



 **BASF**

We create chemistry

Analyst Conference Call Q2 2018

Ludwigshafen, July 27, 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 increases sales and earnings slightly – solid volume growth in Q2, prices raised, currency headwinds persisted

Financial figures	Q2 2018	Q2 2017	Change
	€	€	%
Sales	16,782 million	16,264 million	3
EBITDA before special items	3,295 million	3,291 million	0
EBITDA	3,232 million	3,233 million	0
EBIT before special items	2,356 million	2,251 million	5
EBIT	2,291 million	2,181 million	5
Net income	1,480 million	1,496 million	(1)
Reported EPS	1.61	1.63	(1)
Adjusted EPS	1.77	1.78	(1)
Cash flows from operating activities	2,224 million	2,969 million	(25)

Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2018 vs. Q2 2017	↑ 3%	↑ 6%	0%	↓ (6%)

BASF investigates establishment of second Verbund site in China



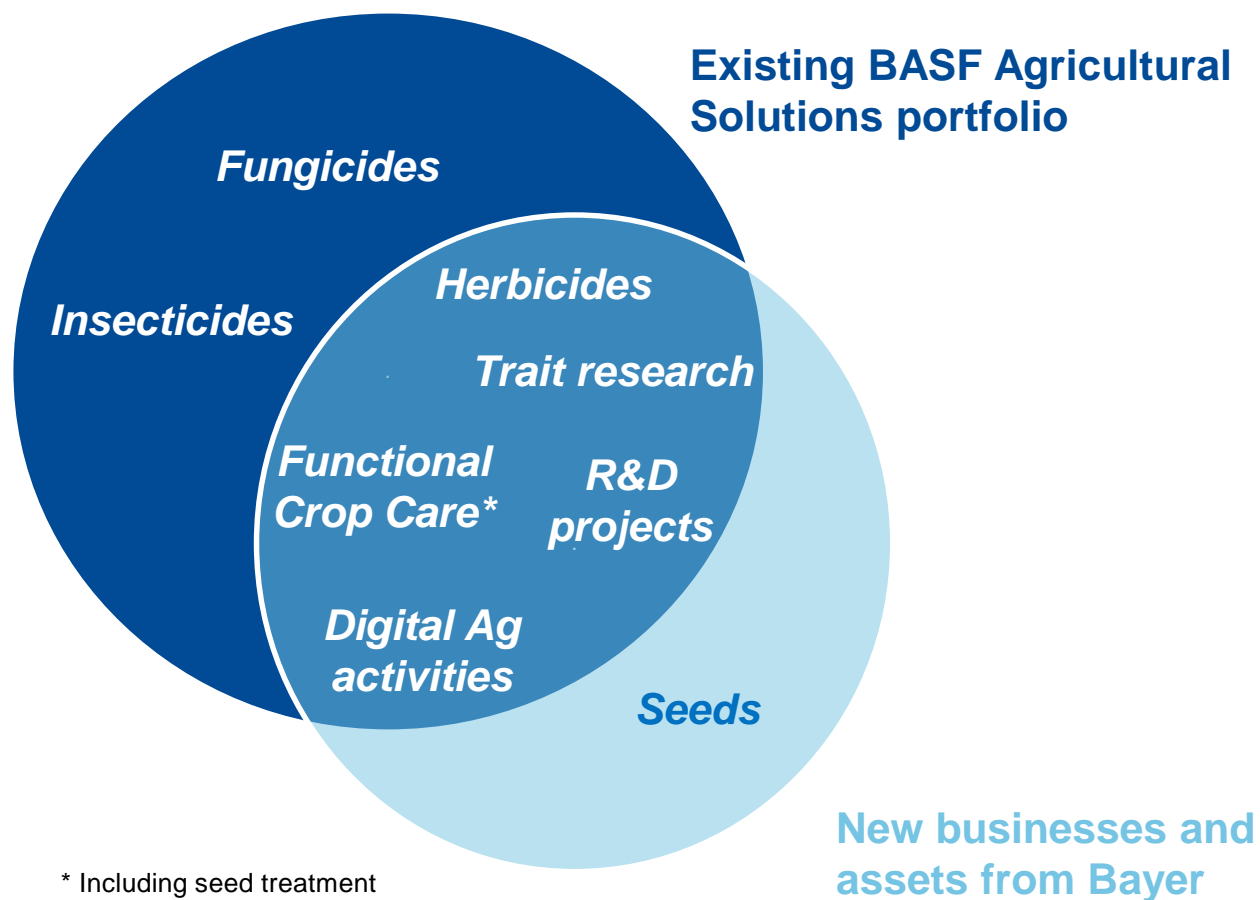
Legend

- Greater China headquarters
- Verbund site
- Asia Pacific headquarters

Parameters

- 100% BASF-owned and operated
- Potential investment of up to US\$10 billion until around 2030
- Investment to evolve in phases
- Startup of first plants in 2026 at the latest
- Most advanced Verbund site with smart manufacturing concept
- Environment, health and safety concept according to BASF's global standards and local laws and regulations
- Next step: Pre-feasibility study

Acquisition adds excellent businesses and assets from Bayer and enhances our innovation potential in Agricultural Solutions



* Including seed treatment

New parts of portfolio

- Significant seed businesses for key row crops, such as canola/oilseed rape, cotton and soybeans
- Global vegetable seeds business

Complementary additions to portfolio

- Non-selective herbicides with strong market presence, ideal extension of our herbicide portfolio
- Attractive seed treatment business
- Promising seed and trait research, e.g., hybrid wheat and further R&D projects
- Highly innovative digital Ag activities

Acquisition ensures an even more comprehensive and attractive offering to our customers in the different regions

North America

Integrated solutions provider for soybeans, cotton, canola and vegetables

- Seeds
- Traits
- Seed treatment
- Crop protection
- Digital solutions

Europe

Entry into seed markets for vegetables, oilseed rape and cotton

- Seeds
- Seed treatment
- Crop protection
- Digital solutions

South America

Enhanced portfolio integration for soybeans and cotton

- Seeds
- Traits
- Seed treatment
- Crop protection
- Digital solutions

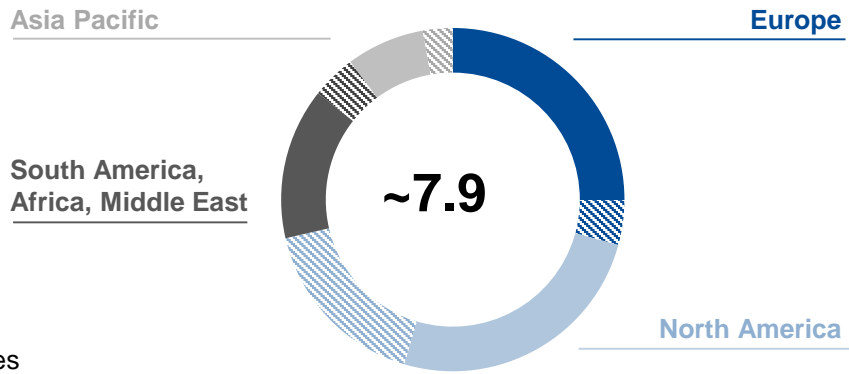
Asia Pacific

Entry into seed markets for vegetables and oilseed rape

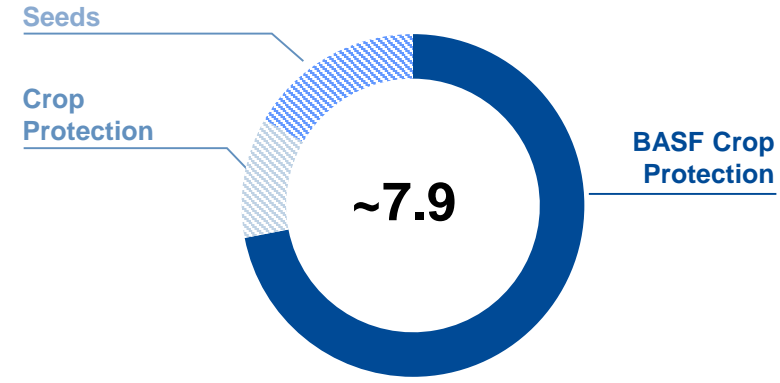
- Seeds
- Seed treatment
- Crop protection
- Digital solutions

