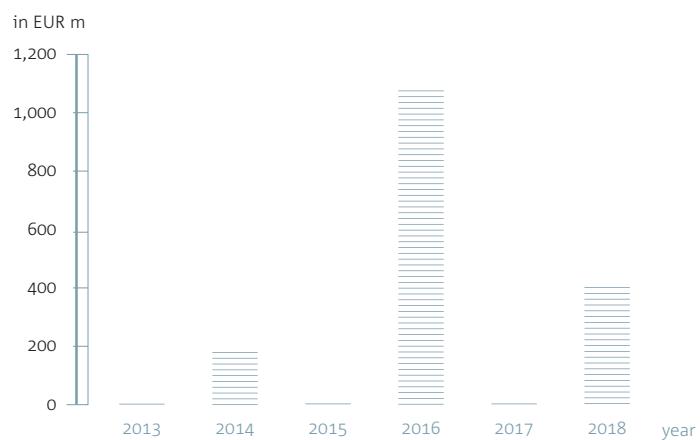
The bond issued by our Group company Brenntag Finance B.V., Amsterdam, Netherlands, in July 2011 has a volume of EUR 400 million and matures in July 2018. The bond bears a coupon of 5.5% with interest paid annually. It is guaranteed by Brenntag AG and other Brenntag companies. In view of the identical network of guarantors, the bond has the same ranking as the syndicated loan.

Alongside the syndicated loan and the bond, an international accounts receivable securitization programme is an important component of Group funding. Under this programme, eleven Brenntag companies in five countries regularly transfer trade receivables to the consolidated special-purpose entity Brenntag Funding Limited, Dublin, Ireland. The receivables remain in the consolidated balance sheet until payment by the customers. A credit facility of max. EUR 220 million is available under this accounts receivable securitization programme, with financial liabilities under the programme totalling the equivalent of EUR 178.0 million (excluding transaction costs) as at December 31, 2012. The programme was extended several times in recent years and currently matures in June 2014. Furthermore, some of our companies make use of credit lines with local banks on a minor scale in consultation with the Group Treasury department.

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

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**MATURITY PROFILE OF OUR CREDIT PORTFOLIO<sup>1)</sup>  
AS PER DECEMBER 31, 2012**



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

**CASH FLOW**

in EUR m	2012	2011
<b>Cash flow provided by operating activities</b>	<b>433.0</b>	<b>349.6</b>
<b>Cash used for investing activities</b>	<b>-312.7</b>	<b>-198.1</b>
thereof purchases of consolidated subsidiaries, other business units and other financial assets	-234.8	-122.4
thereof purchases of other investments	-86.3	-86.3
thereof proceeds from divestments	8.4	10.6
<b>Cash used for financing activities</b>	<b>-228.0</b>	<b>-57.1</b>
<b>Change in cash and cash equivalents</b>	<b>-107.7</b>	<b>94.4</b>

The cash of the Group provided by operating activities totalled EUR 433.0 million in the reporting period. The increase compared with the previous year was mainly due to higher EBITDA and significantly lower interest payments as a result of the refinancing in July 2011. The smaller increase in working capital year-on-year also contributed to this development.

The cash used for investing activities totalling EUR 312.7 million mainly resulted from investments in consolidated subsidiaries and other business units (EUR 234.5 million). This figure includes above all the acquisitions of Altivia Corporation (EUR 95.4 million) and THE TREAT-EM-RITE CORPORATION (EUR 15.1 million) in the USA, the ISM/Salkat Group in Australia/New Zealand (EUR 83.4 million less EUR 1.6 million of cash and cash equivalents acquired) as well as the Delanta Group in Chile, Argentina and Uruguay (EUR 11.3 million). Furthermore, in the reporting period the final purchase price payment of EUR 27.0 million was made for the first tranche of the Zhong Yung Group in China acquired in 2011.

The cash used for financing activities totalled EUR 228.0 million in the reporting period. Of this figure, EUR 110.1 million was used to reduce the funds drawn under the revolving credit facility, which is part of the syndicated loan. A dividend of EUR 103.0 million was distributed to the Brenntag shareholders. The other changes are largely attributable to loans taken out (EUR 42.4 million) and redemptions (EUR 46.2 million) on local bank loans.

**CONSOLIDATED CASH  
FLOW STATEMENT:**  
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**INVESTMENTS** In 2012, investments in property, plant and equipment and intangible assets (excluding additions from company acquisitions) led to a total cash outflow of EUR 86.3 million (2011: EUR 86.3 million).

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

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

Major investment projects in the reporting period were:

- Frederikssund site, Denmark (EUR 3.3 million): The site is being extended to include a new area where medical products will be filled into containers under special production conditions. To achieve these production conditions, the air pressure has to be regulated and a sterile working environment achieved through air locks and filters.
- Poznan site, Poland (EUR 0.9 million): The site is a strategically important warehouse and hub for west Poland. The project involves extending the capacity of the site and building an oil and gas laboratory. The project will be continued in 2013.
- Lutterworth site, United Kingdom (EUR 0.5 million): The tank facilities are being refurbished and enlarged in compliance with the latest environmental and safety regulations. The project was still in progress at the end of 2012.
- Granollers site, Spain (EUR 0.6 million): New filling and mixing facilities for food products are being installed in the dedicated Granollers warehouse.
- Dickinson site, North Dakota, USA (EUR 1.4 million): The site is located in a region of the USA with the fastest growing oil and gas market. With this project, we are extending the storage capacity of the site to enable us to expand this business. The project was started in 2011.
- Lachine site, Quebec, Canada (EUR 4.5 million): The project involves the consolidation of the warehouses in the Montreal region (Quebec). The infrastructure at the Lachine site in the area near Montreal is to be relocated and concentrated. This will make processes more efficient and permit further growth. The project was started in 2011 and will be continued in the coming year.
- Leduc site, Canada (EUR 0.9 million): In order to meet demand from the rapidly growing hydrochloric acid market in Alberta, four additional hydrochloric acid storage tanks were installed at the Leduc site.

- Grand Prairie site, Canada (EUR 0.6 million): The new site supplies oil and gas customers in the Grand Prairie region (Alberta). A larger number of tank farms are required in order to expand and optimally manage this business. Construction work started in 2011.
- Mosquera site, Colombia (EUR 0.5 million): In order to provide for further growth, the site is being extended in compliance with the latest environmental and safety regulations. Work was started in 2011.

## FINANCIAL AND ASSETS POSITION

in EUR m	Dec. 31, 2012		Dec. 31, 2011	
	abs.	in %	abs.	in %
<b>Assets</b>				
<b>Current assets</b>	<b>2,529.8</b>	<b>44.3</b>	<b>2,536.3</b>	<b>45.5</b>
Cash and cash equivalents	346.6	6.1	458.8	8.2
Trade receivables	1,266.4	22.2	1,220.9	21.9
Other receivables and assets	156.4	2.7	159.8	2.9
Inventories	760.4	13.3	696.8	12.5
<b>Non-current assets</b>	<b>3,180.7</b>	<b>55.7</b>	<b>3,039.3</b>	<b>54.5</b>
Intangible assets <sup>1)</sup>	2,171.0	38.0	2,047.0	36.7
Other fixed assets	902.4	15.8	894.1	16.0
Receivables and other assets	107.3	1.9	98.2	1.8
<b>Total assets</b>	<b>5,710.5</b>	<b>100.0</b>	<b>5,575.6</b>	<b>100.0</b>
<b>Liabilities and Equity</b>				
<b>Current liabilities</b>	<b>1,597.6</b>	<b>28.0</b>	<b>1,584.7</b>	<b>28.4</b>
Provisions	76.7	1.3	74.9	1.3
Trade payables	1,008.2	17.7	956.6	17.2
Financial liabilities	130.3	2.3	140.9	2.5
Miscellaneous liabilities	382.4	6.7	412.3	7.4
<b>Equity and non-current liabilities</b>	<b>4,112.9</b>	<b>72.0</b>	<b>3,990.9</b>	<b>71.6</b>
Equity	1,991.2	34.9	1,761.3	31.6
Non-current liabilities	2,121.7	37.1	2,229.6	40.0
Provisions	197.4	3.5	190.5	3.4
Financial liabilities	1,699.2	29.8	1,811.5	32.5
Miscellaneous liabilities	225.1	3.8	227.6	4.1
<b>Total liabilities and equity</b>	<b>5,710.5</b>	<b>100.0</b>	<b>5,575.6</b>	<b>100.0</b>

<sup>1)</sup> Of the intangible assets as of December 31, 2012, some EUR 1,187 million relate to goodwill and trademarks that were capitalized as part of the purchase price allocation performed on the acquisition of the Brenntag Group by funds advised by BC Partners Limited, Bain Capital, Ltd. and subsidiaries of Goldman Sachs International at the end of the third quarter of 2006 in addition to the relevant intangible assets already existing in the previous Group structure.

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**EUR 5,710.5 M**

TOTAL ASSETS

As of December 31, 2012, total assets had increased by 2.4% to EUR 5,710.5 million (December 31, 2011: EUR 5,575.6 million).

The reduction in cash and cash equivalents to EUR 346.6 million (December 31, 2011: EUR 458.8 million) is basically the result of a positive operating cash flow after deduction of the following cash outflows: a repayment of GBP 92 million (approximately EUR 110 million) in January under the revolving credit facility, payment of the dividend of EUR 103.0 million in June, purchase price payments for acquisitions (EUR 234.5 million) as well as payments in connection with investments (EUR 86.3 million).

Working capital is defined as trade receivables plus inventories less trade payables. All three components of working capital increased in the 2012 financial year due to the higher business volume. Working capital developed in the reporting period as follows:

- Trade receivables increased in the reporting period by 3.7% to EUR 1,266.4 million (December 31, 2011: EUR 1,220.9 million).
- Inventories rose by 9.1% in the reporting period to EUR 760.4 million (December 31, 2011: EUR 696.8 million).
- With the opposite effect on the change in working capital, trade payables increased by 5.4% to EUR 1,008.2 million (December 31, 2011: EUR 956.6 million).

The working capital – adjusted for exchange rate effects and acquisitions – has risen since December 31, 2011 by a total of EUR 33.0 million. At 9.2, the annualized working capital turnover rate<sup>1</sup> in the reporting period was roughly at the level of 2011 (9.3).

The intangible assets and other fixed assets of the Brenntag Group rose by 4.5% or EUR 132.3 million to EUR 3,073.4 million (December 31, 2011: EUR 2,941.1 million). The change was mainly a result of acquisitions and subsequent purchase price adjustments (EUR 183.2 million) as well as investments in non-current assets (EUR 94.7 million), on the one hand, as well as scheduled depreciation and amortization (EUR 131.4 million) and exchange rate effects (EUR 11.0 million), on the other.

Current financial liabilities decreased by EUR 10.6 million to a total of EUR 130.3 million (December 31, 2011: EUR 140.9 million). This is mainly due to the changed use of credit facilities with local banks.

<sup>1)</sup> Ratio of annual sales to average working capital; average working capital is defined for a particular year as the average of the values for working capital at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

Non-current financial liabilities fell in the reporting period by EUR 112.3 million or 6.2% to EUR 1,699.2 million (December 31, 2011: EUR 1,811.5 million), which was mainly due to the previously mentioned repayment under the revolving credit facility.

Current and non-current provisions amounted to EUR 274.1 million (December 31, 2011: EUR 265.4 million). This figure included pension provisions amounting to EUR 69.6 million (December 31, 2011: EUR 64.9 million).

As of December 31, 2012, the equity of the Brenntag Group totalled EUR 1,991.2 million (December 31, 2011: EUR 1,761.3 million). The increase in equity is mainly due to the growth in profit after tax. However, the dividend payment had an opposite effect.

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## ANNUAL FINANCIAL STATEMENTS OF BRENNTAG AG

### RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF BRENNTAG AG

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

in EUR m	2012	2011
Other operating income	95.9	38.4
Personnel expenses	-20.3	-20.7
Amortization of intangible assets and depreciation of property, plant and equipment	-2.4	-0.5
Other operating expenses	-84.6	-27.5
Financial result	158.3	48.9
<b>Result from ordinary business activities</b>	<b>146.9</b>	<b>38.6</b>
Income taxes	-9.9	-4.7
<b>Net income for the year</b>	<b>137.0</b>	<b>33.9</b>
Withdrawal from retained earnings	-	69.1
Appropriation to retained earnings	-13.4	-
<b>Distributable profit</b>	<b>123.6</b>	<b>103.0</b>

Other operating income mainly relates to income from derivatives, exchange rate gains and intercompany charges. The increase in other operating income is due to the fact that, at the end of 2011, Brenntag AG took over the treasury activities for the Brenntag Group previously performed by Brenntag Holding GmbH, Mülheim an der Ruhr; the income from derivatives and exchange rate gains connected with this is only recognized pro rata temporis in 2011 in the financial statements of Brenntag AG, but in 2012 for the entire year.

For the same reason, other operating expenses rose considerably compared with the prior period. Whilst expenses from derivatives and exchange rate losses were only included pro rata temporis in 2011, since the transfer of the treasury activities at the end of 2011 from Brenntag Holding GmbH, Mülheim an der Ruhr, to Brenntag AG, in 2012 the expense for the entire year was incurred at Brenntag AG. In addition, costs of expert reports, consultancy and financial statement auditing as well as of IT and other services are also shown under other operating expenses.

Of the financial result, EUR 143.5 million (2011: EUR 19.4 million) is income from profits transferred by Brenntag Holding GmbH, Mülheim an der Ruhr, which received higher dividends from foreign subsidiaries in 2012. The interest result of Brenntag AG fell from EUR +29.5 million in 2011 to EUR +14.8 million in 2012. Interest income fell due to the lower loan volume and lower

base interest rates. By contrast, interest expense increased, mainly as a result of higher liabilities to affiliated companies.

The income taxes amounting to EUR 9.9 million (2011: EUR 4.7 million) relate to corporate income tax and are for 2012 and prior years. As the controlling company, Brenntag AG is the tax debtor for the corporate income tax payable by the fiscal unit.

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

in EUR m	Dec. 31, 2012	Dec. 31, 2011
Fixed assets	2,324.7	2,262.3
Current assets including prepaid expenses and surplus from offsetting	730.0	645.4
<b>Total assets</b>	<b>3,054.7</b>	<b>2,907.7</b>
Shareholders' equity	2,394.9	2,360.9
Provisions	29.8	22.9
Liabilities	630.0	523.9
<b>Total shareholders' equity and liabilities</b>	<b>3,054.7</b>	<b>2,907.7</b>

The shareholders' equity of Brenntag AG rose in 2012 by EUR 34.0 million to EUR 2,394.9 million. This increase is due to the net income for 2012 of EUR 137.0 million after payment of EUR 103.0 million as a dividend for the 2011 financial year.

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

#### APPROPRIATION OF DISTRIBUTABLE PROFIT OF BRENNTAG AG

The net income of Brenntag AG as at December 31, 2012 was EUR 137,027,900.14. After allowing for transfer of EUR 13,427,900.14 to retained earnings, the distributable profit is EUR 123,600,000.00.

**EUR 2.40**  
PROPOSED DIVIDEND

At the General Shareholders' Meeting on June 19, 2013, the Board of Management and the Supervisory Board will propose that the distributable profit of Brenntag AG amounting to EUR 123,600,000.00 be used to distribute a dividend of EUR 2.40 per no-par-value share entitled to a dividend; that is a total of EUR 123,600,000.00.

FURTHER INFORMATION AT:  
[WWW.BRENNTAG.COM/  
GENERAL\\_SHAREHOLDERS\\_MEETING](http://WWW.BRENNTAG.COM/GENERAL_SHAREHOLDERS_MEETING)

## REMUNERATION REPORT

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

### REMUNERATION OF THE BOARD OF MANAGEMENT

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

#### Remuneration components

The current total remuneration of the Board of Management consists of three components: a fixed annual base salary, a short-term, capped variable remuneration (annual bonus with cap) which is a target remuneration for one financial year based on the achievement of targets in the two preceding financial years, and a long-term variable remuneration, which is a target remuneration generally referring to five years (virtual share performance bonus). In addition to the above-mentioned remuneration components, the members of the Board of Management receive individually agreed benefits under a company pension scheme as well as contractually agreed non-cash remuneration and other benefits such as a company car for business and private use or a car allowance. There is also a group accident and D&O insurance.

#### Annual base salary and short-term variable remuneration

The annual base salary is payable in twelve equal monthly instalments.

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

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

The annual bonus is determined on the basis of the achievement of the key performance indicator (KPI) targets set both for the specific financial year and the two preceding years (in each case on a consolidated basis). If the target for a KPI is not reached, this part of the bonus is reduced by 3% for each 1% short-

fall. In case of outperformance, the maximum bonus for that KPI is nonetheless capped at the full achievement amount.

The following exceptions applied with regard to the 2010 and 2011 financial years:

- a The annual bonus for the year 2010 was uniquely calculated on the basis of the achievement of the targets of the annual bonus plan 2010.
- b 50% of the annual bonus for the year 2011 was based on the achievement of the targets of the annual bonus plan 2010 and 50% on the achievement of the targets of the annual bonus plan 2011.

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

- a The annual bonus for the year 2011 was uniquely calculated on the basis of the achievement of the targets of the annual bonus plan 2011.
- b 50% of the annual bonus for the year 2012 will be based on the achievement of the targets of the annual bonus plan 2011 and 50% on the achievement of the targets of the annual bonus plan 2012.

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

- a The annual bonus for the year 2012 will be uniquely calculated on the basis of the achievement of the targets of the annual bonus plan 2012.
- b 9/21 of the annual bonus for the year 2013 will be calculated on the basis of the achievement of the targets of the annual bonus plan 2012 and 12/21 will be calculated on the basis of the achievement of the targets of the annual bonus plan 2013.
- c 9/33 of the annual bonus for the year 2014 will be calculated on the basis of the achievement of the targets of the annual bonus plan 2012 and in each case 12/33 will be calculated on the basis of the achievement of the targets of the annual bonus plans 2013 and 2014.

#### Non-cash and other benefits

In addition to the above-mentioned remuneration components, the members of the Board of Management receive non-cash remuneration and other benefits such as a company car for business and private use or a car allowance. There is also a group accident insurance. The members of the Board of Management receive no additional payment for offices held in Group companies or minority shareholdings. Furthermore, a D&O insurance (Directors & Officers insurance, liability insurance against financial losses) has been taken out

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for the members of the Board of Management. In accordance with the Act on the Appropriateness of Board of Management Remuneration (VorstAG), this provides for a deductible of 10% of each claim but it is limited per year to 150% of the annual base salary.

#### Long-term variable remuneration

The members of the Board of Management also participate in a long-term, share-based remuneration programme on the basis of virtual shares (virtual share plan). The virtual share performance bonus depends on the achievement of quantitative and qualitative targets in the year of grant as well as the performance of Brenntag's share over the following four years in each case.

Under this programme, the members of the Board of Management are awarded a base amount for each financial year, which is calculated from the outperformance of quantitative criteria (these are the KPIs defined above) and from the achievement of qualitative criteria in the relevant financial year and the two preceding years. These are the targets agreed every year between the Supervisory Board and the Board of Management with respect to the annual bonus. The base amount increases by 1% for each outperformance of the target for a specific KPI by 1%. In total, however, the base amount is capped at 135% of the base amount.

The following exceptions applied with regard to the 2010 and 2011 financial years:

- a The base amount for the year 2010 was uniquely calculated on the basis of the achievement of the targets of the annual bonus plan 2010. Any outperformance of any KPI by 1% resulted in 3% being added.
- b The base amount for the year 2011 was based on the achievement of the targets of the annual bonus plan 2010 and of the targets of the annual bonus plan 2011. Any outperformance of any KPI by 1% in one of the two relevant financial years resulted in 1.5% being added.

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

- a The base amount for the year 2011 was uniquely calculated on the basis of the achievement of the targets of the annual bonus plan 2011. Any outperformance of any KPI by 1% resulted in 3% being added.
- b The base amount for the year 2012 will be based on the achievement of the targets of the annual bonus plan 2011 and of the targets of the annual bonus plan 2012. Any outperformance of any KPI by 1% in one of the two relevant financial years results in 1.5% being added.

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

- a The base amount for the year 2012 will be uniquely calculated on the basis of the achievement of the targets of the annual bonus plan 2012. Any outperformance of any KPI by 1% results in 3% being added.
- b The base amount for the year 2013 will be calculated on the basis of the achievement of the targets of the annual bonus plans 2012 and 2013. Any outperformance of any KPI in the 2012 financial year by 1% results in 9/7 points being added and any outperformance of any KPI in the 2013 financial year by 1% results in 12/7 points being added.
- c The base amount for the year 2014 will be calculated on the basis of the achievement of the targets of the annual bonus plans 2012, 2013 and 2014. Any outperformance of any KPI in the 2012 financial year by 1% results in 9/11 points being added and any outperformance of any KPI in the 2013 financial year or 2014 financial year by 1% results in 12/11 points being added.

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

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

- (i.) the average share price, whereby the last trading day on the Frankfurt stock exchange of the fourth financial year after the conversion day is relevant, plus
- (ii.) all dividends paid per share within the four-year period, such sum to be adjusted for all capital measures and share splits (total shareholder return).

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**VIRTUAL SHARES<sup>1)</sup>**

	Steven Holland	Stephen Clark (until June 22, 2011)	Jürgen Buchsteiner	William Fidler (from March 21, 2011)	Georg Müller (from April 1, 2012)	<b>Total</b>
<b>2012</b>	<b>4,424</b>	—	<b>3,057</b>	<b>1,504</b>	<b>858</b>	<b>9,843</b>
2011	6,851	— <sup>2)</sup>	5,896	2,326	—	15,073

<sup>1)</sup> The numbers of shares mentioned for the 2012 financial year are provisional figures which were taken as a basis for determining a provision and they have not yet been finally allocated by the Supervisory Board. The number of virtual shares for 2011 was adjusted in line with the final parameters approved by the Supervisory Board.

<sup>2)</sup> According to their contracts, the members of the Board of Management receive the base amount pro rata temporis for the financial year in which they leave the Board without virtual shares being allocated.

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

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

**Pension entitlements**

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

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

Jürgen Buchsteiner is entitled to a retirement pension, an invalidity pension and a pension for surviving dependants. The monthly retirement pension and the invalidity pension each amount to 50% of the last gross monthly salary. The pension plan also contains an arrangement for the widows and orphans pension which would amount to 60% and 20% respectively of the full pension entitlements. Retirement age is reached on his 60th birthday. At the end of

2008, Jürgen Buchsteiner acquired full entitlement (100%) to a retirement pension and invalidity pension. The reinsurance policy taken out with Jürgen Buchsteiner as the beneficiary will be adjusted in line with his respective base salary and pledged to him.

William Fidler participates in the USA in the usual local defined contribution pension plans which were set up for staff and management on an equal basis. In 2012, as in the previous year, payments were made into the defined contribution plans: the "Profit Sharing Plan" and the "Pension Plan".

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

The total remuneration of the Board of Management members in the 2012 financial year amounts to EUR 5,590k (2011: EUR 7,695k). The total remuneration of the individual members of the Board of Management is as follows:

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**TOTAL REMUNERATION OF THE BOARD OF MANAGEMENT IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)**

in EUR k	Steven Holland	Stephen Clark (until June 22, 2011)	Jürgen Buchsteiner	William Fidler (from March 21, 2011)	Georg Müller (from April 1, 2012)	Total
Term of service agreement	(until February 28, 2015)		(until December 31, 2013)	(until December 31, 2013)	(until March 31, 2017)	
Annual base salary	<b>2012</b> 720	—	<b>495</b>	<b>420</b>	<b>300</b>	<b>1,935</b>
	2011	630	360	540	291	1,821
Company pension (defined contribution plan)	<b>2012</b> —	—	—	<b>26</b>	—	<b>26</b>
	2011	—	23	—	23	—
Non-cash and other benefits	<b>2012</b> 55	—	<b>31</b>	<b>23</b>	<b>6</b>	<b>115</b>
	2011	55	12	30	16	113
One-off payment	<b>2012</b> —	—	—	—	—	—
	2011	—	650	—	—	650
<b>Total non-performance-related remuneration</b>	<b>2012</b> 775	—	<b>526</b>	<b>469</b>	<b>306</b>	<b>2,076</b>
	2011	685	1,045	570	330	—
Short-term variable remuneration	<b>2012</b> 563	—	<b>386</b>	<b>407</b>	<b>222</b>	<b>1,578</b>
	2011	525	300	450	246	—
Long-term variable remuneration <sup>1)2)</sup>	<b>2012</b> 870	—	<b>601</b>	<b>296</b>	<b>169</b>	<b>1,936</b>
	2011	965	556	830	953 <sup>3)</sup>	—
<b>Total performance-related remuneration</b>	<b>2012</b> 1,433	—	<b>987</b>	<b>703</b>	<b>391</b>	<b>3,514</b>
	2011	1,490	856	1,280	1,199	—
Benefits from third parties <sup>4)</sup>	<b>2012</b> —	—	—	—	—	—
	2011	—	240	—	—	240
<b>Total remuneration (in accordance with the German Commercial Code (HGB))</b>	<b>2012</b> 2,208	—	<b>1,513</b>	<b>1,172</b>	<b>697</b>	<b>5,590</b>
	2011	2,175	2,141	1,850	1,529	—
						7,695

<sup>1)</sup> Fair value of the share-based remuneration granted at the date of grant.<sup>2)</sup> The figures mentioned for the 2012 financial year are based on provisional parameters which were taken as a basis for determining a provision and which have not yet been approved by the Supervisory Board. The 2011 figures were adjusted on the basis of the parameters finally approved by the Supervisory Board.<sup>3)</sup> Figure relates both to the value determined for the 2011 tranche (EUR 327k) and the amount granted retrospectively for 2010 on appointment to the Board of Management (EUR 626k).<sup>4)</sup> Fair value at date of grant; the Supervisory Board passed a resolution on a tax parity agreement already granted in 2011 on behalf of the then shareholder, Brachem Acquisition S.C.A., in favour of Steven Holland and Stephen Clark. Therefore, the 2011 remuneration figures have been amended accordingly. Any potentially resulting payments will not be charged to Brenntag.**PENSION COMMITMENTS (DEFINED BENEFIT PLANS) IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)**

in EUR k	Steven Holland	Stephen Clark (until June 22, 2011)	Jürgen Buchsteiner	William Fidler (from March 21, 2011)	Georg Müller (from April 1, 2012)	Total
Cost of pension commitments	<b>2012</b> 255	—	<b>-336</b>	—	<b>124</b>	<b>43</b>
	2011	210	—	427	—	637
Present value of pension commitments	<b>2012</b> 637	—	<b>4,745<sup>1)</sup></b>	—	<b>756<sup>1)</sup></b>	<b>6,138</b>
	2011	382	—	5,081 <sup>1)</sup>	—	5,463

<sup>1)</sup> Of which EUR 1,479k (2011: EUR 1,389k) self-financed by Mr Buchsteiner and EUR 312k self-financed by Mr Müller under a deferred compensation plan.

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

#### BOARD OF MANAGEMENT REMUNERATION IN ACCORDANCE WITH IFRS

in EUR k	Steven Holland	Stephen Clark (until June 22, 2011)	Jürgen Buchsteiner	William Fidler (from March 21, 2011)	Georg Müller (from April 1, 2012)	Total
Total non-performance-related remuneration	<b>2012</b> 775	—	526	469	306	<b>2,076</b>
	2011	685	1,045	570	330	—
Short-term variable remuneration	<b>2012</b> 563	—	386	407	222	<b>1,578</b>
	2011	525	300	450	246	—
Long-term variable remuneration (share-based remuneration earned in current year)	<b>2012</b> 995	—	<b>1,388</b>	380	31	<b>2,794</b>
	2011	408	1,332	375	791 <sup>1)</sup>	—
Current service cost for pension entitlements earned in the current year (defined benefit plans)	<b>2012</b> 179	—	<b>109</b>	—	75	<b>363</b>
	2011	156	—	93	—	—
Benefits from third parties <sup>2)</sup>	<b>2012</b> —	—	—	—	—	—
	2011	—	240	—	—	240
<b>Board of Management remuneration (in accordance with IFRS)</b>	<b>2012</b> 2,512	—	<b>2,409</b>	<b>1,256</b>	<b>634</b>	<b>6,811</b>
	2011	1,774	2,917	1,488	1,367	—
						7,546

<sup>1)</sup> Figure covers both expense relating to the 2011 tranche (EUR 309k) and expense for the 2010 tranche granted retrospectively in 2011 on appointment to the Board of Management (EUR 482k).

<sup>2)</sup> The Supervisory Board passed a resolution on a tax parity agreement already granted in 2011 on behalf of the then shareholder, Brachem Acquisition S.C.A., in favour of Steven Holland and Stephen Clark. Therefore, the 2011 remuneration figures have been amended accordingly. Any potentially resulting payments will not be charged to Brenntag.

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

#### Severance payment cap for premature termination of Board of Management duties

In accordance with the German Corporate Governance Code, the service agreements of all Board of Management members have a severance payment cap.

Under the cap, payments to a Board of Management member for a premature termination of Board of Management duties without important cause may not

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exceed the value of two years' total remuneration or the total remuneration for the remainder of the member's service agreement, whichever is less.

#### Change-of-control rule

Steven Holland, Jürgen Buchsteiner and William Fidler may terminate their service agreement at the end of a month giving six months' notice in writing to the chairman of the Supervisory Board if

- (i.) a shareholder of the company acquires control within the meaning of sections 29, 30, 35, para. 1 of the German Securities Acquisition and Takeover Act (WpÜG),
- (ii.) the company is delisted, or
- (iii.) the form of the company is changed, unless the form of the company is changed into a European Company (SE) or a German partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA)

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

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

#### Post-contractual non-competition clause

A post-contractual non-competition clause has been agreed with Jürgen Buchsteiner, which provides for compensation to be paid by the company for the duration of the existence of the post-contractual twelve-month ban on competition. This compensation amounts to EUR 990,000.00. This sum will be paid out in twelve equal amounts, in each case monthly at the end of the respective month.

## Loans

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

## REMUNERATION OF THE SUPERVISORY BOARD

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

Accordingly, the members of the Supervisory Board each receive an annual fixed remuneration in the amount of EUR 40,000 in addition to the reimbursement of their expenses. Once the operating EBITDA of the Group exceeds EUR 650 million in one financial year, the fixed remuneration will increase to EUR 60,000 for the following financial years. For a definition of operating EBITDA, we refer to the Group Key Financial Figures in the Notes.

