



**BASF**  
We create chemistry

**Analyst Conference Call Q3 2023**  
October 31, 2023

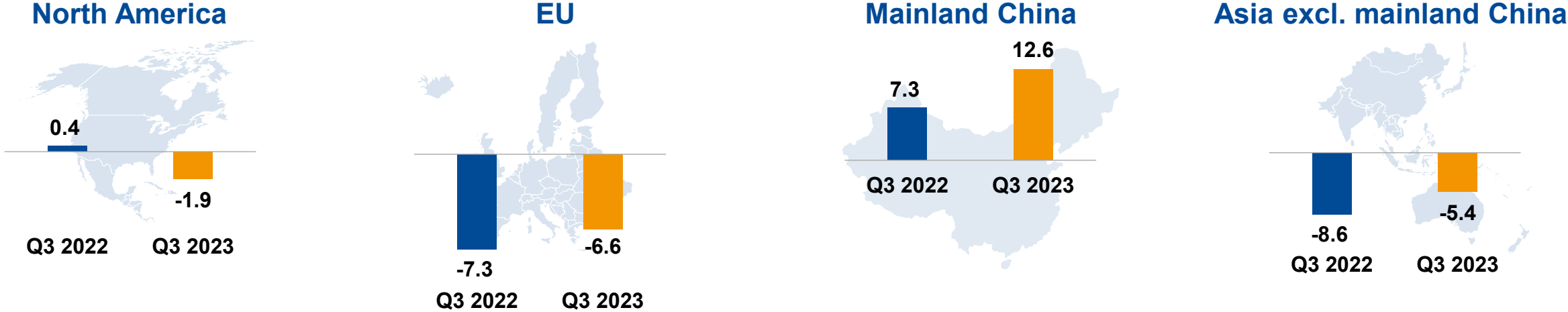
# Cautionary note regarding forward-looking statements

*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 Opportunities and Risks on pages 157 to 167 of the BASF Report 2022. BASF does not assume any obligation to update the forward-looking statements contained in this presentation above and beyond the legal requirements.*

# Q3 2023: Global chemical production still subdued in most regions

## Chemical production compared with prior-year quarter<sup>1</sup>

%



## Growth rates

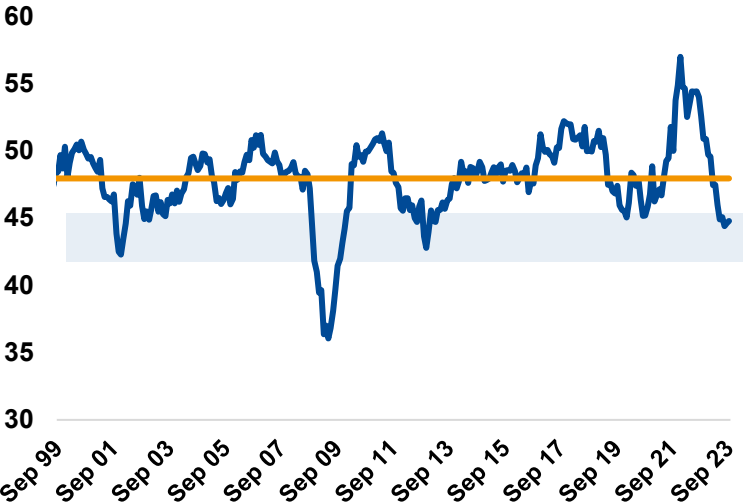
%	Q3 2023	Q3 2022
Global gross domestic product	2.5	2.9
Global industrial production	0.4	3.5
Global chemical production	4.8	1.5

<sup>1</sup> Source: BASF, Q3 2023 partly based on estimates. Data sources: S&P Global, NBS China, Feri, Fed, Eurostat, METI, ONS. All data subject to statistical revision. Growth rates for regional aggregates might differ from official data releases due to different country coverage and weights