Pro-forma 2017 figures of future Agricultural Solutions segment

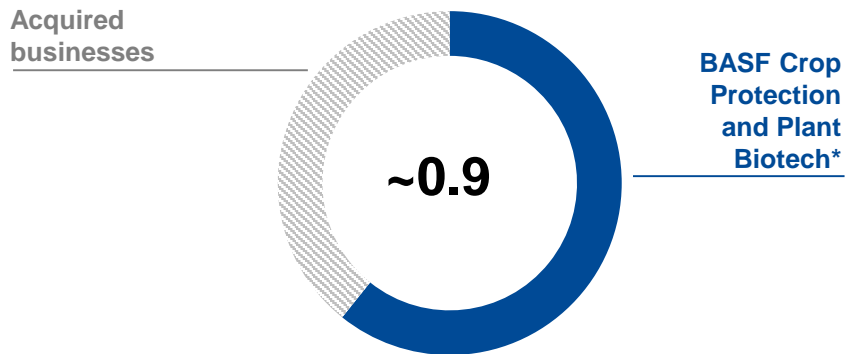
Sales by region
billion €



Sales by business area
billion €

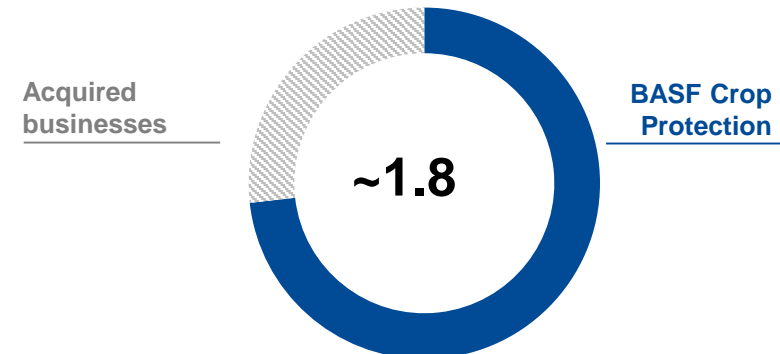


R&D expenses
billion €



* Reported under Other

EBITDA
billion €



Integration concept in place to ensure seamless transition of businesses and realization of top-line growth potential

Objectives for a successful integration

- Strengthen and develop the acquired businesses and assets
- Ensure business continuity and seamless transition for customers
- Meet the local market and customer needs
- Capture growth synergies

Organizational aspects

- Glufosinate-ammonium activities to be integrated into BASF's herbicide business
- New global business unit for seeds and traits
- Vegetable seeds to be managed as a dedicated business within the global business unit for seeds and traits

Timeline

August 2018

December 2018

January 2019

Closing / Day 1

Discovery phase and integration planning

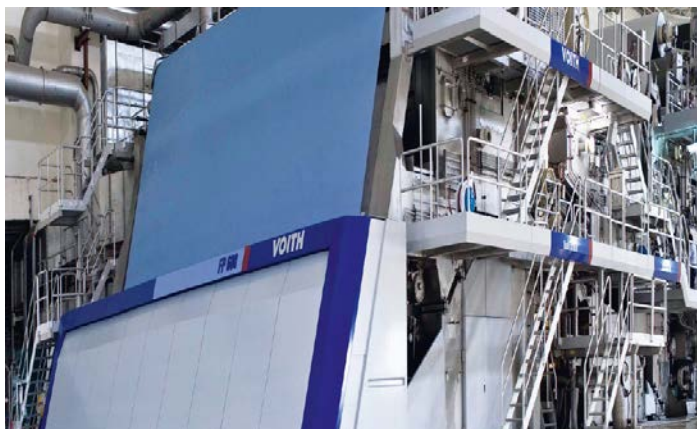
Structural integration

Update on further recently announced M&A activities



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 conducted a confirmatory due diligence and are negotiating transaction agreements
- Closing could be expected in Q1 2019



BASF and Solenis to join forces by combining paper and water chemicals

- Pro-forma sales 2017: ~€2.4 billion
- BASF to hold a 49% share of the combined entity; funds managed by Clayton, Dubilier & Rice to hold 51%
- Closing is anticipated for the end of 2018 at the earliest