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

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

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

- a If the operating EBITDA for a specific financial year is more than EUR 490 million and less than EUR 510 million, the variable remuneration for that financial year is EUR 25,000.
- b The variable remuneration is reduced by EUR 2,500 for each amount of EUR 10 million by which the operating EBITDA for a specific financial year falls short of the amount of EUR 500 million; therefore, if the operating EBITDA is EUR 400 million or less, the Supervisory Board members receive no variable remuneration.
- c The variable remuneration increases by EUR 1,000 for each amount of EUR 10 million by which the operating EBITDA for a specific financial year exceeds the amount of EUR 500 million.

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

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

- during the period of ten trading days following the receipt of the variable remuneration, they have purchased on the stock exchange shares in the company for a purchase price at least in the amount of the variable remuneration,
- the shares so purchased have been deposited in a securities portfolio account in the name of the Supervisory Board member, the account being held solely for depositing the Brenntag shares acquired as part of the Supervisory Board remuneration.

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

The following table shows the amounts attributable to the individual Supervisory Board members in 2012:

#### TOTAL REMUNERATION OF THE SUPERVISORY BOARD

in EUR k		Fixed remuneration	Office bonuses	Attendance fee	Variable remuneration	Total
Stefan Zuschke (Chairman)	2012	60	50	8	45	163
	2011	40	50	10	40	140
Dr Thomas Ludwig (Deputy Chairman)	2012	60	20	6	45	131
	2011	40	20	10	40	110
Stephen Clark (from June 22, 2011)	2012	60	10	18	45	133
	2011	21	5	8	20	54
Prof. Dr Edgar Fluri	2012	60	20	18	45	143
	2011	40	20	15	40	115
Doreen Nowotne	2012	60	10	18	45	133
	2011	40	10	18	40	108
Dr Andreas Rittstieg	2012	60	10	8	45	123
	2011	40	10	9	40	99
Thomas Weinmann (until June 22, 2011)	2012	–	–	–	–	–
	2011	20	5	12	20	57
<b>Total remuneration</b>		<b>360</b>	<b>120</b>	<b>76</b>	<b>270</b>	<b>826</b>
		241	120	82	240	683

In the 2011 calendar year, Stephen Clark was appointed to the Supervisory Board with effect from the end of the General Shareholders' Meeting on June 22, 2011; Thomas Weinmann vacated his seat at the same time. The remuneration for 2011 listed in the table above for these two members is therefore the pro-rata amounts.

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

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

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

## EMPLOYEES

As of December 31, 2012, Brenntag had 12,988 employees worldwide. The number of employees is determined on the basis of full-time equivalents, i.e. part-time jobs are weighted according to the number of hours worked.

The number of people employed in the Brenntag Group increased by a total of 38 employees or 0.3% compared with the previous year. This is mainly due to the acquisitions made in 2012. Nearly 90% of the total workforce of 12,988 works outside Germany.

**NEARLY 90%**  
OF THE EMPLOYEES  
WORK ABROAD

### FULL-TIME EQUIVALENTS (FTE)

	Dec. 31, 2012		Dec. 31, 2011	
	abs.	in %	abs.	in %
Europe	6,128	47.2	6,395	49.4
North America	3,886	29.9	3,734	28.8
Latin America	1,414	10.9	1,348	10.4
Asia Pacific	1,408	10.8	1,332	10.3
All Other Segments	152	1.2	141	1.1
<b>Brenntag Group</b>	<b>12,988</b>	<b>100.0</b>	<b>12,950</b>	<b>100.0</b>

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

**FULL-TIME EQUIVALENTS (FTE)**

						Dec. 31, 2012	
	Europe	North America	Latin America	Asia Pacific	All Other Segments	abs.	in %
Sales	2,322	1,308	516	679	14	4,839	37.3
Distribution	792	826	56	120	22	1,816	14.0
Warehouses	1,935	1,403	455	233	-	4,026	31.0
Administration	1,079	349	387	376	116	2,307	17.7
<b>Brenntag Group</b>	<b>6,128</b>	<b>3,886</b>	<b>1,414</b>	<b>1,408</b>	<b>152</b>	<b>12,988</b>	<b>100.0</b>

Personnel expenses including social insurance contributions totalled EUR 722.0 million (2011: EUR 647.4 million).

The Brenntag staff turnover rate in 2012 was 6.1% worldwide.

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

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

As an attractive employer, Brenntag attaches great importance to staff motivation and providing our staff and managers with opportunities to improve their qualifications and take part in further training programmes. Our staff's high level of competence and dedication are the key to global success.

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

## HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION, QUALITY MANAGEMENT

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

### BRENNTAG'S HSE STRATEGY

#### Safety policy

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

**HEALTH AND SAFETY  
ARE AN ABSOLUTE PRIORITY  
FOR BRENNTAG**

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#### Product stewardship policy

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

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#### Environmental policy

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

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#### Compliance policy

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

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#### Quality policy

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

**CERTIFICATION TO  
ISO 9001**

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

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

56 Business and Economic Environment

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

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

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

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

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

G.S. Robins & Company, now a Brenntag company, was awarded the National Association of Chemical Distributors' 2011 Responsible Distribution Excellence Award for outstanding performance. Brenntag North America, Inc. received this prestigious award for 2010 which focuses on the health, safety and security of employees, communities and the environment. After ten years' work on the REACH project, in 2012 Marianne Lyngsaae, Brenntag Nordic, received an award from the Fecc<sup>2)</sup> for her excellent work.

<sup>2)</sup> Fecc (European Association of Chemical Distributors)

Accidents at work and similar occurrences are recorded and evaluated centrally according to a standardized system. Key lessons learned are communicated throughout the entire organization and included in the aforementioned HSE manuals. Brenntag's policy of continually improving processes has led to the number of reportable industrial accidents within the Group falling again in 2012. This led to a reduction in the Lost Time Injury Rate (3 days/1 million)<sup>3)</sup> from 2.5 in 2011 to 2.0 in 2012.

#### FURTHER IMPROVEMENT IN SAFETY PERFORMANCE

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

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

The basis for quality management within the Brenntag Group is the internationally applicable ISO 9001 standard. By December 31, 2012, 86% of our operating sites had introduced quality management systems certified according to this standard. Furthermore, 96 sites are certified according to the international standard ISO 14001 for environmental management systems.

REACH - the chemicals regulation of the European Union - has formed the legal framework for handling chemicals to protect the environment and human health since it came into force on June 1, 2007. The registration of all chemical substances as a basis for REACH will span a period of eleven years. Furthermore, REACH regulates the safe use of chemical substances and preparations at user level. Brenntag is affected in several respects by REACH as part of its business operations as a distributor, importer and formulator and, in certain cases, producer of chemicals. With its international REACH Team, consisting of a European network of experienced HSE and REACH experts, as well as with the support of the management, Brenntag is well equipped to meet the numerous requirements of the REACH regulation in full. Brenntag has therefore made comprehensive preparations to ensure it can meet the second REACH registration deadline of June 1, 2013.

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<sup>3)</sup> LTIR (Lost Time Injury Rate) – number of industrial accidents resulting in at least three days absence from work per one million working hours.

## RISK REPORT

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

### DESCRIPTION OF THE INTERNAL CONTROL/RISK MANAGEMENT SYSTEM

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

#### Risk reporting (early detection system)

We continue to identify and analyze risks in the Group companies and are continually improving internal workflows throughout the Group and the IT systems used.

The risk inventories performed every six months are an important instrument for global risk management. In addition, all units have been instructed to immediately report any significant risks suddenly occurring (ad-hoc reporting) to the head office of the Group. Each risk inventory is performed both centrally and decentrally and gathers both quantitative data and qualitative information on existing and possible risks. Any risks which are identified are assessed with regard to their probability of occurrence and the potential damage. If a risk can be reliably counteracted by effective action, only the residual risk after any counter measures initiated is described (net risk). The individual risks reported are then consolidated for the Group and presented to the decision-makers. Special attention is paid to risks which are identified as critical due to the combination of probability of occurrence and amount of loss.

#### Controlling

Our central and decentralized controlling departments immediately process the information gained from the monthly and quarterly reports and can thus identify and communicate risks and opportunities. In addition, the decentralized departments regularly give a qualitative assessment of the company's situation and the market in quarterly reports. The Group reporting and monitoring system thus ensures that the decision-makers are provided with the latest and appropriate information.

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### Internal monitoring system

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

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

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

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

### Internal control system with regard to the (Group) accounting process (Report in accordance with section 289, para. 5 and section 315, para. 2, No. 5 of the German Commercial Code (HGB))

The Group accounting process is controlled by the Group Accounting department. A major element of the internal control system with regard to the (Group) accounting process is an IFRS accounting manual applicable throughout the Group which specifies accounting and measurement policies for all companies included in the consolidated financial statements.

Preparation of the consolidated financial statements is supported by the use of uniform, standardized reporting and consolidation software (SAP SEM-BCS) containing comprehensive testing and validation routines. The services of external experts are used for special areas of accounting, e.g. the annual goodwill impairment test as well as environmental and pension actuarial reports to determine the relevant provisions.

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

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

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

## OPPORTUNITIES AND RISKS

Projects, in particular the strategic top initiatives (see section Corporate Strategy), are regularly implemented to maintain and strengthen the Group's profitable growth. In addition to cost optimization, these projects focus on developing sales opportunities.

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

In the following, we describe risks and opportunities which could influence the operational performance and financial and earnings situation of the Brenntag Group. Additional risks which we do not yet know or risks which we currently estimate to be insignificant may also have an impact on our business.

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

In all our main sales markets, we face fierce competition from rival companies. Therefore, we are continually working to improve our products and services. Furthermore, we see our global presence as a decisive factor in balancing out local risks.

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

As far as the sales markets are concerned, we see great opportunities for the Brenntag Group to expand sales partnership agreements for new products or product categories. The high density of our distribution network and the experienced professional organization at all levels of the Brenntag Group is a key element of our business success.

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

Due to the fact that we operate in countries with different currencies, changes in exchange rates may have positive or negative translation effects on the results of the Group. In particular any change in the Euro/US dollar exchange rate may have a considerable impact as a major part of our business is conducted in the US dollar area. Where necessary, systematic monitoring is performed on the basis of a Group-wide Finance Guideline which lays down basic requirements and objectives, threshold values and hedging instruments to be used. This Guideline requires Group companies to offset the risks of open net foreign currency exposure or keep them within set limits by suitable instruments such as forward and swap contracts. Any exceptions exceeding the above limits are to be agreed on a case-by-case basis with Group Treasury.

Special negative impacts may arise in this connection, also through unfavourable political developments and financial policy decisions in specific countries.

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

Brenntag's financing is partly covered by external borrowings. Our loan agreements, credit lines, the bond issued and liquid funds available are adequate to cover the future liquidity needs of our Group, even if requirements should increase unexpectedly. Like comparable loan agreements, our syndicated loan contains a number of customary affirmative and negative covenants for the following financial metrics:

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

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

We hedge some of the risks from our financing by using derivative instruments, such as foreign exchange forwards, interest rate and currency swaps or combined instruments. Financial risks are mainly hedged by the Treasury department at the head office of the Group. If individual companies hedge operational risks themselves, this is done in consultation with and under the supervision of Group headquarters. This permits a balancing of risks throughout the Group. Further information on the financial risks is to be found in the Notes to the Consolidated Financial Statements under note 36.) Reporting of financial instruments.

- **Environmental and safety risks:** Distribution of chemicals gives rise to risks which we counter by maintaining a high standard of safety precautions at our warehouses and, where necessary, improving them. Environmental and safety risks are monitored on the basis of a uniform environmental and safety strategy as well as through Group-wide standards set as binding requirements in regional manuals (health, safety and environmental protection). Furthermore, we regularly inform our employees and customers about how to handle chemicals safely and about emergency procedures in the event of accidents.
- **IT risks:** IT risks arise from the increasing networking of our, in some cases, complex systems. This can lead to networks failing and data being falsified

or destroyed due to operating and program errors or external influences. We counteract these risks by continually investing in hardware and software as well as by using virus scanners, firewall systems, data backup mechanisms as well as access and authorization checks. These measures are monitored using Group-wide IT security standards.

- **Personnel risks:** Although not a problem to date, personnel risks mainly result from the potential turnover of staff in key positions. Brenntag limits these risks by targeted long-term succession planning as well as performance-based compensation with success-based incentive systems and substitute regulations. Moreover, we offer worldwide career opportunities. The staff turnover rate was 6.1% worldwide in 2012.
- **Acquisition risks:** In the Brenntag Group, every decision to buy is linked to minimum requirements on the ROI of the particular investment. The company valuations which include the findings of due diligence work performed are of central importance in acquisitions. The acquisition of companies always involves risks surrounding the integration of employees and business operations. We strive to limit these risks with adequate transaction structures by conducting opportunity and risk analyses at an early stage in the approval process, with the support of external consultants and with specific contract structures (e.g. incentive, warranty and retention clauses). In the past, M&A activities focused on Europe, North America and Asia. For future acquisitions in emerging markets like Asia, Latin America and Central-Eastern Europe, typical characteristics for target companies in these countries are relatively high purchase prices coupled with higher risks (e.g. compliance risks, higher working capital funding requirements, integration risks, foreign currency risks). However, there are also considerably greater opportunities in these countries owing to higher growth rates.
- **Legal risks:** Brenntag AG and its subsidiaries have been named as defendants in various legal actions and proceedings arising in connection with their activities as a global group. Sometimes, Brenntag is also the subject of investigations by the authorities, including anti-trust authorities. Brenntag is cooperating with the relevant authorities and, where appropriate, conducts internal investigations regarding potential wrongdoings with the assistance of in-house and external counsel. In relation to an investigation by anti-trust authorities, Brenntag received a Statement of Objections from the French Competition Authority. In the Statement of Objections, the authority communicates its preliminary opinion that Brenntag was involved in anticompetitive practices in France between 1997 and 2007. The Statement of Objections does not represent a final decision; on the contrary, this is a pending case. Should the authority uphold its allegations in the course of the proceedings, it may impose a fine. Brenntag is therefore adjusting the relevant provision in the light of the current position. In the course of

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investigations against a French manufacturer of medical devices, accusations have also been made amongst others against Brenntag as one of its suppliers. In this connection, claims are being asserted against Brenntag. The company is convinced there was no misconduct on the part of Brenntag. Given the number of legal actions and other proceedings to which Brenntag is subject, some may result in adverse decisions for Brenntag. The company contests actions and proceedings where it considers it appropriate. Provisions are established for ongoing legal disputes on the basis of the estimated risk and, if necessary, with the help of external consultants. It is very difficult to predict the outcome of such matters, particularly in cases in which claimants seek indeterminate compensation. Any adverse decisions rendered in such cases may have material effects on Brenntag's business, results of operations and financial condition for a reporting period. However, Brenntag currently does not expect its business, results of operations and financial condition to be materially affected.

## FORECAST REPORT

According to a forecast by the International Monetary Fund, the global economy, measured in terms of GDP, will continue to grow in 2013, with growth rates remaining roughly at the 2012 level. Stronger growth is predicted for Asia and Latin America than for the economies in North America and particularly in Europe, where there may even be stagnation in 2013.

Assuming this background, we are currently expecting the following development of the Group and the segments in local currency, i.e. excluding exchange rate effects, in 2013 and 2014:

For the Brenntag Group, we expect to see all relevant earnings parameters grow. Operating gross profit should increase both as a result of higher volumes and improved operating gross profit per unit. The increase in operating EBITDA is likely to be higher than the growth of operating gross profit thanks to measures already implemented in 2012 and to further planned efficiency improvements.

In the Europe segment, we forecast higher operating gross profits both as a result of higher volumes and higher operating gross profit per unit partly driven by gaining market share in our focus industries. We are confident that we can keep the rise in operating expenses moderate so operating EBITDA should increase even more than operating gross profit. The efficiency-enhancing measures introduced in the first half of 2012 are showing success and will have their full impact in 2013.

As far as North America is concerned, we believe that operating gross profit will grow in the years to come as a result of higher volumes. The North American companies are also expected to grow operating EBITDA, maintaining a conversion ratio significantly above the average of the Brenntag Group.

For the Latin America segment, we are expecting operating gross profit to increase largely as a result of higher volumes but also higher operating gross profit per unit. This should be accompanied by a moderate rise in operating expenses. We are well positioned to take advantage of the forecast growth in this region and to achieve an above-average increase in operating gross profit and operating EBITDA compared with the Group as a whole.

In the Asia Pacific segment, the development will be positively influenced by the acquisition in July 2012 of the ISM/Salkat Group, which operates in Australia and New Zealand. For 2013, we are forecasting both growth of operating gross profit and operating EBITDA as a result of the full-year consolidation of the ISM/Salkat Group and organic growth of the other Asian companies.

### FUTURE GROWTH OF ALL RELEVANT EARNINGS PARAMETERS EXPECTED

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Given the overall economic momentum in this region, we are expecting above-average growth of operating gross profit and operating EBITDA in the coming years compared with the Group as a whole. This should be supported by the growth of the Zhong Yung Group.

Given the likely increase in business volume and higher prices, we are forecasting working capital to rise compared with the end of 2012. We believe that our continual focus on the management of customer and supplier relationships and our efforts to optimize warehouse logistics will lead to a slight increase in working capital turnover compared with the annual average for 2012.

In order to adjust property, plant and equipment capacities to the increasing business volume, we are planning investments in property, plant and equipment in the years to come slightly above the level of depreciation.

#### CONTINUATION OF OUR ACQUISITION STRATEGY AND DIVIDEND POLICY

Overall, we are confident that free cash flow will be higher in the next two years than in 2012, so we will be able to continue our acquisition strategy and dividend policy while maintaining an adequate liquidity position.

We intend to continue our successful strategy of strengthening our business services by benefiting from assisting suppliers with the optimization of their distribution activities as well as through acquisitions. We expect the consolidation process in the chemical distribution market seen in recent years to continue. Large distributors such as Brenntag will benefit from their global coverage and their comprehensive portfolio of products and services.

In the years to come, we will continue to adapt our product portfolio to the developments in the local markets. One focus will be on the growth segments of food, water treatment, personal care, pharmaceuticals, oil & gas as well as in the field of adhesives, sealants, coatings, paints and elastomers. We intend to improve our market position in both the industrial and specialty chemicals segments and also to expand the business with services such as mixing and blending. We are also aiming to expand business with national and international key accounts, for whom we are particularly interesting because of our global geographical presence and our comprehensive product portfolio.

Increasing cost efficiency in the Group by optimizing our warehouse and transport logistics, including the expansion of hub-and-spoke systems, as well as by steadily improving procurement and sales processes is also a point of constant focus. We remain committed to the principles of responsible care and responsible distribution and strive to further improve the quality of work and the safety precautions at our sites.

Overall, we believe that the market for chemical distribution will grow, also in the long term, both as a result of momentum from the development of the global economy and the sustained trend towards chemical producers outsourcing their distribution activities to distributors. Our broad market presence will enable us to participate in this trend and, by focusing on attractive growth segments and steadily enhancing our efficiency, we may even be able to reap an above-average benefit from this trend.

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

### Composition of the subscribed capital

As of December 31, 2012, the subscribed capital of Brenntag AG totalled EUR 51,500,000. The share capital is divided into 51,500,000 no-par-value registered shares, each with a notional value of EUR 1.00. According to article 7, para. 3 of the Articles of Association of Brenntag AG, any right of shareholders to certification of their shares is excluded to the extent permitted by law and that certification is not required under the rules of any stock exchange on which the share is admitted for trading. The company is entitled to issue share certificates embodying several shares (consolidated certificates). Pursuant to section 67, para. 2 of the German Stock Corporation Act (AktG) only those persons recorded in the company's share register will be recognized as shareholders of Brenntag AG. For purposes of recording the shares in the company's share register, shareholders are required to submit to Brenntag AG the number of shares held by them, and, in the case of individuals, their name, address and date of birth, or in the case of legal entities, their company name, business address and registered offices. All shares confer the same rights and obligations. At the General Shareholders' Meeting, each share has one vote and accounts for the shareholders' proportionate share in the net income of Brenntag AG. Excepted from this rule are any treasury shares held by Brenntag AG that do not entitle Brenntag AG to any rights. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Act, in particular by section 12, 53a ff., 118 ff. and 186 of the German Stock Corporation Act.

### Restrictions on voting rights or transfer of shares

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

### Direct or indirect interests in the capital of the company exceeding 10% of the voting rights

Section 21 of the German Securities Trading Act (WpHG) requires that any investor whose percentage of voting rights in Brenntag AG reaches, exceeds or falls below certain thresholds as the result of purchases, disposals or otherwise must notify Brenntag AG and the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). As of December 31, 2012, the company is not aware of any direct or indirect interests in the capital of Brenntag AG that exceed 10% of the voting rights. All voting right notifications in accordance with section 21 of the German Securities Trading Act

(WpHG) received by Brenntag AG in the reporting period can be viewed on the company's website at [www.brenntag.com/voting\\_rights\\_announcements](http://www.brenntag.com/voting_rights_announcements).

#### Shares with special rights conferring powers of control

There are no shares with special rights conferring powers of control.

#### System of control of any employee participation scheme where the control rights are not exercised directly by the employees

Brenntag AG does not have a general employee participation scheme.

#### Legislation and provisions of the Articles of Association applicable to the appointment and removal of the members of the Board of Management and governing amendments to the Articles of Association

The appointment and removal of members of the Board of Management are subject to the provisions of sections 84 and 85 of the German Stock Corporation Act. According to article 12, para. 4 of the Articles of Association of Brenntag AG, the Supervisory Board appoints the members of the Board of Management by simple majority of votes. In the event of a tie, the chairman of the Supervisory Board has the casting vote. According to article 8, para. 1 of the Articles of Association of Brenntag AG, the Board of Management consists of one or more persons. The specific number of members of the Board of Management is determined by the Supervisory Board.

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

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**Powers of the Board of Management to issue and repurchase shares:  
authorization to create authorized capital**

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

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

**Authorization to acquire and sell treasury shares in accordance with  
section 71, para. 1, No. 8 of the German Stock Corporation Act**

By resolution of the General Shareholders' Meeting on March 19, 2010, the company was authorized to purchase its own shares up to a total of 10% of the company's share capital at the time of the resolution provided that the shares purchased on the basis of this authorization and other shares of the company which Brenntag AG has already purchased and still owns do not in aggregate at any time amount to more than 10% of the share capital. The authorization may be exercised in one or more tranches, once or several times. It became effective at the close of the General Shareholders' Meeting on March 19, 2010 and remains in effect until February 28, 2015. If the shares are purchased on the stock exchange, the purchase price may not be more than 10% lower or higher than the arithmetic mean of the share price on the stock exchange in Frankfurt am Main on the last five trading days before the shares are purchased or an obligation to purchase the shares is entered into. If the shares are purchased by a public offer to all shareholders or by other means in accordance with section 53a of the German Stock Corporation Act, the purchase price paid to the shareholders may not be more than 10% lower or higher than the arithmetic mean of the share price on the stock exchange in Frankfurt am Main on the last five trading days before announcement of the offer or, in the case of purchase by other means, before such purchase. The authorization may be exercised for any purpose permitted by law.

As far as subsequent use is made to the exclusion of the shareholders' pre-emption rights, the right to a report by the Board of Management in accordance with section 71, para. 1, No. 8, and section 186, para. 4, sentence 2 of

the German Stock Corporation Act on the reason for the exclusion of the statutory pre-emption right was irrevocably waived.

**Authorization to issue convertible bonds or warrant-linked bonds or profit-sharing certificates with conversion or option rights, creation of conditional capital and corresponding amendments to the Articles of Association**

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

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

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

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

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**Significant agreements which take effect, alter or terminate upon a change of control of the company following a takeover bid**

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

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

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

**Compensation agreements with members of the Board of Management or employees in the event of a takeover bid**

Details on compensation agreements in the service agreements of the members of the Board of Management are to be found in the remuneration report.

No such agreements exist with employees.

## CORPORATE GOVERNANCE STATEMENT

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

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(International Financial Reporting Standards)

as at December 31, 2012

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List of Shareholdings in Accordance with Section 313, para. 2 of the German Commercial Code as at December 31, 2012

## CONSOLIDATED INCOME STATEMENT

in EUR m	Note	2012	2011
Sales	1.)	9,689.9	8,679.3
Cost of goods sold	2.)	-7,764.2	-6,911.3
<b>Gross profit</b>		<b>1,925.7</b>	<b>1,768.0</b>
Selling expenses	3.)	-1,224.9	-1,109.6
Administrative expenses	4.)	-151.1	-133.1
Other operating income	5.)	40.2	41.1
Other operating expenses	6.)	-16.4	-20.6
<b>Operating profit</b>		<b>573.5</b>	<b>545.8</b>
Result of investments accounted for at equity		4.6	4.2
Finance income	7.)	10.0	11.1
Finance costs	8.)	-92.3	-118.4
Changes in purchase price obligations and liabilities under IAS 32 to minorities	9.)	2.8	-12.1
Other financial result	10.)	-19.8	-11.1
<b>Financial result</b>		<b>-94.7</b>	<b>-126.3</b>
<b>Profit before tax</b>		<b>478.8</b>	<b>419.5</b>
Income taxes	11.)	-140.6	-140.2
<b>Profit after tax</b>		<b>338.2</b>	<b>279.3</b>
Attributable to:			
Shareholders of Brenntag AG		336.2	277.4
Minority shareholders	12.)	2.0	1.9
<b>Undiluted earnings per share in euro</b>	14.)	<b>6.53</b>	<b>5.39</b>
<b>Diluted earnings per share in euro</b>	14.)	<b>6.53</b>	<b>5.39</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR m	2012	2011
<b>Profit after tax</b>	<b>338.2</b>	<b>279.3</b>
Change in exchange rate differences	−5.6	2.9
Change in net investment hedge reserve	0.4	−3.1
Change in cash flow hedge reserve	−	9.7
Deferred tax on components of other comprehensive income	−	−3.2
<b>Other comprehensive income</b>	<b>−5.2</b>	<b>6.3</b>
<b>Total comprehensive income</b>	<b>333.0</b>	<b>285.6</b>
Attributable to:		
Shareholders of Brenntag AG	331.2	280.8
Minority shareholders	1.8	4.8

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## CONSOLIDATED BALANCE SHEET

### ASSETS

in EUR m	Note	Dec. 31, 2012	Dec. 31, 2011
<b>Current assets</b>			
Cash and cash equivalents	15.)	346.6	458.8
Trade receivables	16.)	1,266.4	1,220.9
Other receivables	17.)	110.6	103.1
Other financial assets	18.)	15.6	20.8
Current tax assets		27.3	32.6
Inventories	19.)	760.4	696.8
Non-current assets held for sale	20.)	2.9	3.3
		<b>2,529.8</b>	<b>2,536.3</b>
<b>Non-current assets</b>			
Property, plant and equipment	21.)	873.5	865.8
Investment property	22.)	0.5	0.5
Intangible assets	23.)	2,171.0	2,047.0
Investments accounted for at equity	24.)	28.4	27.8
Other receivables	17.)	20.2	22.4
Other financial assets	18.)	30.1	11.2
Deferred tax assets	11.)	57.0	64.6
		<b>3,180.7</b>	<b>3,039.3</b>
<b>Total assets</b>		<b>5,710.5</b>	<b>5,575.6</b>

**LIABILITIES AND EQUITY**

in EUR m	Note	Dec. 31, 2012	Dec. 31, 2011	
<b>Current liabilities</b>				
Trade payables	25.)	1,008.2	956.6	
Financial liabilities	26.)	130.3	140.9	
Other liabilities	27.)	339.3	347.7	
Other provisions	28.)	76.7	74.9	
Purchase price obligations and liabilities under IAS 32 to minorities	30.)	–	30.1	
Current tax liabilities		43.1	34.5	
		<b>1,597.6</b>	<b>1,584.7</b>	
<b>Non-current liabilities</b>				
Financial liabilities	26.)	1,699.2	1,811.5	
Other liabilities	27.)	2.3	2.1	
Other provisions	28.)	127.8	125.6	
Provisions for pensions and similar obligations	29.)	69.6	64.9	
Purchase price obligations and liabilities under IAS 32 to minorities	30.)	68.5	74.6	
Deferred tax liabilities	11.)	154.3	150.9	
		<b>2,121.7</b>	<b>2,229.6</b>	
<b>Equity</b>	31.)			
Subscribed capital		51.5	51.5	
Additional paid-in capital		1,560.1	1,560.1	
Retained earnings		351.2	118.0	
Other comprehensive income		–0.4	4.6	
<b>Equity attributable to Brenntag shareholders</b>		<b>1,962.4</b>	<b>1,734.2</b>	
Equity attributable to minority shareholders		28.8	27.1	
		1,991.2	1,761.3	
<b>Total liabilities and equity</b>		<b>5,710.5</b>	<b>5,575.6</b>	

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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR m	Subscribed capital	Additional paid-in capital	Retained earnings	Exchange rate differences
<b>Dec. 31, 2010</b>	<b>51.5</b>	<b>1,560.1</b>	<b>-3.3</b>	<b>7.7</b>
Dividends	—	—	-72.1	—
Share increases	—	—	-20.8	—
Business combinations	—	—	-63.2	—
Profit after tax	—	—	277.4	—
Other comprehensive income	—	—	—	—
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>277.4</b>	<b>—</b>
<b>Dec. 31, 2011</b>	<b>51.5</b>	<b>1,560.1</b>	<b>118.0</b>	<b>7.7</b>
Dividends	—	—	-103.0	—
Profit after tax	—	—	336.2	—
Other comprehensive income	—	—	—	-5.4
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>336.2</b>	<b>-5.4</b>
<b>Dec. 31, 2012</b>	<b>51.5</b>	<b>1,560.1</b>	<b>351.2</b>	<b>2.3</b>

<sup>1)</sup> Deferred tax for cash flow hedge reserve.

<sup>2)</sup> Exchange rate differences. (accumulated amount as at Dec. 31, 2012: EUR 2.8 million, Dec. 31, 2011: EUR 3.0 million, Dec. 31, 2010: EUR 0.1 million).

