

Brenntag strengthens footprint in Asia Pacific by acquiring Chinese specialty chemicals distributor Wellstar Group

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Brenntag, the global market leader in chemical distribution, has signed an agreement to acquire in 2 steps 100% of the shares in specialty chemical distributor Wellstar Enterprises (Hong Kong) Company Limited, Hong Kong, and its 3 Chinese subsidiaries, jointly "Wellstar Group".

Brenntag will gain a majority stake of 51% with a first tranche in 2017 and the remaining 49% via the second tranche by 2021. In the period from 2017 to 2021, the business will be operated as a joint venture. Wellstar Group focuses on the distribution of specialty pigments, resins and additives mainly across China.

Henri Nejade, Member of the Management Board of Brenntag Group and CEO Brenntag Asia Pacific: "The acquisition perfectly fits into Brenntag's growth strategy in the Asia Pacific region. Wellstar Group represents a competent and well established specialty chemicals organization. The company has an experienced sales team with broad experience in the relevant industry and offers strong technical competency and support to customers. The investment thus complements Brenntag China's objective to build up a specialty chemical division for various industry segments, i.e. Coatings and Personal Care."

Wellstar Group is headquartered in Hong Kong with its 3 Mainland China subsidiaries located in Shenzhen, Guangzhou and Shanghai. The company sells and distributes high performance pigments, effect pigments, resins and kaolin used in a broad variety of industries among others in the coatings, inks, plastic and cosmetics industry. In addition, Wellstar Group offers value-added services through an application lab for coatings.

Anthony Gerace, Managing Director Mergers & Acquisitions at Brenntag Group: "Brenntag considers the joint venture as well-positioned to grow on the back of favourable market trends, such as the growth in automotive industry in China. Moreover, the acquisition gives us the opportunity to strengthen our relationship with a strategic key supplier, and we see synergy potential with our existing

Brenntag China's customer base."

In 2016, the business generated total sales of approximately 27.6 million EUR. Closing of the first tranche is expected to occur in the course of the next weeks, subject to contractually agreed closing conditions.

About Brenntag:

Brenntag, the global market leader in chemical distribution, covers all major markets with its extensive product and service portfolio. Headquartered in Mülheim an der Ruhr, Germany, the company operates a global network with more than 550 locations in 74 countries. In 2016, the company, which has a global workforce of around 15,000 employees, generated sales of EUR 10.5 billion (USD 11.6 billion). Brenntag connects chemical manufacturers and chemical users. The company supports its customers and suppliers with tailor-made distribution solutions for industrial and specialty chemicals. With over 10,000 products and a world-class supplier base, Brenntag offers one-stop-shop solutions to around 185,000 customers. This includes specific application technology, an extensive technical support and value-added services such as just-in-time delivery, product mixing, formulation, repackaging, inventory management and drum return handling. Long-standing experience and local excellence in the individual countries characterize the global market leader for chemical distribution.

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