



**BASF**

We create chemistry

# Analyst Conference Call Q1 2018

Mannheim, May 4, 2018

# Cautionary note regarding forward-looking statements

*This presentation contains forward-looking statements. These statements are based on current estimates and projections of the Board of Executive Directors and currently available information. Forward-looking statements are not guarantees of the future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. Such risk factors include those discussed in the Opportunities and Risks Report from page 111 to 118 of the BASF Report 2017. BASF does not assume any obligation to update the forward-looking statements contained in this presentation above and beyond the legal requirements.*

# BASF Group with slight earnings increase in Q1 2018

Financial figures	Q1 2018	Q1 2017	Change
	€	€	%
Sales	16,646 million	16,857 million	(1)
EBITDA before special items	3,439 million	3,507 million	(2)
EBITDA	3,448 million	3,502 million	(2)
EBIT before special items	2,512 million	2,457 million	2
EBIT	2,521 million	2,451 million	3
Net income	1,679 million	1,709 million	(2)
Reported EPS	1.83	1.86	(2)
Adjusted EPS	1.93	1.97	(2)
Operating cash flow	1,231 million	833 million	48

Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2018 vs. Q1 2017	↑ 2%	↑ 5%	0%	↓ (8%)

# Update on recently announced M&A activities



## BASF to acquire Solvay's integrated global polyamide business

- Purchase price: ~€1.6 billion
- Sales 2016: ~€1.3 billion
- EBITDA 2016: ~€200 million
- Market CAGR: >3.5%
- BASF and Solvay aim for a closing in Q3 2018



## BASF to acquire agricultural solutions businesses and assets from Bayer

- Purchase price: ~€7.6 billion
- Sales 2016: ~€2.0 billion
- EBITDA 2016\*: ~€550 million
- Subject to the closing of the acquisition of Monsanto by Bayer and regulatory approvals, closing expected in Q2/Q3 2018



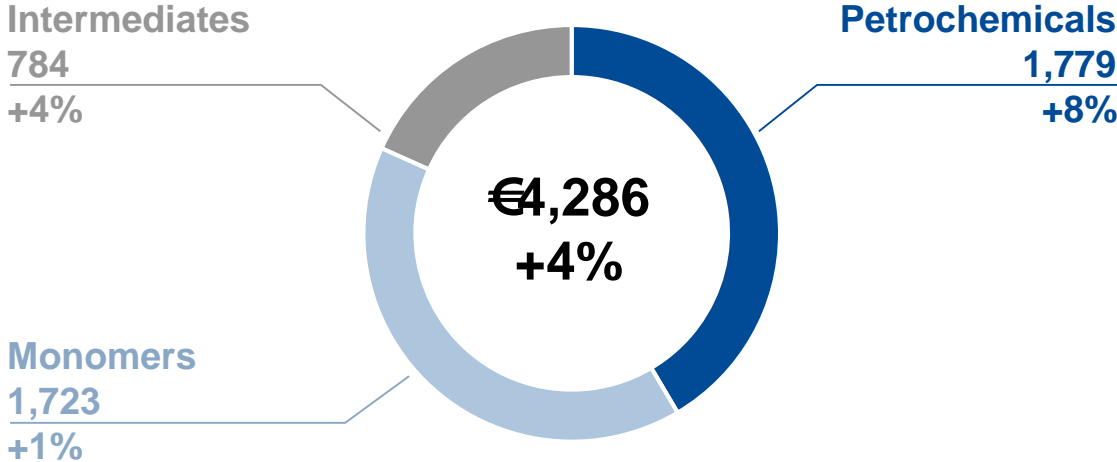
## BASF and LetterOne intend to merge their oil and gas subsidiaries

- Pro-forma sales 2017: ~€4.7 billion
- Pro-forma EBITDA 2017: ~€2.8 billion
- BASF and LetterOne are conducting a confirmatory due diligence and are negotiating transaction agreements
- Closing could be expected in H2 2018