Net investment hedge reserve	Cash flow hedge reserve	Deferred tax	Equity attributable to Brenntag shareholders	Minority interests	<b>Equity</b>
–	<b>–9.7</b>	<b>3.2</b>	<b>1,609.5</b>	<b>8.4</b>	<b>1,617.9</b>
–	–	–	–72.1	–4.1	–76.2
–	–	–	–20.8	–4.5	–25.3
–	–	–	–63.2	22.5	–40.7
–	–	–	277.4	1.9	279.3
–3.1	9.7	–3.2 <sup>1)</sup>	3.4	2.9 <sup>2)</sup>	6.3
<b>–3.1</b>	<b>9.7</b>	<b>–3.2</b>	<b>280.8</b>	<b>4.8</b>	<b>285.6</b>
<b>–3.1</b>	–	–	<b>1,734.2</b>	<b>27.1</b>	<b>1,761.3</b>
–	–	–	–103.0	–0.1	–103.1
–	–	–	336.2	2.0	338.2
0.4	–	–	–5.0	–0.2 <sup>2)</sup>	–5.2
<b>0.4</b>	–	–	<b>331.2</b>	<b>1.8</b>	<b>333.0</b>
<b>–2.7</b>	–	–	<b>1,962.4</b>	<b>28.8</b>	<b>1,991.2</b>

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## CONSOLIDATED CASH FLOW STATEMENT

in EUR m	Note 32.)	2012	2011
<b>Profit after tax</b>		<b>338.2</b>	<b>279.3</b>
Depreciation and amortization	21.) to 23.)	133.1	113.0
Income taxes	11.)	140.6	140.2
Income tax payments		-121.2	-119.3
Interest result	7.)/8.)	82.3	107.3
Interest payments (netted against interest received)		-80.4	-112.0
Dividends received		1.2	1.2
Changes in provisions		5.3	-4.0
Changes in current assets and liabilities			
Inventories		-41.3	-44.5
Receivables		-23.6	-76.1
Liabilities		21.7	61.5
Non-cash change in purchase price obligations and liabilities under IAS 32 to minorities	9.)	-2.8	12.1
Other non-cash items		-20.1	-9.1
<b>Cash provided by operating activities</b>		<b>433.0</b>	<b>349.6</b>
Proceeds from disposals of investments accounted for at equity		0.1	0.4
Proceeds from disposals of other financial assets		1.3	4.6
Proceeds from disposals of intangible assets as well as property, plant and equipment		7.0	5.6
Purchases of consolidated subsidiaries and other business units		-234.5	-122.3
Purchases of other financial assets		-0.3	-0.1
Purchases of intangible assets as well as property, plant and equipment		-86.3	-86.3
<b>Cash used for investing activities</b>		<b>-312.7</b>	<b>-198.1</b>
Purchases of shares in companies already consolidated		-	-25.3
Dividends paid to Brenntag shareholders		-103.0	-72.1
Profits distributed to minority shareholders		-1.6	-5.8
Proceeds from borrowings		42.4	1,561.6
Repayments of borrowings		-165.8	-1,515.5
<b>Cash used for financing activities</b>		<b>-228.0</b>	<b>-57.1</b>
<b>Change in cash and cash equivalents</b>		<b>-107.7</b>	<b>94.4</b>
Change in cash and cash equivalents due to currency gains / losses		-4.5	1.5
Cash and cash equivalents at beginning of period	15.)	458.8	362.9
<b>Cash and cash equivalents at end of period</b>	<b>15.)</b>	<b>346.6</b>	<b>458.8</b>

## NOTES

### KEY FINANCIAL FIGURES BY SEGMENT

for the period from January 1 to December 31

#### SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8<sup>1)</sup>

		Europe	North America	Latin America	Asia Pacific	All Other Segments	Consolidation	Group
	<b>2012</b>	<b>4,549.0</b>	<b>3,065.2</b>	<b>919.0</b>	<b>707.6</b>	<b>449.1</b>	–	<b>9,689.9</b>
External sales	2011	4,295.3	2,725.7	806.9	415.4	436.0	–	8,679.3
	Change in %	5.9	12.5	13.9	70.3	3.0	–	11.6
	fx adjusted change in %	5.3	3.9	8.5	58.4	3.0	–	7.7
Inter-segment sales	<b>2012</b>	<b>4.3</b>	<b>5.3</b>	<b>5.1</b>	–	<b>2.4</b>	<b>-17.1</b>	–
	2011	5.8	5.4	2.8	–	2.6	-16.6	–
	<b>2012</b>	<b>927.9</b>	<b>742.3</b>	<b>169.6</b>	<b>111.6</b>	<b>17.0</b>	–	<b>1,968.4</b>
Operating gross profit <sup>2)</sup>	2011	898.0	659.7	150.5	82.1	17.3	–	1,807.6
	Change in %	3.3	12.5	12.7	35.9	-1.7	–	8.9
	fx adjusted change in %	2.4	4.0	7.3	26.7	-1.7	–	4.5
	<b>2012</b>	–	–	–	–	–	–	<b>1,925.7</b>
Gross profit	2011	–	–	–	–	–	–	1,768.0
	Change in %	–	–	–	–	–	–	8.9
	fx adjusted change in %	–	–	–	–	–	–	4.6
	<b>2012</b>	<b>301.6</b>	<b>321.5</b>	<b>56.9</b>	<b>49.4</b>	<b>-22.8</b>	–	<b>706.6</b>
Operating EBITDA (segment result)	2011	303.9	282.1	51.4	36.9	-13.4	–	660.9
	Change in %	-0.8	14.0	10.7	33.9	70.1	–	6.9
	fx adjusted change in %	-1.8	5.5	5.6	25.4	70.1	–	2.2
	<b>2012</b>	–	–	–	–	–	–	<b>706.6</b>
EBITDA	2011	–	–	–	–	–	–	658.8
	Change in %	–	–	–	–	–	–	7.3
	fx adjusted change in %	–	–	–	–	–	–	2.5
Operating EBITDA/ Operating gross profit <sup>2)</sup>	<b>2012 in %</b>	<b>32.5</b>	<b>43.3</b>	<b>33.5</b>	<b>44.3</b>	<b>-134.1</b>	–	<b>35.9</b>
	2011 in %	33.8	42.8	34.2	44.9	-77.5	–	36.6
Investments in non-current assets (Capex) <sup>3)</sup>	<b>2012</b>	<b>52.4</b>	<b>29.0</b>	<b>8.3</b>	<b>4.7</b>	<b>0.3</b>	–	<b>94.7</b>
	2011	48.2	23.2	10.5	3.8	0.3	–	86.0

<sup>1)</sup> For further information on segment reporting in accordance with IFRS 8, see Note 33.

<sup>2)</sup> External sales less cost of materials.

<sup>3)</sup> The other additions to property, plant and equipment and intangible assets are shown as Investments in non-current assets.

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## GROUP KEY FINANCIAL FIGURES

in EUR m	2012	2011
<b>EBITDA (incl. transaction costs / holding charges)</b>	<b>706.6</b>	<b>658.8</b>
Investments in non-current assets (Capex) <sup>1)</sup>	−94.7	−86.0
Changes in working capital <sup>2)3)</sup>	−33.0	−61.0
<b>Free Cash Flow</b>	<b>578.9</b>	<b>511.8</b>

<sup>1)</sup> Investments in non-current assets are other additions to property, plant and equipment and intangible assets.

<sup>2)</sup> Definition of working capital: Trade receivables plus inventories less trade payables.

<sup>3)</sup> Adjusted for exchange rate effects and acquisitions.

in EUR m	2012	2011
<b>Operating EBITDA (segment result)<sup>1)</sup></b>	<b>706.6</b>	<b>660.9</b>
Transaction costs/holding charges <sup>2)</sup>	−	−2.1
<b>EBITDA</b>	<b>706.6</b>	<b>658.8</b>
Scheduled depreciation of property, plant and equipment	−94.5	−87.7
Impairment of property, plant and equipment	−1.7	−0.5
Impairment of investment property	−	−0.7
<b>EBITA</b>	<b>610.4</b>	<b>569.9</b>
Scheduled amortization of intangible assets <sup>3)</sup>	−36.9	−24.1
Impairment of intangible assets	−	−
<b>EBIT</b>	<b>573.5</b>	<b>545.8</b>
Financial result	−94.7	−126.3
<b>Profit before tax</b>	<b>478.8</b>	<b>419.5</b>

<sup>1)</sup> Including operating EBITDA All Other Segments.

<sup>2)</sup> Transaction costs: Costs connected with restructuring under company law and refinancing, particularly the refinancing in 2011. They are eliminated for purposes of management reporting to permit proper presentation of the operating performance and comparability on segment level. Holding charges: Certain costs charged between holding companies and operating companies. On Group level they net to zero.

<sup>3)</sup> This figure includes for the period January to December 2012 scheduled amortization of customer relationships totalling EUR 29.1 million (2011: EUR 16.4 million).

in EUR m	<b>2012</b>	2011
EBITA	610.4	569.9
Average property, plant and equipment	860.5	824.0
Average working capital	1,048.8	928.3
<b>RONA <sup>1)</sup></b>	<b>32.0%</b>	<b>32.5%</b>

<sup>1)</sup> RONA stands for Return on Net Assets and is defined as EBITA divided by the sum of average property, plant and equipment and average working capital. Average property, plant and equipment is defined for a particular year as the average of values for property, plant and equipment at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year. Average working capital is defined for a particular year as the average of the values for working capital at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

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in EUR m	<b>2012</b>	2011
<b>Operating gross profit</b>	<b>1,968.4</b>	<b>1,807.6</b>
Production / mixing & blending costs	−42.7	−39.6
<b>Gross profit</b>	<b>1,925.7</b>	<b>1,768.0</b>

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## GENERAL INFORMATION

As one of the world's leading chemical distributors with more than 450 locations, Brenntag offers its customers and suppliers an extensive range of services and global supply chain management as well as a highly developed chemical distribution network in Europe, North and Latin America as well as in the Asia Pacific region.

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These consolidated financial statements of Brenntag AG were prepared by the Board of Management of Brenntag AG on March 12, 2013, authorized for publication and submitted by the Audit Committee to the Supervisory Board for approval at its meeting on March 18, 2013.

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

## CONSOLIDATION POLICIES AND METHODS

### Standards applied

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

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

The accounting methods applied comply with all the standards and interpretations existing and adopted by the EU as at December 31, 2012 whose application is mandatory. In addition, the German commercial law provisions to be applied in accordance with section 315a, para. 1 of the German Commercial Code were taken into account.

The following revised standard issued by the International Accounting Standards Board (IASB) had to be applied by the Brenntag Group for the first time in the 2012 financial year:

- Amendments to IFRS 7 (Financial Instruments: Disclosures) regarding disclosures on the transfer of financial assets

The subject of the amendments to IFRS 7 (Financial Instruments: Disclosures) regarding disclosures on the transfer of financial assets is enhanced disclosure requirements in connection with transferred financial assets which do not qualify for derecognition or only qualify in part as well as disclosure requirements in connection with financial assets which are derecognized in their entirety but for which the entity retains continuing involvement.

The standard to be applied for the first time had no material effect on the presentation of the net assets, financial position and results of operations of the Brenntag Group in comparison to the previous period.

The following (in some cases revised) standards and interpretations had been published by the end of 2012 but their adoption is not yet mandatory. They will probably only be applied in the Brenntag consolidated financial statements when their adoption is mandatory and if they are endorsed by the European Union.

### Probable first-time adoption in 2013:

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

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

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

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

IFRS 13 (Fair Value Measurement) establishes a single source of guidance under IFRS for fair value measurements and extends the necessary disclosures.

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

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

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

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

As the corridor method previously used will no longer apply, there will in future be no amortization from unrecognized actuarial losses within personnel expenses.

If the amended IAS 19 had already been applied as at December 31, 2012, allowing for deferred taxes, equity would have been reduced by EUR 47.0 million. Provisions for pensions and similar obligations would have increased by EUR 64.6 million after offsetting against receivables from plan assets. The deferred tax assets would be EUR 17.6 million higher.

The profit before tax would be EUR 0.6 million lower in 2012. By contrast, for 2013, we are expecting the profit before tax to be EUR 0.3 million higher as a result of application of the revised IAS 19.

In addition, there will be changes in the presentation of the pension costs as well as additional disclosures in the Notes.

The improvements to International Financial Reporting Standards (May 2012) contain clarifications and minor amendments to several standards which clearly set out the content of the standards and eliminate existing inconsistencies.

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

Probable first-time adoption in 2014:

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

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

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

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

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The new rules included in IFRS 10 (Consolidated Financial Statements) replace the consolidation rules previously contained in IAS 27 (Consolidated and Separate Financial Statements) and SIC 12 (Consolidation – Special Purpose Entities). IAS 27 (Single Financial Statements (revised 2011)) is now only to be applied to single financial statements according to IFRS.

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

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

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

The amendments to IAS 32 (Financial Instruments: Presentation) regarding the netting of financial assets and liabilities clearly set out the requirements formulated in IAS 32 for the netting of financial assets and liabilities.

Probable first-time adoption in 2015:

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

IFRS 9 (Financial Instruments) sets out new rules for the classification and measurement of financial assets and liabilities. On initial recognition, financial assets are in future to be classified into the categories "Measurement at fair value" or "Measurement at amortized cost".

In connection with the introduction of IFRS 9, additional rules on disclosure requirements on transition to IFRS 9 were added to IFRS 7.

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

#### Scope of consolidation

As at December 31, 2012, the consolidated financial statements include Brenntag AG and 26 domestic (Dec. 31, 2011: 26) and 194 foreign (Dec. 31, 2011: 189) fully consolidated subsidiaries and special purpose entities.

The table below shows the changes in the number of fully consolidated companies and special purpose entities since January 1, 2012:

	Jan. 1, 2012	Additions	Disposals	<b>Dec. 31, 2012</b>
Domestic consolidated companies	27	–	–	27
Foreign consolidated companies	189	12	7	194
<b>Total consolidated companies</b>	<b>216</b>	<b>12</b>	<b>7</b>	<b>221</b>

The additions relate to newly established companies and companies acquired as part of business combinations in accordance with IFRS 3.

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

Five associates (Dec. 31, 2011: five) are accounted for at equity.

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

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### Business combinations in accordance with IFRS 3

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

On December 31, 2012, Brenntag acquired Altivia Corporation, a water treatment chemical distributor headquartered in Longview, Texas. This acquisition will considerably strengthen both our regional company, Brenntag Southwest, and the water treatment business, which is one of Brenntag's focus industries worldwide. The provisional purchase price is EUR 95.4 million.

The acquired assets of the Altivia Corporation break down as follows:

in EUR m	Fair value according to IFRS
<b>Assets</b>	
Cash and cash equivalents	–
Trade receivables and other receivables	7.1
Other current assets	2.7
Non-current assets	24.3
<b>Liabilities</b>	
Current liabilities	5.5
Non-current liabilities	1.3
<b>Net assets</b>	<b>27.3</b>

Measurement of the assets and liabilities taken over has not yet been completed owing to a lack of time. There are no material differences between the gross amount and the carrying amount of the receivables. The provisional goodwill from this acquisition which can be amortized for tax purposes totals EUR 68.1 million. The main factors determining the goodwill are the strategically located facility in Houston, USA, and the resulting efficiency gains as well as the possibility to further expand our business.

In mid-July 2012, Brenntag acquired the entire ISM/Salkat Group, a leading distributor of specialty chemicals in Australia and New Zealand as part of a combined asset and share deal. Brenntag is therefore further expanding its market position in this region and enlarging its existing product portfolio for specialty chemicals. The provisional purchase price is EUR 83.4 million.

The acquired net assets of the ISM/Salkat Group break down as follows:

in EUR m	Fair value according to IFRS
<b>Assets</b>	
Cash and cash equivalents	1.6
Trade receivables and other receivables	13.9
Other current assets	14.1
Non-current assets	13.3
<b>Liabilities</b>	
Current liabilities	10.1
Non-current liabilities	4.0
<b>Net assets</b>	<b>28.8</b>

Measurement of the assets and liabilities taken over has not yet been completed owing to a lack of time. There are no material differences between the gross amount and the carrying amount of the receivables. The provisional goodwill from these acquisitions which cannot be amortized for tax purposes totals EUR 54.6 million. The main factor determining the goodwill is the long-term growth opportunities resulting from the expansion of Brenntag's market position in Australia and New Zealand.

Since its acquisition by Brenntag, the ISM/Salkat Group has generated sales of EUR 39.9 million and profit after tax of EUR 1.6 million.

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Furthermore, in early June 2012 Brenntag acquired in Italy all the shares in Petrolube S.r.L., domiciled in Milan, and in VS Chimica S.r.L., domiciled in Casoria and in mid-July 2012 it bought all the shares in THE TREAT-EM-RITE CORPORATION, a US chemical distributor for the oil and gas industry domiciled in Pearsall, Texas, and at the end of September the business of Heatsaver Limited in the United Kingdom. In December 2012, Brenntag closed the deal to acquire the Delanta Group, a specialty chemical distributor with presence in the southern cone of Latin America. The purchase price for these acquisitions totalled EUR 31.0 million.

The acquired net assets of these companies break down as follows:

in EUR m	Fair value according to IFRS
<b>Assets</b>	
Cash and cash equivalents	1.3
Trade receivables and other receivables	4.4
Other current assets	5.5
Non-current assets	12.0
<b>Liabilities</b>	
Current liabilities	3.5
Non-current liabilities	3.9
<b>Net assets</b>	<b>15.8</b>

Measurement of the assets and liabilities taken over has not yet been completed owing to a lack of time. There are no material differences between the gross amount and the carrying amount of the receivables. The provisional goodwill from these acquisitions which cannot be amortized for tax purposes totals EUR 15.2 million. Of this figure for goodwill, the acquisition of THE TREAT-EM-RITE CORPORATION accounts for EUR 8.0 million. This company provides customers in one of the USA's fastest growing natural gas shale areas with production (well-treating) chemicals and specialized services, which help to optimize a well's productivity. The value of the goodwill is therefore largely determined by access to this market as well as by cross-selling opportunities with the products of other Brenntag subsidiaries.

Since their acquisition by Brenntag, these companies have generated sales of EUR 14.3 million and profit after tax of EUR 0.8 million.

If the business combinations had taken place with effect from January 1, 2012, sales of about EUR 9,832 million would have been shown for the Brenntag Group in the reporting period. The profit after tax would have been about EUR 347 million.

Measurement of the assets and liabilities of the Multisol Group has been completed. The net assets acquired in 2011 were adjusted as follows in the measurement period:

in EUR m	Provisional fair value according to IFRS	Adjustments	Final fair value according to IFRS
<b>Assets</b>			
Cash and cash equivalents	18.3	–	18.3
Trade receivables, other financial assets and other receivables	39.4	4.7	44.1
Other current assets	15.0	–	15.0
Non-current assets	43.8	1.8	45.6
<b>Liabilities</b>			
Current liabilities	78.8	2.5	81.3
Contingent liabilities	0.6	–	0.6
Non-current liabilities	9.2	–	9.2
<b>Net assets</b>	<b>27.9</b>	<b>4.0</b>	<b>31.9</b>

The acquisition costs for the net assets acquired increased in the measurement period by EUR 4.5 million from EUR 92.9 million to EUR 97.4 million. Goodwill therefore rose by EUR 0.5 million. The acquisition costs include a conditional purchase price obligation of EUR 3.8 million from hitherto unrealized tax benefits of the Multisol Group which are attributable to the period prior to the acquisition.

Measurement of the assets and liabilities of the Zhong Yung Group has been completed. The measurement of the assets and liabilities taken over did not result in any adjustments being made. The provisional acquisition costs of EUR 52.4 million previously recorded were EUR 4.5 million higher than the final acquisition costs of EUR 47.9 million. Goodwill fell accordingly.

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The carrying amounts of the goodwill of the Multisol Group and the Zhong Yung Group have therefore developed as follows:

in EUR m	Goodwill Multisol Group	Goodwill Zhong Yung Group
<b>Dec. 31, 2011</b>	<b>66.0</b>	<b>32.7</b>
Adjustments in the measurement period	0.5	−4.5
Exchange rate differences	0.3	−0.7
<b>Dec. 31, 2012</b>	<b>66.8</b>	<b>27.5</b>

The net cash outflow in 2012 resulting from business combinations has been determined as follows:

in EUR m	
<b>Cost of acquisition 2012</b>	<b>209.8</b>
less cash and cash equivalents acquired	−2.9
less purchase price components not yet paid	−0.3
less purchase price refunds from prior years	−0.1
plus final purchase price payment first tranche Zhong Yung Group	27.0
plus subsequent purchase price payment Multisol Group	1.0
<b>Purchases of consolidated subsidiaries and other business units</b>	<b>234.5</b>

#### Consolidation methods

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

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

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

Changes in the fair value of the liabilities after the acquisition date are recognized in profit or loss.

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

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

Receivables, liabilities, expenses and income and inter-company results within the Brenntag Group are eliminated.

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

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

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

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### Currency translation

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

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

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

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

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

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

The euro exchange rates for major currencies developed as follows:

EUR 1 = currencies	Closing rate		Average rate		205 Responsibility Statement 206 Annex
	Dec. 31, 2012	Dec. 31, 2011	2012	2011	
Canadian dollar (CAD)	1.3137	1.3215	1.2842	1.3761	
Swiss franc (CHF)	1.2072	1.2156	1.2053	1.2326	
Chinese yuan renminbi (CNY)	8.2207	8.1588	8.1052	8.9960	
Danish crown (DKK)	7.4610	7.4342	7.4437	7.4506	
Pound sterling (GBP)	0.8161	0.8353	0.8109	0.8679	
Polish złoty (PLN)	4.0740	4.4580	4.1847	4.1206	
Swedish crown (SEK)	8.5820	8.9120	8.7041	9.0298	
US dollar (USD)	1.3194	1.2939	1.2848	1.3920	

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## ACCOUNTING AND MEASUREMENT POLICIES

### Revenue recognition

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

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

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

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

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

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

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

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

### Cash and cash equivalents

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

### Trade receivables, other receivables and other financial assets

Financial assets are divided into the following categories in line with the categories stipulated in IAS 39:

- loans and receivables
- available-for-sale financial assets
- financial assets at fair value through profit and loss.

The financial assets are subsequently measured at amortized cost or at fair value depending on which of the above categories they are allocated to. In determining the fair value, IFRS 7 provides for a three-level hierarchy which reflects the market closeness of the input data used for determining the fair value:

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

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

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

The securities and shares in companies in which the company does not have at least significant influence shown under other financial assets are classified as available-for-sale financial assets. They are measured on initial recognition at fair value plus transaction costs and subsequently at fair value. If these securities or company shares are traded on an active market, the fair value is

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the published quoted price at the balance-sheet date (level 1). If there is no active market, the fair value is established by using a suitable valuation technique (level 2 or 3). Changes in the fair value are recognized directly within equity in the revaluation reserve.

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

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

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

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

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

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

#### Inventories

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

The inventories are subsequently measured in accordance with IAS 2 at the lower of cost (on the basis of the weighted average cost formula) and net realizable value. The net realizable value is the estimated selling price in the

ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value also covers effects from obsolescence or reduced marketability. Reversals of earlier write-downs of inventories are performed when the net realizable value of the inventories increases again.

#### **Non-current assets held for sale**

In accordance with IAS 5, non-current assets held for sale are recognized separately as such if the relevant carrying amount is mainly realized by a sale transaction and not by continuing use. They are measured at the lower of their amortized carrying amount and fair value less costs to sell. Non-current assets held for sale are no longer depreciated.

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#### **Property, plant and equipment**

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

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

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

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

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

Leased assets which are to be classified as finance leases in accordance with the categorization of IAS 17 are measured at the lower of their fair value and

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the present value of the minimum lease payments at the inception of the lease. They are depreciated over their estimated useful lives or - provided the transfer of ownership is not probable - the contract term, whichever is shorter. The present values of future lease payments for assets capitalized as finance leases are recognized as financial liabilities.

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

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

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

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

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

### Investment property

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

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

	Useful life
Buildings	15 years
Installations and building improvements	15 years

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### Intangible assets

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

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

Separately acquired intangible assets are carried at cost.

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

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

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

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**Impairment testing of non-current non-financial assets**

In accordance with IAS 36, assets are tested for impairment whenever there is an objective indication that the carrying amount may not be recoverable.

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

Impairment exists when the carrying amount of an asset exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the value in use. The fair value is the best-possible estimate of the amount for which the asset would be acquired by a third party in an arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from an asset. If the carrying amount is higher than the recoverable amount, the asset is written down to the recoverable amount.

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

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

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

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

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

The "Brenntag" trademark is an asset which has an indefinite useful life and is therefore also subjected to an annual impairment test. As the "Brenntag" trademark does not generate any own cash flows which are independent from other assets or groups of assets, and its carrying amount cannot be

allocated reasonably and consistently to individual CGUs, it is allocated to the Brenntag Group as a whole.

#### Other provisions

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

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

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

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

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### Provisions for pensions and similar obligations

The Group's pension obligations comprise both defined benefit and defined contribution plans.

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

In accordance with IAS 19, provisions are established for defined benefit plans. The obligations arising from these defined benefit plans are determined on the basis of the internationally recognized projected unit credit method, taking future salary and pension trends into consideration. For this purpose, an actuarial valuation is obtained every year. Mortality rates are determined using the latest Heubeck mortality tables (2005G) or comparable foreign mortality tables. Differences between the expected pension obligations calculated at year-end and the actual pension obligations as well as differences between the fair value of the plan assets expected at the end of the year and the actual figure (actuarial gains and losses) are spread to income in the subsequent periods over the expected remaining working lives of the participating employees where they exceed the corridor of 10% of the maximum of the defined benefit obligation (DBO) and the plan assets at the beginning of the period (corridor method).

Past service cost is recorded directly as expense to the extent that the benefits are already vested and otherwise spread over the average period until the benefits become vested (vesting period).

### Trade payables, financial liabilities and other liabilities

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

The accounting and measurement of the derivative financial instruments with negative fair values shown within financial liabilities is the same as the accounting and measurement of the derivative financial instruments with positive fair values shown within other financial assets.

The liabilities under finance leases are stated at their amortized cost.

### Purchase price obligations and liabilities under IAS 32 to minorities

Purchase price obligations to acquire minority interests are initially recorded as a liability in equity at their fair value (present value of the purchase price obligation). Unwinding of discounting and changes in the estimate of the future purchase price are recognized in profit or loss. Exchange rate-related changes in the purchase price obligations are recorded within equity in the net investment hedge reserve for the portion included in net investment hedge accounting and recognized in profit or loss for the portion not included.

Minority partners' rights to repayment of the limited partner's contribution are initially measured at the fair value of the rights and subsequently recognized as liabilities at amortized cost. Changes are recognized directly in income.

### Deferred taxes and current income taxes

Current income taxes for the current and prior periods are recognized at the amount expected to be paid to or recovered from the tax authorities.

Deferred taxes are determined in accordance with IAS 12 (Income Taxes). Deferred taxes arise from temporary differences between the carrying amounts of assets and liabilities in the IFRS balance sheet and the tax balance sheet, from consolidation transactions and from tax loss carryforwards where it is likely that there will be sufficient income in subsequent years for these loss carryforwards to be utilized.

Deferred tax assets are recognized to the extent that it is likely that future taxable profit will be available against which the temporary differences and unutilized loss carryforwards can be utilized.

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No deferred taxes are recognized for the difference between the net assets and the tax base of subsidiaries (outside basis differences) provided Brenntag is able to control the timing of the reversal of the temporary difference and it is unlikely that the temporary difference will reverse in the foreseeable future.

Deferred taxes for domestic companies are calculated on the basis of the combined income tax rate of the German fiscal entity for tax purposes of Brenntag AG of 32% (2011: 32%) for corporate income tax, solidarity surcharge and trade income tax, and for foreign companies, at local tax rates. These are tax rates which can be expected to apply on the basis of laws in the different countries that have been enacted or substantially enacted by the balance-sheet date.

Deferred tax assets and liabilities are netted against each other if they relate to the same tax authority, the company has a legally enforceable right to set them off against each other and they refer to the same periods.

#### Net investment hedges

When a net investment in a foreign operation is hedged (net investment hedge), exchange rate-related changes in liabilities included in net investment hedge accounting, calculated on the effective portion, are recorded within equity in the net investment hedge reserve. In the case of the sale of part or all of the foreign operation, the amount previously shown in the net investment hedge reserve is recognized in profit or loss.

#### Cash flow hedges

The hedge-effective portion of changes in the fair value of derivative financial instruments included in cash flow hedge accounting is recognized within equity in the cash flow hedge reserve. Gains or losses from the effective portion of these derivatives are only reclassified to the income statement when the underlying hedged item is recognized in income. If the cash flows from a hedged item are no longer expected, the accumulated gains or losses recognized directly in equity are reclassified immediately to the income statement. Ineffective portions of the hedge accounting are recognized directly in income.

### Assumptions and estimates

Assumptions and estimates which may affect the amounts and disclosures of the reported assets and liabilities and revenues and expenses have to be made in the consolidated financial statements. These estimates and assumptions mainly relate to the calculation and discounting of cash flows when impairment tests are performed, the likelihood of occurrence and the discounting of provisions, particularly in the field of environmental risks, as well as the estimate regarding the amount of the purchase price obligation to acquire the minority interests in the Zhong Yung Group. Furthermore, assumptions are made as to the realization of future tax benefits from loss carryforwards as well as to the useful lives of intangible assets and property, plant and equipment.

If the WACC (weighted average cost of capital after taxes) taken as a basis for impairment testing of the goodwill had been one percentage point higher, as in 2011 no impairment would have arisen either at segment or at Group level.

If the discount rate used to determine the environmental provisions had been one percentage point higher or lower and all other conditions had remained the same, the provision would have decreased by EUR 4.8 million (Dec. 31, 2011: EUR 5.2 million) or increased by EUR 5.4 million (Dec. 31, 2011: EUR 5.8 million), respectively.

The actual amounts can differ from the assumptions and estimates in individual cases. Adjustments are recognized in income when estimates are revised.

### Cash flow statement

The cash flow statement classifies cash flows by operating, investing and financing activities. The cash provided by operating activities is determined using the indirect method on the basis of the profit / loss after tax. Interest payments made and received, tax payments and dividends received are presented as components of cash provided by operating activities. The effects of purchases of consolidated subsidiaries and other business units as defined by IFRS 3 (Business Combinations) are eliminated from the individual items of the cash flow statement and combined under cash flow from investing activities. The repayment of liabilities under finance leases is shown as cash used for financing activities. Cash and cash equivalents in the cash flow statement correspond to the cash and cash equivalents in the balance sheet. The effect of changes in value due to exchange rate fluctuations on cash and cash equivalents is shown separately.

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**Segment reporting**

Segment reporting under IFRS 8 (Operating Segments) is based on the management approach. Reporting is based on the internal control and reporting information used by the top management for assessing segment performance and making resource allocations.

## INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

### 1. Sales

The total sales of EUR 9,689.9 million (2011: EUR 8,679.3 million) mainly relate to the sale of goods. Sales of EUR 0.5 million (2011: EUR 0.4 million) were generated with related parties.

### 2. Cost of goods sold

The cost of goods sold includes cost of materials and the other operating expenses which are to be allocated directly or proportionately to this line item. The cost of materials amounts to EUR 7,721.5 million (2011: EUR 6,871.7 million). The cost of goods sold also includes impairment losses and reversals of impairment losses on inventories of EUR 1.1 million (2011: EUR 2.7 million).

### 3. Selling expenses

The selling expenses include all direct selling and distribution costs as well as respective overheads which are incurred in the reporting period and are to be allocated directly or proportionately to this line item.