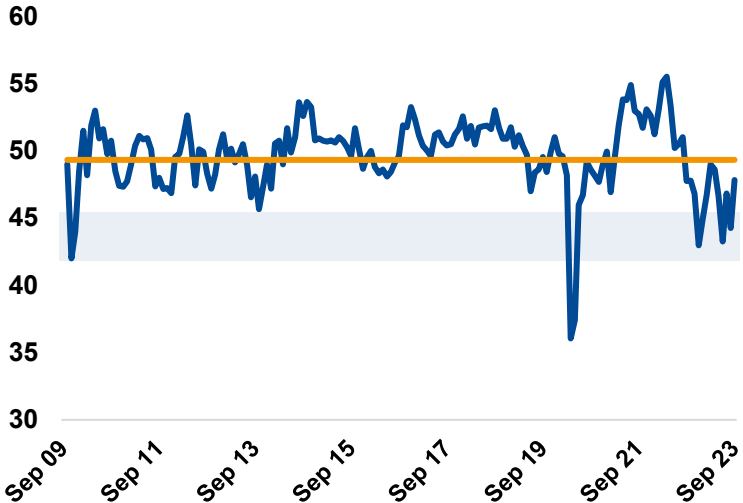
# Indicators for stock levels in manufacturing improved slightly in Q3 2023

## Stocks of purchases per region<sup>1</sup>

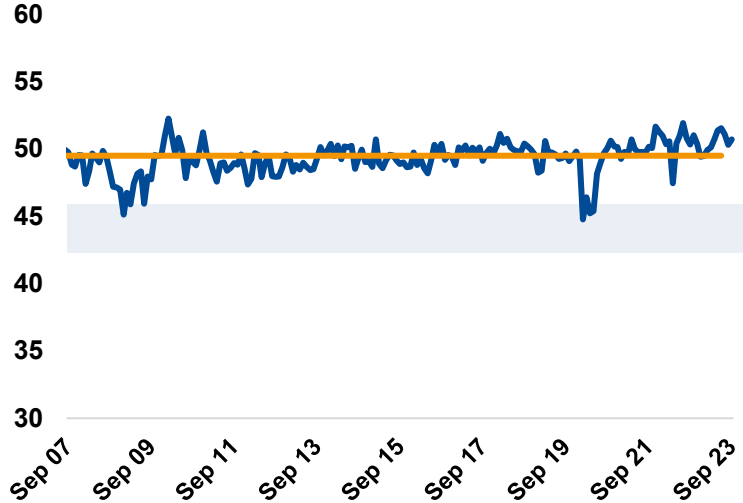
### Western Europe



### North America



### Asia Pacific



■ Stocks of purchases   
 — Long-term average   
  Turning zone

<sup>1</sup> Source: S&P Global (part of Purchasing Managers' Index), BASF; time intervals based on available data; value of 50 indicates no restocking/destocking

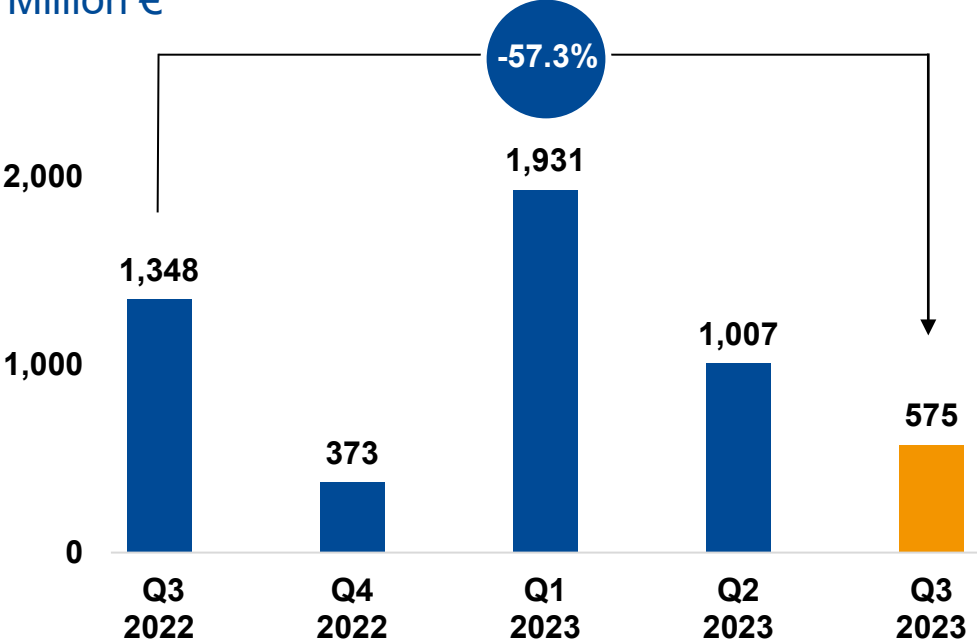


# Q3 2023: BASF's EBIT before special items of €575 million is in line with average analyst estimates

- In Q3 2023, sales declined by 28.3% to €15.7 billion, mainly due to lower prices and volumes
- BASF's volumes declined considerably compared with Q3 2022 across almost all customer industries
- In Q3 2023, volumes declined by 3% compared with Q2 2023
- Earnings in the Agricultural Solutions and Surface Technologies segments increased compared with Q3 2022
- Overall, EBIT before special items declined by €772 million compared with Q3 2022 and amounted to €575 million, in line with average analyst estimates of €601 million<sup>1</sup>

