BASF
We create chemistry

Reporting Factsheet Q3 2019

BASF Group (million €)	Q3 2019	Q3 2018	+/-	Q1-3 2019	Q1-3 2018	+/-
Sales	**15,231**	15,606	(2%)	**46,566**	47,089	(1%)
EBITDA before special items	**2,084**	2,263	(8%)	**6,722**	7,985	(16%)
EBITDA	**2,339**	2,190	7%	**6,754**	7,830	(14%)
Depreciation and amortization[1]	**963**	795	21%	**3,072**	2,266	36%
EBIT	**1,376**	1,395	(1%)	**3,682**	5,564	(34%)
Special items	**257**	(75)	.	**(214)**	(159)	(35%)
EBIT before special items	**1,119**	1,470	(24%)	**3,896**	5,723	(32%)
Financial result	**(170)**	(138)	(23%)	**(570)**	(511)	(12%)
Income before income taxes	**1,206**	1,257	(4%)	**3,112**	5,053	(38%)
Income after taxes from continuing operations	**935**	1,032	(9%)	**2,383**	3,974	(40%)
Income after taxes from discontinued operations	**-**	235	-	**6,427**	574	.
Net income	**911**	1,200	(24%)	**8,777**	4,359	101%
Earnings per share (€)	**1.00**	1.31	(24%)	**9.56**	4.75	101%
Adjusted earnings per share (€)	**0.86**	1.51	(43%)	**3.33**	5.21	(36%)
Research and development expenses	**540**	509	6%	**1,577**	1,377	15%
Personnel expenses	**2,584**	2,633	(2%)	**8,352**	7,940	5%
Number of employees (end of period)	**118,648**	122,230	(3%)	**118,648**	122,230	(3%)
Assets (end of period)	**89,591**	85,579	5%	**89,591**	85,579	5%
Investments including acquisitions[2]	**1,018**	8,053	(87%)	**2,793**	9,548	(71%)
Equity ratio (end of period, %)	**46.2**	42.8	.	**46.2**	42.8	.
Net debt (end of period)	**17,804**	18,026	(1%)	**17,804**	18,026	(1%)
Cash flows from operating activities	**1,998**	2,930	(32%)	**4,317**	6,385	(32%)
Free cash flow	**1,072**	1,951	(45%)	**1,669**	3,957	(58%)

[1] Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)
[2] Additions to intangible assets and property, plant and equipment

Factors influencing sales in Q3 2019 (changes in %)	Sales	Volumes	Prices	Portfolio	Currencies
Chemicals	**(22)**	**(12)**	**(12)**	**0**	**2**
Petrochemicals	(26)	(14)	(13)	0	1
Intermediates	(11)	(7)	(6)	0	2
Materials	**(13)**	**0**	**(15)**	**0**	**2**
Performance Materials	(6)	(5)	(3)	0	2
Monomers	(19)	4	(25)	0	2
Industrial Solutions	**(8)**	**0**	**(2)**	**(9)**	**3**
Dispersions & Pigments	0	0	(2)	0	2
Performance Chemicals	(20)	1	(2)	(21)	2
Surface Technologies	**22**	**6**	**13**	**0**	**3**
Catalysts	38	12	22	(1)	5
Coatings	4	1	2	0	1
Construction Chemicals	5	0	2	0	3
Nutrition & Care	**3**	**3**	**(2)**	**0**	**2**
Care Chemicals	(1)	(1)	(2)	0	2
Nutrition & Health	15	12	0	0	3
Agricultural Solutions	**26**	**21**	**(6)**	**8**	**3**
Other	**(18)**	**(20)**	**(9)**	**9**	**2**
BASF Group	**(2)**	**0**	**(4)**	**0**	**2**

Segments

Q3 (million €)