Rental and lease expenses for operating leases total EUR 82.5 million (2011: EUR 74.2 million), of which EUR 0.6 million (2011: EUR 0.8 million) are for contingent rents. They are mainly shown under selling expenses.

### 4. Administrative expenses

The administrative expenses contain all costs which are of a general administrative character provided they are not to be allocated to other functional areas.

### 5. Other operating income

in EUR m	2012	2011
Income from the disposal of non-current assets	4.0	2.4
Income from the reversal of provisions no longer required	3.0	1.6
Income from receivables derecognized in prior periods	1.5	0.2
Miscellaneous operating income	31.7	36.9
<b>Total</b>	<b>40.2</b>	<b>41.1</b>

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**6. Other operating expenses**

in EUR m	2012	2011
Impairments of trade receivables	-8.7	-5.4
Impairments of other receivables	-0.2	-1.7
Income from the reversal of impairments of trade receivables	5.3	2.0
Income from the reversal of impairments of other receivables	-	0.6
Losses on the disposal of non-current assets	-0.7	-0.9
Miscellaneous operating expenses	-12.1	-15.2
<b>Total</b>	<b>-16.4</b>	<b>-20.6</b>

**7. Finance income**

in EUR m	2012	2011
Interest income from third parties	3.2	4.4
Expected income from plan assets	6.8	6.7
<b>Total</b>	<b>10.0</b>	<b>11.1</b>

**8. Finance costs**

in EUR m	2012	2011
Interest expense on liabilities to third parties	-78.4	-93.1
Expense from the measurement of interest rate swaps and interest caps at fair value	-0.6	-12.4
Interest expense on the unwinding of discounting for provisions for pensions and similar obligations	-9.6	-9.3
Interest expense on other provisions	-2.1	-2.0
Interest expense on finance leases	-1.6	-1.6
<b>Total</b>	<b>-92.3</b>	<b>-118.4</b>

**9. Changes in purchase price obligations and liabilities under IAS 32 to minorities**

in EUR m	2012	2011
Cost from the unwinding of discounting of the purchase price obligation	-4.7	-1.9
Result from measurement of the purchase price obligation at the exchange rate on the reporting date	-0.3	-8.7
Change in estimate of future purchase price	9.3	-
Result from the change in liabilities under IAS 32 to minorities	-1.5	-1.5
<b>Total</b>	<b>2.8</b>	<b>-12.1</b>

For further information, we refer to Note 30.

## 10. Other financial result

in EUR m	2012	2011
Result from the translation of foreign currency receivables and liabilities at the closing rate	-20.9	-10.6
Result from the measurement of foreign currency derivatives at fair value	1.8	0.5
Miscellaneous other financial expense	-0.7	-1.0
<b>Total</b>	<b>-19.8</b>	<b>-11.1</b>

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## 11. Income taxes

in EUR m	2012	2011
Current income taxes	-135.3	-116.1
Deferred taxes	-5.3	-24.1
(thereof from temporary differences)	(-4.5)	(-16.6)
(thereof from tax loss carryforwards)	(-0.8)	(-7.5)
<b>Total</b>	<b>-140.6</b>	<b>-140.2</b>

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The effective tax expense of EUR 140.6 million (2011: EUR 140.2 million) differs by EUR -12.6 million (2011: EUR 6.0 million) from the expected tax expense of EUR 153.2 million (2011: EUR 134.2 million). The expected tax expense results from applying the Group tax rate of 32% (2011: 32%) to the pre-tax result.

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

in EUR m	2012	2011
Pre-tax profit	478.8	419.5
Expected income tax (32%, 2011: 32%)	-153.2	-134.2
Difference due to tax base	26.5	10.6
Influence of differing tax rates mainly from the inclusion of foreign subsidiaries	-0.6	-3.2
Changes in valuation adjustments on deferred tax assets / losses without the establishment of deferred taxes	4.7	5.5
Changes in the tax rate and tax laws	0.8	-0.4
Non-tax-deductible expenses	-14.2	-4.7
Tax-free income	2.2	1.5
Result of investments accounted for at equity	1.2	1.0
Taxes of prior periods	-5.9	-8.1
Deferred taxes on temporary differences from shares in subsidiaries	-	-2.4
Changes in purchase price obligations and liabilities under IAS 32 to minorities	0.6	-2.9
Other effects	-2.7	-2.9
<b>Effective tax expense</b>	<b>-140.6</b>	<b>-140.2</b>

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

in EUR m	Dec. 31, 2012		Dec. 31, 2011	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
<b>Current assets</b>				
Cash and cash equivalents and financial assets	10.8	5.7	13.8	6.4
Inventories	10.4	1.0	11.4	0.9
<b>Non-current assets</b>				
Property, plant and equipment	14.7	91.0	15.2	93.4
Intangible assets	7.6	124.4	6.2	121.0
Financial assets	3.4	12.0	3.3	9.3
<b>Current liabilities</b>				
Other provisions	7.2	0.2	8.8	0.2
Liabilities	26.7	5.6	32.1	8.6
<b>Non-current liabilities</b>				
Provisions for pensions	8.8	0.1	7.8	1.0
Other provisions	27.8	1.4	34.3	1.5
Liabilities	14.1	4.7	9.2	4.7
Special tax-allowable reserves	–	2.8	–	2.8
Loss carryforwards	71.0	–	75.8	–
Consolidation items	–	7.2	–	6.8
<b>Deferred tax (gross)</b>	<b>202.5</b>	<b>256.1</b>	<b>217.9</b>	<b>256.6</b>
Valuation allowance	–43.7	–	–47.6	–
Offsetting	–101.8	–101.8	–105.7	–105.7
<b>Deferred tax (net)</b>	<b>57.0</b>	<b>154.3</b>	<b>64.6</b>	<b>150.9</b>

Of the deferred tax assets, EUR 45.4 million (Dec. 31, 2011: EUR 51.9 million) are current and EUR 11.6 million (Dec. 31, 2011: EUR 12.7 million) are non-current. Of the deferred tax liabilities, EUR 3.1 million (Dec. 31, 2011: EUR 3.3 million) are current and EUR 151.2 million (Dec. 31, 2011: EUR 147.6 million) are non-current.

Temporary differences in connection with shares in subsidiaries for which no deferred tax liabilities were recognized amount to EUR 411.0 million (Dec. 31, 2011: EUR 381.4 million).

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The existing tax loss carryforwards can be utilized as follows:

in EUR m	Dec. 31, 2012		Dec. 31, 2011	
	Loss carry-forwards	thereof loss carryforwards without deferred taxes	Loss carry-forwards	thereof loss carryforwards without deferred taxes
within one year	1.5	(1.2)	0.2	(0.1)
2 to 5 years	8.0	(7.9)	4.5	(3.6)
6 to 9 years	2.8	(2.8)	0.1	(-)
more than 9 years	167.3	(167.3)	101.2	(101.2)
Unlimited	253.4	(138.4)	320.7	(188.0)
<b>Total</b>	<b>433.0</b>	<b>(317.6)</b>	<b>426.7</b>	<b>(292.9)</b>

Restrictions on loss carryforwards and their utilization (minimum taxation) are taken into consideration when measuring the deferred taxes on loss carryforwards.

Of the total loss carryforwards, deferred taxes of EUR 27.3 million (Dec. 31, 2012: EUR 28.2 million) were provided for loss carryforwards of EUR 115.4 million (Dec. 31, 2011: EUR 133.8 million) which are likely to be utilized. The loss carryforwards of EUR 115.4 million which are likely to be utilized include domestic corporate tax and trade income tax loss carryforwards totalling EUR 60.8 million (Dec. 31, 2011: EUR 87.8 million). No deferred taxes were provided for loss carryforwards of EUR 317.6 million (Dec. 31, 2011: EUR 292.9 million) which are not likely to be utilized.

## 12. Minority interests in profit / loss after tax

Of the shares of other shareholders in the profit / loss after tax, EUR 2.6 million (2011: EUR 2.1 million) relates to the net income for the period and EUR 0.6 million (2011: EUR 0.2 million) to the net loss for the period of fully consolidated companies.

### 13. Personnel expenses / Employees

Personnel expenses amount to EUR 722.0 million (2011: EUR 647.4 million). This line item includes wages and salaries totalling EUR 565.8 million (2011: EUR 517.2 million) as well as social insurance contributions of EUR 156.2 million (2011: EUR 130.2 million), of which pension expenses (including employer contributions to the statutory pension insurance fund) account for EUR 47.3 million (2011: EUR 42.3 million). The interest portion of the addition to provisions for pensions is not included in personnel expenses but is shown within the financial result under finance costs.

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

	2012	2011
Europe	6,423	6,418
North America	3,799	3,706
Latin America	1,370	1,288
Asia Pacific	1,370	1,196
All Other Segments	154	145
<b>Total</b>	<b>13,116</b>	<b>12,753</b>

As at December 31, 2012, the employee numbers of the Brenntag Group totalled 13,258 (Dec. 31, 2011: 13,154). Of this figure, 1,391 (Dec. 31, 2011: 1,480) were employed in Germany.

### 14. Earnings per share

The earnings per share of EUR 6.53 (2011: EUR 5.39) are determined by dividing the share in income after tax of EUR 336.2 million (2011: EUR 277.4 million) due to the shareholders of Brenntag AG by the average weighted number of shares in circulation amounting to 51.5 million (2011: 51.5 million). As at December 31, 2012, the number of shares was 51.5 million (Dec. 31, 2011: 51.5 million).

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## INFORMATION ON THE CONSOLIDATED BALANCE SHEET

### **15. Cash and cash equivalents**

in EUR m	<b>Dec. 31, 2012</b>	Dec. 31, 2011
Bank deposits	338.1	449.7
Cheques and cash on hand	8.5	9.1
<b>Total</b>	<b>346.6</b>	<b>458.8</b>

### **16. Trade receivables**

in EUR m	<b>Dec. 31, 2012</b>	Dec. 31, 2011
Trade receivables from third parties	1,266.3	1,220.8
Trade receivables from related parties	0.1	0.1
<b>Total</b>	<b>1,266.4</b>	<b>1,220.9</b>

The trade receivables which were past due but for which no impairment loss had been recorded as at the reporting date were past due by the following number of days:

in EUR m	<b>Dec. 31, 2012</b>	Dec. 31, 2011
1 to 30 days	193.3	161.2
31 to 60 days	47.3	28.4
61 to 90 days	10.1	6.5
91 to 180 days	6.6	4.2
more than 180 days	3.9	4.0
<b>Receivables past due for which no impairment loss has been recorded</b>	<b>261.2</b>	<b>204.3</b>
Receivables not past due and for which no impairment loss has been recorded	992.2	1,006.4
Gross value of receivables for which an impairment loss has been recorded	53.6	52.8
<b>Gross value of trade receivables</b>	<b>1,307.0</b>	<b>1,263.5</b>

Of the trade receivables, EUR 534.5 million (Dec. 31, 2011: EUR 492.0 million) are secured by trade credit insurances. In the Europe segment, most of the trade receivables are secured by trade credit insurances; in the Latin America and Asia Pacific segments, there are trade credit insurances for most of the receivables in certain countries. In the North America segment as well as in some countries in the Latin America and Asia Pacific segments, there are no trade credit insurances.

The impairments on trade receivables developed as follows:

in EUR m	Accumulated impairments of trade receivables	
	2012	2011
<b>Jan. 1</b>	<b>42.6</b>	<b>44.9</b>
Exchange rate differences	–	0.5
Additions	8.7	5.4
Transfers	0.2	–
Reversals	–5.3	–2.0
Utilizations	–5.6	–6.2
<b>Dec. 31</b>	<b>40.6</b>	<b>42.6</b>

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## 17. Other receivables

in EUR m	Dec. 31, 2012		Dec. 31, 2011	
		thereof current		thereof current
Value added tax receivables	28.1	(28.1)	27.4	(27.4)
Receivables from packaging	21.8	(21.8)	16.8	(16.8)
Reimbursement claims – environment	5.1	(–)	5.9	(0.1)
Suppliers with debit balances	5.6	(5.6)	5.5	(5.5)
Receivables from insurance claims	2.9	(2.9)	2.0	(2.0)
Receivables from plan assets – pensions	10.7	(–)	8.3	(–)
Deposits	2.6	(2.6)	2.8	(2.8)
Receivables from commissions and rebates	12.4	(12.4)	11.5	(11.5)
Advance payments	12.5	(12.5)	4.7	(4.7)
Receivables from other taxes	1.8	(1.8)	2.6	(2.6)
Receivables from employees	0.7	(0.7)	0.8	(0.8)
Miscellaneous other receivables	14.5	(11.0)	19.4	(11.7)
Prepaid expenses	12.1	(11.2)	17.8	(17.2)
<b>Total</b>	<b>130.8</b>	<b>(110.6)</b>	<b>125.5</b>	<b>(103.1)</b>

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## 18. Other financial assets

in EUR m	Remaining term			<b>Dec. 31, 2012</b>
	less than 1 year	1 to 5 years	more than 5 years	
Financial receivables from third parties	12.5	29.7	0.4	42.6
Derivative financial instruments	1.3	–	–	1.3
Available-for-sale financial assets	1.7	–	–	1.7
Financial receivables from related parties	0.1	–	–	0.1
<b>Total</b>	<b>15.6</b>	<b>29.7</b>	<b>0.4</b>	<b>45.7</b>

in EUR m	Remaining term			<b>Dec. 31, 2011</b>
	less than 1 year	1 to 5 years	more than 5 years	
Financial receivables from third parties	18.1	10.8	0.4	29.3
Derivative financial instruments	1.0	–	–	1.0
Available-for-sale financial assets	1.6	–	–	1.6
Financial receivables from related parties	0.1	–	–	0.1
<b>Total</b>	<b>20.8</b>	<b>10.8</b>	<b>0.4</b>	<b>32.0</b>

## 19. Inventories

The inventories break down as follows:

in EUR m	<b>Dec. 31, 2012</b>	Dec. 31, 2011
Merchandise	740.4	675.2
Finished goods	15.5	16.8
Raw materials and supplies	4.5	4.8
<b>Total</b>	<b>760.4</b>	<b>696.8</b>

## 20. Non-current assets held for sale

Non-current assets held for sale of EUR 2.9 million (Dec. 31, 2011: EUR 3.3 million) are recognized under current assets; of this figure, the Asia Pacific segment accounts for EUR 2.3 million (Dec. 31, 2011: EUR 2.3 million) and the North America segment for EUR 0.6 million (Dec. 31, 2011: EUR 0.4 million). In 2011, the Europe segment accounted for EUR 0.6 million. These assets are land and buildings as well as investments which are to be sold within the next twelve months as they are no longer required for business operations.

Non-current assets held for sale are carried at the lower of carrying amount and fair value less costs to sell. No impairments had to be recorded in the reporting period.

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## 21. Property, plant and equipment

in EUR m	Real estate and leasehold rights	Technical equipment, plant and machinery	Other equipment, fixtures, furniture and office equipment	Advance payments and construction in progress	Total
<b>Acquisition and production costs</b>					
<b>Dec. 31, 2010</b>	<b>592.5</b>	<b>347.7</b>	<b>180.1</b>	<b>17.5</b>	<b>1,137.8</b>
Exchange rate differences	4.2	7.0	1.0	0.3	12.5
Additions from business combinations	24.3	10.3	1.3	1.0	36.9
Other additions	7.0	19.8	28.4	27.5	82.7
Disposals	-2.8	-2.5	-14.2	-0.1	-19.6
Transfers	10.3	11.4	2.7	-24.2	0.2
<b>Dec. 31, 2011</b>	<b>635.5</b>	<b>393.7</b>	<b>199.3</b>	<b>22.0</b>	<b>1,250.5</b>
Exchange rate differences	1.3	-2.9	0.9	-0.1	-0.8
Additions from business combinations	7.0	6.7	1.9	0.4	16.0
Other additions	5.8	21.2	27.1	37.5	91.6
Disposals	-2.1	-5.4	-16.9	-0.1	-24.5
Transfers	8.6	16.6	3.2	-28.2	0.2
<b>Dec. 31, 2012</b>	<b>656.1</b>	<b>429.9</b>	<b>215.5</b>	<b>31.5</b>	<b>1,333.0</b>
<b>Accumulated depreciation and impairment</b>					
<b>Dec. 31, 2010</b>	<b>85.8</b>	<b>131.5</b>	<b>90.9</b>	<b>-</b>	<b>308.2</b>
Exchange rate differences	0.9	3.0	0.3	-	4.2
Scheduled depreciation	21.9	34.1	31.7	-	87.7
Unscheduled depreciation	0.2	0.3	-	-	0.5
Disposals	-1.1	-2.1	-12.7	-	-15.9
Transfers	-	0.3	-0.3	-	-
<b>Dec. 31, 2011</b>	<b>107.7</b>	<b>167.1</b>	<b>109.9</b>	<b>-</b>	<b>384.7</b>
Exchange rate differences	0.4	-1.2	0.2	-	-0.6
Scheduled depreciation	23.4	37.7	33.4	-	94.5
Unscheduled depreciation	1.5	-	0.2	-	1.7
Disposals	-1.2	-4.3	-15.3	-	-20.8
Transfers	-	-0.1	0.1	-	-
<b>Dec. 31, 2012</b>	<b>131.8</b>	<b>199.2</b>	<b>128.5</b>	<b>-</b>	<b>459.5</b>
Carrying amounts at Dec. 31, 2012	524.3	230.7	87.0	31.5	873.5
Carrying amounts at Dec. 31, 2011	527.8	226.6	89.4	22.0	865.8

The carrying amounts for assets recognized on the basis of finance leases total EUR 9.1 million (Dec. 31, 2011: EUR 9.6 million) for real estate, EUR 0.6 million (Dec. 31, 2011: EUR 0.8 million) for technical equipment, plant and machinery, and EUR 8.3 million (Dec. 31, 2011: EUR 6.4 million) for other equipment as well as fixtures, furniture and office equipment.

The volume of government grants totals EUR 1.0 million (Dec. 31, 2011: EUR 1.0 million).

## **22. Investment property**

in EUR m

### **Acquisition and production costs**

<b>Dec. 31, 2010</b>	<b>3.5</b>
Exchange rate differences	-0.2
Additions from business combinations	0.5
Disposals	-3.3
<b>Dec. 31, 2011</b>	<b>0.5</b>
<b>Dec. 31, 2012</b>	<b>0.5</b>

### **Accumulated depreciation and impairment**

<b>Dec. 31, 2010</b>	<b>1.5</b>
Exchange rate differences	-0.1
Unscheduled depreciation	0.7
Disposals	-2.1
<b>Dec. 31, 2011</b>	<b>-</b>
<b>Dec. 31, 2012</b>	<b>-</b>
Carrying amounts at Dec. 31, 2012	0.5
Carrying amounts at Dec. 31, 2011	0.5

As at December 31, 2012, the fair value of the investment property amounted to EUR 0.5 million (Dec. 31, 2011: EUR 0.5 million), corresponding to the carrying amount.

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**23. Intangible assets**

in EUR m	Goodwill	Trademarks	Customer relationships and similar rights	Software, licenses and similar rights	Total
<b>Acquisition and production costs</b>					
<b>Dec. 31, 2010</b>	<b>1,599.9</b>	<b>210.1</b>	<b>82.5</b>	<b>46.2</b>	<b>1,938.7</b>
Exchange rate differences	25.5	0.8	1.5	0.5	28.3
Additions from business combinations	120.1	8.5	49.4	0.4	178.4
Other additions	–	–	–	3.3	3.3
Purchase price refunds from prior years	–1.7	–	–	–	–1.7
Disposals	–	–2.1	–13.4	–5.7	–21.2
Transfers	–	–	0.2	–	0.2
<b>Dec. 31, 2011</b>	<b>1,743.8</b>	<b>217.3</b>	<b>120.2</b>	<b>44.7</b>	<b>2,126.0</b>
Exchange rate differences	–9.0	–	0.2	–0.2	–9.0
Additions from business combinations	134.1	–	32.7	0.4	167.2
Other additions	–	–	–	3.1	3.1
Disposals	–	–	–23.0	–1.0	–24.0
<b>Dec. 31, 2012</b>	<b>1,868.9</b>	<b>217.3</b>	<b>130.1</b>	<b>47.0</b>	<b>2,263.3</b>
<b>Accumulated amortization and impairment</b>					
<b>Dec. 31, 2010</b>	<b>–</b>	<b>10.2</b>	<b>38.8</b>	<b>26.5</b>	<b>75.5</b>
Exchange rate differences	–	0.2	0.1	0.3	0.6
Scheduled amortization	–	1.4	16.4	6.3	24.1
Disposals	–	–2.2	–13.4	–5.6	–21.2
<b>Dec. 31, 2011</b>	<b>–</b>	<b>9.6</b>	<b>41.9</b>	<b>27.5</b>	<b>79.0</b>
Exchange rate differences	–	–	0.4	–0.1	0.3
Scheduled amortization	–	2.3	29.1	5.5	36.9
Disposals	–	–	–22.9	–1.0	–23.9
<b>Dec. 31, 2012</b>	<b>–</b>	<b>11.9</b>	<b>48.5</b>	<b>31.9</b>	<b>92.3</b>
Carrying amounts at Dec. 31, 2012	1,868.9	205.4	81.6	15.1	2,171.0
Carrying amounts at Dec. 31, 2011	1,743.8	207.7	78.3	17.2	2,047.0

The goodwill and the “Brenntag” trademark are assets with an indefinite useful life. They are tested regularly, at least annually, for impairment after completion of the annual budget process. The carrying amount of the “Brenntag” trademark is EUR 196.9 million as in the previous year.

Of the intangible assets as of December 31, 2012, some EUR 1,187 million (Dec. 31, 2011: EUR 1,189 million) relate to goodwill and trademarks that were capitalized as part of the purchase price allocation performed on the acquisition of the Brenntag Group by funds advised by BC Partners Limited, Bain Capital, Ltd. and subsidiaries of Goldman Sachs International at the end of the third quarter of 2006 in addition to the relevant intangible assets already existing in the previous Group structure.

The regional allocation of goodwill over the groups of cash-generating units relevant for impairment testing is as follows:

in EUR m	Dec. 31, 2012	Dec. 31, 2011
Europe	796.0	786.5
North America	827.2	763.2
Latin America	47.5	43.2
Asia Pacific	170.0	122.7
All Other Segments	28.2	28.2
<b>Group</b>	<b>1,868.9</b>	<b>1,743.8</b>

The fair value less costs to sell is taken as the recoverable amount. This amount is determined on the basis of a recognized company valuation model. The company valuation model is based on cash flow plans which are in turn based on the five-year plan approved by the Board of Management and applicable at the date of the performance of the impairment test.

The cash flow forecasts for the impairment test of the financial year ended December 31, 2012 were derived from the budget for 2013 and the plan years 2014 to 2017. The assumed growth rate for the period from 2018 onwards is 1.25% in Europe and North America (2011: 1.25%) and 2.5% in Latin America and Asia Pacific (2011: 2.5%). The planned cash flows are based on the management's past experience and expectations about the future market developments. They were discounted at the weighted average cost of capital after tax (WACC).

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The discount rates for the segments reflect the special risks of the respective region:

WACC in %	2012	2011
Europe	8.0	7.4
North America	7.3	6.7
Latin America	9.0	8.7
Asia Pacific	8.3	7.7
Group	7.9	7.3

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

#### 24. Investments accounted for at equity

The investments accounted for at equity developed as follows:

in EUR m	Interests in associates
<b>Dec. 31, 2010</b>	<b>28.6</b>
Exchange rate differences	-3.5
Result from investments accounted for at equity	4.2
Dividends received	-1.1
Disposals	-0.4
<b>Dec. 31, 2011</b>	<b>27.8</b>
Exchange rate differences	-1.5
Result from investments accounted for at equity	4.6
Dividends received	-1.2
Capital repayment	-1.3
<b>Dec. 31, 2012</b>	<b>28.4</b>

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

The assets, liabilities, sales and profits for the period of the associated companies accounted for at equity are as follows (presentation in each case on the basis of 100% of the shares):

in EUR m	Dec. 31, 2012	Dec. 31, 2011	
Current assets	71.7	73.3	
Non-current assets	30.8	27.6	
Current liabilities	40.7	43.9	
Non-current liabilities	6.7	5.4	

in EUR m	2012	2011	
Sales	197.6	156.6	
Profit after tax	9.6	8.5	

Former associates in which Brenntag no longer has a significant investment at the balance-sheet date are not included in the year of disposal in the financial information shown above.

Sales and profits of companies acquired are shown in the year of acquisition only for the period in which the company belongs to the Group.

## 25. Trade payables

Trade payables of EUR 1,008.2 million (Dec. 31, 2011: EUR 956.6 million) include accruals of EUR 127.4 million (Dec. 31, 2011: EUR 127.4 million).

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## 26. Financial liabilities

in EUR m	Remaining term			<b>Dec. 31, 2012</b>
	less than 1 year	1 to 5 years	more than 5 years	
Liabilities under syndicated loan	8.3	1,065.0	–	1,073.3
Other liabilities to banks	76.0	182.2	7.8	266.0
Bond	9.9	–	392.7	402.6
Liabilities under finance leases	7.3	8.3	4.7	20.3
Derivative financial instruments	6.5	–	–	6.5
Other financial liabilities	22.3	37.9	0.6	60.8
<b>Total</b>	<b>130.3</b>	<b>1,293.4</b>	<b>405.8</b>	<b>1,829.5</b>
Cash and cash equivalents				346.6
<b>Net financial liabilities</b>				<b>1,482.9</b>

in EUR m	Remaining term			<b>Dec. 31, 2011</b>
	less than 1 year	1 to 5 years	more than 5 years	
Liabilities under syndicated loan	13.0	1,184.6	–	1,197.6
Other liabilities to banks	78.2	184.0	8.6	270.8
Bond	9.9	–	391.5	401.4
Liabilities under finance leases	2.9	10.7	5.3	18.9
Derivative financial instruments	5.6	8.2	–	13.8
Other financial liabilities	31.3	18.2	0.4	49.9
<b>Total</b>	<b>140.9</b>	<b>1,405.7</b>	<b>405.8</b>	<b>1,952.4</b>
Cash and cash equivalents				458.8
<b>Net financial liabilities</b>				<b>1,493.6</b>

The syndicated bullet loan is a loan agreement with a consortium of international banks. It matures in July 2016 and is divided into different tranches with different currencies. While some of our subsidiaries are direct borrowers under the loan, others obtain their financing from intra-Group loans. Major Group companies are liable for the debt under the syndicated loan.

In the event of the Brenntag Group's sustained breach of the terms and obligations laid down in the syndicated loan agreement, the facility agent appointed by the lenders may foreclose the loans if he feels this move necessary to safeguard the lenders' interests or if he is called upon to do so by a qualified majority of the lenders. Should the relevant Brenntag Group companies which appear as the borrowers not be able to meet their payment obligations, the lenders are entitled to levy execution against the guarantees of other Group companies provided as security.

The liabilities under the syndicated loan break down as follows:

in EUR m	Remaining term	Interest rate above EURIBOR/ LIBOR	Dec. 31, 2012
Tranches			
	Tranche A Jul. 19, 2016	1.85 %	386.3
	Tranche B Jul. 19, 2016	1.95 %	689.7
<b>Total</b>			<b>1,076.0</b>
Accrued interest			8.3
Transaction costs			-11.0
<b>Liabilities under syndicated loan</b>			<b>1,073.3</b>

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in EUR m	Remaining term	Interest rate above EURIBOR/ LIBOR	Dec. 31, 2011
Tranches			
	Tranche A Jul. 19, 2016	1.85 %	385.5
	Tranche B Jul. 19, 2016	1.95 %	703.3
	Revolver Jul. 19, 2016	1.55 %	110.1
<b>Total</b>			<b>1,198.9</b>
Accrued interest			13.0
Transaction costs			-14.3
<b>Liabilities under syndicated loan</b>			<b>1,197.6</b>

The bond with a volume of EUR 400 million matures in July 2018. At an issue price of 99.321%, the bond bears a coupon of 5.5% with interest paid annually. The bond was issued by our Group company, Brenntag Finance B.V., Amsterdam, Netherlands, and is guaranteed by Brenntag AG and other Brenntag companies. In view of the identical network of guarantors, the bond has the same ranking as the syndicated loan.

If any of the events of default defined in the Conditions of Issue occurs, each bond holder may declare his note due and demand immediate redemption thereof. Should the issuer not be able to meet its repayment obligations, the bond holders are entitled to levy execution against the guarantees of other Group companies provided as security.

Of the other liabilities to banks, EUR 177.4 million (2011: EUR 178.1 million) are amounts owed to banks by the fully consolidated Irish special purpose entity, Brenntag Funding Limited, Dublin. These liabilities are secured at the balance-sheet date by receivables of EUR 360.8 million (Dec. 31, 2011: EUR 367.5 million) under the international accounts receivable securitization programme.

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

in EUR m	Minimum lease payments	Interest portion	Liabilities from finance leases
less than 1 year	8.5	1.2	7.3
1 to 2 years	3.6	0.9	2.7
2 to 3 years	3.3	0.7	2.6
3 to 4 years	2.4	0.6	1.8
4 to 5 years	1.7	0.5	1.2
more than 5 years	8.0	3.3	4.7
<b>Dec. 31, 2012</b>	<b>27.5</b>	<b>7.2</b>	<b>20.3</b>

in EUR m	Minimum lease payments	Interest portion	Liabilities from finance leases
less than 1 year	4.5	1.6	2.9
1 to 2 years	7.3	0.9	6.4
2 to 3 years	2.6	0.8	1.8
3 to 4 years	2.1	0.6	1.5
4 to 5 years	1.5	0.5	1.0
more than 5 years	9.0	3.7	5.3
<b>Dec. 31, 2011</b>	<b>27.0</b>	<b>8.1</b>	<b>18.9</b>

## 27. Other liabilities

in EUR m	Dec. 31, 2012		Dec. 31, 2011	
		thereof current		thereof current
Liabilities to employees	92.5	(92.5)	92.6	(92.4)
Liabilities from packaging	72.5	(72.5)	68.9	(68.9)
Liabilities from value added tax	42.9	(42.9)	49.3	(49.3)
Customers with credit balances	21.2	(21.2)	22.3	(22.3)
Liabilities from other taxes	14.4	(14.4)	15.9	(15.9)
Liabilities to insurance companies	14.3	(14.3)	13.5	(13.5)
Deferred income	10.2	(9.8)	9.5	(9.5)
Liabilities from social insurance contributions	8.5	(8.5)	8.2	(8.2)
Miscellaneous other liabilities	65.1	(63.2)	69.6	(67.7)
<b>Total</b>	<b>341.6</b>	<b>(339.3)</b>	<b>349.8</b>	<b>(347.7)</b>

Other liabilities include accruals of EUR 35.1 million (Dec. 31, 2011: EUR 35.2 million).