Sales development	Volumes	Prices	Portfolio	Currency
Q3 2023 vs. Q3 2022	↓ -9.4	↓ -14.4	↓ -0.3	↓ -4.2
Q3 2023 vs. Q2 2023	↓ -2.6	↓ -5.4	0.0	↓ -1.0

**EBIT before special items**  
Million €



# BASF Group Q3 2023: Key financial figures

**EBITDA before special items**  
Q3 2023 vs. Q3 2022

**€1,545 million**  
-33.5%

**EBIT before special items**  
Q3 2023 vs. Q3 2022

**€575 million**  
-57.3%

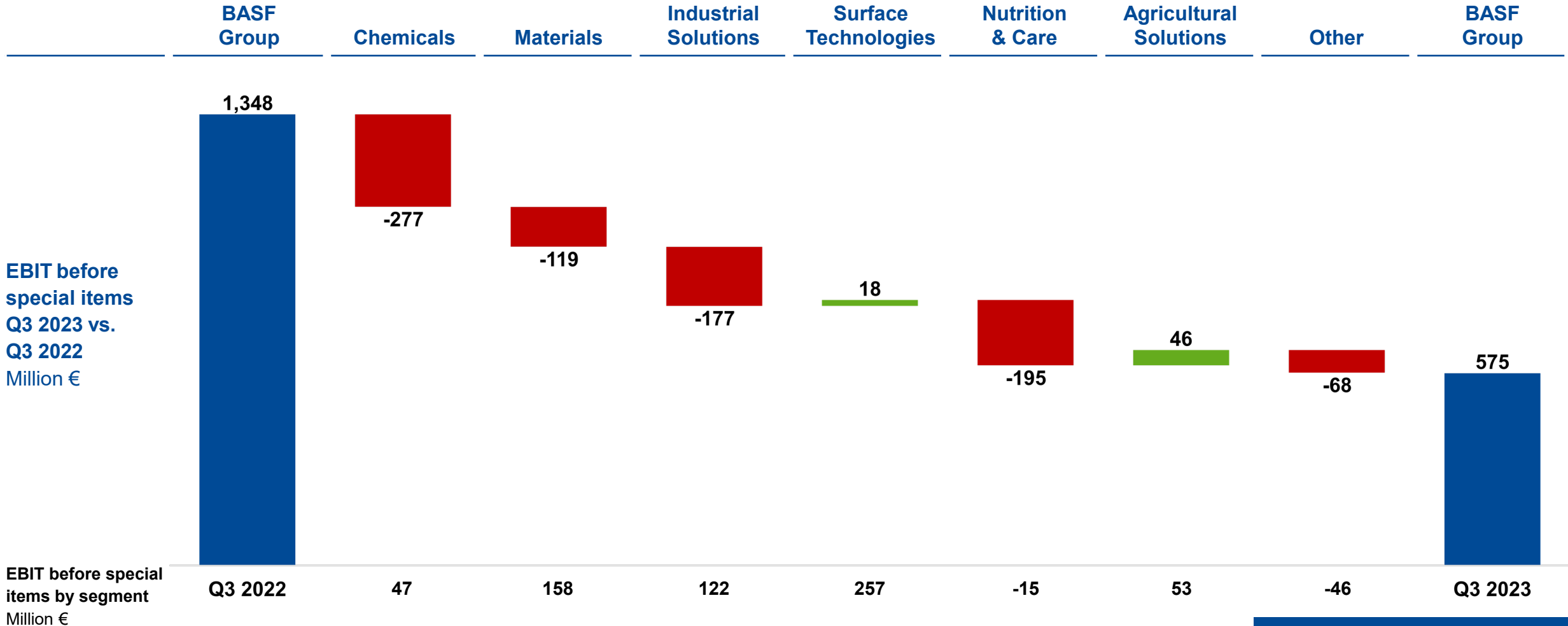
**Net income**  
Q3 2023 vs. Q3 2022

**-€249 million**  
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**Operating cash flow**  
Q3 2023 vs. Q3 2022

**€2,686 million**  
+16.7%

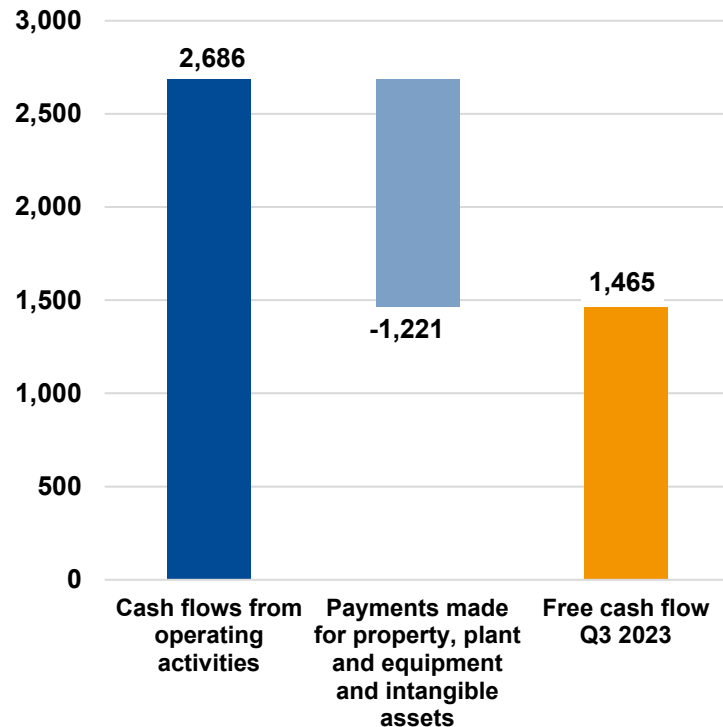
# Q3 2023: Earnings in Agricultural Solutions and Surface Technologies increased; remaining segments recorded a decline versus PYQ