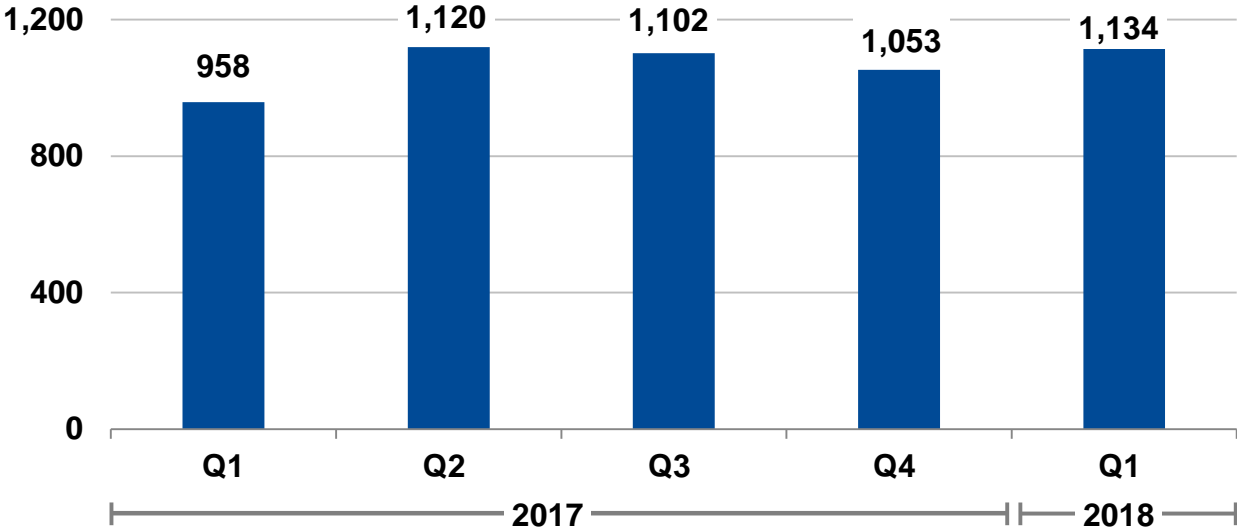
# Chemicals

Increased earnings driven by higher margins and volumes

**Sales Q1 2018 vs. Q1 2017**  
million €



**EBIT before special items**  
million €

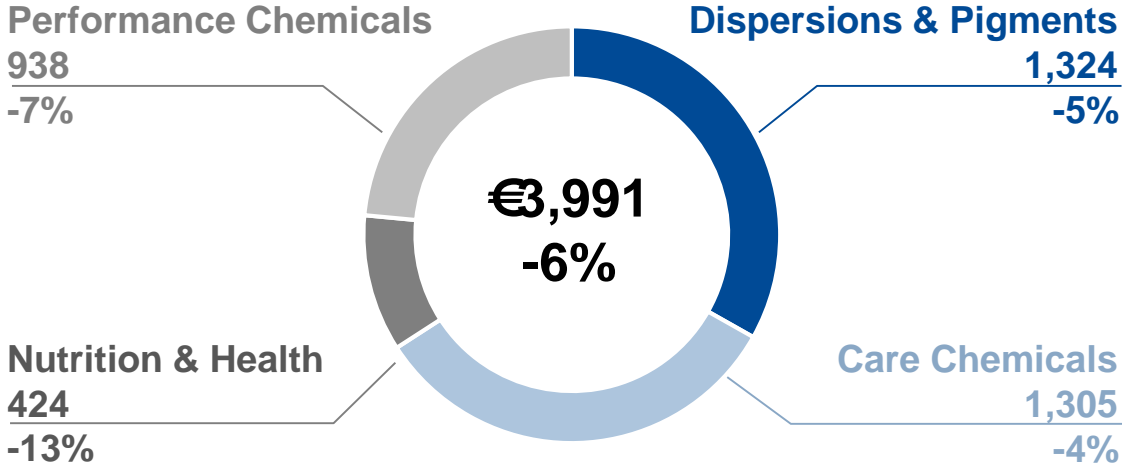


Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2018 vs. Q1 2017	↑ 3%	↑ 8%	0%	↓ (7%)