## 28. Other provisions

The other provisions developed as follows:

in EUR m	Environmental provisions	Provisions for personnel expenses	Miscellaneous provisions	Total
<b>Jan. 1, 2012</b>	<b>123.4</b>	<b>20.4</b>	<b>56.7</b>	<b>200.5</b>
Exchange rate differences	-1.4	-	-0.6	-2.0
Additions from business combinations	-	3.8	0.4	4.2
Unwinding of discounting	1.9	0.2	-	2.1
Utilizations	-4.8	-22.5	-15.3	-42.6
Reversals	-12.7	-0.6	-4.7	-18.0
Additions	2.4	21.9	34.4	58.7
Transfers	-	0.2	1.4	1.6
<b>Dec. 31, 2012</b>	<b>108.8</b>	<b>23.4</b>	<b>72.3</b>	<b>204.5</b>

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The other provisions have the following maturities:

in EUR m	<b>Dec. 31, 2012</b>	Dec. 31, 2011
less than 1 year	76.7	74.9
1 to 5 years	74.2	70.7
more than 5 years	53.6	54.9
<b>Total</b>	<b>204.5</b>	<b>200.5</b>

#### Environmental provisions

The recognition and measurement of environmental provisions are coordinated centrally by external independent experts. The provision amounts are determined on the basis of individual cost estimates for each case. Allowance is made not only for the nature and severity of pollution but also for the conditions at the respective sites and the sovereign territories in which these sites are located.

Environmental provisions are stated at their present values. They are discounted at maturity-dependent, risk-free interest rates for the respective functional currencies. Increases in the future expenditure due to inflation are allowed for.

At December 31, 2012, the environmental provisions totalled EUR 108.8 million (Dec. 31, 2011: EUR 123.4 million). The environmental provisions established mainly relate to the rehabilitation of soil and ground water for current and former, owned and leased sites but also cover costs for further and accompanying measures such as necessary environmental inspections and observations. The provisions include EUR 22.9 million (Dec. 31, 2011: EUR 24.6 million) for contingencies for which a cash outflow is not likely but nevertheless possible. In line with the requirements of IFRS 3, these contingencies have entered the balance sheet largely through the purchase price allocation in connection with the acquisition of the Brenntag Group by funds advised by BC Partners Limited, Bain Capital, Ltd. and subsidiaries of Goldman Sachs International at the end of the third quarter of 2006.

Due to the nature and the large number of parameters which have to be considered when determining environmental provisions, there are uncertainties in their measurement. This applies both to the amount and the timing of future expenditure. However, based on the information available at the time of the preparation of these financial statements, it can be assumed that the environmental provisions are reasonable and any additional amounts incurred would not have any material effect on the net assets, financial position and results of operations of the Group.

In some cases, special agreements have been reached which ensure that the cost of any future environmental work necessary will be borne by third parties. If receipt of payment from the third party is virtually certain provided Brenntag meets its obligations, these reimbursement claims are capitalized. They are in principle measured in the same way as the corresponding provisions. The amount recognized does not exceed the amount of the provision. The reimbursement claims capitalized at December 31, 2012 amount to EUR 5.1 million (Dec. 31, 2011: EUR 5.9 million).

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#### Provisions for personnel expenses

The provisions for personnel expenses include a share-based remuneration programme on the basis of virtual shares. This programme is a long-term bonus system for the members of the Board of Management of Brenntag AG awarded every year. The amount of the bonus depends on the achievement of quantitative and qualitative targets as well as on the development of the Brenntag share price. The quantitative targets comprise the financial key performance indicators operating gross profit, operating EBITDA, free cash flow and RONA. Depending on the degree of achievement of the quantitative and qualitative targets, the members of the Board of Management are awarded a base amount every year, half of which is converted into virtual shares. At the end of the vesting period, they are to be multiplied by the average share price adjusted for dividends, capital measures and share splits (total shareholder return). The further development of the other half of the base amount until pay-out after completion of the individual vesting periods depends on the outperformance or underperformance of the total shareholder return compared with the average share price development of the MDAX. The total amount to be paid out must not exceed 250% of the base amount.

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The provisions for share-based remuneration amount to EUR 4.8 million (Dec. 31, 2011: EUR 3.9 million). The total cost of the virtual share programme contained in personnel expenses amounts to EUR 2.8 million (2011: EUR 2.9 million).

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Furthermore, the provisions for personnel expenses include provisions for pre-retirement part-time work compensation and anniversary bonuses.

#### Miscellaneous provisions

Miscellaneous provisions include provisions for compensation payable, provisions for restoration obligations as well as for risks from legal proceedings and disputes.

Provisions for current and likely litigation are established in those cases where reasonable estimates are possible. These provisions contain all estimated legal costs as well as the possible settlement costs. The amounts are based on information and cost estimates provided by lawyers.

## **29. Provisions for pensions and similar obligations**

There are both defined contribution and defined benefit pension plans for the employees of the Brenntag Group. The pension obligations vary depending on the legal, tax and economic circumstances in the respective country and the employee's years of service with the company and pay grade. The defined benefit plans are funded with provisions and largely covered by assets of external funds.

### **Defined contribution plans**

A large number of the employees of the Brenntag Group receive benefits from the statutory social insurance fund, into which the contributions are paid as part of their salary. In addition, various other pension fund commitments exist at the companies of the Brenntag Group. As the company has no further obligations after payment of the retirement pension contributions to the state social insurance fund and private insurance companies, these plans are treated as defined contribution plans. Current pension contribution payments were recognized as expense for the relevant period. In the 2012 financial year, pension expenses in the Brenntag Group totalled EUR 21.3 million (2011: EUR 20.1 million) for employer contributions to the statutory pension insurance fund and EUR 15.3 million (2011: EUR 13.5 million) for non-statutory defined contribution plans.

### **Defined benefit plans**

Pension expenses for obligations from defined benefit plans total EUR 13.5 million (2011: EUR 11.3 million). Apart from the interest expense and the expected return on external assets recorded within the financial result, the pension expenses are allocated to the functional areas within operating profit.

### Pension expenses for defined benefit plans and similar obligations

in EUR m	2012	2011
Current service cost	-9.8	-8.4
Interest expense	-9.6	-9.3
Expected return on plan assets	6.8	6.7
Amortization of actuarial gains / (losses)	-0.9	-0.3
<b>Total</b>	<b>-13.5</b>	<b>-11.3</b>

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The pensions expected to be paid directly by the company in 2013 total EUR 3.2 million. The expected payments into the plan assets for 2013 amount to EUR 8.1 million.

While the value of assets was determined on the basis of the fair value of the funds invested at December 31, 2012, the pension obligations were calculated using actuarial reports. The assumptions used in the actuarial measurement of the obligations and the costs as well as the expected rates of return on plan assets are shown in the following table:

### Actuarial parameters applied

in %	Europe		North America		Latin America		Asia Pacific	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Discount rate	2.40 <sup>1)</sup>	3.40 <sup>1)</sup>	4.40	5.25	7.00	6.50	4.40	4.30
Projected salary increases	2.20	2.10	3.50	3.75	3.00	2.40	6.20	5.30
Projected pension payment increases	1.30	1.30	2.25	2.50	2.50	2.00	3.70	3.40
Inflation	1.60	1.50	2.25	2.50	5.20	5.00	3.70	3.40
Medical cost trend	n.a.	n.a.	6.40	6.50	n.a.	n.a.	n.a.	n.a.
Expected rate of return on plan assets	4.00	3.90	6.00	6.00	n.a.	n.a.	4.20	3.70

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<sup>1)</sup> Dec. 31, 2012: Euro countries 3.00% discount rate; Switzerland 1.75% discount rate.  
Dec. 31, 2011: Euro countries 4.50% discount rate; Switzerland 2.25% discount rate;

### Breakdown of the fair value of the plan assets

in EUR m	<b>Dec. 31, 2012</b>	Dec. 31, 2011
Shares	26.5	25.9
Fixed-interest securities	27.8	23.8
Other plan assets	131.8	117.6
<b>Total</b>	<b>186.1</b>	<b>167.3</b>

The other plan assets of EUR 131.8 million (Dec. 31, 2011: EUR 117.6 million) consist of EUR 123.0 million (Dec. 31, 2011: EUR 109.1 million) from insurance contracts which European Brenntag companies have concluded and EUR 8.8 million (Dec. 31, 2011: EUR 8.5 million) from other assets in Switzerland (EUR 7.3 million), Canada (EUR 0.9 million) and Asia (EUR 0.6 million). The insurance contracts have an average discount rate of 3.0%. Together with the income generated in prior periods and the expected future rates of return thereon, an average expected long-term rate of return of 4.0% has been taken.

Of the shares and fixed-interest securities shown as assets, EUR 33.2 million are from Canada, EUR 20.6 million from Switzerland and EUR 0.5 million from the Philippines.

The Canadian assets are invested in external investment fund shares. 52% of the portfolio of this investment fund consists of international shares. 46% is invested in fixed-interest securities and the remaining 2% consists of cash. Due to the investment structure of the fund, an expected long-term rate of return of 6% has been taken. 9% of the assets in Switzerland have been invested in international shares and 12% in fixed-interest securities. The majority (71%) consists of insurance contracts. The remaining 8% is cash. An expected long-term rate of return of 3.75% has been taken. The assets in the Philippines consist exclusively of fixed-interest securities with an expected long-term rate of return of 6.00%.

### Effect from the increase / decrease in the medical cost inflation rate

in EUR m	Dec. 31, 2012	Dec. 31, 2011
Influence of + 1 percentage point on the service cost and interest expense	0.3	0.3
Influence of + 1 percentage point on the pension obligations at the end of the period	3.2	2.3
Influence of – 1 percentage point on the service cost and interest expense	-0.2	-0.2
Influence of – 1 percentage point on the pension obligations at the end of the period	-2.5	-1.8

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### Reconciliation of the present value of pensions and similar obligations to the provisions shown in the balance sheet

in EUR m	2012	2011
<b>Pension obligations from defined benefit pension plans</b>		
Present value of pension entitlements at the beginning of the period	255.9	225.7
Exchange rate differences	0.9	3.2
Addition from business combinations	0.1	–
Utilizations	-11.2	-9.9
Service cost	9.8	8.4
Employee contributions	1.4	1.4
Interest expense	9.6	9.3
Settlement	-0.5	–
Actuarial loss	44.0	17.8
<b>Present value of pension entitlements at the end of the period</b>	<b>310.0</b>	<b>255.9</b>
(thereof funded)	(226.8)	(191.1)
(thereof unfunded)	(83.2)	(64.8)

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in EUR m	2012	2011
<b>Fair value of plan assets</b>		
Fair value at the beginning of the period	167.3	161.1
Exchange rate differences	0.8	2.9
Utilizations	-8.6	-8.0
Employee contributions	1.4	1.4
Employer contributions	8.8	8.6
Expected return on plan assets	6.8	6.7
Settlement	-0.5	–
Actuarial gain / (loss)	10.1	-5.4
<b>Fair value of plan assets at the end of the period</b>	<b>186.1</b>	<b>167.3</b>

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The present value of pension entitlements amounting to EUR 310.0 million (Dec. 31, 2011: EUR 255.9 million) contains pension entitlements for members of the Board of Management in the amount of EUR 9.1 million (Dec. 31, 2011: EUR 6.1 million).

The reconciliation of the obligation less plan assets to the provision actually recognized in the balance sheet is as follows:

in EUR m	2012	2011
Present value of the funded pension entitlements	226.8	191.1
less fair value of plan assets	-186.1	-167.3
Underfunding by plan assets	40.7	23.8
Present value of unfunded pension entitlements	83.2	64.8
Funded status of pension entitlements	123.9	88.6
Unrecognized actuarial loss	-65.0	-32.0
Provisions for pensions and similar obligations – net	58.9	56.6
thereof assets capitalized	10.7	8.3
<b>Provisions for pensions and similar obligations shown in the balance sheet</b>	<b>69.6</b>	<b>64.9</b>

The provisions for pensions shown include EUR 12.4 million (Dec. 31, 2011: EUR 11.3 million) for health care plans in Canada.

The amounts (actuarial gains and losses) not yet recognized in the income statement are the difference between the pension obligation – after deduction of the fair value of the plan assets – and the liability reported in the balance sheet.

Of the actuarial loss of EUR 44.0 million (2011: EUR 17.8 million) in the obligations, EUR 44.4 million (2011: EUR 17.6 million) is attributable to actuarial losses due to changes in actuarial parameters to be applied at the measurement date and EUR 0.4 million (2011: EUR 0.2 million loss) to an actuarial gain due to experience adjustments to the obligations.

The actual gain from plan assets is EUR 16.9 million (2011: EUR 1.3 million). The actuarial gains in the plan assets of EUR 10.1 million (2011: EUR 5.4 million loss) which are new and as yet unrecognized in the income statement are due to differences between the effective and expected rates of returns of the plan assets.

Overall, this led to total unrecognized losses of EUR 65.0 million (2011: EUR 32.0 million).

In accordance with IAS 19, the actuarial net gain or net loss portion shown in the income statement is determined using the corridor method. The gain or loss

outside the 10% corridor is amortized in the income statement over the expected average remaining working lives of the employees.

## Historical development of provisions for pensions and similar obligations

in EUR m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008	
Pension obligation from defined benefit plans	310.0	255.9	225.7	182.2	161.0	
Fair value of plan assets	186.1	167.3	161.1	134.5	125.1	
Funded status of pension entitlements	123.9	88.6	64.6	47.7	35.9	
Gains / (losses) from experience adjustments – pension obligation	0.4	–0.2	0.2	1.1	1.5	
Gains / (losses) from experience adjustments – plan assets	10.1	–5.4	1.8	2.0	–15.8	
	<hr/>					

### 30. Purchase price obligations and liabilities under IAS 32 to minorities

The purchase price obligations and liabilities under IAS 32 to minorities break down as follows:

in EUR m	<b>Dec. 31, 2012</b>	Dec. 31, 2011
Purchase price obligation for final purchase price payment of first tranche of Zhong Yung (51%)	–	30.1
Purchase price obligation for second tranche of Zhong Yung (49%)	66.8	72.8
Liabilities under IAS 32 to minorities	1.7	1.8
<b>Total</b>	<b>68.5</b>	<b>104.7</b>

On initial recognition at the end of August 2011, the purchase price expected to be paid for the remaining shares in Zhong Yung (second tranche) in 2016 was to be recorded as a liability in equity at its present value. Any difference resulting from unwinding of discounting and changes in the estimate of the purchase price are recognized in profit or loss.

The purchase price obligation for the second tranche of Zhong Yung has been included in net investment hedge accounting in the amount of the pro-rata net assets of the Chinese Zhong Yung companies. Exchange rate-related changes in the liability are recorded for the portion included in net investment hedge accounting within equity in the net investment hedge reserve and for the portion not included in net investment hedge accounting are recognized in profit or loss.

The effects of unwinding of discounting and the change in estimates as well as the effect on profit or loss of the exchange-rate-related change in the purchase price obligation are shown in Note 9.).

### 31. Equity

#### Capital management

The aim of capital management at Brenntag is to optimally deploy the resources used to ensure the company's continued existence and, at the same time, to generate a reasonable return on investment for the shareholders in line with market conditions.

Therefore, on Group level, Brenntag is striving for a reasonable return on capital employed measured by return on net assets (RONA).

In 2012, the Group generated RONA of 32.0% (2011: 32.5%).

in EUR m	2012	2011
EBITA	610.4	569.9
Average property, plant and equipment	860.5	824.0
Average working capital	1,048.8	928.3
<b>RONA<sup>1)</sup></b>	<b>32.0%</b>	<b>32.5 %</b>

<sup>1)</sup> For the definition of RONA see the chapter Group Key Financial Figures.

Brenntag monitors the appropriateness of borrowings inter alia through the ratio of net financial liabilities to operating EBITDA (leverage). In principle, Brenntag considers a leverage of between 2.0x and 2.7x to be acceptable. Brenntag would only accept higher leverages if they were temporary, for example in connection with acquisitions. A positive development of business may lead to an undershooting of this leverage corridor without, in the company's opinion, any counteraction being necessary.

The ratio of net financial liabilities to operating EBITDA improved from 2.3 in 2011 to 2.1 in 2012.

in EUR m	2012	2011
Non-current financial liabilities	1,699.2	1,811.5
Current financial liabilities	130.3	140.9
Less cash and cash equivalents	-346.6	-458.8
Net financial liabilities	1,482.9	1,493.6
Operating EBITDA	706.6	660.9
<b>Net financial liabilities / operating EBITDA</b>	<b>2.1X</b>	<b>2.3X</b>

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### Subscribed capital

As of December 31, 2012, the subscribed capital of Brenntag AG totalled EUR 51.5 million. The share capital is divided into 51,500,000 no-par-value registered shares, each with a notional value of EUR 1.00. According to article 7, para. 3 of the Articles of Association of Brenntag AG, any right of shareholders to certification of their shares is excluded to the extent permitted by law and that certification is not required under the rules of any stock exchange on which the share is admitted for trading. The company is entitled to issue share certificates embodying several shares (consolidated certificates). Pursuant to section 67, para. 2 of the German Stock Corporation Act (AktG) only those persons recorded in the company's share register will be recognized as shareholders of Brenntag AG. For purposes of recording the shares in the company's share register, shareholders are required to submit to Brenntag AG the number of shares held by them, and, in the case of individuals, their name, address and date of birth, or in the case of legal entities, their company name, business address and registered offices. All shares confer the same rights and obligations. At the General Shareholders' Meeting, each share has one vote and accounts for the shareholders' proportionate share in the net income of Brenntag AG. Excepted from this rule are any treasury shares held by Brenntag AG that do not entitle Brenntag AG to any rights. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Act, in particular by sections 12, 53a ff., 118 ff. and 186 of the German Stock Corporation Act.

### Additional paid-in capital

The additional paid-in capital was unchanged compared with the previous year at EUR 1,560.1 million.

### Retained earnings

The retained earnings include the cumulated result after tax. Furthermore, effects of share purchases and sales which have no influence on existing control are recognized in the retained earnings (economic entity approach).

As proposed by the Board of Management and the Supervisory Board, the ordinary General Shareholders' Meeting of Brenntag AG on June 20, 2012 passed a resolution to pay a dividend of EUR 103,000,000.00 (2011: EUR 72,100,000.00). That is a dividend of EUR 2.00 (2011: EUR 1.40) per no-par-value share entitled to a dividend.

At the General Shareholders' Meeting on June 19, 2013, the Board of Management and the Supervisory Board will propose that a dividend of EUR 123,600,000.00 be paid. That is a dividend of EUR 2.40 per no-par-value share entitled to a dividend.

### Other equity components

The total comprehensive income for the period comprises the profit after tax as well as the other comprehensive income. The other comprehensive income contains the result from exchange rate differences and the net investment hedge reserve.

The result from exchange rate differences contains the differences from the translation of the financial statements of foreign companies into the Group currency (euro), which are recognized directly in equity.

Exchange rate differences from liabilities included in net investment hedge accounting are recorded within equity in the net investment hedge reserve.

Minority interests cover shares of non-Group shareholders in the subscribed capital, retained earnings and the result of fully consolidated entities.

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**Powers of the Board of Management to issue and repurchase shares****o Authorization to create authorized capital**

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

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

**o Authorization to acquire and sell treasury shares in accordance with section 71, para. 1, No. 8 of the German Stock Corporation Act**

By resolution of the General Shareholders' Meeting on March 19, 2010, the company was authorized to purchase its own shares up to a total of 10% of the company's share capital at the time of the resolution provided that the shares purchased on the basis of this authorization and other shares of the company which Brenntag AG has already purchased and still owns do not in aggregate at any time amount to more than 10% of the share capital. The authorization may be exercised in one or more tranches, once or several times. It became effective at the close of the General Shareholders' Meeting on March 19, 2010 and remains in effect until February 28, 2015. If the shares are purchased on the stock exchange, the purchase price may not be more than 10% lower or higher than the arithmetic mean of the share price on the stock exchange in Frankfurt am Main on the last five trading days before the shares are purchased or an obligation to purchase the shares is entered into. If the shares are purchased by a public offer to all shareholders or by other means in accordance with section 53a of the German Stock Corporation Act, the purchase price paid to the shareholders may not be more than 10% lower or higher than the arithmetic mean of the share price on the stock exchange in Frankfurt am Main on the last five trading days before announcement of the offer or, in the case of purchase by other means, before such purchase. The authorization may be exercised for any purpose permitted by law.

As far as subsequent use is made to the exclusion of the shareholders' pre-emption rights, the right to a report by the Board of Management in

accordance with section 71, para. 1, No. 8, and section 186, para. 4, sentence 2 of the German Stock Corporation Act on the reason for the exclusion of the statutory pre-emption right was irrevocably waived.

o **Authorization to issue convertible bonds or warrant-linked bonds or profit-sharing certificates with conversion or option rights, creation of conditional capital and corresponding amendments to the Articles of Association**

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

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

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

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

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### **32. Information on the consolidated cash flow statement**

The net cash inflow from operating activities amounting to EUR 433.0 million was influenced by cash outflows from the increase in working capital of EUR 33.0 million.

The rise in working capital resulted from changes in inventories, gross trade receivables and trade payables as well as from write-downs on trade receivables and inventories as follows:

in EUR m	2012	2011
Increase in inventories	−41.3	−44.5
Increase in gross trade receivables	−17.9	−63.2
Increase in trade payables	31.1	50.1
Write-downs on trade receivables and on inventories <sup>1)</sup>	−4.9	−3.4
<b>Cash outflow resulting from the change in working capital</b>	<b>−33.0</b>	<b>−61.0</b>

<sup>1)</sup> Shown within other non-cash items.

At 9.2, the annualized working capital turnover rate <sup>1)</sup> in the reporting period was at the level of the 2011 financial year (9.3).

Of the interest payments, EUR 3.1 million (2011: EUR 4.5 million) relate to interest received and EUR 83.5 million (2011: EUR 116.5 million) to interest paid.

<sup>1)</sup> Ratio of annual sales to average working capital; average working capital is defined for a particular year as the average of the values for working capital at each of the following five times: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

### 33. Segment reporting

The Brenntag Group operates solely in the field of chemical distribution and is controlled through the regions Europe, North America, Latin America and Asia Pacific. The individual activities are allocated to these segments on the basis of the location of the registered office of the respective subsidiary. Allocation of the activities on the basis of the location of the registered offices of the customers would not lead to a different segmentation. The geographical segmentation reflects control and supervision by the management and permits a reliable estimate of risks and rewards.

All transactions between companies within a segment have been eliminated.

The Group accounts for inter-segment sales transactions as if the transactions were made with third parties at current prices (arm's length principle).

Central functions for the entire Group, the sourcing activities in China and the international business of Brenntag International Chemicals are combined as All Other Segments. All consolidation measures between the segments are shown separately. Deviations between the figures from the segment reporting and the corresponding figures in the consolidated financial statements are shown as a reconciliation.

The key result metric used at Brenntag for control of the segments is operating EBITDA. Operating EBITDA is the operating profit / loss as recorded in the consolidated income statement plus amortization of intangible assets and depreciation of property, plant and equipment, adjusted for the following items:

- Transaction costs: Costs connected with restructuring under company law and refinancing, particularly the refinancing in 2011. They are eliminated for purposes of management reporting to permit proper presentation of the operating performance and comparability on segment level.
- Holding charges: Certain costs charged between holding companies and operating companies. On Group level they net to zero.

There are no major non-cash items in the reporting period.

Of the impairments of property, plant and equipment amounting to EUR 1.7 million, EUR 1.6 million relates to the Europe segment and EUR 0.1 million to All Other Segments. They are shown in the selling expenses.

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

in EUR m		Germany	USA	France	Others	Group
Property, plant and equipment	<b>Dec. 31, 2012</b>	<b>100.4</b>	<b>171.4</b>	<b>88.7</b>	<b>513.0</b>	<b>873.5</b>
	Dec. 31, 2011	105.7	160.3	89.3	510.5	865.8
Investment property	<b>Dec. 31, 2012</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.5</b>	<b>0.5</b>
	Dec. 31, 2011	–	–	–	0.5	0.5
Intangible assets	<b>Dec. 31, 2012</b>	<b>377.4</b>	<b>723.4</b>	<b>153.8</b>	<b>916.4</b>	<b>2,171.0</b>
	Dec. 31, 2011	377.5	648.5	156.8	864.2	2,047.0

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

in EUR m		Germany	USA	France	Others	Group
External sales	<b>2012</b>	<b>1,277.9</b>	<b>2,765.5</b>	<b>537.8</b>	<b>5,108.7</b>	<b>9,689.9</b>
	2011	1,290.5	2,447.4	483.0	4,458.4	8,679.3

### 34. Other financial obligations and contingent liabilities

The following other financial obligations exist:

in EUR m	Remaining term			<b>Dec. 31, 2012</b>
	less than 1 year	1 to 5 years	more than 5 years	
Purchase commitments for property, plant and equipment	2.2	–	–	2.2
Obligations from future minimum lease payments for operating leases	54.3	109.0	26.1	189.4
<b>Total</b>	<b>56.5</b>	<b>109.0</b>	<b>26.1</b>	<b>191.6</b>

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in EUR m	Remaining term			<b>Dec. 31, 2011</b>
	less than 1 year	1 to 5 years	more than 5 years	
Purchase commitments for property, plant and equipment	0.8	–	–	0.8
Obligations from future minimum lease payments for operating leases	41.8	92.0	21.6	155.4
<b>Total</b>	<b>42.6</b>	<b>92.0</b>	<b>21.6</b>	<b>156.2</b>

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The obligations from future minimum lease payments for operating leases mainly relate to rent obligations from the leasing of real estate as well as other equipment, fixtures, furniture and office equipment.

### 35. Legal proceedings and disputes

Brenntag AG as well as its subsidiaries have been named as defendants in various legal proceedings and disputes arising in connection with its activities as a global group. Sometimes, Brenntag is also the subject of investigations by the authorities.

In particular this also includes investigations by anti-trust authorities. Brenntag cooperates with the relevant authorities and, where appropriate, conducts internal investigations regarding potential wrongdoings with the assistance of in-house and external counsel.

In relation to an investigation by anti-trust authorities, Brenntag received a Statement of Objections from the French Competition Authority. In the Statement of Objections, the authority communicates its preliminary opinion that Brenntag was involved in anticompetitive practices in France between 1997 and 2007. The Statement of Objections does not represent a final decision; on the contrary, this is a pending case. Should the authority uphold its allegations in the course of the proceedings, it may impose a fine. Brenntag is therefore adjusting the relevant provision in the light of the current position.

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

During tax audits related to alcohol tax, the customs authorities discovered that for the years 2005 to 2007 alcohol had been delivered to two customers within Germany without the excise duty permits necessary for tax-free delivery. Therefore, in prior years tax assessments for an amount of EUR 60.1 million were issued for 2005 to 2007. As the excise duty permits for the onward delivery of the alcohol to final customers had, however, been obtained by the final customers and proof could be furnished of the tax-free use of the goods supplied, there was de facto no shortfall in the tax revenue. Therefore, Brenntag submitted requests for waiver of the alcohol tax. In October 2011, the competent authorities largely granted Brenntag's requests for the years 2006 and 2007 and, in January 2013, also the request for the year 2005, and waived payment of a total amount of EUR 58.6 million. Brenntag paid an amount of EUR 1.1 million not waived by the authorities for the years 2006 and 2007; after the authorities rejected our appeal against the part of the tax assessments relating to these payments, we filed an action at the end of 2012. A final statement has yet to be received from the authorities regarding the remaining EUR 0.4 million of the amount for 2005 but we and our consultants assume that this tax receivable is already statute-barred.

Given the number of legal proceedings and disputes other in which Brenntag is involved, it cannot be excluded that some may result in adverse decisions for Brenntag. Brenntag contests actions and proceedings where it considers it appropriate. Provisions have been established for current legal disputes based on the estimated risk and, where required, with the aid of external consultants. The outcome of such matters, particularly in cases in which claimants seek indeterminate damages, is very difficult to predict. Any adverse decisions rendered in such cases may have material effects on Brenntag's business, results of operations and financial condition for a reporting period. However, Brenntag currently does not expect its business, results of operations and financial condition to be materially affected.

## 36. Reporting of financial instruments

### Carrying amounts, valuations and fair values according to measurement categories

The allocation of the financial assets recognized in the balance sheet to the measurement categories under IAS 39 is shown in the table below:

#### 2012

in EUR m

Measurement in the balance sheet: Measurement category under IAS 39:	At amortized cost		At fair value		Hedging derivatives under IAS 39	Dec. 31, 2012	
	Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Carrying amount		Fair value	
Cash and cash equivalents	346.6	–	–	–	–	346.6	346.6
Trade receivables	1,266.4	–	–	–	–	1,266.4	1,266.4
Other receivables	64.9	–	–	–	–	64.9	64.9
Other financial assets	42.7	1.3	1.7	–	–	45.7	45.7
<b>Total</b>	<b>1,720.6</b>	<b>1.3</b>	<b>1.7</b>	<b>–</b>	<b>–</b>	<b>1,723.6</b>	<b>1,723.6</b>

#### 2011

in EUR m

Measurement in the balance sheet: Measurement category under IAS 39:	At amortized cost		At fair value		Hedging derivatives under IAS 39	Dec. 31, 2011	
	Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Carrying amount		Fair value	
Cash and cash equivalents	458.8	–	–	–	–	458.8	458.8
Trade receivables	1,220.9	–	–	–	–	1,220.9	1,220.9
Other receivables	64.8	–	–	–	–	64.8	64.8
Other financial assets	29.4	1.0	1.6	–	–	32.0	32.0
<b>Total</b>	<b>1,773.9</b>	<b>1.0</b>	<b>1.6</b>	<b>–</b>	<b>–</b>	<b>1,776.5</b>	<b>1,776.5</b>

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The majority of the financial assets in the loans and receivables category measured at amortized cost have remaining terms of less than one year. Their carrying amounts at the balance-sheet date are therefore approximately their fair values.

Of the other receivables shown in the balance sheet, EUR 65.9 million (Dec. 31, 2011: EUR 60.7 million) are not financial assets within the meaning of IFRS 7. They are mainly receivables from value added tax and other taxes, prepaid expenses, advance payments and receivables from plan assets.