# Strong cash flow generation in Q3 2023

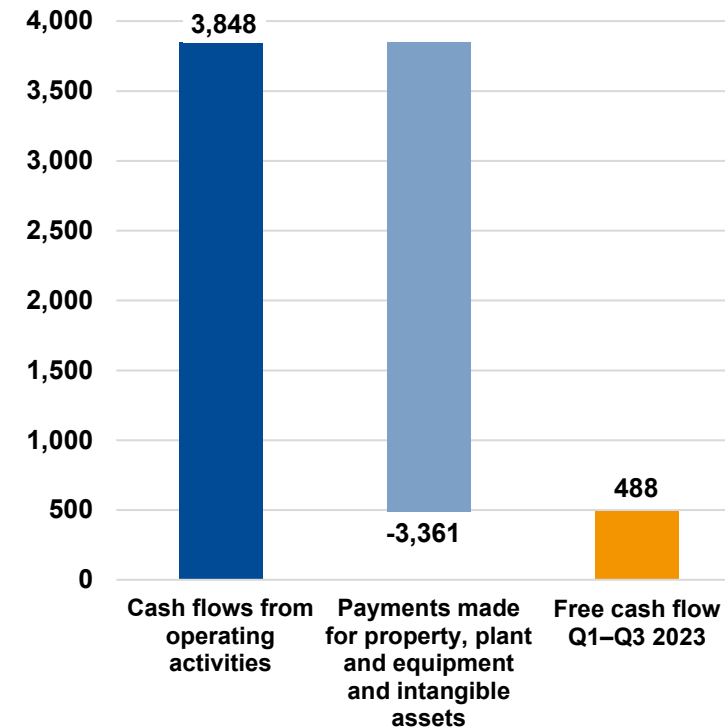
## Q3 2023

Million €



## Q1–Q3 2023

Million €



## Q3 2023 vs. Q3 2022

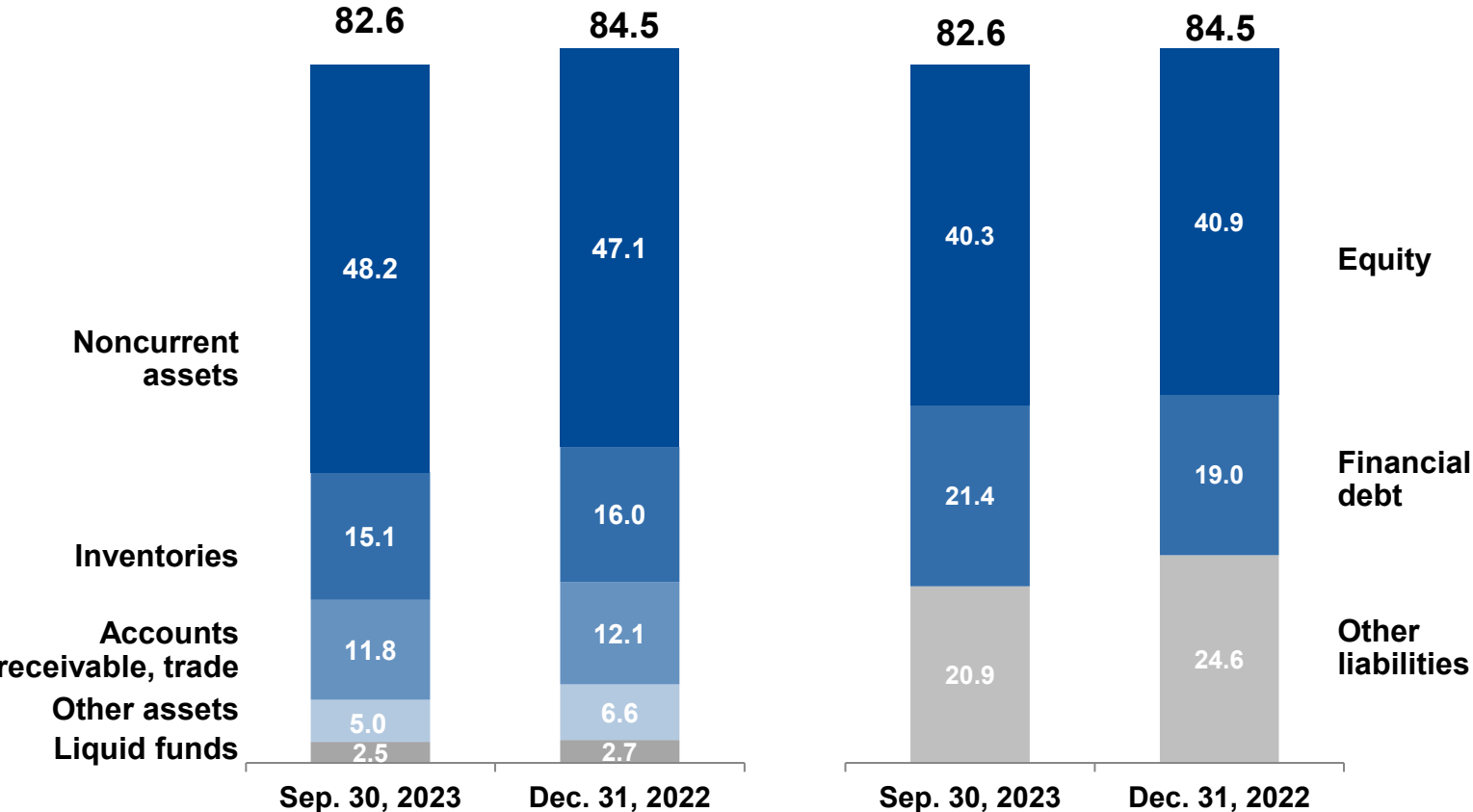
- **Cash flows from operating activities** improved by €384 million to €2.7 billion
- Increased focus on **reducing inventory levels** pays off; **changes in net working capital** led to a cash inflow of €1.9 billion
- **Payments made for property, plant and equipment and intangible assets** rose by €215 million to €1.2 billion
- **Free cash flow increased** by €170 million to €1.5 billion