	Sales			EBITDA before special items			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2019	2018	+/–	2019	2018	+/–	2019	2018	+/–	2019	2018	+/–
Chemicals	2,429	3,129	(22%)	447	558	(20%)	251	398	(37%)	248	398	(38%)
Materials	2,894	3,321	(13%)	452	820	(45%)	266	664	(60%)	262	659	(60%)
Industrial Solutions	2,130	2,325	(8%)	316	267	18%	205	164	25%	207	156	33%
Surface Technologies	4,001	3,274	22%	414	270	53%	261	142	84%	223	135	65%
Nutrition & Care	1,519	1,469	3%	331	290	14%	225	189	19%	224	186	20%
Agricultural Solutions	1,561	1,243	26%	250	113	121%	73	(5)	.	43	(39)	.
Other	697	845	(18%)	(126)	(55)	.	(162)	(82)	(98%)	169	(100)	.
BASF Group	**15,231**	**15,606**	**(2%)**	**2,084**	**2,263**	**(8%)**	**1,119**	**1,470**	**(24%)**	**1,376**	**1,395**	**(1%)**

January–September (million €)

	Sales			EBITDA before special items			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2019	2018	+/–	2019	2018	+/–	2019	2018	+/–	2019	2018	+/–
Chemicals	7,157	8,866	(19%)	1,238	1,813	(32%)	676	1,330	(49%)	513	1,318	(61%)
Materials	8,786	10,287	(15%)	1,451	2,704	(46%)	923	2,245	(59%)	902	2,227	(59%)
Industrial Solutions	6,457	6,913	(7%)	1,036	920	13%	712	607	17%	842	611	38%
Surface Technologies	11,444	9,967	15%	1,057	861	23%	610	479	27%	548	459	19%
Nutrition & Care	4,575	4,476	2%	976	945	3%	667	657	2%	555	646	(14%)
Agricultural Solutions	6,006	4,472	34%	1,458	940	55%	934	696	34%	844	637	32%
Other	2,141	2,108	2%	(494)	(198)	.	(626)	(291)	.	(522)	(334)	(56%)
BASF Group	**46,566**	**47,089**	**(1%)**	**6,722**	**7,985**	**(16%)**	**3,896**	**5,723**	**(32%)**	**3,682**	**5,564**	**(34%)**

Regions

Million €

	Sales Location of company			Sales Location of customer			EBIT Location of company		
Q3	2019	2018	+/–	2019	2018	+/–	2019	2018	+/–
Europe	6,458	6,872	(6%)	5,906	6,335	(7%)	797	659	21%
of which Germany	3,495	4,421	(21%)	1,624	1,819	(11%)	124	226	(45%)
North America	3,926	4,220	(7%)	3,861	4,089	(6%)	61	171	(64%)
Asia Pacific	3,516	3,440	2%	3,697	3,621	2%	316	481	(34%)
South America, Africa, Middle East	1,331	1,074	24%	1,767	1,561	13%	202	84	140%
BASF Group	**15,231**	**15,606**	**(2%)**	**15,231**	**15,606**	**(2%)**	**1,376**	**1,395**	**(1%)**
January–September									
Europe	20,607	21,944	(6%)	19,091	20,452	(7%)	2,020	3,205	(37%)
of which Germany	11,157	14,051	(21%)	4,951	5,519	(10%)	650	1,369	(53%)
North America	12,904	12,262	5%	12,617	11,879	6%	516	754	(32%)
Asia Pacific	10,168	10,437	(3%)	10,756	10,981	(2%)	913	1,592	(43%)
South America, Africa, Middle East	2,887	2,446	18%	4,102	3,777	9%	233	13	.
BASF Group	**46,566**	**47,089**	**(1%)**	**46,566**	**47,089**	**(1%)**	**3,682**	**5,564**	**(34%)**

Segments Q3 2019 vs. Q3 2018

Chemicals

In the Chemicals segment, sales in both divisions were considerably lower than in the prior-year quarter, but especially in the Petrochemicals division. The sales decrease was due on the one hand to lower volumes in both divisions, primarily in the Petrochemicals division due to the scheduled turnarounds of our steam crackers in Port Arthur, Texas, and Europe, and significantly lower capacity utilization of the condensate splitter in Port Arthur, Texas. Volumes also declined in the Intermediates division, particularly of amines and of butanediol and derivatives. On the other hand, the segment's sales were reduced by lower prices, especially in the Petrochemicals division. This was primarily attributable to lower raw materials prices, in particular for naphtha in Europe and for butane and ethane in North America. Prices likewise declined in the Intermediates division, especially in the acids and polyalcohols business. Positive FX effects had an offsetting effect in both divisions.