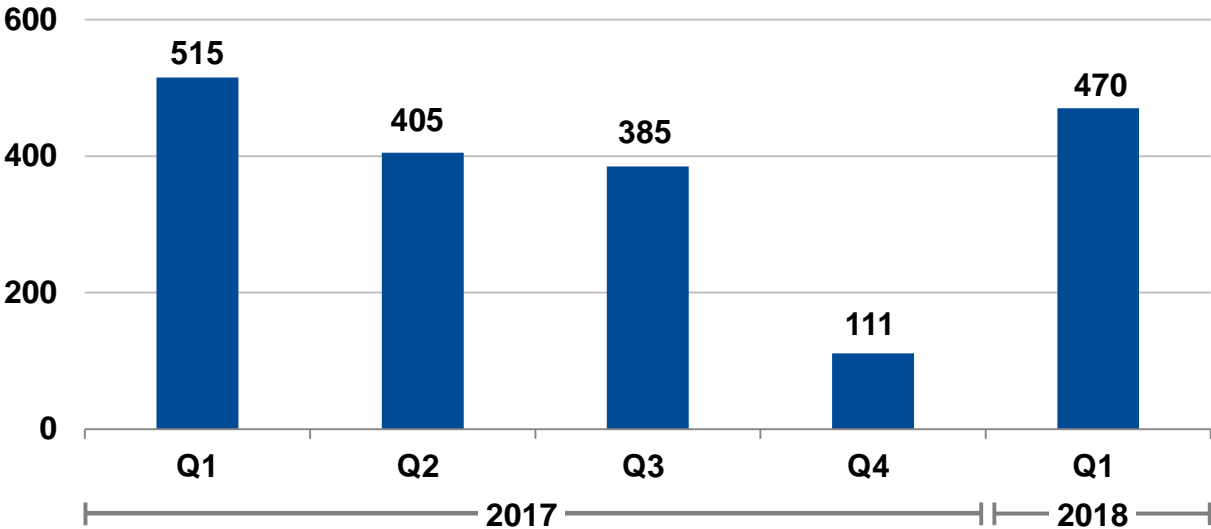
# Performance Products

Higher prices could not compensate for negative currency effects and outage-related lower volumes; earnings declined slightly

**Sales Q1 2018 vs. Q1 2017**  
million €



**EBIT before special items**  
million €



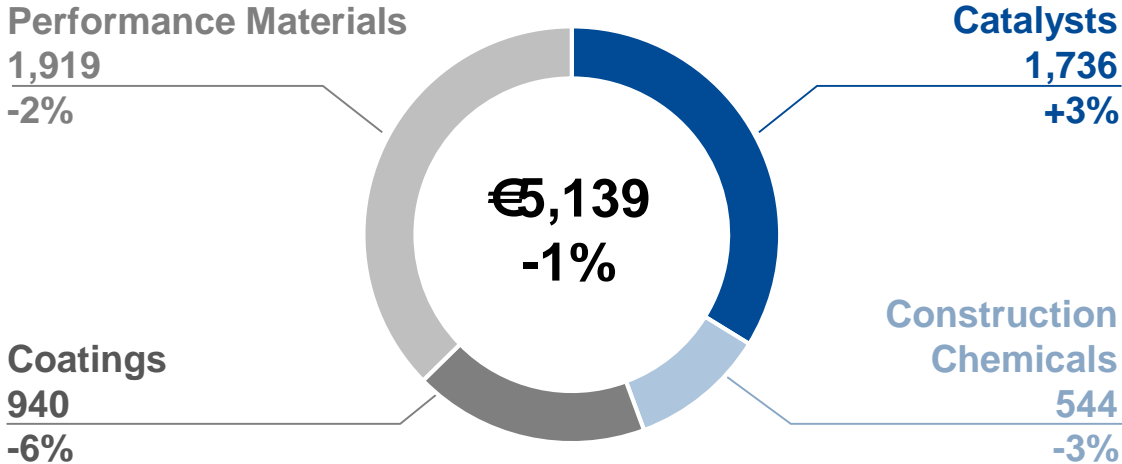
Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2018 vs. Q1 2017	↓ (1%)	↑ 2%	↓ (1%)	↓ (6%)