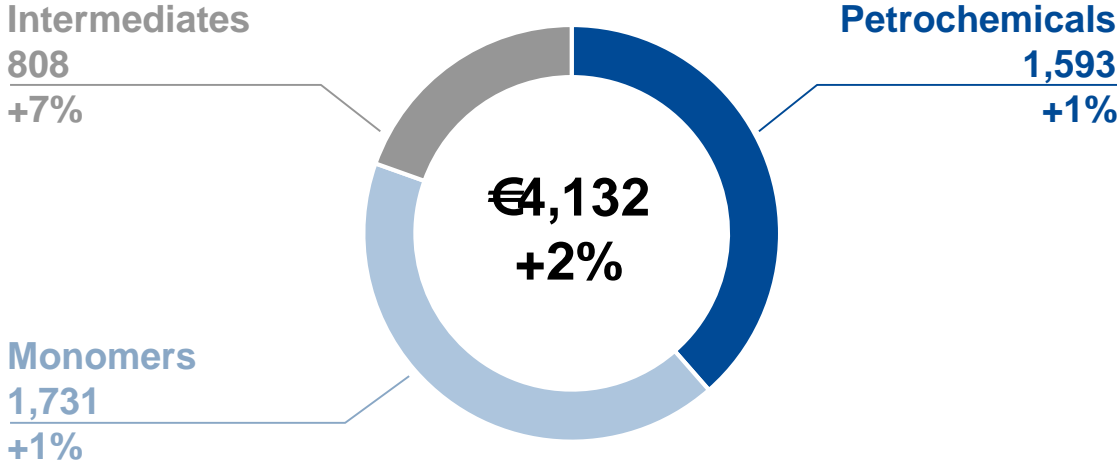
BASF to acquire Solvay's integrated global polyamide business

- Purchase price: ~€1.6 billion
- Sales 2016: ~€1.3 billion
- EBITDA 2016: ~€200 million
- On June 26, 2018 the EU Commission opened an in-depth investigation and will likely take a decision in Q4 2018

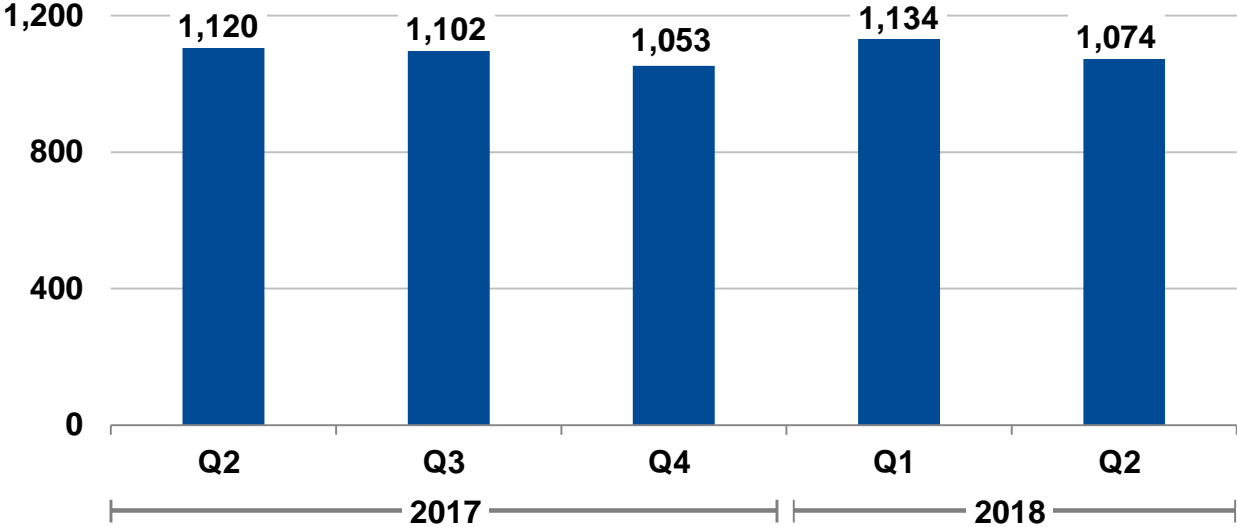
Chemicals

Earnings slightly down due to higher fixed costs and lower cracker margins, but still on a high level