EBIT bsi in both divisions decreased considerably compared with Q3 2018. In the Petrochemicals division, this was attributable to lower sales volumes and lower margins for styrene monomers and monoethylene glycols in Europe, as well as for steam cracker products and monoethylene glycols in Asia Pacific. Higher fixed costs from the scheduled turnarounds of our steam crackers also contributed to the decrease in EBIT bsi. EBIT bsi declined considerably in the Intermediates division as well, due to lower volumes and margins.

Materials

Sales in the Materials segment declined considerably compared with Q3 2018, both in the Monomers division and in the Performance Materials division. Sales development was mainly driven by lower prices in both divisions, but especially in the Monomers division from lower isocyanate prices as a result of higher market supply. In the Performance Materials division, sales were also reduced by significantly lower prices for polyurethane systems due to the decrease in raw materials prices. Volumes in the Materials segment were on a level with the prior-year quarter. Slightly higher isocyanate volumes in the Monomers division almost completely offset the slightly lower sales volumes in the Performance Materials division. This was largely due to the continued weak demand for engineering plastics in the automotive industry in Europe and Asia. FX effects had a slightly positive impact in both divisions.

EBIT bsi was considerably below the level of the prior-year quarter. In the Monomers division, this was attributable to lower isocyanate margins and higher fixed costs, mainly due to the insurance payments received in the prior-year quarter. EBIT bsi in the Performance Materials division also declined considerably year on year as a result of lower margins and volumes.

Industrial Solutions

In the Industrial Solutions segment, sales were considerably below the figure for the prior-year quarter due to developments in the Performance Chemicals division. Sales in the Dispersions & Pigments division matched the level of the prior-year quarter. The decline in sales largely reflected the transfer of BASF's paper and water chemicals business, which was previously reported under Performance Chemicals, to the Solenis group as of January 31, 2019. Sales were also reduced by slightly lower prices in both divisions. Positive FX effects in both divisions, mainly from the U.S. dollar, and slightly higher volumes in the Performance Chemicals division, especially for fuel and lubricant solutions, had an offsetting effect.

We considerably increased EBIT bsi compared with Q3 2018. This was primarily the result of lower fixed costs in both divisions.

Surface Technologies

The Surface Technologies segment considerably increased sales compared with Q3 2018, especially in the Catalysts division. The Coatings and Construction Chemicals divisions recorded slight sales growth. The sales increase was mainly due to higher prices in all divisions, but especially in the Catalysts division. Here, the higher sales prices were primarily attributable to increased precious metal prices. Sales were also lifted by significantly higher sales volumes in the Catalysts division. Volumes developed positively for mobile emissions catalysts and in precious metal trading as well as in the battery materials business, while sales volumes declined for chemical catalysts. In precious metal trading, sales rose to €1,153 million (Q3 2018: €719 million) as a result of higher prices and volumes. In the Coatings division, volumes were slightly above the level of the prior-year quarter. Slightly higher sales volumes, primarily in the automotive refinish coatings business, more than offset slightly lower volumes in the decorative paints business. Volumes in the automotive OEM coatings business matched the level of Q3 2018. Sales volumes in the Construction Chemicals division remained at the level of the prior-year quarter. Positive FX effects in all divisions contributed to the sales increase.

Construction Chemicals considerably increased sales in North America, mainly as a result of positive FX effects. Higher volumes and prices also had a positive impact on sales. Sales rose slightly in Europe, primarily due to higher prices. In the Asia Pacific region, the Construction Chemicals division posted a considerable improvement in sales. This was largely attributable to higher sales volumes and positive FX effects. Sales in South America, Africa, Middle East declined slightly compared with the prior-year quarter. This was mainly attributable to significantly lower volumes, which could not be completely offset by higher prices and positive FX effects.

We considerably increased EBIT bsi in all divisions. In the Catalysts division, the increase was attributable to measurement effects in precious metal trading and higher sales volumes. The Coatings division recorded higher margins and lower fixed costs. EBIT bsi rose considerably in the Construction Chemicals division, mainly due to price-related margin growth.

