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Brenntag with positive business development and earnings growth across all regions in second quarter 2011

- **Operating EBITDA increased considerably by 9.6 % to EUR 167.7 million (15.4 % based on constant exchange rates)**
- **Gross profit grew by 5.9 % to EUR 443.8 million (10.8 % based on constant exchange rates)**
- **Positive development in all regions**
- **Further significant growth anticipated: Operating EBITDA expected between EUR 650 million and EUR 670 million for full-year 2011**

Brenntag (WKN A1DAH), the global market leader in chemical distribution, continued its growth path in the second quarter of 2011. Compared to last year's period, Brenntag increased sales and even more important again achieved an increase in profits. Sales grew by 11.2 % (15.9 % based on constant exchange rates) to EUR 2,173.4 million (Q2 2010: EUR 1,953.8 million), while gross profit* improved by 5.9 % (10.8 % based on constant exchange rates) to EUR 443.8 million (Q2 2010: EUR 419.2 million). Operating EBITDA reached EUR 167.7 million (Q2 2010: EUR 153.0 million), which reflects a strong growth rate of 9.6 % (15.4 % based on constant exchange rates). Net profit for the second quarter was at EUR 67.6 million (Q2 2010: EUR 38.7 million), an increase of 74.7 %. All regions contributed to the positive development.

Brenntag's new CEO, Steven Holland, states: "A robust performance with strong results for the second quarter highlights the growth and resilient nature of our company and business model. We made further progress in our journey of continuous improvement with increased internal efficiency and an expansion in our products and services.

In terms of acquisitions we successfully concluded the purchase of G.S. Robins in St. Louis, Missouri, a leading distributor and a valuable addition to our North American business in terms of extending our reach and further consolidation within one of our core markets. We also announced the signing of a purchase agreement for Zhong Yung (International) Chemical Ltd. in June 2011 which provides us with a significant platform within an increasingly sophisticated Chinese market. There we expect to see long term sustainable growth for Brenntag based on the requirements for further value added services.”

Half-year results

In comparison to the first half of 2010, Brenntag showed pleasing results: Group sales increased by 16.6 % (18.1 % based on constant exchange rates) from EUR 3,687.6 million to EUR 4,300.5 million. More important, gross profit reached EUR 878.2 million, increasing by 10.3 % or 12.0 % on constant exchange rates (1st half-year of 2010: EUR 796.2 million). Operating EBITDA rose by 13.4 % (15.5 % on constant exchange rates) to EUR 325.8 million from EUR 287.3 million in the first six months of the previous year. Jürgen Buchsteiner, CFO Brenntag: “Our business maintains its characteristics of growth and resilience which gives us confidence that outside of currency translation effects and based on a moderately positive macroeconomic view we will continue to successfully deliver our growth strategy.”

Positive development and efficiency gains in Europe

Brenntag Europe performed well in the second quarter of the financial year 2011. Operating gross profit in the reporting period rose by 5.5 % or 5.1 % on constant exchange rates to EUR 232.2 million from EUR 220.0 million in the previous year. Operating EBITDA grew to EUR 82.3 million in the second quarter of 2011 reflecting an increase of 11.2 % (11.0 % on constant exchange rates) compared to EUR 74.0 million in the second quarter of 2010.

North America remains on growth path

Following the stable development in the first quarter, Brenntag North America remains on its growth path. Operating gross profit based on constant exchange rates increased by 10.2 % to EUR 160.6 million. However, the weaker US-Dollar led to a slight decrease of -1.0 % including exchange rate effects. Operating EBITDA was reported with EUR 69.6 million in the second quarter of 2011, exceeding the prior-year figure by 10.9 % on constant exchange rates, despite the generally more moderate development of the North American economy. Including exchange rate effects operating EBITDA slightly decreased by -0.1 %. Furthermore, the acquisition of G.S. Robins & Company in May 2011 enabled Brenntag to improve its presence in several of the group's focus industries in North America.

Latin America continues to grow

In the second quarter of 2011, operating gross profit in Latin America increased strongly by 11.2 % on constant exchange rates and 2.2 % including exchange rate effects to EUR 38.0 million compared to EUR 37.2 million in the corresponding quarter of the previous year. In a weaker macroeconomic climate the Latin American companies recorded operating EBITDA of EUR 13.0 million in the reporting period. Adjusted for exchange rate effects, the growth rate amounted to 11.9 % which results in a growth of 4.0 % as reported. The as-reported figures for Latin America were – like for North America – influenced by the weaker US-Dollar.

Continuous strong development in the Asia Pacific growth region

In the second quarter of 2011, operating gross profit rose by 233.9 % (241.1 % on constant exchange rates) compared to the same prior-year quarter from EUR 5.6 million to EUR 18.7 million. Overall, the companies in the Asia Pacific segment posted EBITDA of EUR 8.4 million and quadrupled the previous year's figure of EUR 2.1 million

(304.8 % on constant exchange rates). The result of the fully consolidated EAC Industrial Ingredients Group and the pleasing development of the previous Brenntag companies contributed to the significant increase in operating EBITDA. The signing of a purchase agreement for Zhong Yung (International) Chemical Ltd. in June 2011 will give Brenntag access to China, the fastest-growing chemical market in the world. The bundling of distribution know-how and joint market penetration by Brenntag and Zhong Yung is expected to open up further growth opportunities in the Chinese market.