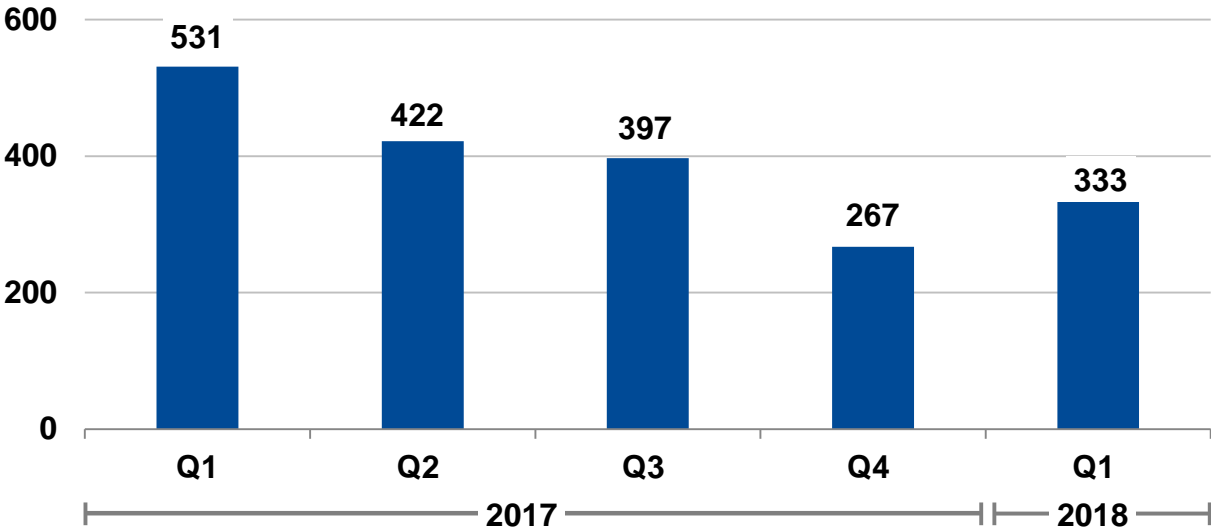
# Functional Materials & Solutions

Earnings declined considerably due to lower margins and higher fixed costs

**Sales Q1 2018 vs. Q1 2017**  
million €



**EBIT before special items**  
million €



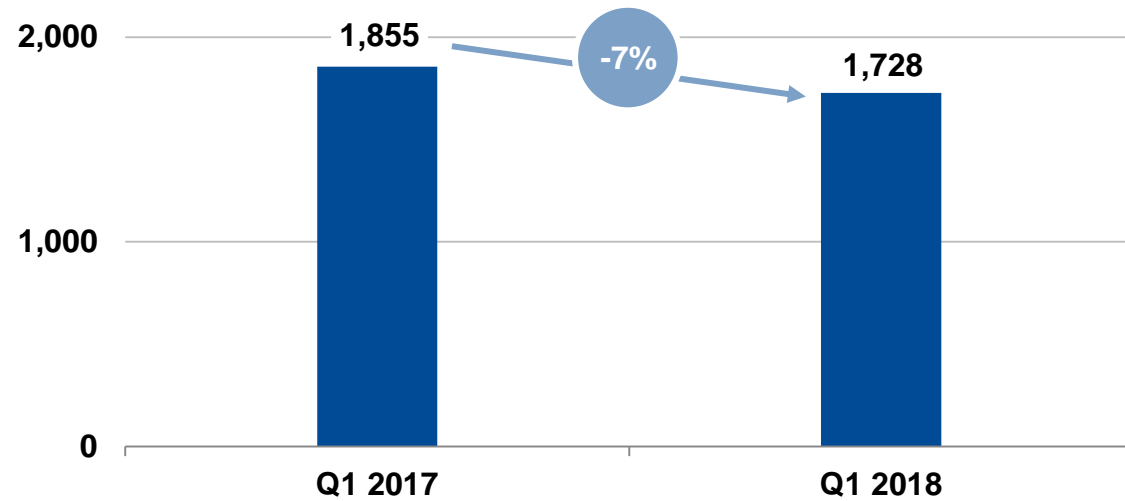
Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2018 vs. Q1 2017	↑ 1%	↑ 6%	0%	↓ (8%)

# Agricultural Solutions

Earnings negatively impacted by currency headwinds, higher fixed costs and a late start to the season