Sales Q2 2018 vs. Q2 2017
million €



EBIT before special items
million €

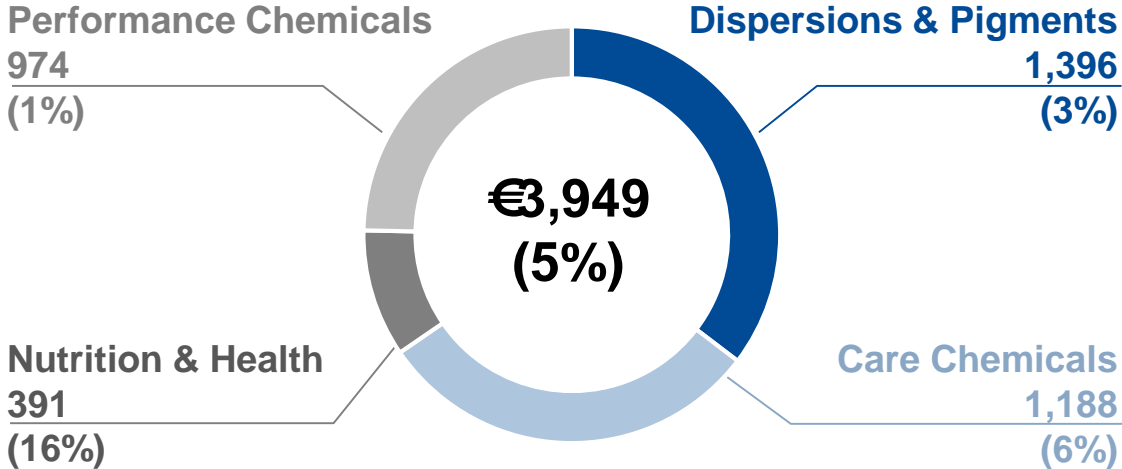


Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2018 vs. Q2 2017	↑ 1%	↑ 5%	0%	↓ (4%)