Nutrition & Care

The Nutrition & Care segment recorded slight sales growth compared with the prior-year quarter. Considerably higher sales in the Nutrition & Health division more than offset slightly lower sales in the Care Chemicals division. The positive sales development was primarily attributable to significantly higher volumes in the Nutrition & Health division as a result of improved product availability in the animal nutrition and the flavors and fragrances businesses. This more than offset the slight decline in sales volumes in the Care Chemicals division, especially in the oleo surfactants and alcohols business. Sales were also lifted by FX effects in both divisions. Slightly lower prices in the Care Chemicals division, mainly in the oleo surfactants and alcohols business, had an offsetting effect. By contrast, prices in the Nutrition & Health division were at the level of the prior-year quarter.

Overall, EBIT bsi rose considerably year on year. This was largely attributable to a considerable increase in EBIT bsi in the Care Chemicals division due to a contractual one-off payment in the personal care solutions business, as well as higher margins in the oleo surfactants and alcohols business and in the home care, industrial and institutional cleaning and industrial formulators business. By contrast, EBIT bsi declined slightly in the Nutrition & Health division. This was primarily due to higher raw materials prices and fixed costs. Higher earnings contributions from the increase in sales volumes had an offsetting effect.

Agricultural Solutions

The Agricultural Solutions segment recorded considerable sales growth compared with Q3 2018. This was primarily attributable to higher volumes, especially in the region South America, Africa, Middle East, as well as to portfolio effects from the acquisition of significant businesses and assets from Bayer in August 2018. FX effects also contributed to the sales increase. A lower price level had an offsetting effect. In Europe, sales were at the level of the prior-year quarter. Portfolio effects were able to offset lower sales volumes for herbicides and fungicides, mainly as a result of a decline in cultivation area for canola (oilseed rape), as well as a lower price level and negative FX effects. We slightly increased sales in North America. Higher sales volumes, portfolio effects and positive FX effects were able to more than offset the significantly lower price level. In Asia, sales were considerably above the level of Q3 2018 due to volumes growth, especially for herbicides, and positive portfolio effects. Positive FX effects also contributed to the increase in sales. Sales in the region South America, Africa, Middle East rose considerably. We significantly increased sales volumes, especially in Brazil and here mainly for fungicides thanks to a very good start to the season. Sales development was supported by a higher price level, portfolio effects and positive FX effects.

EBIT bsi increased considerably compared with Q3 2018. This was mainly driven by higher sales.

Other

Sales in Other were down considerably from Q3 2018, mainly due to lower volumes and prices in commodity trading. This was partly offset by portfolio effects attributable to the remaining activities of the paper and water chemicals business, which have been reported under Other since February 2019 following the divestiture.

EBIT bsi was considerably below the figure for the prior-year quarter. This was largely attributable to valuation effects for our long-term incentive program. In Q3 2019, EBIT included special income from the sale of BASF's share of the Klybeck site in Basel, Switzerland. The income after taxes of Wintershall Dea, which is accounted for using the equity method, is included in other businesses. Wintershall Dea's average daily production in Q3 was on a level with the months prior. Earnings were reduced by the decline in oil and gas prices. Additional depreciation and amortization from the fair value measurement of Wintershall Dea resulted in a slightly negative earnings contribution to the BASF Group's EBIT in Q3 2019.

Outlook 2019 for BASF Group

Underlying assumptions for 2019 (previous assumption in parentheses)

- GDP growth: +2.5% (unchanged)
- Growth in global industrial production: around +1.5% (unchanged)
- Growth in global chemical production (excluding pharma): +1.5% (unchanged)
- Average exchange rate: US$1.15 per € (unchanged)
- Average oil price (Brent): US$65 per barrel (US$70 per barrel)

Forecast 2019[1] confirmed

- Slight decline in sales
- Considerable decline in EBIT before special items of up to 30%
- Considerable decline in ROCE compared with the previous year

[1] For sales, "slight" represents a change of 1-5%, while "considerable" applies to changes of 6% and higher.
For earnings, "slight" means a change of 1-10%, while "considerable" is used for changes of 11% and higher.
At a cost of capital percentage of 10% for 2018 and 2019, we define a change in ROCE of 0.1 to 1.0 percentage points as "slight," a change of more than 1.0 percentage points as "considerable" and no change (+/-0 percentage points) as "at prior-year level."

Forward-looking statements