# Strong balance sheet

## Balance sheet September 30, 2023, vs. December 31, 2022

Billion €

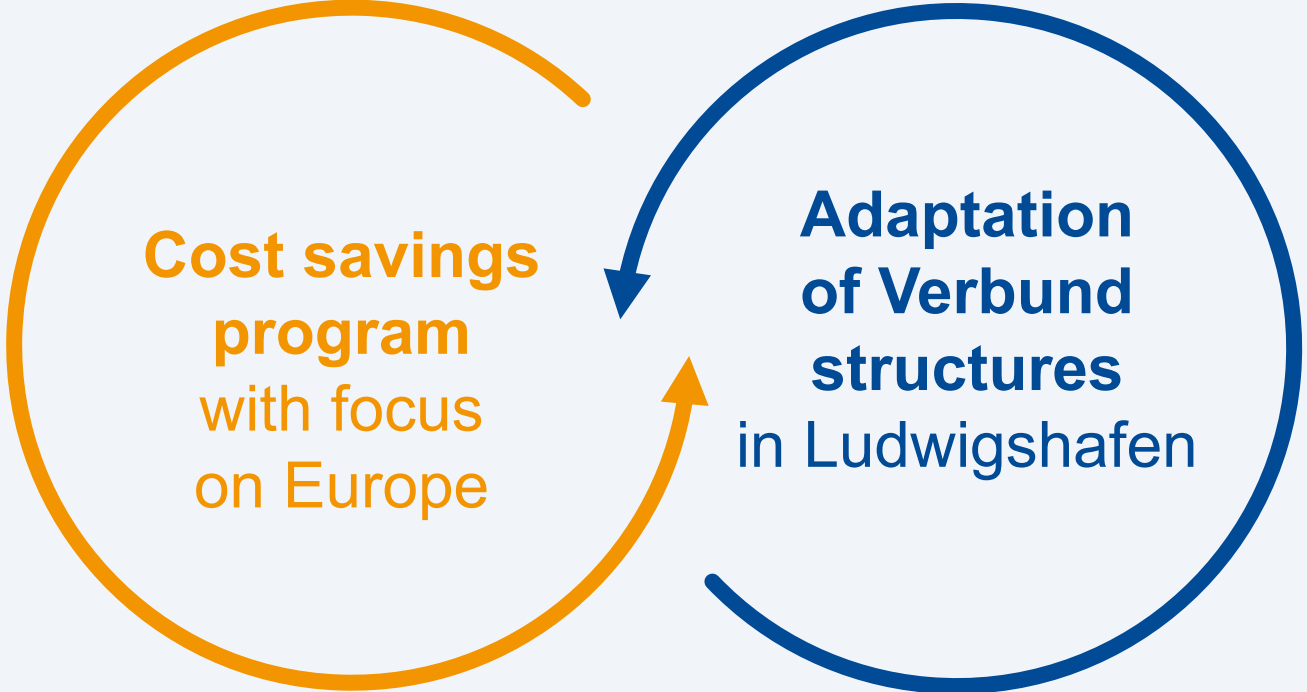


- **Total assets** decreased by €1.9 billion to €82.6 billion
- **Net debt** amounted to €18.9 billion – an increase compared with year-end 2022 but a decrease compared with June 30, 2023
- **Equity ratio: 48.8%** (Dec. 31, 2022: 48.4%)
- BASF has **good credit ratings**<sup>1</sup>, especially compared with competitors

<sup>1</sup> Current ratings: Moody's A3/P-2/outlook stable, S&P A-/A-2/outlook stable, Fitch A/F1/outlook stable

# Increasing competitiveness: Together with initiatives in global service units on track to reduce annual costs by ~€1.1 billion by end of 2026

- Expected annual cost savings increased to: **>€600 million<sup>1</sup>** (from >€500 million) by the end of 2024 and **>€700 million** by the end of 2026
- Estimated affected positions: **~2,600<sup>2</sup>**