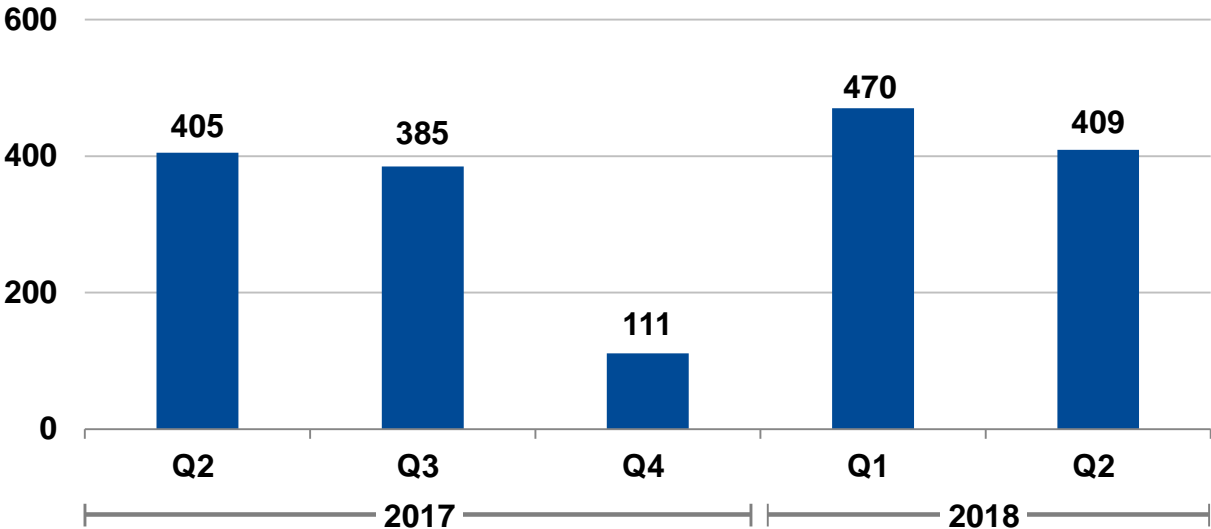
Performance Products

Slightly higher earnings driven by higher margins

Sales Q2 2018 vs. Q2 2017
million €



EBIT before special items
million €

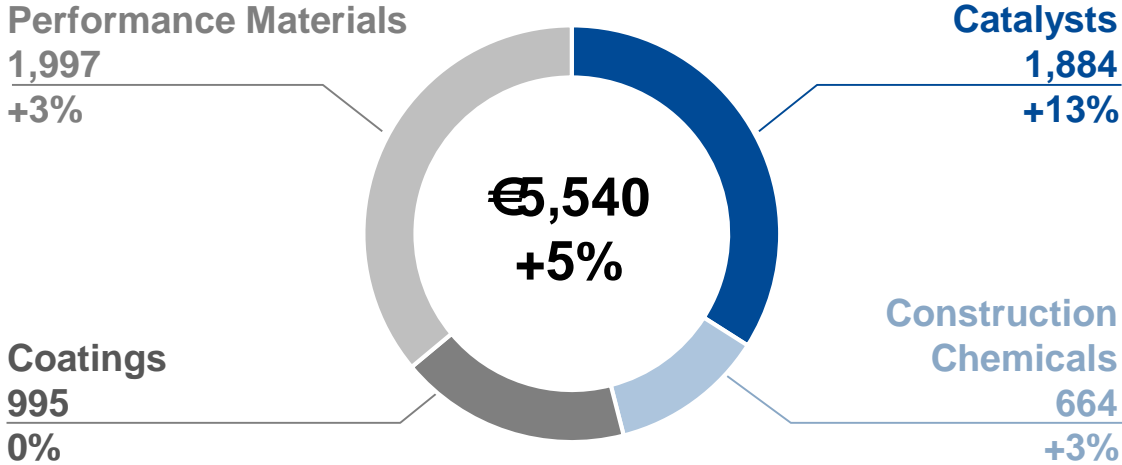


Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2018 vs. Q2 2017	↓ (2%)	↑ 2%	↓ (1%)	↓ (4%)

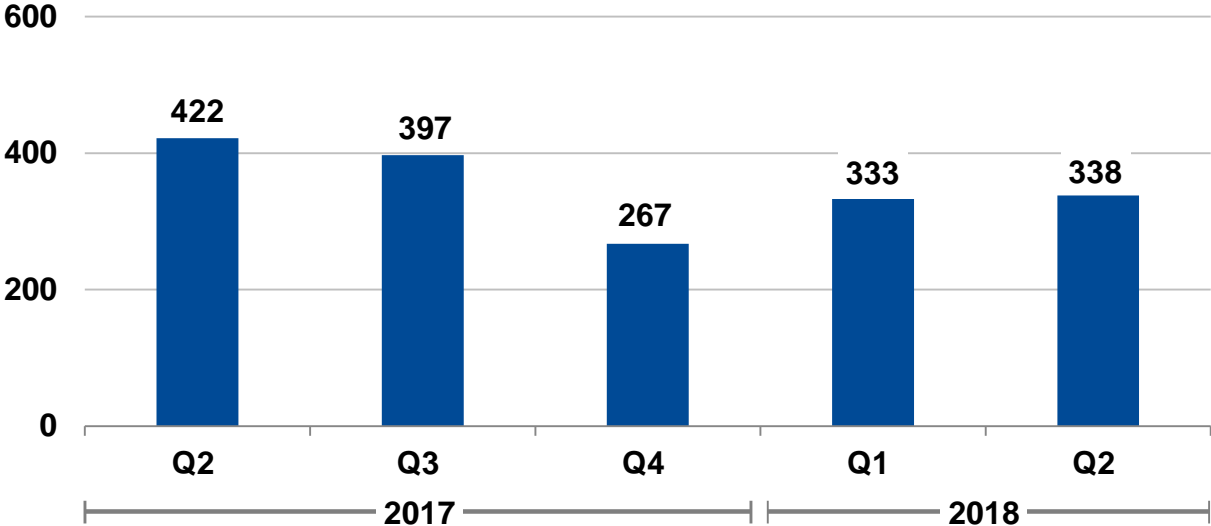