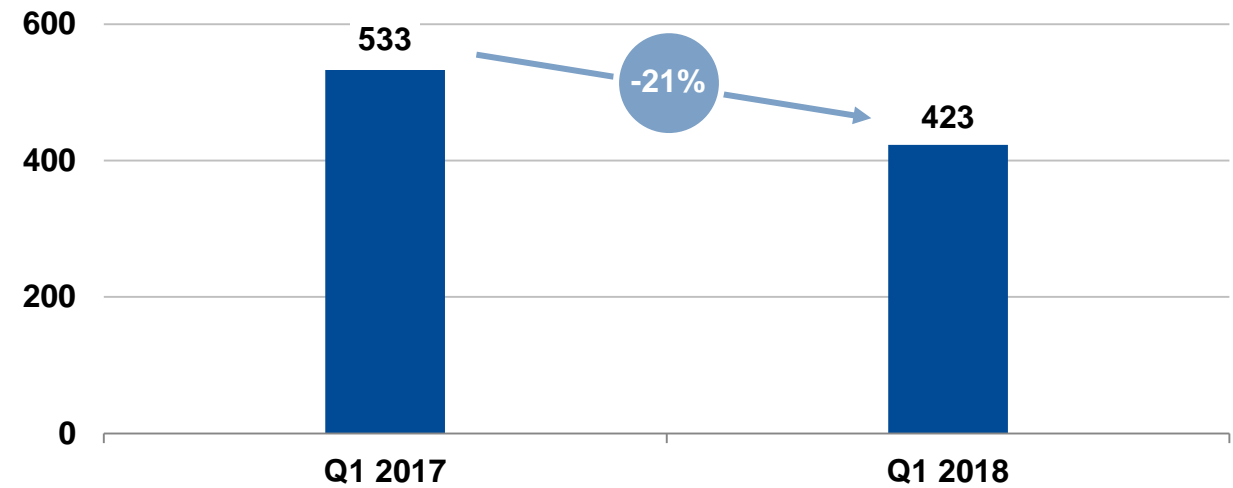
## Sales Q1 2018 vs. Q1 2017

million €



## EBIT before special items

million €



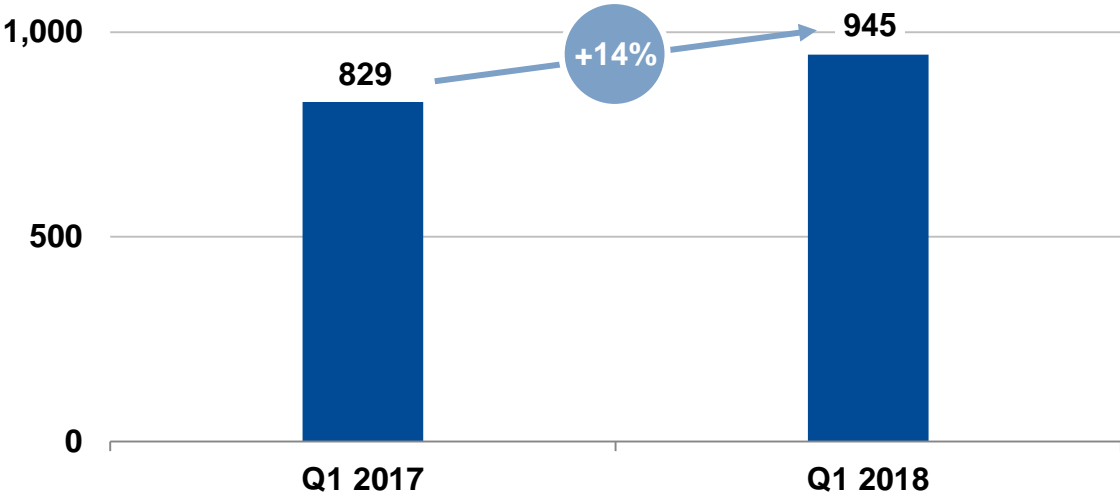
Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2018 vs. Q1 2017	↑ 3%	↓ (2%)	0%	↓ (8%)