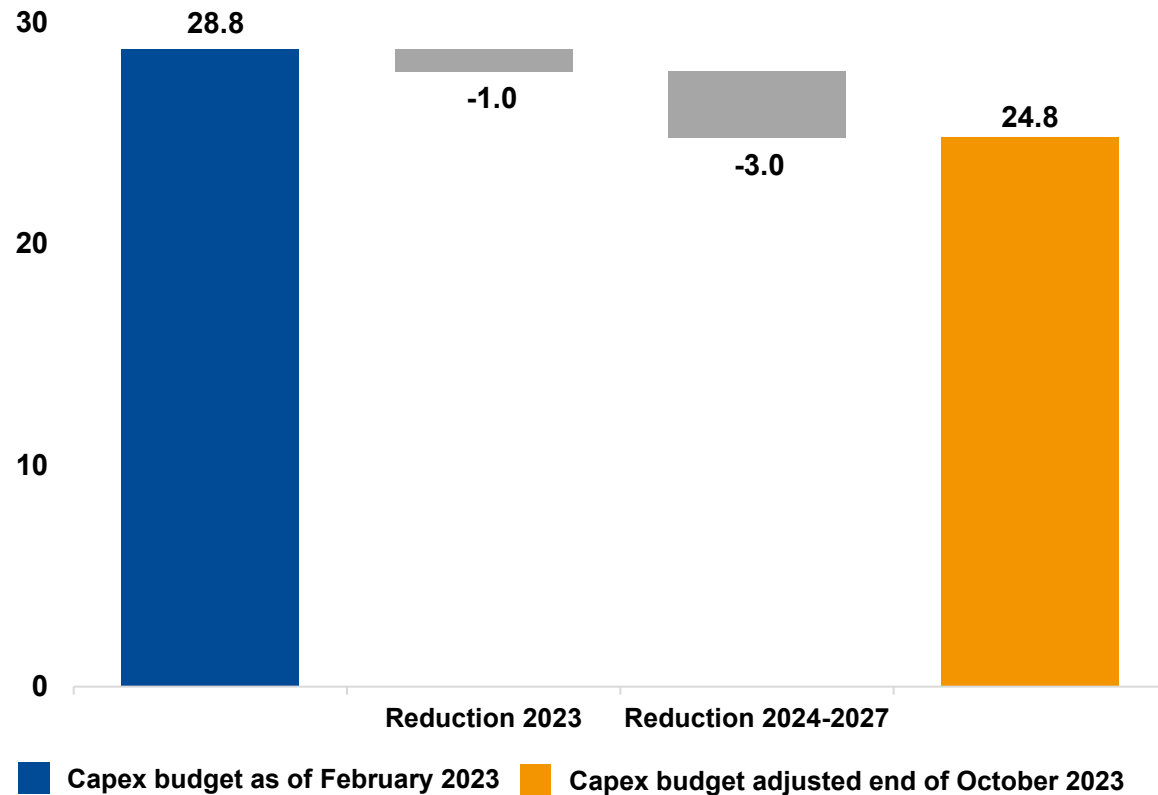


- Expected annual cost savings by the end of 2026 confirmed: **>€200 million**
- Estimated affected positions: **~700**

<sup>1</sup> Annual run rate of >€300 million confirmed to be achieved by the end of 2023  
<sup>2</sup> Net effect; this figure includes new positions to be created, in particular in hubs

# Increased focus on capex efficiency: Capex will be reduced by ~€4.0 billion in the period from 2023 to 2027

Capex budget  
Billion €, 2023–2027



- Capex budget of €28.8 billion for 2023 to 2027 originally communicated in February 2023 will be reduced to €24.8 billion
- In 2023, capex will be reduced by ~€1.0 billion – from €6.3 billion to €5.3 billion
- Capex for 2024 to 2027 will be reduced by ~€3.0 billion
- In February 2024, we will present the new capex budget for the planning period from 2024 to 2028

# BASF's Verbund site project in Zhanjiang is well on track

## Project execution on time and in budget

- Second downstream plant (TPU) successfully started up in September 2023
- Construction activities stepped up, with currently more than 15,000 construction workers on site every day
- Stringent project execution; favorable sourcing environment in China is leveraged



## Attractive financing conditions in China

- We are financing the Zhanjiang Verbund site with a combination of equity (20%) and debt (80%)
- Equity funded by dividends from existing BASF Group companies in China
- Debt financing will be based on the Chinese capital market and local bank financing

# Status update on Wintershall Dea

- BASF stands by its strategic goal of selling its 72.7% share in Wintershall Dea and continues to evaluate monetization options
- Wintershall Dea is currently in the process of legally separating its Russia-related business; the separation is planned to be completed by mid-2024
- Federal investment guarantees in place for Russian assets
- For the business year 2022, BASF received ~€290 million as common dividend from Wintershall Dea
- Wintershall Dea is adjusting its company structure:
  - Annual cost savings of €200 million planned
  - Management board reduced from five to three members
  - Reduction of around 500 jobs company-wide expected



# Outlook 2023 for BASF Group

Outlook 2023	
Sales	€73 billion – €76 billion
EBIT before special items	€4.0 billion – €4.4 billion
ROCE	6.5% – 7.1%
CO <sub>2</sub> emissions	17.0 – 17.6 million metric tons

## Underlying assumptions

- Growth in gross domestic product: 2.0%
- Growth in industrial production: 1.0%
- Growth in chemical production: 0.0%
- Average euro/dollar exchange rate: \$1.10 per euro
- Average annual oil price (Brent crude): \$80 per barrel





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