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

### **2012**

in EUR m

Measurement in the balance sheet: Measurement category under IAS 39:	At amortized cost		At fair value		Valuation under IAS 17	Dec. 31, 2012	
	Financial liabilities measured at amortized cost		Financial liabilities at fair value through profit or loss	Financial instruments designated in hedge accounting		Carrying amount	Fair value
Trade payables	1,008.2		–	–	–	1,008.2	1,008.2
Other liabilities	257.8		–	–	–	257.8	257.8
Purchase price obligations and liabilities under IAS 32 to minorities	10.7		–	57.8	–	68.5	68.5
Financial liabilities	1,802.7		6.5	–	20.3	1,829.5	1,882.5
<b>Total</b>	<b>3,079.4</b>		<b>6.5</b>	<b>57.8</b>	<b>20.3</b>	<b>3,164.0</b>	<b>3,217.0</b>

**2011**

in EUR m

Measurement in the balance sheet:	At amortized cost			At fair value			Dec. 31, 2011
	Financial liabilities measured at amortized cost	Financial liabilities at fair value through profit or loss	Financial instruments designated in hedge accounting	Valuation under IAS 17	Carrying amount	Fair value	
Measurement category under IAS 39:							
Trade payables	956.6	–	–	–	956.6	956.6	
Other liabilities	257.9	–	–	–	257.9	257.9	
Purchase price obligations and liabilities under IAS 32 to minorities	47.0	–	57.7	–	104.7	104.7	
Financial liabilities	1,919.7	13.8	–	18.9	1,952.4	1,959.3	
<b>Total</b>	<b>3,181.2</b>	<b>13.8</b>	<b>57.7</b>	<b>18.9</b>	<b>3,271.6</b>	<b>3,278.5</b>	

The majority of the trade payables and other liabilities measured at amortized cost have remaining terms of less than one year. Their carrying amounts at the balance-sheet date are therefore approximately their fair values. The fair values of the financial liabilities have been determined on the basis of market prices as well as by applying the discounted cash flow method on the basis of current interest curves.

Of the other liabilities shown in the balance sheet, EUR 83.8 million (Dec. 31, 2011: EUR 91.9 million) are not financial liabilities within the meaning of IFRS 7. They are mainly liabilities from value added tax and other taxes, liabilities under staff leave entitlements as well as deferred income.

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The allocation of the financial assets and liabilities recognized in the balance sheet at fair value to the levels of the IFRS 7 fair value hierarchy is shown in the table below:

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	<b>Dec. 31, 2012</b>
Financial assets at fair value through profit or loss	–	1.3	–	1.3
Financial liabilities at fair value through profit or loss	–	6.5	–	6.5
Available-for-sale financial assets	1.7	–	–	1.7

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	Dec. 31, 2011
Financial assets at fair value through profit or loss	–	1.0	–	1.0
Financial liabilities at fair value through profit or loss	–	13.8	–	13.8
Available-for-sale financial assets	1.6	–	–	1.6

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

## 2012

in EUR m

	From subsequent measurement							
	From interest		At fair value/ New estimate		Currency translation		Balance of impair- ments	Net result
	Income	Expense	Gains	Losses	Gains	Losses		
Loans and receivables	3.2	–	–	–	38.1	–46.5	–3.6	–8.8
Financial assets and liabilities at fair value through profit or loss	–	–0.6	61.1	–59.3	–	–	–	1.2
Liabilities from finance leases under IAS 17	–	–1.6	–	–	–	–	–	–1.6
Financial liabilities measured at amortized cost	–	–75.2	–	–	39.0	–51.5	–	–87.7
<b>Total</b>	<b>3.2</b>	<b>–77.4</b>	<b>61.1</b>	<b>–59.3</b>	<b>77.1</b>	<b>–98.0</b>	<b>–3.6</b>	<b>–96.9</b>

## 2011

in EUR m

	From subsequent measurement							
	From interest		At fair value/ New estimate		Currency translation		Balance of impair- ments	Net result
	Income	Expense	Gains	Losses	Gains	Losses		
Loans and receivables	4.4	–	–	–	48.0	–47.3	–4.5	0.6
Financial assets and liabilities at fair value through profit or loss	–	–0.8	69.2	–68.7	–	–	–	–0.3
Liabilities from finance leases under IAS 17	–	–1.6	–	–	–	–	–	–1.6
Financial liabilities measured at amortized cost	–	–92.0	–	–1.5	31.7	–51.7	–	–113.5
<b>Total</b>	<b>4.4</b>	<b>–94.4</b>	<b>69.2</b>	<b>–70.2</b>	<b>79.7</b>	<b>–99.0</b>	<b>–4.5</b>	<b>–114.8</b>

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Of the interest expense on liabilities to third parties contained in finance costs, EUR 3.2 million (2011: EUR 3.0 million) is interest expense which is not part of the effective interest on financial liabilities measured at amortized cost.

With the exception of impairments of trade receivables and other receivables, the net results from subsequent measurement are shown under financial result. The impairments of trade receivables and other receivables are shown under other operating expenses and the income from the receipt of trade receivables derecognized in prior periods is shown under other operating income.

#### **Nature and extent of risks arising from financial instruments**

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

In the market risk category, the Brenntag Group's global business operations expose it particularly to exchange rate and interest rate risks. The management and monitoring of these risks are the responsibility of the central function, Corporate Finance & Investor Relations. Whilst the interest rate risks are solely managed centrally, the Group companies are responsible for handling the exchange rate risks arising from their business operations. The Group companies have been instructed to reduce any exchange rate risks to a minimum, unless other agreements with the Group holding have been made.

Brenntag AG, Mülheim an der Ruhr, is available as a contract partner for the Group companies for exchange rate hedging transactions, its own exposure being hedged by back-to-back transactions with banks. If the Group companies contract hedges directly with the banks, Corporate Finance & Investor Relations is regularly informed of their nature and extent.

#### **Currency risks**

Currency risks arise particularly when monetary items or contracted future transactions are in a different currency to the functional currency of a company.

Any foreign currency risk for monetary items and contracted transactions is generally hedged in full, taking into account the claims and obligations in the same currency and with the same maturity. Forward exchange contracts and cross-currency swaps are used as hedging instruments. The derivative financial instruments used have maturities of less than one year and are not included in hedge accounting. Adequate provisions have been established for exchange-rate risks in Venezuela resulting from the unfavourable political developments and stricter exchange restrictions.

If the euro had been worth 10% more or less against all currencies at December 31, 2012, translation of the monetary items in foreign currency into the Group currency, the euro, allowing for the foreign exchange forward deals and foreign exchange swaps still open on December 31, 2012, would have decreased the financial result by EUR 0.4 million (2011: EUR 1.0 million) or increased it by EUR 0.5 million (2011: EUR 1.2 million).

The purchase price obligation for the second tranche of Zhong Yung has been included in net investment hedge accounting in the amount of the pro-rata net assets of the Chinese Zhong Yung companies. Exchange rate-related changes in the liability are recorded for the portion included in net investment hedge accounting within equity in the net investment hedge reserve and for the portion not included in net investment hedge accounting are recognized in profit or loss.

The net investment hedge reserve developed as follows:

in EUR m	Net investment hedge reserve
<b>Dec. 31, 2011</b>	<b>-3.1</b>
Transfer to net investment hedge reserve	0.4
<b>Dec. 31, 2012</b>	<b>-2.7</b>

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### Interest rate risks

Interest rate risks can occur due to changes in the market interest rates. The risks result from changes in the fair values of fixed-interest financial instruments or from changes in the cash flows of variable-interest financial instruments. The optimal structure of variable and fixed interest rates is determined as part of interest risk management. It is not possible to simultaneously minimize both kinds of interest rate risk.

Due to its funding through a variable-interest syndicated loan, the Brenntag Group is exposed to an interest rate risk in the form of a cash flow risk. Brenntag has contracted interest rate swaps to limit this risk. The cash flow hedge accounting existing in prior years was terminated in 2011 due to the absence of hedged interest payments on the old syndicated loan, which was replaced by a new syndicated loan.

The cash flow hedge reserve has developed as follows:

in EUR m	Cash flow hedge reserve
<b>Dec. 31, 2010</b>	<b>-9.7</b>
Changes in the fair value of cash flow hedges	-1.9
Reclassifications to finance costs	11.6
<b>Dec. 31, 2011</b>	<b>-</b>
Changes in the fair value of cash flow hedges	-
Reclassifications to finance costs	-
<b>Dec. 31, 2012</b>	<b>-</b>

If the market interest rate in 2012 had been 25 basis points (2011: 25 basis points) higher or lower (related to the total amount of derivatives as well as variable-interest financial liabilities at December 31, 2012), the financial result would have been EUR 2.5 million lower or EUR 2.5 million higher (2011: EUR 2.2 million lower or EUR 2.2 million higher).

### Credit risks

There is a credit risk with non-derivative financial instruments when contractually agreed payments are not made by the relevant contractual parties. As the Brenntag Group has diverse business operations in many different countries, significant concentrations of credit risks from trade receivables as well as from loans are not to be expected. The expected credit risk from individual receivables is allowed for by write-downs of the assets. The maximum credit risk of the non-derivative financial instruments corresponds to their carrying amounts.

With the derivative financial instruments used, the maximum credit risk is the sum total of all positive fair values of these instruments as, in the event of non-performance by the contractual parties, losses on assets would be restricted to this amount. As derivative financial instruments are only concluded with banks which we consider to have a first-rate credit standing, significant credit risks herefrom are not to be expected.

### Liquidity risks

The liquidity risk is the risk that the Brenntag Group may in future not be able to meet its contractual payment obligations. Due to the fact that the Brenntag Group's business is not subject to any pronounced seasonal fluctuations, there is relatively little fluctuation in liquidity during the financial year.

To ensure that the Brenntag Group can pay at all times, it not only has appropriate liquidity reserves in the form of cash and cash equivalents but also credit lines under the syndicated loan which can be utilized as needed. In order to identify the liquidity risks, the Group has a multi-annual liquidity plan which is regularly reviewed and adjusted if necessary.

The undiscounted cash flows resulting from financial liabilities are shown in the following table:

in EUR m	Carrying amount Dec. 31, 2012	Cash flows 2013 - 2018 ff.					
		2013	2014	2015	2016	2017	2018 ff.
Trade payables	1,008.2	1,008.2	-	-	-	-	-
Other liabilities	257.8	255.5	2.3	-	-	-	-
Purchase price obligations and liabilities under IAS 32 to minorities	68.5	1.7	-	-	82.8	-	-
Liabilities under syndicated loan	1,073.3	33.9	33.9	33.9	1,093.0	-	-
Other liabilities to banks	266.0	78.5	182.5	0.3	-	-	7.8
Bond	402.6	22.0	22.0	22.0	22.0	22.0	422.0
Liabilities under finance leases	20.3	8.5	3.6	3.3	2.4	1.7	8.0
Derivative financial instruments	6.5	-	-	-	-	-	-
Cash inflows	-	171.3	-	-	-	-	-
Cash outflows	-	178.1	-	-	-	-	-
Other financial liabilities	60.8	22.5	27.4	5.7	2.5	2.1	0.6
<b>Total</b>	<b>3,164.0</b>	<b>1,437.6</b>	<b>271.7</b>	<b>65.2</b>	<b>1,202.7</b>	<b>25.8</b>	<b>438.4</b>

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## Cash flows 2012 - 2017 ff.

in EUR m	Carrying amount Dec. 31. 2011	Cash flows 2012 - 2017 ff.					
		2012	2013	2014	2015	2016	2017 ff.
Trade payables	956.6	956.6	–	–	–	–	–
Other liabilities	257.9	255.8	2.1	–	–	–	–
Purchase price obligations and liabilities under IAS 32 to minorities	104.7	31.1	–	–	–	96.1	–
Liabilities under syndicated loan	1,197.6	30.2	30.2	30.2	30.2	1,229.1	–
Other liabilities to banks	270.8	82.7	9.6	181.7	0.5	–	8.6
Bond	401.4	22.0	22.0	22.0	22.0	22.0	444.0
Liabilities under finance leases	18.9	4.5	7.3	2.6	2.1	1.5	9.0
Derivative financial instruments	13.8	–	–	–	–	–	–
Cash inflows	–	276.3	2.1	–	–	–	–
Cash outflows	–	287.3	7.5	–	–	–	–
Other financial liabilities	49.9	31.3	12.4	2.9	1.4	1.5	0.4
<b>Total</b>	<b>3,271.6</b>	<b>1,425.2</b>	<b>89.0</b>	<b>239.4</b>	<b>56.2</b>	<b>1,350.2</b>	<b>462.0</b>

**Derivative financial instruments**

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

in EUR m	Dec. 31, 2012			Dec. 31, 2011		
	Nominal volume	Positive fair value	Negative fair value	Nominal volume	Positive fair value	Negative fair value
Foreign exchange forward transactions and foreign exchange swaps excluding hedge accounting	479.0	1.3	1.7	371.0	1.0	5.6
Interest rate swaps excluding hedge accounting	232.0	–	4.8	234.8	–	8.2
<b>Total</b>		<b>1.3</b>	<b>6.5</b>		<b>1.0</b>	<b>13.8</b>

**37. Related parties**

During its normal business activities, Brenntag AG also obtains services from and provides services for related parties. These related parties are the subsidiaries included in the consolidated financial statements as well as associates accounted for at equity and their subsidiaries.

Related parties are also the members of the Board of Management and Supervisory Board of Brenntag AG and members of their families.

The total remuneration of the Board of Management due in the short term including the remuneration for performing their tasks at subsidiaries amounts

to EUR 3.7 million for the 2012 financial year (2011: EUR 3.5 million). In addition, a one-off payment of EUR 0.7 million was made in 2011 in connection with the termination of a contract of employment. Furthermore, there is a long-term, share-based remuneration programme for members of the Board of Management based on virtual shares. The resulting virtual share performance bonus earned in 2012 amounts to EUR 2.8 million (2011: EUR 2.9 million). In addition, in 2011 remuneration of EUR 0.2 million was granted by a third party.<sup>2)</sup> The cost (excluding interest expense) for the pension entitlements earned in the reporting year (defined benefit plans) and the payments into defined contribution pension plans amount to EUR 0.4 million (thereof: EUR 0.4 million for defined benefit plans); in 2011: EUR 0.3 million (thereof: EUR 0.2 million for defined benefit plans; EUR 0.1 million for defined contribution plans).

The Board of Management remuneration system and the remuneration of each member of the Board of Management are detailed in the remuneration report which is an integral part of the combined management report.

The Board of Management of Brenntag AG, including one former Board of Management member and present Supervisory Board member, was, together with other senior managers of the Brenntag Group, included in a management participation programme at the former parent company of Brenntag AG, Brachem Acquisition S.C.A., Luxembourg. The management participation programme was terminated as a result of the placement of the remaining shares of Brachem Acquisition S.C.A. in Brenntag AG.

The total remuneration of the members of the Supervisory Board due in the short term amounts to EUR 0.8 million for the 2012 financial year (2011: EUR 0.7 million).

Apart from the aforementioned, there were no transactions with related parties.

The Supervisory Board remuneration system and the remuneration of each member of the Supervisory Board are detailed in the remuneration report which is an integral part of the combined management report.

The following business transactions were performed with the related parties on terms equivalent to those that prevail in arm's length transactions:

in EUR m	2012	2011
Sales revenue from transactions with associates	0.5	0.4
Goods and services rendered by associates	0.5	0.6

<sup>2)</sup> The Supervisory Board passed a resolution on a tax parity agreement already granted in 2011 on behalf of the then shareholder, Brachem Acquisition S.C.A., in favour of Steven Holland and Stephen Clark. Therefore, the 2011 remuneration figures have been amended accordingly. Any potentially resulting payments will not be charged to Brenntag.

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in EUR m	<b>Dec. 31, 2012</b>	Dec. 31, 2011
Trade receivables	0.1	0.1
(thereof associates)	(0.1)	(0.1)
Financial receivables	0.1	0.1
(thereof associates)	(0.1)	(0.1)

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

### **38. Audit fees for the consolidated financial statements**

The following fees for the services of the auditors of the consolidated financial statements, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, were recognized as expenses:

in EUR m	<b>2012</b>	2011
Financial statement audit services	0.8	0.7
Other assurance services	0.2	0.3
Tax advisory services	0.1	0.1
Other services rendered	0.1	0.1
<b>Total</b>	<b>1.2</b>	<b>1.2</b>

### **39. Exemptions pursuant to section 264, para. 3/section 264b of the German Commercial Code**

For the 2012 financial year, the following subsidiaries of Brenntag AG are making use of the exemptions pursuant to section 264, para. 3 and section 264b of the German Commercial Code:

- Brenntag Holding GmbH, Mülheim an der Ruhr
- Brenntag Germany Holding GmbH, Mülheim an der Ruhr
- Brenntag Foreign Holding GmbH, Mülheim an der Ruhr
- Brenntag Beteiligungs GmbH, Mülheim an der Ruhr
- BRENNTAG GmbH, Duisburg
- BRENNTAG International Chemicals GmbH, Mülheim an der Ruhr
- Brenntag Real Estate GmbH, Mülheim an der Ruhr
- BCD Chemie GmbH, Hamburg
- CLG Lagerhaus GmbH & Co. KG, Mülheim an der Ruhr
- Brenntag Vermögensverwaltungs GmbH & Co. KG, Zossen
- CM Komplementär 03-018 GmbH & Co. KG, Mülheim an der Ruhr
- CM Komplementär 03-019 GmbH & Co. KG, Mülheim an der Ruhr
- CM Komplementär 03-020 GmbH & Co. KG, Mülheim an der Ruhr

#### **40. Declaration of compliance with the recommendations of the Government Commission "German Corporate Governance Code"**

On December 19, 2012, the Board of Management and Supervisory Board gave the declaration of compliance with the recommendations of the Government Commission "German Corporate Governance Code" for the 2012 financial year as required by section 161 of the German Stock Corporation Act. The declaration of compliance can be viewed at any time on the website of Brenntag AG ([www.brenntag.com/corporate\\_governance](http://www.brenntag.com/corporate_governance)).

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## **RESPONSIBILITY STATEMENT**

To the best of our knowledge and belief and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair representation of the assets, liabilities, financial position and profit or loss of the Group and the Group management report, which is combined with the management report of Brenntag AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

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Mülheim an der Ruhr, March 12, 2013

Brenntag AG  
THE BOARD OF MANAGEMENT

**116 Consolidated income statement  
117 Consolidated statement of comprehensive income  
118 Consolidated balance sheet**

Steven Holland Jürgen Buchsteiner

William Fidler Georg Müller

## ANNEX

### LIST OF SHAREHOLDINGS IN ACCORDANCE WITH SECTION 313, PARA. 2 OF THE GERMAN COMMERCIAL CODE AS AT DECEMBER 31, 2012

No.	Company	Seat	Held directly % <sup>1)</sup>	Held indirectly % <sup>1)</sup>	Effective net holding % <sup>1)</sup>	Via No.
<b>Germany</b>						
1	Brenntag AG	Mülheim an der Ruhr				
<b>CONSOLIDATED SUBSIDIARIES</b>						
<b>Algeria</b>						
2	Alliance Chimie Algerie SPA	Algiers	100.00	100.00	65	
<b>Argentina</b>						
3	Brenntag Argentina S.A.	Buenos Aires	90.00 10.00	100.00	136 141	
<b>Australia</b>						
4	Brenntag Australia Pty. Ltd.	Hightett	100.00	100.00	173	
5	Brenntag Pty. Ltd.	Hightett	100.00	100.00	4	
<b>Bangladesh</b>						
6	BRENNTAG BANGLADESH LTD.	Dhaka	100.00	100.00	32	
7	BRENNTAG BANGLADESH FORMULATION LTD.	Dhaka	68.50 31.50	100.00	32 136	
8	BRENNTAG BANGLADESH SERVICES LTD.	Dhaka	100.00	100.00	6	
<b>Belgium</b>						
9	BRENNTAG NV	Deerlijk	99.99 0.01	100.00	70 51	
10	European Polymers and Chemicals Distribution BVBA	Deerlijk	100.00	100.00	149	
<b>Bermuda</b>						
11	HCI Chemicals (FSC) Ltd.	Hamilton	0.10 99.80 0.10	100.00	200 204 214	
12	HCI Ltd.	Hamilton	100.00	100.00	13	
13	Pelican Chemical Traders Ltd.	Hamilton	100.00	100.00	28	
14	Viking Traders Ltd.	Hamilton	100.00	100.00	13	
<b>Bolivia</b>						
15	Brenntag Bolivia S.R.L.	Santa Cruz	90.00 10.00	100.00	136 137	

No.	Company	Seat	Held directly % <sup>1)</sup>	Held indirectly % <sup>1)</sup>	Effective net holding % <sup>1)</sup>	Via No.
<b>Brazil</b>						
16	Brenntag Quimica Brasil Ltda.	Guarulhos/ Sao Paulo		100.00	100.00	136
<b>Bulgaria</b>						
17	BRENNTAG BULGARIA EOOD	Sofia		100.00	100.00	136
<b>Chile</b>						
18	Brenntag Chile Comercial e Industrial Limitada	Santiago		95.00 5.00	100.00	136 137
19	Quimica Edna, S.A. <sup>2)</sup>	Santiago		99.00 1.00	100.00	18 137
<b>China</b>						
20	Brenntag (Shanghai) Chemical Trading Co., Limited	Shanghai		100.00	100.00	136
21	Guangzhou Fan Ya Jia Rong Trading Co., Ltd.	Guangzhou		60.00 40.00	51.00	23 25
22	Shanghai Anyijie Chemical Logistic Co., Ltd.	Shanghai		100.00	51.00	26
23	Shanghai Jia Rong Trading Co., Ltd.	Shanghai		100.00	51.00	26
24	Shanghai Yi Rong International Trading Co., Ltd.	Shanghai		24.70 75.30	51.00	100 23
25	Tianjin Tai Rong Chemical Trading Co., Ltd.	Tianjin		100.00	51.00	23
26	Tianjin Zhong Rong Chemical Storage Co., Ltd.	Tianjin		100.00	51.00	100
<b>Costa Rica</b>						
27	Quimicos Holanda Costa Rica S.A.	San Jose		100.00	100.00	136
<b>Curaçao (Dutch Antilles)</b>						
28	H.C.I. (Curaçao) N.V.	Curaçao		100.00	100.00	136
29	HCI Shipping N.V.	Curaçao		100.00	100.00	28
<b>Denmark</b>						
30	Brenntag Nordic A/S	Ballerup		100.00	100.00	136
31	Aktieselskabet af 1. Januar 1987	Ballerup		100.00	100.00	30
32	Brenntag Ltd. A/S	Ballerup		100.00	100.00	136
<b>Germany</b>						
33	Brenntag Germany Holding GmbH	Mülheim an der Ruhr		100.00	100.00	51
34	CVH Chemie-Vertrieb GmbH & Co. Hannover KG	Hanover		51.00	51.00	33
35	BCD Chemie GmbH	Hamburg		100.00	100.00	33

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No.	Company	Seat	Held directly % <sup>1)</sup>	Held indirectly % <sup>1)</sup>	Effective net holding % <sup>1)</sup>	Via No.
36	BBG Berlin-Brandenburger Lager- u. Distributionsgesellschaft Biesterfeld Brenntag mbH	Hoppegarten	50.00 50.00		100.00	35 33
37	CLG Lagerhaus GmbH & Co. KG	Mülheim an der Ruhr		100.00	100.00	33
38	CVB Albert Carl GmbH & Co. KG	Berlin		100.00	51.00	34
39	CVM Chemie-Vertrieb Magdeburg GmbH & Co. KG	Schönebeck		100.00	51.00	34
40	CLG Lagerhaus GmbH	Duisburg		100.00	100.00	33
41	CVP Chemie-Vertrieb Berlin GmbH	Berlin		100.00	51.00	34
42	CVH Chemie-Vertrieb Verwaltungsgesellschaft mbH	Hanover		51.00	51.00	33
43	Blitz 03-1161 GmbH	Mülheim an der Ruhr		100.00	100.00	46
44	Blitz 03-1162 GmbH	Mülheim an der Ruhr		100.00	100.00	48
45	Blitz 03-1163 GmbH	Mülheim an der Ruhr		100.00	100.00	49
46	Brenntag Foreign Holding GmbH	Mülheim an der Ruhr		100.00	100.00	51
47	ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hüttenheim KG <sup>3)</sup>	Düsseldorf		94.00	94.00	33
48	CM Komplementär 03-018 GmbH & Co. KG	Mülheim an der Ruhr		100.00	100.00	43
49	CM Komplementär 03-019 GmbH & Co. KG	Mülheim an der Ruhr		100.00	100.00	44
50	CM Komplementär 03-020 GmbH & Co. KG	Mülheim an der Ruhr		100.00	100.00	45
51	Brenntag Beteiligungs GmbH	Mülheim an der Ruhr		100.00	100.00	55
52	Brenntag Finanz-Service GmbH <sup>3)</sup>	Mülheim an der Ruhr		0.00	0.00	107
53	BRENNTAG GmbH	Duisburg		100.00	100.00	33
54	BRENNTAG International Chemicals GmbH	Mülheim an der Ruhr		100.00	100.00	33
55	Brenntag Holding GmbH	Mülheim an der Ruhr	100.00	0.00	100.00	1
56	Brenntag Real Estate GmbH	Mülheim an der Ruhr		100.00	100.00	51
57	Brenntag Vermögensmanagement GmbH	Zossen	100.00	0.00	100.00	1
58	Brenntag Vermögensverwaltungs GmbH & Co. KG	Zossen		100.00	100.00	51

No.	Company	Seat	Held directly % <sup>1)</sup>	Held indirectly % <sup>1)</sup>	Effective net holding % <sup>1)</sup>	Via No.
<b>Dominican Republic</b>						
59	BRENNETAG CARIBE S.R.L.	Santo Domingo	100.00 0.00		100.00	136 141
60	HCI CHEMCENTRAL, DOM REP, S.A.	Santo Domingo	99.80 0.10 0.10		100.00	136 28 29
<b>Ecuador</b>						
61	BRENNETAG ECUADOR S.A.	Guayaquil	100.00 0.00		100.00	136 141
<b>El Salvador</b>						
62	BRENNETAG EL SALVADOR, S.A. DE C.V.	Soyapango	99.99 0.01		100.00	136 28
<b>Finland</b>						
63	Brenntag Nordic Oy	Vantaa		100.00	100.00	136
<b>France</b>						
64	BRENNETAG SA	Chassieu		100.00	100.00	70
65	BRENNETAG MAGHREB SAS	Vitrolles		100.00	100.00	69
66	SOCIETE COMMERCIALE TARDY ET CIE. SARL	Vitrolles		51.22	51.22	69
67	BRENNETAG INVESTISSEMENTS SAS	Chassieu		100.00	100.00	70
68	BRACHEM FRANCE HOLDING SAS	Chassieu		100.00	100.00	55
69	BRENNETAG EXPORT SARL	Vitrolles		100.00	100.00	64
70	BRENNETAG FRANCE HOLDING SAS	Chassieu		100.00	100.00	68
71	BRENNETAG FRANCE SAS <sup>3)</sup>	Paris		0.00	0.00	107
72	METAUSEL SAS	Chassieu		100.00	100.00	64
73	Multisol France SAS	Villebon-sur-Yvette		100.00	100.00	70
74	Multisol International Services SAS	Sotteville-lès-Rouen		80.00 20.00	100.00	70 73
<b>Greece</b>						
75	Brenntag Hellas Chimika Monoprosopi EPE	Penteli		100.00	100.00	148

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No.	Company	Seat	Held directly % <sup>1)</sup>	Held indirectly % <sup>1)</sup>	Effective net holding % <sup>1)</sup>	Via No.
<b>United Kingdom</b>						
76	Woodland 4 Limited	Leeds	100.00	100.00	100.00	46
77	Albion Distillation Services Limited	Leeds	100.00	100.00	100.00	84
78	Brenntag Colours Limited	Leeds	100.00	100.00	100.00	84
79	Brenntag Inorganic Chemicals Limited	Leeds	100.00	100.00	100.00	84
80	Brenntag Inorganic Chemicals (Thetford) Limited	Leeds	100.00	100.00	100.00	84
81	Brenntag UK and Ireland Limited	Leeds	100.00	100.00	100.00	94
82	Brenntag UK Group Limited	Leeds	100.00	100.00	100.00	84
83	Brenntag UK Limited	Leeds	100.00	100.00	100.00	84
84	Brenntag UK Holding Limited	Leeds	100.00	100.00	100.00	67
85	Multisol Limited	Leeds	100.00	100.00	100.00	86
86	Multisol Chemicals Limited	Nantwich	100.00	100.00	100.00	88
87	Multisol EBT Limited	Leeds	100.00	100.00	100.00	85
88	Multisol Group Limited	Leeds	100.00	100.00	100.00	84
89	Multisol Holdings Limited	Leeds	100.00	100.00	100.00	85
90	Murgatroyd's Salt & Chemical Company Limited	Leeds	100.00	100.00	100.00	79
91	Water Treatment Solutions Limited	Leeds	100.00	100.00	100.00	84
92	Woodland 1 Limited	Leeds	100.00	100.00	100.00	82
93	Woodland 2 Limited	Leeds	100.00	100.00	100.00	84
94	Woodland 3 Limited	Leeds	100.00	100.00	100.00	82
95	Zenteum Limited	Leeds	100.00	100.00	100.00	89
<b>Guatemala</b>						
96	BRENNETAG GUATEMALA S.A.	Guatemala City	100.00	100.00	100.00	136
<b>Honduras</b>						
97	INVERSIONES QUIMICAS, S.A.	San Pedro Sula	98.51 1.49	100.00	100.00	136 141
98	Compania Hondurena de Terminales, S.A.	Puerto Cortez	96.00 4.00	100.00	100.00	136 28
<b>Hong Kong</b>						
99	Brenntag Hong Kong Limited	Hong Kong	99.96 0.04	100.00	100.00	136 141
100	Zhong Yung (International) Chemical Co., Limited	Hong Kong	51.00	51.00	51.00	136
<b>India</b>						
101	Brenntag India Private Limited	Mumbai	100.00	100.00	100.00	136
102	Brenntag Ingredients (India) Private Limited	Mumbai	100.00	100.00	100.00	174

No.	Company	Seat	Held directly % <sup>1)</sup>	Held indirectly % <sup>1)</sup>	Effective net holding % <sup>1)</sup>	Via No.
<b>Indonesia</b>						
103	PT. Brenntag Indonesia	Jakarta Selatan		99.00 1.00	100.00	136 137
104	PT. Brenntag	Jakarta Selatan		100.00	100.00	174
105	PT. Dharmala HCl i.L.	Jakarta		91.14	91.14	136
<b>Ireland</b>						
106	Brenntag Chemicals Distribution (Ireland) Limited	Dublin		100.00	100.00	84
107	Brenntag Funding Limited <sup>3)</sup>	Dublin		0.00	0.00	
<b>Italy</b>						
108	BRENNETAG S.P.A.	Milan		100.00	100.00	136
109	ROMANA CHIMICI S.P.A.	Anagni		100.00	100.00	108
110	Brenntag Italia S.r.l. <sup>3)</sup>	Milan		0.00	0.00	107
111	NATURAL WORLD S.R.L.	Lugo		100.00	100.00	108
112	Petrolube S.r.l. <sup>2)</sup>	Milan		100.00	100.00	108
<b>Canada</b>						
113	BRENNETAG CANADA INC.	Toronto		100.00	100.00	140
<b>Columbia</b>						
114	BRENNETAG COLOMBIA S.A.	Mosquera		92.00 5.06 0.57 1.23 1.14	100.00	136 137 28 29 141
<b>Croatia</b>						
115	BRENNETAG HRVATSKA d.o.o.	Zagreb		100.00	100.00	148
<b>Latvia</b>						
116	SIA BRENNETAG LATVIA	Riga		100.00	100.00	156
117	SIA DIPOL BALTIIJA	Riga		100.00	100.00	215
<b>Lithuania</b>						
118	UAB BRENNETAG LIETUVA	Kaunas		100.00	100.00	156
<b>Luxembourg</b>						
119	Brenntag FinanceCo I S.à r.l.	Luxembourg		100.00	100.00	55
120	Brenntag FinanceCo II S.à r.l.	Luxembourg		100.00	100.00	55