Functional Materials & Solutions

Sales growth on higher prices and volumes, earnings decline due to higher fixed and raw material costs

Sales Q2 2018 vs. Q2 2017
million €



EBIT before special items
million €



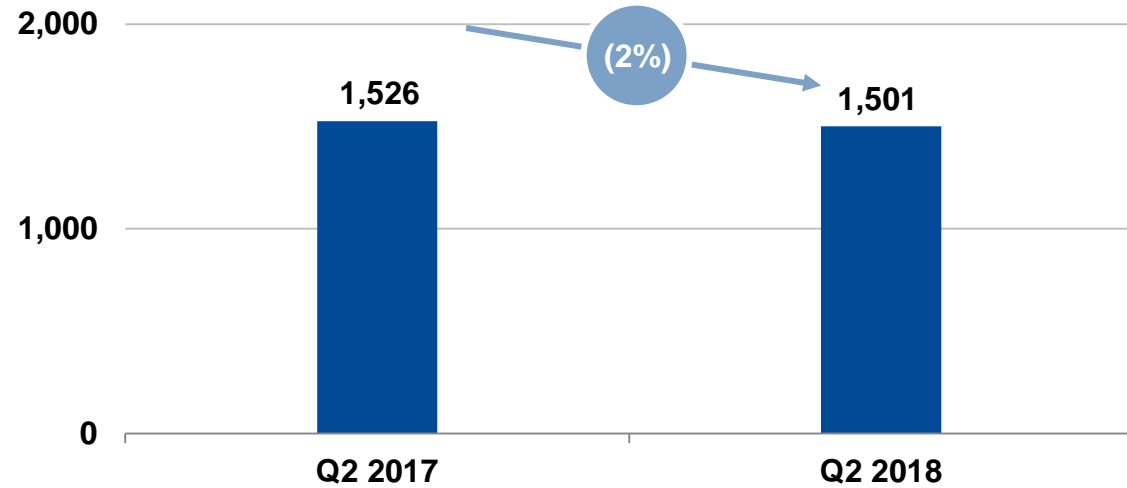
Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2018 vs. Q2 2017	↑ 4%	↑ 6%	0%	↓ (5%)