Working capital mirrors sales growth

The company's free cash flow in the first six months 2011 amounted to EUR 115.2 million in contrast to EUR 132.3 million in the same period last year. Fully in-line with the announced expectations, the higher business volumes lead to a cash outflow for working capital. The working capital turnover rate decreased slightly but remained at a high level at 9.5x. The decrease is partly due to the turnover rate of the EAC acquisition which is below the Group average based on EAC's higher proportion of specialty chemicals business.

Rating upgraded

Due to the continued positive development of the Brenntag business and the further strengthening of the capital structure, Standard & Poor's upgraded the credit rating of Brenntag in June 2011 from BB+ to BBB- within the investment grade and Moody's from Ba2 to Ba1.

Refinancing of debt

In July Brenntag refinanced most of its debt and took advantage of the continued successful track record of the business and the positive market environment. At the center of the attractive new debt arrangements is a syndicated multi-currency loan facility with a five years tenor of about EUR 1.5 billion out of which approximately EUR 1.1

billion are drawn and approximately EUR 0.4 billion remain available. In addition, Brenntag issued a EUR 400 million inaugural seven years corporate bond. Finally, the maturity of the A/R Securitization program funding close to EUR 200 million has been extended to three years. The new debt structure provides extended maturities, a high degree of financial flexibility and significant interest savings as well as a higher degree of diversification compared to the former structure.

Prospects: Growth path confirmed

Within the current macroeconomic environment and under the assumption that there will be no major changes in the average US-Dollar exchange rate for the remaining year compared to the first half of 2011, Brenntag is confident to achieve a range of EUR 650 to 670 million operating EBITDA on a full year level. The comprehensive refinancing enables Brenntag to substantially reduce interest margins leading to lower financing costs. Overall, the group is optimistic to be able to further increase free cash flow.

Financial figures at a glance (in EUR m)		
Income statement	Apr. 1 – June 30, 2011	Apr. 1 – June 30, 2010
Sales	2,173.4	1,953.8
Gross profit*	443.8	419.2
Operating EBITDA	167.7	153.0
Operating EBITDA/Gross profit (in %)	37.8	36.5
EBITDA	167.1	152.8
Profit after tax	67.6	38.7
Profit per share (in EUR)	1.28	0.74

Balance sheet	June 30, 2011	December 31, 2010
Total assets	5,052.5	4,970.2
Equity	1,631.1	1,617.9
Working capital	987.0	831.7
Net debt	1,470.6	1,420.9

Cash flow	Jan. 1 – June 30, 2011	Jan. 1 – June 30, 2010
Cash used for/provided by operating activities	39.3	-15.1
Investments in non-current assets (Capex)	29.0	25.8
Free cash flow	115.2	132.3

Europe (in EUR m)		
	Apr. 1 – June 30, 2011	Apr. 1 – June 30, 2010
Operating gross profit*	232.2	220.0
Growth in operating gross profit (in %)	5.5	
Operating EBITDA	82.3	74.0
Growth in operating EBITDA (in %)	11.2	

North America (in EUR m)		
	Apr. 1 – June 30, 2011	Apr. 1 – June 30, 2010
Operating gross profit*	160.6	162.2
Growth in operating gross profit (in %)	-1.0	
Growth in operating gross profit (in %, F/X adjusted)	10.2	
Operating EBITDA	69.6	69.7
Growth in operating EBITDA (in %)	-0.1	
Growth in operating EBITDA (in %, F/X adjusted)	10.9	

Latin America (in EUR m)		
	Apr. 1 – June 30, 2011	Apr. 1 – June 30, 2010
Operating gross profit*	38.0	37.2
Growth in operating gross profit (in %)	2.2	
Growth in operating gross profit (in %, F/X adjusted)	11.2	
Operating EBITDA	13.0	12.5
Growth in operating EBITDA (in %)	4.0	
Growth in operating EBITDA (in %, F/X adjusted)	11.9	

Asia Pacific (in EUR m)		
	Apr. 1 – June 30, 2011	Apr. 1 – June 30, 2010
Operating gross profit*	18.7	5.6
Growth in operating gross profit (in %)	233.9	
Growth in operating gross profit (in %, F/X adjusted)	241.1	
Operating EBITDA	8.4	2.1
Growth in operating EBITDA (in %)	300.0	
Growth in operating EBITDA (in %, F/X adjusted)	304.8	

* While Brenntag reports operating gross profit on segment level, the company reports gross profit on group level. Operating gross profit is defined as sales less costs of material for goods purchased and supplies, services purchased, packaging materials, supplier rebates and increase/decrease in finished goods. Gross profit is defined as operating gross profit less production/mixing and blending costs.

About Brenntag:

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 about 160,000 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 400 locations in nearly 70 countries. In 2010 the company realized global sales of EUR 7.6 billion (USD 10.1 billion) with more than 12,000 employees.

This press release 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.

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