No.	Company	Seat	Held directly % <sup>1)</sup>	Held indirectly % <sup>1)</sup>	Effective net holding % <sup>1)</sup>	Via No.
<b>Malaysia</b>						
121	AKASHI SDN. BHD.	Kuala Lumpur	100.00	100.00	100.00	124
122	BRENNETAG MALAYSIA SDN. BHD.	Kuala Lumpur	100.00	100.00	100.00	136
123	BRENNETAG MALAYSIA SERVICES SDN. BHD.	Kuala Lumpur	100.00	100.00	100.00	121
124	BRENNETAG SDN. BHD.	Kuala Lumpur	100.00	100.00	100.00	174
125	SEWARDS SDN. BHD.	Kuala Lumpur	100.00	100.00	100.00	124
<b>Morocco</b>						
126	BRENNETAG MAROC S.A.R.L. associé unique	Casablanca	100.00	100.00	100.00	179
127	ALCOCHIM MAROC S.A.R.L.	Casablanca	100.00	100.00	100.00	65
<b>Mauritius</b>						
128	Multisol Mauritius Limited	Ebene	100.00	100.00	100.00	89
<b>Mexico</b>						
129	BRENNETAG MÈXICO, S.A. DE C.V.	Cuauhtitlan Izcalli	99.99 0.01	100.00	100.00	136 28
130	BRENNETAG PACIFIC, S. DE R.L. DE C.V.	Tijuana	1.00 99.00	100.00	100.00	211 212
131	AMCO INTERNACIONAL S.A. DE C.V.	Mexico City	0.00 100.00	100.00	100.00	130 129
<b>New Zealand</b>						
132	BRENNETAG NEW ZEALAND LIMITED	Wellington	100.00	100.00	100.00	173
133	INTERNATIONAL SALES & MARKETING (NZ) LIMITED <sup>2)</sup>	Auckland	100.00	100.00	100.00	132
134	SALKAT NEW ZEALAND LIMITED <sup>2)</sup>	Auckland	100.00	100.00	100.00	132
<b>Nicaragua</b>						
135	BRENNETAG NICARAGUA, S.A.	Managua	100.00	100.00	100.00	136
<b>Netherlands</b>						
136	BRENNETAG (Holding) B.V.	Amsterdam	26.00 74.00	100.00	100.00	46 145
137	H.C.I Chemicals Nederland B.V.	Amsterdam	100.00	100.00	100.00	136
138	Brenntag Nederland B.V.	Dordrecht	100.00	100.00	100.00	136
139	HCI U.S.A. Holdings B.V.	Amsterdam	100.00	100.00	100.00	142
140	Holland Chemical International B.V.	Dordrecht	100.00	100.00	100.00	136
141	HCI Central Europe Holding B.V.	Amsterdam	100.00	100.00	100.00	136
142	BRENNETAG Coöperatief U.A.	Amsterdam	99.00 1.00	100.00	100.00	211 210

No.	Company	Seat	Held directly % <sup>1)</sup>	Held indirectly % <sup>1)</sup>	Effective net holding % <sup>1)</sup>	Via No.
143	BRENNTAG Dutch C.V.	Amsterdam	99.90 0.10		100.00	136 137
144	Brenntag Finance B.V.	Amsterdam		100.00	100.00	136
145	Brenntag HoldCo B.V.	Amsterdam		100.00	100.00	55
146	Brenntag Vastgoed B.V.	Dordrecht		100.00	100.00	138
<b>Norway</b>						
147	BRENNTAG NORDIC AS	Borgen-haugen		100.00	100.00	171
<b>Austria</b>						
148	Brenntag CEE GmbH	Vienna	99.90 0.10		100.00	151 51
149	JLC-Chemie Handels GmbH	Wiener Neustadt		100.00	100.00	148
150	Provida GmbH	Vienna		100.00	100.00	148
151	Brenntag Austria Holding GmbH	Vienna		100.00	100.00	9
<b>Panama</b>						
152	BRENNTAG PANAMA S.A.	Panama City		100.00	100.00	28
<b>Peru</b>						
153	BRENNTAG PERU S.A.C.	Lima		100.00	100.00	136
<b>Philippines</b>						
154	BRENNTAG INGREDIENTS INC.	Makati City		100.00	100.00	136
155	PHIL-ASIACHEM, INC.	Makati City		100.00	100.00	154
<b>Poland</b>						
156	BRENNTAG Polska sp. z o.o.	Kedzierzyn-Kozle	61.00 39.00		100.00	9 148
157	Eurochem Service Polska sp. z o.o.	Warsaw		100.00	100.00	156
158	FORCHEM sp. z o.o.	Warsaw		100.00	100.00	10
159	Motor Polimer sp. z o.o.	Suchy Las		100.00	100.00	10
160	Obsidian Company sp. z o.o.	Warsaw		100.00	100.00	156
161	PHU ELMAR sp. z o.o.	Bydgoszcz		100.00	100.00	156
162	Zenteum Poland sp. z o.o.	Kielpin		100.00	100.00	95
<b>Portugal</b>						
163	Brenntag Portugal - Produtos Quimicos, Lda.	Sintra	73.67 0.28 26.05		100.00	46 33 136

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<b>Puerto Rico</b>						
164	Brenntag Puerto Rico, Inc.	Caguas	100.00	100.00	100.00	136
<b>Romania</b>						
165	BRENNTAG S.R.L.	Chiajna	100.00	100.00	100.00	141
<b>Russia</b>						
166	OOO BRENNTAG	Moscow	100.00	100.00	100.00	148
167	OOO Tride Rus	Moscow	100.00	100.00	100.00	196
168	OOO Zenteum	Moscow	100.00	100.00	100.00	95
<b>Sweden</b>						
169	Brenntag Nordic AB	Malmo	100.00	100.00	100.00	170
170	Brenntag Nordic Investment AB	Malmo	100.00	100.00	100.00	171
171	Brenntag Nordic Holding AB	Malmo	100.00	100.00	100.00	136
<b>Switzerland</b>						
172	Brenntag Schweizerhall AG	Basel	100.00	100.00	100.00	70
<b>Singapore</b>						
173	BRENNTAG ASIA PACIFIC PTE. LTD.	Singapore	100.00	100.00	100.00	136
174	BRENNTAG PTE. LTD.	Singapore	100.00	100.00	100.00	32
175	BRENNTAG SINGAPORE PTE. LTD.	Singapore	100.00	100.00	100.00	136
<b>Slovakia</b>						
176	BRENNTAG SLOVAKIA s.r.o.	Pezinok	100.00	100.00	100.00	148
<b>Slovenia</b>						
177	BRENNTAG LJUBLIANA d.o.o.	Ljubljana	100.00	100.00	100.00	148
<b>Spain</b>						
178	Devon Chemicals S.A.	Barcelona	100.00	100.00	100.00	136
179	BRENNTAG QUIMICA, S.A.U.	Dos Hermanas	100.00	100.00	100.00	70
180	BRENNTAG QUIMICA FINANCE, S.L.U. <sup>3)</sup>	Madrid	0.00	0.00	0.00	107
181	Quimica Multisol Iberica, S.L.	Barcelona	100.00	100.00	100.00	179
<b>Sri Lanka</b>						
182	BRENNTAG LANKA (PRIVATE) LIMITED	Athurugiriya	100.00	100.00	100.00	136
<b>South Africa</b>						
183	Canada Oil Sales (Proprietary) Limited	Cape Town	100.00	100.00	100.00	184
184	Multisol South Africa (Proprietary) Limited	Cape Town	100.00	100.00	100.00	89
185	Trade Firm 100 (Proprietary) Limited	Cape Town	100.00	100.00	100.00	184
<b>Taiwan</b>						
186	Brenntag (Taiwan) Co. Ltd.	Taipeh	100.00	100.00	100.00	136
187	Brenntag Chemicals Co., Ltd.	Taipeh	100.00	100.00	100.00	136

No.	Company	Seat	Held directly % <sup>1)</sup>	Held indirectly % <sup>1)</sup>	Effective net holding % <sup>1)</sup>	Via No.
<b>Thailand</b>						
188	Brenntag Enterprises (Thailand) Co., Ltd.	Bangkok	49.00 51.00		100.00	32 190
189	Brenntag Ingredients (Thailand) Public Company Limited	Bangkok	49.00 51.00		100.00	32 188
190	Brenntag Service (Thailand) Co., Ltd.	Bangkok	48.99 51.01		100.00	32 188
191	Thai-Dan Corporation Limited	Bangkok	99.90		99.90	189
<b>Czech Republic</b>						
192	Brenntag CR s.r.o.	Prague		100.00	100.00	148
<b>Tunisia</b>						
193	ALLIANCE - TUNISIE S.A.R.L.	Tunis		100.00	100.00	65
<b>Turkey</b>						
194	BRENNETAG KIMYA TICARET LIMITED SIRKETI	Istanbul	0.02 99.98		100.00	151 148
<b>Ukraine</b>						
195	TOB BRENNETAG UKRAINE	Kiev		100.00	100.00	215
196	TOB TRIDE	Kiev		100.00	100.00	148
<b>Hungary</b>						
197	BRENNETAG Hungaria Kft	Budapest	97.94 2.06		100.00	148 141
198	BCB Union Kft	Budapest	96.67 3.33		100.00	136 137
<b>Uruguay</b>						
199	Molivax S.A. <sup>2)</sup>	Montevideo		100.00	100.00	136
<b>USA</b>						
200	Brenntag Mid-South, Inc.	Henderson/ Kentucky		100.00	100.00	211
201	Brenntag Southwest, Inc.	Longview/ Texas		100.00	100.00	211
202	Brenntag Northeast, Inc.	Wilmington/ Delaware		100.00	100.00	211
203	Coastal Chemical Co., L.L.C.	Abbeville/ Louisiana		100.00	100.00	139
204	Brenntag Latin America, Inc.	Wilmington/ Delaware		100.00	100.00	211
205	Altivia Corporation <sup>2)</sup>	Longview/ Texas		100.00	100.00	211

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No.	Company	Seat	Held directly % <sup>1)</sup>	Held indirectly % <sup>1)</sup>	Effective net holding % <sup>1)</sup>	Via No.
206	Altivia Louisiana, L.L.C. <sup>2)</sup>	St Gabriel/Louisiana	100.00	100.00	100.00	205
207	Brenntag Funding LLC	Wilmington/Delaware	100.00	100.00	100.00	211
208	Brenntag Global Marketing, LLC	Wilmington/Delaware	100.00	100.00	100.00	211
209	Brenntag Great Lakes LLC	Chicago/Illinois	100.00	100.00	100.00	139
210	Brenntag North America Foreign Holding, LLC	Wilmington/Delaware	100.00	100.00	100.00	211
211	Brenntag North America, Inc.	Wilmington/Delaware	100.00	100.00	100.00	136
212	Brenntag Pacific, Inc.	Wilmington/Delaware	100.00	100.00	100.00	211
213	Brenntag Specialties, Inc.	Wilmington/Delaware	100.00	100.00	100.00	211
214	Brenntag Specialties Latin America, LLC	Chicago/Illinois	100.00	100.00	100.00	136
215	Dipol Chemical International, Inc.	Kings/New York	100.00	100.00	100.00	148
216	THE TREAT-EM-RITE CORPORATION <sup>2)</sup>	Dallas/Texas	100.00	100.00	100.00	211
<b>Venezuela</b>						
217	HOLANDA VENEZUELA, C.A.	Valencia	100.00	100.00	100.00	136
218	INVERSIONES HCI-CHEMCENTRAL de VENEZUELA, C.A.	Caracas	100.00	100.00	100.00	217
219	QUIMICOS BARCELONA, C.A.	Caracas	100.00	100.00	100.00	217
<b>Vietnam</b>						
220	BRENNETAG VIETNAM CO. LTD.	Ho Chi Minh City	100.00	100.00	100.00	175
221	Nam Giang Trading and Service Co., Ltd <sup>3)</sup>	Ho Chi Minh City	0.00	0.00	0.00	
<b>INVESTMENTS ACCOUNTED FOR AT EQUITY</b>						
<b>Denmark</b>						
222	Borup Kemi I/S	Borup	33.30	33.30	33.30	31
<b>Germany</b>						
223	SOFT CHEM GmbH	Laatzen	33.40	17.03	17.03	42
<b>South Africa</b>						
224	Crest Chemicals (Proprietary) Limited	Woodmead	50.00	50.00	50.00	136
<b>Thailand</b>						
225	Berli Asiatic Soda Co., Ltd.	Bangkok	50.00	50.00	50.00	189
226	Siri Asiatic Co., Ltd.	Bangkok	50.00	50.00	50.00	189

<sup>1)</sup> Shares in the capital of the company<sup>2)</sup> Business combinations in accordance with IFRS 3 in 2012<sup>3)</sup> Special purpose entity

# INDEPENDENT AUDITOR'S REPORT

**TO BRENNTAG AG, MÜLHEIM AN DER RUHR**

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Brenntag AG, Mülheim an der Ruhr, and its subsidiaries, which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements for the business year from January 1 to December 31, 2012.

## Board of Managing Directors' Responsibility for the Consolidated Financial Statements

The Board of Managing Directors of Brenntag AG, Mülheim an der Ruhr, is responsible for the preparation of these consolidated financial statements. This responsibility includes that these consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) and that these consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The Board of Managing Directors is also responsible for the internal controls as the Board of Managing Directors determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of

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the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Audit Opinion

According to § 322 Abs. 3 Satz (sentence) 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at December 31, 2012 as well as the results of operations for the business year then ended, in accordance with these requirements.

#### Report on the Group Management Report

We have audited the accompanying group management report, which is combined with the management report of the company, of Brenntag AG, Mülheim an der Ruhr, for the business year from January 1 to December 31, 2012. The Board of Managing Directors of Brenntag AG, Mülheim an der Ruhr, is responsible for the preparation of the combined management report in accordance with the requirements of German commercial law applicable pursuant to § 315a Abs. 1 HGB. We conducted our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the combined management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Accordingly, we are required to plan and perform the audit of the combined management report to obtain reasonable assurance about whether the combined management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

According to § 322 Abs. 3 Satz 1 HGB we state, that our audit of the combined management report has not led to any reservations.

In our opinion based on the findings of our audit of the consolidated financial statements and combined management report, the combined management report is consistent with the consolidated financial statements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, March 12, 2013

**PricewaterhouseCoopers**  
**Aktiengesellschaft**  
**Wirtschaftsprüfungsgesellschaft**

sgd. Klaus-Dieter Ruske  
 Wirtschaftsprüfer  
 (German Public Auditor)

sgd. Frank Hübner  
 Wirtschaftsprüfer  
 (German Public Auditor)

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## SEGMENT REPORTING

### BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

in EUR m	<b>2012</b>	2011	Change		
			abs.	in %	in % (fx adj.)
External sales	9,689.9	8,679.3	1,010.6	11.6	7.7
Operating gross profit	1,968.4	1,807.6	160.8	8.9	4.5
Operating expenses	-1,261.8	-1,146.7	-115.1	10.0	5.9
<b>Operating EBITDA</b>	<b>706.6</b>	<b>660.9</b>	<b>45.7</b>	<b>6.9</b>	<b>2.2</b>
Transaction costs/holding charges	-	-2.1	2.1	-	-
<b>EBITDA (incl. transaction costs/holding charges)</b>	<b>706.6</b>	<b>658.8</b>	<b>47.8</b>	<b>7.3</b>	<b>2.5</b>
Depreciation of property, plant and equipment and investment property	-96.2	-88.9	-7.3	8.2	4.6
EBITA	610.4	569.9	40.5	7.1	2.1
Amortization of intangible assets	-36.9	-24.1	-12.8	53.1	46.4
Financial result	-94.7	-126.3	31.6	-25.0	-
Profit before tax	478.8	419.5	59.3	14.1	-
Income taxes	-140.6	-140.2	-0.4	0.3	-
Profit after tax	338.2	279.3	58.9	21.1	-

in EUR m	<b>Q4 2012</b>	Q4 2011	Change		
			abs.	in %	in % (fx adj.)
External sales	2,340.1	2,160.8	179.3	8.3	5.3
Operating gross profit	481.7	455.9	25.8	5.7	2.7
Operating expenses	-298.8	-287.4	-11.4	4.0	1.2
<b>Operating EBITDA</b>	<b>182.9</b>	<b>168.5</b>	<b>14.4</b>	<b>8.5</b>	<b>5.0</b>
Transaction costs/holding charges	-	0.7	-0.7	-	-
<b>EBITDA (incl. transaction costs/holding charges)</b>	<b>182.9</b>	<b>169.2</b>	<b>13.7</b>	<b>8.1</b>	<b>4.6</b>
Depreciation of property, plant and equipment and investment property	-25.4	-23.0	-2.4	10.4	7.6
EBITA	157.5	146.2	11.3	7.7	4.1
Amortization of intangible assets	-9.4	-6.7	-2.7	40.3	34.3
Financial result	-20.8	-32.6	11.8	-36.2	-
Profit before tax	127.3	106.9	20.4	19.1	-
Income taxes	-29.5	-28.8	-0.7	2.4	-
Profit after tax	97.8	78.1	19.7	25.2	-

**BUSINESS PERFORMANCE IN THE SEGMENTS****2012**

in EUR m	<b>Brenntag Group</b>	Europe	North America	Latin America	Asia Pacific	All Other Segments
External sales	9,689.9	4,549.0	3,065.2	919.0	707.6	449.1
Operating gross profit	1,968.4	927.9	742.3	169.6	111.6	17.0
Operating expenses	-1,261.8	-626.3	-420.8	-112.7	-62.2	-39.8
<b>Operating EBITDA</b>	<b>706.6</b>	<b>301.6</b>	<b>321.5</b>	<b>56.9</b>	<b>49.4</b>	<b>-22.8</b>

**4TH QUARTER 2012**

in EUR m	<b>Brenntag Group</b>	Europe	North America	Latin America	Asia Pacific	All Other Segments
External sales	2,340.1	1,083.6	730.8	229.7	197.8	98.2
Operating gross profit	481.7	220.6	183.0	43.1	32.0	3.0
Operating expenses	-298.8	-150.4	-99.3	-27.3	-17.3	-4.5
<b>Operating EBITDA</b>	<b>182.9</b>	<b>70.2</b>	<b>83.7</b>	<b>15.8</b>	<b>14.7</b>	<b>-1.5</b>

**EUROPE**

in EUR m	<b>2012</b>	2011	Change		
			abs.	in %	in % (fx adj.)
External sales	4,549.0	4,295.3	253.7	5.9	5.3
Operating gross profit	927.9	898.0	29.9	3.3	2.4
Operating expenses	-626.3	-594.1	-32.2	5.4	4.6
<b>Operating EBITDA</b>	<b>301.6</b>	<b>303.9</b>	<b>-2.3</b>	<b>-0.8</b>	<b>-1.8</b>

in EUR m	<b>Q4 2012</b>	Q4 2011	Change		
			abs.	in %	in % (fx adj.)
External sales	1,083.6	1,007.8	75.8	7.5	5.8
Operating gross profit	220.6	216.6	4.0	1.8	0.3
Operating expenses	-150.4	-148.5	-1.9	1.3	-0.1
<b>Operating EBITDA</b>	<b>70.2</b>	<b>68.1</b>	<b>2.1</b>	<b>3.1</b>	<b>1.2</b>

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**NORTH AMERICA**

in EUR m	<b>2012</b>	2011	Change		
			abs.	in %	in % (fx adj.)
External sales	3,065.2	2,725.7	339.5	12.5	3.9
Operating gross profit	742.3	659.7	82.6	12.5	4.0
Operating expenses	-420.8	-377.6	-43.2	11.4	2.9
<b>Operating EBITDA</b>	<b>321.5</b>	<b>282.1</b>	<b>39.4</b>	<b>14.0</b>	<b>5.5</b>

in EUR m	<b>Q4 2012</b>	Q4 2011	Change		
			abs.	in %	in % (fx adj.)
External sales	730.8	692.7	38.1	5.5	1.1
Operating gross profit	183.0	172.6	10.4	6.0	1.4
Operating expenses	-99.3	-98.1	-1.2	1.2	-3.4
<b>Operating EBITDA</b>	<b>83.7</b>	<b>74.5</b>	<b>9.2</b>	<b>12.3</b>	<b>7.8</b>

**LATIN AMERICA**

in EUR m	<b>2012</b>	2011	Change		
			abs.	in %	in % (fx adj.)
External sales	919.0	806.9	112.1	13.9	8.5
Operating gross profit	169.6	150.5	19.1	12.7	7.3
Operating expenses	-112.7	-99.1	-13.6	13.7	8.2
<b>Operating EBITDA</b>	<b>56.9</b>	<b>51.4</b>	<b>5.5</b>	<b>10.7</b>	<b>5.6</b>

in EUR m	<b>Q4 2012</b>	Q4 2011	Change		
			abs.	in %	in % (fx adj.)
External sales	229.7	209.4	20.3	9.7	7.6
Operating gross profit	43.1	39.3	3.8	9.7	7.6
Operating expenses	-27.3	-24.8	-2.5	10.1	9.0
<b>Operating EBITDA</b>	<b>15.8</b>	<b>14.5</b>	<b>1.3</b>	<b>9.0</b>	<b>5.2</b>

**ASIA PACIFIC**

in EUR m	<b>2012</b>	2011	Change		
			abs.	in %	in % (fx adj.)
External sales	707.6	415.4	292.2	70.3	58.4
Operating gross profit	111.6	82.1	29.5	35.9	26.7
Operating expenses	-62.2	-45.2	-17.0	37.6	27.7
<b>Operating EBITDA</b>	<b>49.4</b>	<b>36.9</b>	<b>12.5</b>	<b>33.9</b>	<b>25.4</b>

in EUR m	<b>Q4 2012</b>	Q4 2011	Change		
			abs.	in %	in % (fx adj.)
External sales	197.8	142.1	55.7	39.2	29.7
Operating gross profit	32.0	23.1	8.9	38.5	30.1
Operating expenses	-17.3	-13.3	-4.0	30.1	22.7
<b>Operating EBITDA</b>	<b>14.7</b>	<b>9.8</b>	<b>4.9</b>	<b>50.0</b>	<b>40.0</b>

**ALL OTHER SEGMENTS**

in EUR m	<b>2012</b>	2011	Change		
			abs.	in %	in % (fx adj.)
External sales	449.1	436.0	13.1	3.0	3.0
Operating gross profit	17.0	17.3	-0.3	-1.7	-1.7
Operating expenses	-39.8	-30.7	-9.1	29.6	29.6
<b>Operating EBITDA</b>	<b>-22.8</b>	<b>-13.4</b>	<b>-9.4</b>	<b>70.1</b>	<b>70.1</b>

in EUR m	<b>Q4 2012</b>	Q4 2011	Change		
			abs.	in %	in % (fx adj.)
External sales	98.2	108.8	-10.6	-9.7	-9.7
Operating gross profit	3.0	4.3	-1.3	-30.2	-30.2
Operating expenses	-4.5	-2.7	-1.8	66.7	66.7
<b>Operating EBITDA</b>	<b>-1.5</b>	<b>1.6</b>	<b>-3.1</b>	<b>-193.8</b>	<b>-193.8</b>

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**KEY FINANCIAL FIGURES BY SEGMENT**

for the period from January 1 to December 31

**SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8<sup>1)</sup>**

in EUR m	2012	Europe	North America	Latin America	Asia Pacific	All Other Segments	Consolidation	Group
External sales	<b>2012</b>	<b>4,549.0</b>	<b>3,065.2</b>	<b>919.0</b>	<b>707.6</b>	<b>449.1</b>	–	<b>9,689.9</b>
	2011	4,295.3	2,725.7	806.9	415.4	436.0	–	8,679.3
	Change in %	5.9	12.5	13.9	70.3	3.0	–	11.6
	fx adjusted change in %	5.3	3.9	8.5	58.4	3.0	–	7.7
Inter-segment sales	<b>2012</b>	<b>4.3</b>	<b>5.3</b>	<b>5.1</b>	–	<b>2.4</b>	<b>–17.1</b>	–
	2011	5.8	5.4	2.8	–	2.6	–16.6	–
Operating gross profit <sup>2)</sup>	<b>2012</b>	<b>927.9</b>	<b>742.3</b>	<b>169.6</b>	<b>111.6</b>	<b>17.0</b>	–	<b>1,968.4</b>
	2011	898.0	659.7	150.5	82.1	17.3	–	1,807.6
	Change in %	3.3	12.5	12.7	35.9	–1.7	–	8.9
	fx adjusted change in %	2.4	4.0	7.3	26.7	–1.7	–	4.5
Gross profit	<b>2012</b>	–	–	–	–	–	–	<b>1,925.7</b>
	2011	–	–	–	–	–	–	1,768.0
	Change in %	–	–	–	–	–	–	8.9
	fx adjusted change in %	–	–	–	–	–	–	4.6
Operating EBITDA (segment result)	<b>2012</b>	<b>301.6</b>	<b>321.5</b>	<b>56.9</b>	<b>49.4</b>	<b>–22.8</b>	–	<b>706.6</b>
	2011	303.9	282.1	51.4	36.9	–13.4	–	660.9
	Change in %	–0.8	14.0	10.7	33.9	70.1	–	6.9
	fx adjusted change in %	–1.8	5.5	5.6	25.4	70.1	–	2.2
EBITDA	<b>2012</b>	–	–	–	–	–	–	<b>706.6</b>
	2011	–	–	–	–	–	–	658.8
	Change in %	–	–	–	–	–	–	7.3
	fx adjusted change in %	–	–	–	–	–	–	2.5
Operating EBITDA/ Operating gross profit <sup>2)</sup>	<b>2012 in %</b>	<b>32.5</b>	<b>43.3</b>	<b>33.5</b>	<b>44.3</b>	<b>–134.1</b>	–	<b>35.9</b>
	2011 in %	33.8	42.8	34.2	44.9	–77.5	–	36.6
Investments in non-current assets (Capex) <sup>3)</sup>	<b>2012</b>	<b>52.4</b>	<b>29.0</b>	<b>8.3</b>	<b>4.7</b>	<b>0.3</b>	–	<b>94.7</b>
	2011	48.2	23.2	10.5	3.8	0.3	–	86.0

<sup>1)</sup> Further information on segment reporting in accordance with IFRS 8 is to be found under Note 33.<sup>2)</sup> External sales less cost of materials.<sup>3)</sup> The other additions to property, plant and equipment and intangible assets are shown as Investments in non-current assets.

**KEY FINANCIAL FIGURES BY SEGMENT**

for the period from October 1 to December 31

**SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8<sup>1)</sup>**

in EUR m	2012	Europe	North America	Latin America	Asia Pacific	All Other Segments	Consolidation	Group
External sales	2012	<b>1,083.6</b>	<b>730.8</b>	<b>229.7</b>	<b>197.8</b>	<b>98.2</b>	—	<b>2,340.1</b>
	2011	1,007.8	692.7	209.4	142.1	108.8	—	2,160.8
	Change in %	7.5	5.5	9.7	39.2	-9.7	—	8.3
	fx adjusted change in %	5.8	1.1	7.6	29.7	-9.7	—	5.3
Inter-segment sales	2012	<b>1.0</b>	<b>1.2</b>	<b>2.1</b>	—	<b>0.7</b>	<b>-5.0</b>	—
	2011	1.0	2.0	0.6	—	0.7	-4.3	—
	2012	<b>220.6</b>	<b>183.0</b>	<b>43.1</b>	<b>32.0</b>	<b>3.0</b>	—	<b>481.7</b>
Operating gross profit <sup>2)</sup>	2011	216.6	172.6	39.3	23.1	4.3	—	455.9
	Change in %	1.8	6.0	9.7	38.5	-30.2	—	5.7
	fx adjusted change in %	0.3	1.4	7.6	30.1	-30.2	—	2.7
	2012	—	—	—	—	—	—	<b>470.4</b>
Gross profit	2011	—	—	—	—	—	—	444.3
	Change in %	—	—	—	—	—	—	5.9
	fx adjusted change in %	—	—	—	—	—	—	2.9
	2012	<b>70.2</b>	<b>83.7</b>	<b>15.8</b>	<b>14.7</b>	<b>-1.5</b>	—	<b>182.9</b>
Operating EBITDA (segment result)	2011	68.1	74.5	14.5	9.8	1.6	—	168.5
	Change in %	3.1	12.3	9.0	50.0	-193.8	—	8.5
	fx adjusted change in %	1.2	7.8	5.2	40.0	-193.8	—	5.0
	2012	—	—	—	—	—	—	<b>182.9</b>
EBITDA	2011	—	—	—	—	—	—	169.2
	Change in %	—	—	—	—	—	—	8.1
	fx adjusted change in %	—	—	—	—	—	—	4.6
	2012 in %	<b>31.8</b>	<b>45.7</b>	<b>36.7</b>	<b>45.9</b>	<b>-50.0</b>	—	<b>38.0</b>
Operating EBITDA/ Operating gross profit <sup>2)</sup>	2011 in %	31.4	43.2	36.9	42.4	37.2	—	37.0
	2012	<b>23.7</b>	<b>11.9</b>	<b>4.6</b>	<b>1.6</b>	<b>0.2</b>	—	<b>42.0</b>
Investments in non-current assets (Capex) <sup>3)</sup>	2011	19.7	11.9	4.7	1.6	0.1	—	38.0

<sup>1)</sup> Further information on segment reporting in accordance with IFRS 8 is to be found under Note 33.<sup>2)</sup> External sales less cost of materials.<sup>3)</sup> The other additions to property, plant and equipment and intangible assets are shown as Investments in non-current assets.

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## GLOSSARY

**ACCOUNTS RECEIVABLE SECURITIZATION PROGRAMME** | Financing instrument that secures the lender by transferring trade receivables.

**AD HOC PUBLICITY** | Obligation of issuer of securities to immediately report and publish any → insider information that directly affects him. The obligation to release such → insider information without delay is contained in section 15 of the German Securities Trading Act and is intended to avoid the abuse of → insider information and enhance market transparency.