Agricultural Solutions

Earnings increased slightly due to a more favorable product mix

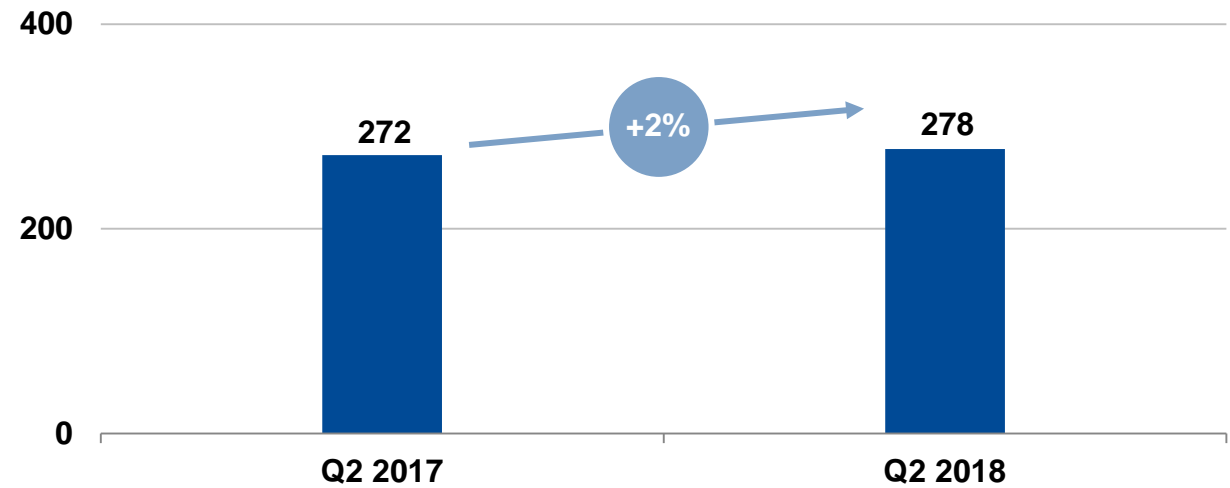
Sales Q2 2018 vs. Q2 2017

million €



EBIT before special items

million €



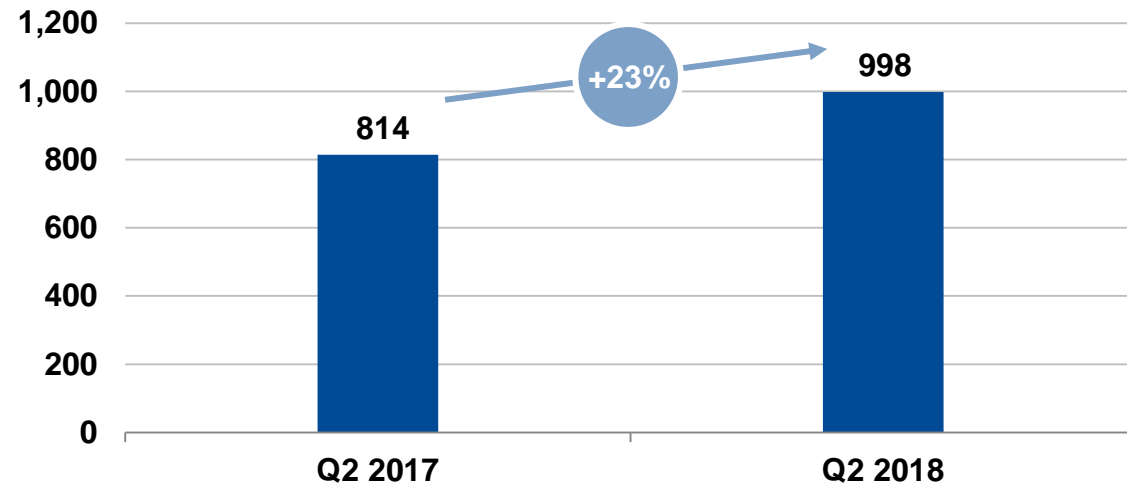
Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2018 vs. Q2 2017	↑ 4%	↑ 1%	0%	↓ (7%)