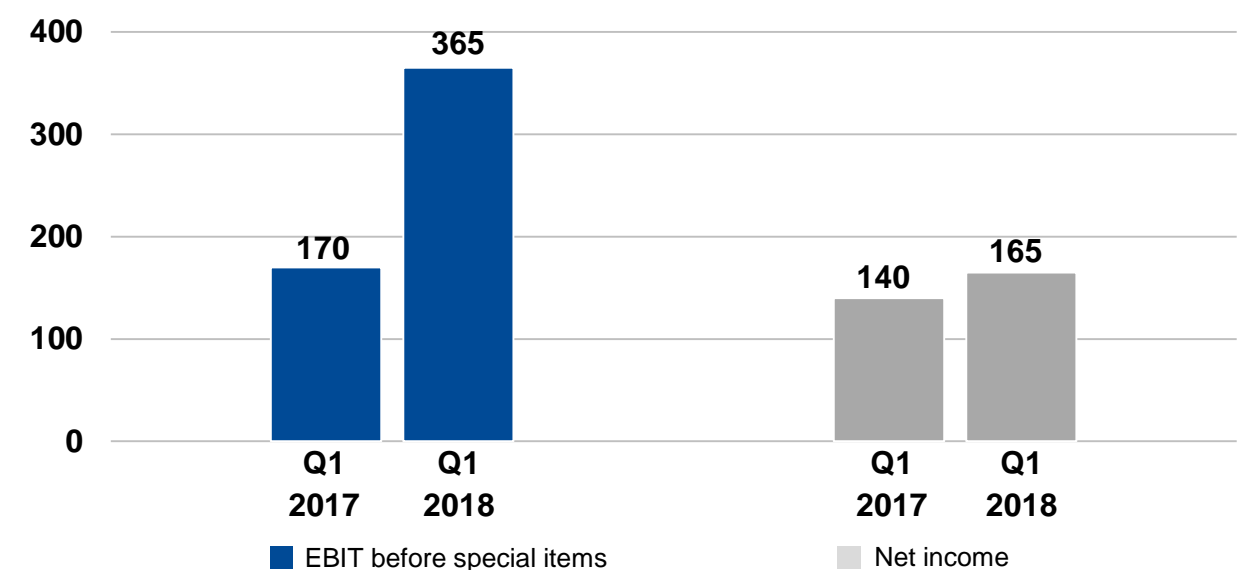
# Oil & Gas

Earnings increased considerably, mainly due to higher prices and volumes as well as lower depreciation

**Sales Q1 2018 vs. Q1 2017**  
million €



**EBIT before special items / net income**  
million €



Sales development	Volumes	Prices/Currencies	Portfolio
Q1 2018 vs. Q1 2017	↑ 11%	↑ 3%	0%

# Review of “Other”

Financial figures	Q1 2018	Q1 2017
	million €	million €
<b>Sales</b>	<b>557</b>	<b>610</b>
<b>EBIT before special items</b>	<b>(213)</b>	<b>(250)</b>
Thereof Costs of corporate research	(80)	(81)
Costs of corporate headquarters	(53)	(52)
Foreign currency results, hedging and other measurement effects	41	(31)
Other businesses	(8)	5
Special items	(8)	7
<b>EBIT</b>	<b>(221)</b>	<b>(243)</b>

# Cash flow development Q1 2018

Cash flow development		Q1 2018	Q1 2017
		million €	million €
<b>Cash provided by operating activities</b>		<b>1,231</b>	<b>833</b>
Thereof	Changes in net working capital	(1,345)	(1,985)
	Miscellaneous items	(30)	58
<b>Cash used in investing activities</b>		<b>(634)</b>	<b>(1,215)</b>
Thereof	Payments made for tangible / intangible assets	(627)	(767)
	Acquisitions / divestitures	34	(22)
<b>Cash provided by financing activities</b>		<b>201</b>	<b>831</b>
Thereof	Changes in financial liabilities	220	811
	Dividends	(19)	6
<b>Free cash flow</b>		<b>604</b>	<b>66</b>

# Outlook 2018 for BASF Group confirmed

- We anticipate **slightly\*** higher sales in 2018.
- **EBIT before special items** is expected to be **up slightly** on the 2017 level.
- **EBIT is forecast to decline slightly** in 2018.
- We aim to once again earn a **significant premium on our cost of capital** in 2018. However, **EBIT after cost of capital** will **decrease considerably**, mainly due to lower EBIT as well as the additional cost of capital from the planned acquisitions.

\* 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. This outlook takes into account the agreed transactions with Bayer and Solvay. The intended merger of our oil and gas activities with the business of DEA Deutsche Erdoel AG and its subsidiaries is not taken into account in this outlook.



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