**ADDITIONAL PAID-IN CAPITAL** | Additional paid-in capital results at Brenntag from the difference between the par value of issued shares and the issue price. It can increase if e.g. new shares are issued at a price greater than the par value as part of a capital increase. Further items to be shown as additional paid-in capital result from section 272, para. 2 HGB.

**BALANCE SHEET** | The balance sheet shows the entire assets and liabilities (equity and borrowed capital) of a company at the balance sheet date. The stock corporation publishes the balance sheet at the end of the financial year and the quarter, thereby providing a summary of its financial situation.

**BEARER SHARE** | Bearer shares are not registered in one's name, but grant the holder of the share all shareholder rights.

**BEST PRACTICE** | A best practice is a method or technique that has consistently shown results superior to those achieved with other means and that is used as a benchmark.

**BOARD OF MANAGEMENT** | The Board of Management is responsible for the management of the company and its representation. It is appointed

by the → Supervisory Board for a maximum of five years. Members may be reappointed or their term may be extended for a maximum of five years in each case.

**CAGR** | CAGR is the abbreviation for "Compound Annual Growth Rate" and refers to the average annual growth rate.

**CAPEX** | Capex is the abbreviation for "Capital Expenditure" and represents a performance indicator for investments in non-current assets. At Brenntag, Capex is defined as other additions to property, plant and equipment and other additions to intangible assets.

**CASH FLOW** | This is an indicator of the liquidity of an entity. The total change in cash and cash equivalents consists of the total of the cash flow from current business operations (operating cash flow), the cash flow from investing activities and the cash flow from financing activities. The operating cash flow is a particularly effective indicator of the ability of an entity to invest, pay its debts and distribute → dividends.

**CASH FLOW HEDGE** | Cash flow hedges are used to hedge the risk of cash flow fluctuations. This risk can relate either to assets or liabilities shown in the accounts or can arise from a planned transaction. Cash flow fluctuations can be caused, for example, by variations in interest rates or exchange rates, which are counteracted by e. g. concluding → interest rate swaps or foreign exchange forward transactions.

**CASH FLOW HEDGE RESERVE** | If certain criteria are met, the effective part of the fair value measurement of hedging instruments designated as a → cash flow hedge can be included directly in equity.

**COMPLIANCE** | General term for the observance of all applicable laws, external and internal regulations, principles, procedures and standards.

**CONSOLIDATED FINANCIAL STATEMENTS** | The consolidated financial statements present a group of entities as if it were a single entity. All the relationships between the legally independent but economically affiliated entities are disregarded so that the consolidated financial statements only show the activities of the group entities towards external third parties.

**CONTINGENT LIABILITY** | A contingent liability is a possible liability arising from past events, the existence of which remains to be confirmed by the occurrence or non-occurrence of one or more uncertain future events, which are not fully under the control of the entity, or a present obligation based on past events, but not shown in the balance sheet because an outflow of resources with economic effect to meet the liability is unlikely or the amount of the liability cannot be estimated with sufficient reliability.

**CONTROLLING** | Corporate Controlling provides analyses on the performance of group entities using numerous key performance indicators and supports the decision-making process on resource allocation (e. g. investments). The department performs the monthly management reporting process as well as the forecasting and planning processes.

**CONVERSION RATIO** | The conversion ratio at Brenntag is calculated as the quotient of operating → EBITDA and gross profit. It represents one of the most important efficiency ratios.

**CORPORATE GOVERNANCE** | This refers to the regulatory framework for the management and monitoring of a company. A large proportion of this regulatory framework is included in the → German Corporate Governance Code.

**COST OF SALES** | Cost of sales includes the costs of materials for goods and raw materials and consumables purchased, services purchased, inventory changes in finished and semi-finished goods, other capitalized internal activities and operating costs.

**COVENANTS** | This term refers to clauses or agreements in loan contracts and bond conditions. They are contractually binding warranties given by the borrower or bond debtor for the term of a loan contract.

**CROSS-DEFAULT CLAUSE** | Agreement in loan contracts or bond conditions under which a default is held to have occurred if the borrower is in default with other creditors, without being in default of the loan agreement containing the clause.

**CROSS-SELLING** | At Brenntag, we understand cross-selling to mean both the selling of our existing product portfolio to new customers, e. g. who come to Brenntag as a result of acquisitions, and also the selling of newly acquired product portfolios to our existing customers.

**CURRENCY SWAP** | Financial transaction with a counterparty (generally a bank) undertaken as part of foreign currency management. The two parties to the contract first swap two sums in different currencies and at the same time conclude an agreement to reverse the swap at a future point in time.

**D&O INSURANCE** | Directors' and officers' insurance is a liability insurance for financial losses that covers members of the company management against claims by third parties and by the company for breaches of their duty of care.

**DAX®** | The "Deutsche Aktienindex DAX®" (DAX® German stock exchange index) is the top index on the German stock exchange and measures the development of the 30 largest and highest-selling companies on the German stock market.

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**DEFERRED TAX ASSETS** | Deferred tax assets are recognized as the future tax benefit resulting from differences between the → IFRS carrying amount and tax balance-sheet carrying value. Deferred tax assets may result in future tax reductions. At the balance-sheet date there are no actual tax assets or liabilities to tax authorities resulting from deferred taxes.

**DEFERRED TAX LIABILITIES** | Deferred tax liabilities are recognized as future tax burden resulting from differences between the → IFRS carrying amount and tax balance-sheet carrying value. Deferred tax liabilities may result in future tax payments. At the balance-sheet date there are no actual tax assets or liabilities to tax authorities resulting from deferred taxes.

**DERIVATIVE FINANCIAL INSTRUMENTS** | Financial instruments as defined by → IFRS are contracts which in one entity become a financial asset (cash, shares, receivables etc.) and at the same time become a financial liability or equity instrument in another entity (residual claim against the assets of an entity after deducting all liabilities). [IAS 32, 11] Derivative financial instruments are financial instruments, changes in the value of which are linked to a price, index, rate or similar variable and which are settled in future, whereby initially only a comparatively minor or no investment is necessary (examples of derivative financial instruments or for short derivatives in this sense are foreign exchange → forward contracts and → interest rate swaps). [IFRS 9, Definitions]

**DESIGNATED SPONSORS** | A designated sponsor is a credit institute, brokerage company or securities trading house admitted to the stock exchange as a market participant. It provides additional liquidity in the → Xetra® electronic trading system for the issuers of shares by undertaking to enter binding bid and ask limits for the supported shares in the order book in

continuous trading and in auctions. This enables investors to buy or sell supported shares at any time at reasonable prices in line with market conditions.

**DISCOUNTED CASH FLOW METHOD** | Method for valuing assets, particularly companies. The company's value is equal to the present value of the future cash flows generated by the company which are available to the investors. When calculating the present value, the future cash flows are discounted at a risk-adjusted interest rate to the valuation date.

**DISTRIBUTABLE PROFIT** | The distributable profit is designated by the provisions of German commercial law in relation to corporations as that part of the profit, on the use of which the → General Shareholders' Meeting decides. It constitutes the upper limit of any distribution of profits (→ dividends) and consists of the net income for the year after the dissolution or formation of any reserves and any profit or loss carried forward. In the case of a stock corporation that prepares separate financial statements in accordance with the provisions of the HGB (German Commercial Code) taking into account partial appropriation of the profit for the year, the → Supervisory Board and → Board of Management submit a joint proposal to the → General Shareholders' Meeting on the use of the distributable profit. The distributable profit is an item in separate financial statements drawn up in accordance with the provisions of the HGB, and is not shown in consolidated → IFRS statements.

**DIVERSIFICATION** | Diversification at Brenntag means a broad range as regards geography, end markets, customers, products and suppliers. This high extent of diversification makes Brenntag largely independent of individual market segments or regions.

**DIVIDEND** | The dividend is the proportion of the profit paid out to the shareholders. The → General Shareholders' Meeting decides on the amount of dividend.

**EARNINGS PER SHARE** | Performance indicator measured by dividing the portion of the profit after tax to which shareholders in Brenntag AG are entitled by the average weighted number of shares in circulation. The determination of this figure is regulated by IAS 33.

**EBITA** | Earnings before Interest, Taxes and Amortization. EBITA is a profitability performance indicator.

**EBITDA** | Earnings before Interest, Taxes, Depreciation and Amortization. EBITDA at Brenntag represents a major profitability performance indicator of the Group.

**EQUITY METHOD** | This is a valuation method for minority shareholdings that are not included with the assets and liabilities in the consolidated financial statements on the basis of full consolidation. The investment carrying amount of the minority interest is updated in the owning company by any changes in the proportion of equity in the owned company. This change is entered in the income statement of the owning company.

**EXTERNAL SALES** | External sales cover all sales occurring as part of the normal course of business with external third parties and related parties. Total sales, on the other hand, also include sales between consolidated subsidiaries and special purpose entities.

**FAIR VALUE** | Value at which financial assets, liabilities and → derivative financial instruments are traded amongst competent, willing and separate independent business partners.

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

**FINANCE LEASE** | Type of lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. In this case, according to IAS 17, the leased asset must appear in the financial statements of the lessee.

**FINANCIAL COVENANTS** | Subgroup of → covenants in which the borrower pledges to meet specific performance indicators.

**FOCUS INDUSTRIES** | Brenntag has identified six focus industries, in which we expect above-average growth. These are the ACES segments (adhesives, coatings, elastomers, paints and sealants), the food industry, the oil & gas sector, the personal care industry, pharmaceuticals and water treatment.

**FOREIGN EXCHANGE FORWARD** | Transaction involving a fixed agreement between two parties to perform a currency transaction at a fixed rate on a date later than the spot value date.

**FORWARD CONTRACT** | Financial transaction with a counterparty (generally a bank) undertaken as part of foreign currency management. The two parties to the contract conclude an agreement to swap two currencies at a future point in time at a specified exchange rate.

**FREE CASH FLOW** | Metric for measuring operational cash generation. At Brenntag, the free cash flow is defined as → EBITDA less → Capex plus/minus changes in the → working capital.

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**FREE FLOAT** | The free float refers to → shares that are not owned by major shareholder, and can therefore be acquired and traded by the general public. As a rule, the larger the free float, the easier it is for investors to buy and sell the → share.

**FULL-TIME EQUIVALENTS** | Number of employees on a full-time equivalent basis, i.e. part-time positions are weighted according to the number of hours worked.

**FX ADJUSTED** | Adjusted for translation effects of exchange rates varying over time. Comparability of financial data relating to two different reporting periods with consequent different exchange rates for the translation of local/functional currency into the reporting currency (euro) is improved by adjusting to allow for effects of varying exchange rates by translating both values at the same current exchange rate.

**GENERAL SHAREHOLDERS' MEETING (GSM)** | The GSM is the gathering at which shareholders can exercise their rights from their shareholding. A GSM takes place regularly and at least once a year. The GSM is inter alia responsible for the appointment and dismissal of the members of the → Supervisory Board (but not of the employee representatives), the decision on the appropriation of profits as well as the discharge of the → Board of Management and → Supervisory Board.

**GERMAN CORPORATE GOVERNANCE CODE** | A collection of rules on → corporate governance compiled by the German Government Commission on the Corporate Governance Code. The emphasis of the code is rules concerning the shareholders and the → General Shareholders' Meeting, co-operation between the → Board of Management and the → Supervisory Board, the → Board of Management and → Supervisory Board themselves and general rules on transparency, accounting and auditing. As well as repeating statutory regulations, the code also

contains "Recommendations" and "Suggestions". Neither are mandatory, but companies must disclose when they are departing from recommendations, which is not the case for suggestions.

**GLOBAL KEY ACCOUNTS** | Global key accounts refer at Brenntag to major customers who buy from us on at least two continents.

**GOODWILL** | Intangible asset which results from the difference between the acquisition price as part of a business combination and the → fair value of the acquired net assets at the date of acquisition.

**GROSS PROFIT** | Gross profit is defined as operating gross profit less production and mixing & blending costs.

**HEDGING** | Hedging is a strategy for protecting against interest rate, currency or share price risks by means of → derivative financial instruments (options, → swaps, → forward contracts, etc.).

**HOLDING CHARGES** | These are allocations of certain costs between holding companies and operating companies. They balance themselves out at Group level.

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

**HUB-AND-SPOKE SYSTEMS** | Brenntag sites are generally operated via an efficient 'hub-and-spoke' model. Large bulk quantities are received at Brenntag's 'hub' locations which have large tank farms, warehouses and mixing and blending facilities, plus sometimes white room facilities. From our hubs we supply our 'spoke' facilities which accommodate smaller tank farms and warehouses and are located in close proximity to our customers to ensure prompt and smooth delivery.

**IBC** | IBC stands for intermediate bulk container. Consisting of a plastic tank and tubular metal frame, these are used mostly for liquids. A capacity of 1,000 litres is typical.

**ICCTA** | The International Council of Chemical Trade Associations (established in 1991) represents the interests of over 1500 chemical distributors worldwide. ICCTA was set up to fill the need of having a worldwide chemical association coordinating work on issues and programmes of international interest across chemical trade associations.

**IFRS/IAS** | International accounting standards issued by the IASB (International Accounting Standards Board) with the aim of creating transparent and comparable accounting principles. Under the Regulation of the European Parliament and the European Council, these are to be used by publicly traded EU companies. IFRS stands for International Financial Reporting Standards, previously IAS (International Accounting Standards).

**IMPAIRMENT TEST** | Credit quality test, in which the carrying amount of an asset is compared to its recoverable amount. The recoverable amount is the higher value of the fair value of the asset less costs to sell and the value in use. The value in use is the present value of future cash flows expected to be obtained from using an asset. If the carrying amount is above the recoverable amount, an unplanned writedown (impairment) of the asset must be undertaken immediately. The → goodwill must be subjected to an impairment test at least once a year.

**INDUSTRIAL CHEMICAL** | Industrial chemical is the term used at Brenntag to distinguish standard chemical products that have specific properties and effects from specialty chemicals. The manufacturer of the product is irrelevant for the user.

**INSIDER INFORMATION** | Insider information is defined as any concrete information about any circumstances or events in connection with an issuer of insider securities or with insider securities themselves such as shares as well as options or trading in futures in connection with such shares that are not known to the public and that could, in case of becoming publically known, significantly influence the stock exchange price or the market value of such insider securities.

**INSTITUTIONAL INVESTOR** | Institutional investors are capital collectors. Among them are banks, insurers, and asset management companies, but also companies investing their retirement contributions in securities.

**INTEREST HEDGING** | Hedging against interest rate variations that occur with variable interest-rate loans. Instruments used can be interest-rate swaps or caps, for example.

**INTEREST CAP** | Financial transaction with a counterparty (generally a bank) concluded in respect of an existing variable interest-rate loan as a hedge against interest rates rising above a previously defined level ("cap").

**INTEREST RATE SWAP** | Financial transaction with a counterparty (generally a bank) concluded in respect of an existing variable interest-rate loan to fix the total interest expenses at a previously defined level.

**INVESTMENT PROPERTY** | Investment property is land, buildings or parts of buildings held long-term for the purposes of obtaining rental income or capital appreciation.

**INVESTOR RELATIONS** | Department in charge of communication with shareholders, investors, analysts and financial media. The objective is to provide information that is necessary to evaluate the development of the company.

**ISIN** | The International Securities Identification Number (ISIN) serves to clearly identify securities on a worldwide basis and has in the meantime replaced the national securities identification number (WKN).

**ISO** | The International Organization for Standardization, or ISO for short, is the international association of national standardization organizations and prepares standards with international validity. The standard ISO 9001 lays down internationally-accepted requirements for quality management systems as regards the quality of production, services and development.

**JUST-IN-TIME DELIVERY** | With just-in-time deliveries, our customers do not keep primary or ancillary products necessary for their own production in their own warehouse but order them from Brenntag as required ("just in time").

**KEY ACCOUNTS** | At Brenntag, we take care of our key accounts on local, national, pan-regional and global level and develop and implement tailor-made concepts for the optimum supply with industrial and specialty chemicals. To our customers, this means they can concentrate on their core business secure in the knowledge that they have a partner they can rely on.

**LEVERAGE** | This term has various meanings in the world of finance. In this document, it refers to the ratio of → net debt to → EBITDA.

**LTIR** | LTIR stands for Lost Time Injury Rate. This performance indicator gives the number of industrial accidents per hours worked. The LTIR (3d/1m hr) published in the Annual Report gives the number of industrial accidents resulting in at least three days absence from work per one million working hours.

**MARKET CAPITALIZATION** | The market capitalization indicates the value of the equity of a listed stock corporation on the market. It is cal-

culated by multiplying the number of issued shares by the current share price.

**MDAX®** | The MDAX® stock index calculated by the German Stock Exchange covers 50 medium-sized German companies from the classic industries that follow the 30 → DAX® values.

**MIXING & BLENDING** | Brenntag offers its customers not just distribution services but also a number of added-value services. These include the mixing and formulation of solid and liquid chemicals in the right mixing ratio and of constant quality or the filling of products into the desired packaging unit.

**MSCI** | MSCI provides various services for → institutional investors and has been calculating a number of indices since 1968.

**MULTI-PERIOD EXCESS EARNINGS METHOD** | The multi-period excess earnings method is a valuation method for intangible assets in which the present value of the cash flow generated solely by the intangible asset to be valued is measured. Since intangible assets generally do not generate cash flows unless combined with other assets, when measuring the relevant cash receipt surpluses allowance is made for "fictitious" payments for "supporting" assets. The assumption is made that these are rented or leased from a third party in the quantity necessary to generate the cash flow. At Brenntag, the multi-period excess earnings method is used to value acquired customer bases and similar rights.

**NET DEBT** | This is essentially financial liabilities (debt) less the existing liquidity, although both terms can be defined differently in various (loan) contracts.

**NET FINANCIAL LIABILITIES** | This is understood as the part of total financial liabilities not covered by cash and cash equivalents (see also Note 26).

**NET INVESTMENT HEDGE** | A net investment hedge uses derivative or non-derivative financial instruments to hedge exchange rate-related fluctuations in the net assets of foreign business operations by recognizing the effective portion of the exchange rate-related fluctuations of the hedging instruments within equity in the net investment hedge reserve and thus compensating the exchange rate-related fluctuations in the net assets of the foreign business operations.

**NO-PAR-VALUE SHARE** | No-par-value shares have no nominal value. All issued no-par-value shares must represent the same portion of the share capital of a publicly listed company.

**ONE-STOP SHOP** | “One-stop shop” means that our customers can obtain a comprehensive range of → specialty and → industrial chemicals and services from a single source.

**OPERATING GROSS PROFIT** | The operating gross profit is defined as external sales less cost of materials.

**OPERATING LEASE** | Leasing method in which the beneficial ownership does not pass to the lessee. In operative leasing, neither the asset nor the liability appears in the balance sheet of the lessee. The periodic payments are entered in the lessee's accounts as operating expenses.

**ORDINARY SHARE** | Share carrying all standard rights, especially → voting rights.

**OUTSOURCING** | Outsourcing at Brenntag is understood to mean that chemicals manufacturers pass on their small and medium-sized customers to Brenntag so that in future they obtain their chemicals from Brenntag.

**PACKAGING** | Packaging refers to packing or packing material.

**PAYOUT RATIO** | The payout ratio indicates the percentage of the profit after tax distributed to the shareholders as a → dividend.

**PLAN ASSETS** | Plan assets are financial instruments which are used solely to cover pension obligations and which, in the case of bankruptcy, are not part of the bankruptcy estate of the company affected. The financial instruments classified as plan assets are netted against the pension obligations.

**PRIME STANDARD** | The Prime Standard is an EU-regulated segment and the listing segment for companies that target not only German investors but also international investors. In addition to the requirements for admission to the General Standard, which imposes the statutory requirements of the regulated market, admission to Prime Standard requires the fulfillment of further international transparency criteria. Being listed in Prime Standard is a prerequisite for a company to be included in the selection indices (→ DAX®, → MDAX®, SDAX®, TecDAX®) of FWB Frankfurter Wertpapierbörse (the “Frankfurt Stock Exchange”).

**REACH** | REACH (Registration, Evaluation, Authorization of Chemicals) is a regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals.

**RECEIVABLES LOAN AGREEMENT** | Financing instrument in which trade receivables are transferred to the lenders as security for the loan.

**REGISTERED SHARE** | A type of → share registered in the name of the owner, who is also recorded in the → share register of the company. The → share register enables the company to gain a better understanding of its shareholder structure.

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**REGULATED MARKET** | The regulated market is a market segment with strict entry requirements and follow-up requirements. The regulated market is an organized market in accordance with section 2, paragraph 5 of the Securities Trading Act. This means that the admission and follow-up requirements for the participants and the organization of trading are legally regulated. The admission requirements are laid down in the German Stock Exchange Act, the German Stock Exchange Admission Ordinance, the German Securities Prospectus Act and the German Stock Exchange Regulations. In addition to the admission requirements, issuers on the Frankfurt Stock Exchange opt for a transparency standard. Issuers in the regulated market can choose either the general or the → prime standard. Issuers in the open market choose the admission standard. This choice determines the follow-up requirements.

**RELIEF-FROM-ROYALTY METHOD** | The relief-from-royalty method is a valuation method for intangible assets, in particular trademarks. The value of a trademark is calculated by the cost savings resulting from the fact that the company owns the trademark and does not have to license it from a third party for a fee. The value results from the present value of the saved license fees in the future. These license fees are calculated as a percentage rate of a reference parameter (usually sales) that is in line with the industry standard.

**RESPONSIBLE CARE/RESPONSIBLE DISTRIBUTION** | Responsible Care/Responsible Distribution is a global initiative of the chemical industry and chemicals traders. It is a voluntary commitment to act responsibly and do more than is required by law: to promote sustainability, demonstrate product stewardship, make plants and the surrounding areas safer as well as improve occupational health and safety and environmental protection.

**RETAINED EARNINGS** | Retained earnings are part of the equity of a company in the balance sheet. In the single-entity financial statements, the part of the net income for the year which is not distributed to the shareholders is transferred to the retained earnings. In the consolidated financial statements, the retained earnings comprise all equity components which cannot be allocated to other equity items.

**RETURN ON INVESTMENT** | This performance indicator shows the profit in the income statement as a proportion of the capital employed, in other words the interest earned on the capital employed.

**ROAD SHOW** | Presentation of a company to shareholders and potential investors in different financial centres. The goal of this investor relations measure is to stimulate interest in the company and actively market the share.

**RONA** | Return on Net Assets (RONA) is defined as → EBITA divided by the total of the average property, plant and equipment and the average → working capital. The average property, plant and equipment and the → working capital is defined for any particular year as the average of the respective values for property, plant and equipment and → working capital at the following five times: the start of the year, the end of the first, second and third quarters and the end of the year.

**SEGMENT** | The Brenntag Group is managed via the regionally based segments Europe, North America, Latin America and Asia Pacific. The central functions for the Group as a whole, the sourcing activities in China as well as the activities of Brenntag International Chemicals are grouped together as All Other Segments.

**SHARE** | Security representing a part of a company's overall equity capital. Owning a share entitles the shareholder to participate in → Gen-

eral Shareholders' Meetings, to vote at → General Shareholders' Meetings and to receive → dividends.

**SHARE REGISTER** | Companies which, like Brenntag AG, have issued → registered shares maintain a share register, in which the name and address of the shareholder and the number of shares held are kept (section 67 of the Stock Corporation Act (Aktiengesetz)).

**SINGLE-ENTITY FINANCIAL STATEMENTS** |

Single-entity financial statements represent the annual financial statements of a separate company. In Germany, they must be prepared in accordance with the legal provisions of the HGB and generally accepted accounting principles ("GoB"). The single-entity financial statements are the basis for determining the distribution of the dividend and also for taxation.

**SOURCING ACTIVITIES** | Brenntag has extensive experience and know-how in managing efficient sourcing relationships with national and international suppliers of chemical products.

**SPECIALTY CHEMICAL** | Specialty chemicals are distinguished from → industrial chemicals by their producer-specific formulations. Which manufacturer produces the specialty chemical is of prime importance for the user.

**SUBSCRIBED CAPITAL** | The subscribed capital of a stock corporation is the total par value of all the issued → shares and is laid down in the Articles of Association.

**SUPERVISORY BOARD** | Mandatory control body which supervises the → Board of Management, regulated in the German Stock Corporation Act. The members of the Supervisory Board are in general elected by the → General Shareholders' Meeting. The most important functions of the Supervisory Board are the appointment and dis-

missal of the → Board of Management as well as the monitoring of its management.

**SUPPLIERS WITH DEBIT BALANCES** | Suppliers with debit balances refer to claims against third parties (generally suppliers) in respect of whom a liability normally exists, but whose account temporarily shows receivables due to e.g. refunds/credits.

**SUPPLY CHAIN MANAGEMENT** | Brenntag provides large chemical producers and the processing industry with efficient logistic networks. We provide transport, warehousing and distribution and assist production and marketing processes. We warrant highest efficiency and best safety standards. We optimize supply chains, synchronize distribution flows, take on monitoring tasks and assume responsibility for VMI (Vendor Managed Inventory) stocks, control goods follow-up and scheduling.

**SWAP CONTRACTS** | Financial transaction with a counterparty (generally a bank) to hedge financial risks (such as interest rate and currency risks) arising in the course of business.

**SYNDICATED LOAN** | Loan in which at least two lenders grant a loan to one (or more) borrower(s) under uniform conditions.

**TRADEMARK** | A trademark generally refers to a brand name and at Brenntag includes both the name and the blue-red logo.

**TRADING SYMBOL** | A three-digit combination of letters and possibly numbers. The trading symbol is allocated by WM Datenservice, the body responsible for issuing the WKN and ISIN in Germany. Any share can be unambiguously identified from both trading symbol and also the WKN (German securities ID number) or ISIN (International Securities Identification Number). The Brenntag trading symbol is BNR.

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**TRANSACTION COSTS** | These are costs associated with company restructuring and refinancing, particularly in relation to the refinancing in 2011. They are eliminated for purposes of management reporting to permit proper representation of the operating performance and comparability at segment level.

**(GROUP) TREASURY** | Designates the Group finance department, which is responsible for matters such as financing, cash investment and the management of financial risks.

**VOTING RIGHT** | The shareholder is entitled to vote on resolutions that are proposed at the → General Shareholders' Meeting of the company he or she is a shareholder of. The weight of his or her vote depends on the number of shares held.

**WACC** | The WACC (Weighted Average Cost of Capital) is a weighted capital cost rate and is calculated as a weighted average of costs of equity and borrowed capital costs.

**WARRANTS AND CONVERTIBLE BONDS** | Company bond with a comparatively lower rate of return but giving the holder not only the right to repayment of the principal amount but also the right to convert the bond into a certain number of ordinary shares of the issuing company.

**WORKING CAPITAL** | Working capital is defined as trade receivables plus inventories less trade payables.

**WORKING CAPITAL TURNOVER, ANNUALIZED**  
Ratio of annual turnover to average → working capital; the average → working capital is defined for any particular year as the average of the respective values for the → working capital at the following five times: the start of the year, the end of the first, second and third quarters and the end of the year.

**XETRA®** | The term Xetra® stands for the electronic stock exchange trading system of Deutsche Börse AG (Exchange Electronic Trading System).



## FIVE-YEAR OVERVIEW

### CONSOLIDATED INCOME STATEMENT

		2012	2011	2010	2009	2008
Sales	EUR m	9,689.9	8,679.3	7,649.1	6,364.6	7,379.6
Gross profit	EUR m	1,925.7	1,768.0	1,636.4	1,459.5	1,492.3
Operating EBITDA	EUR m	706.6	660.9	602.6	480.3	482.1
Operating EBITDA/Gross profit	%	36.7	37.4	36.8	32.9	32.3
EBITDA	EUR m	706.6	658.8	597.6	476.6	480.9
Profit after tax	EUR m	338.2	279.3	146.6	0.5	-41.8
Earnings per share	EUR	6.53	5.39	2.93	—	—

### CONSOLIDATED BALANCE SHEET

		Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Total assets	EUR m	5,710.5	5,575.6	4,970.2	4,653.8	4,792.6
Equity	EUR m	1,991.2	1,761.3	1,617.9	172.3	128.3
Working capital	EUR m	1,018.6	961.1	831.7	598.1	831.8
Net financial liabilities	EUR m	1,482.9	1,493.6	1,420.9	2,535.9	2,955.2

### CONSOLIDATED CASH FLOW

		2012	2011	2010	2009	2008
Cash provided by operating activities	EUR m	433.0	349.6	150.3	490.3	177.1
Investments in non-current assets (Capex)	EUR m	-94.7	-86.0	-85.1	-71.8	-84.3
Free Cash Flow	EUR m	578.9	511.8	376.1	646.8	343.1

### KEY FIGURES BRENNTAG SHARE

		Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Share price	EUR	99.43	71.95	76.30
No. of shares (unweighted)		51,500,000	51,500,000	51,500,000
Market capitalization	EUR m	5,121	3,705	3,929
Free float	%	100.00	63.98	50.39

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Brenntag AG and  
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### Information on the Annual Report

This translation is only a convenience translation. In case of any differences only the German version is binding.

### Information on rounding

Due to commercial rounding, minor differences may occur when using rounded amounts or rounded percentages.

### Disclaimer

This report may contain forward-looking statements based on current assumptions and forecasts made by Brenntag AG and other information currently available to the company. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. Brenntag AG does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to conform them to future events or developments.

## FINANCIAL CALENDAR

MARCH 21,  
2013

ANNUAL REPORT  
2012

MAY 8,  
2013

INTERIM REPORT Q1  
2013

MAY 14-15,  
2013

DEUTSCHE BANK GERMAN,  
SWISS & AUSTRIAN  
CONFERENCE

MAY 16,  
2013

JP MORGAN  
BUSINESS SERVICES  
CONFERENCE

JUNE 19,  
2013

GENERAL SHAREHOLDERS'  
MEETING, DÜSSELDORF

AUGUST 7,  
2013

INTERIM REPORT Q2  
2013

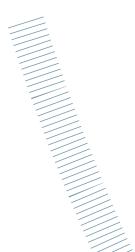
NOVEMBER 6,  
2013

INTERIM REPORT Q3  
2013

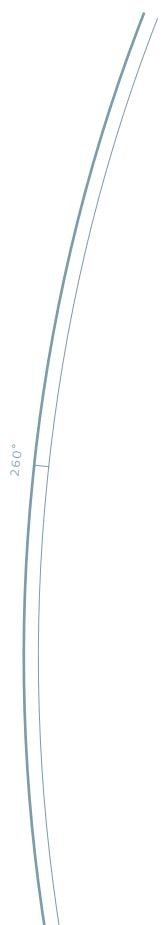


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260°



260°

245°