Oil & Gas

Considerably higher sales and earnings

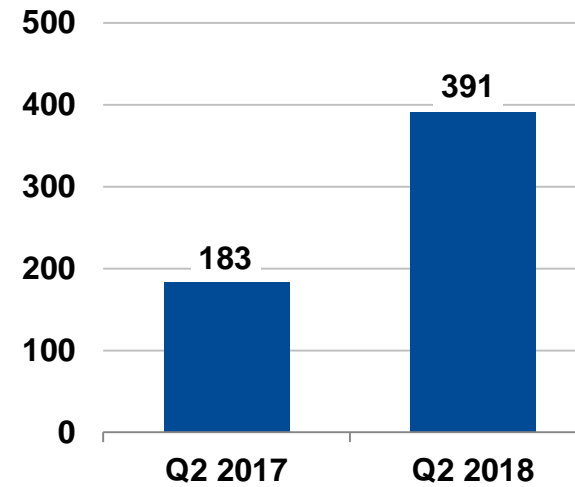
Sales Q2 2018 vs. Q2 2017

million €



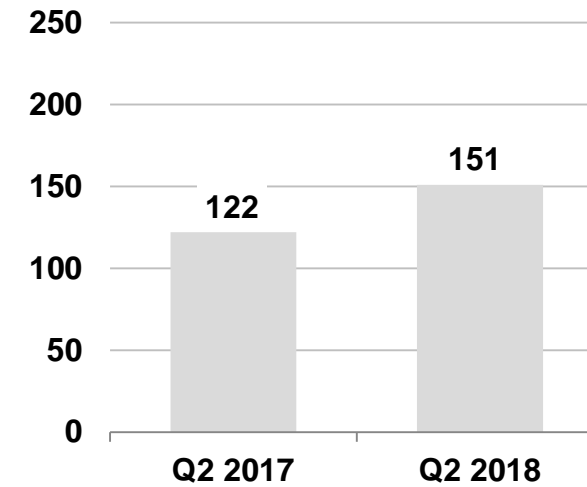
EBIT before special items

million €



Net income

million €



Sales development

Q2 2018 vs. Q2 2017

Volumes

↑ 5%

Prices/Currencies

↑ 18%

Portfolio

0%

Review of “Other”

Financial figures	Q2 2018	Q2 2017
	million €	million €
Sales	662	476
EBIT before special items	(134)	(151)
Thereof Costs of corporate research	(90)	(93)
Costs of corporate headquarters	(66)	(58)
Foreign currency results, hedging and other measurement effects	31	142
Other businesses	17	(12)
Special items	(17)	(30)
EBIT	(151)	(181)

Cash flow development 1st half 2018

Cash flow development		H1 2018	H1 2017
		million €	million €
Cash flows from operating activities		3,455	3,802
Thereof	Changes in net working capital	(1,221)	(1,684)
	Miscellaneous items	(351)	178
Cash flows from investing activities		(1,735)	(2,365)
Thereof	Payments made for tangible / intangible assets	(1,449)	(1,642)
	Acquisitions / divestitures	64	(65)
Cash flows from financing activities		(518)	(886)
Thereof	Changes in financial liabilities	2,526	1,932
	Dividends	(3,044)	(2,837)
Free cash flow		2,006	2,160

Outlook 2018* for BASF Group confirmed

- Slight sales growth
- Slight increase in EBIT before special items
- Slight decline in EBIT
- Significant premium on cost of capital with considerable decline in EBIT after cost of capital

Underlying economic assumptions for 2018

- GDP growth: +3.0% (unchanged)
- Growth in global industrial production: +3.2% (unchanged)
- Growth in global chemical production: +3.4% (unchanged)
- Exchange rate: US\$1.20 per € (unchanged)
- Oil price (Brent): US\$70 per barrel (previous assumption: US\$65 per barrel)

* 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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