



We create chemistry

## Analyst Conference Call Q1 2023

April 27, 2023



# Cautionary note regarding forward-looking statements

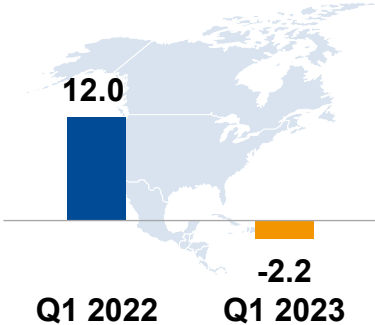
*This presentation contains forward-looking statements. These statements are based on current estimates and projections of the Board of Executive Directors and currently available information. Forward-looking statements are not guarantees of the future developments and results outlined therein. These 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.*

# Global chemical production stagnated in Q1 2023

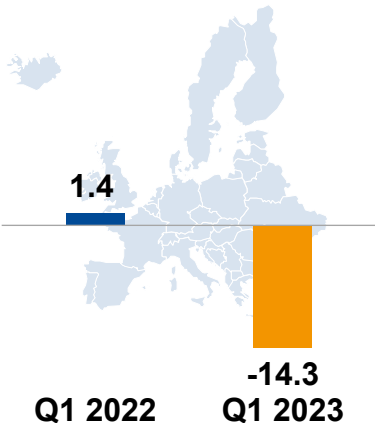
## Chemical production compared with prior year<sup>1</sup>

%

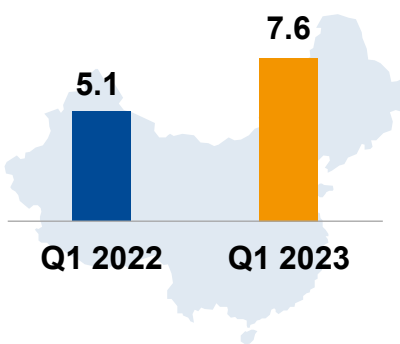
### North America



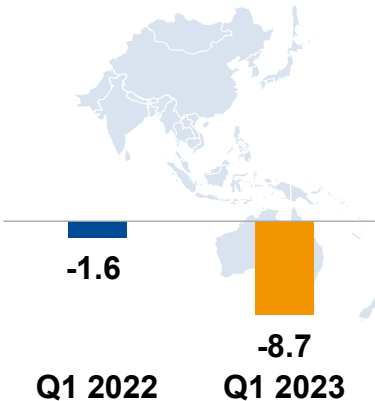
### EU



### Mainland China



### Asia excl. mainland China



## Growth rates

%

Global GDP

Global industrial production

Global chemical production

Q1 2023

2.0

0.2

0.0

Q1 2022

4.4

4.1

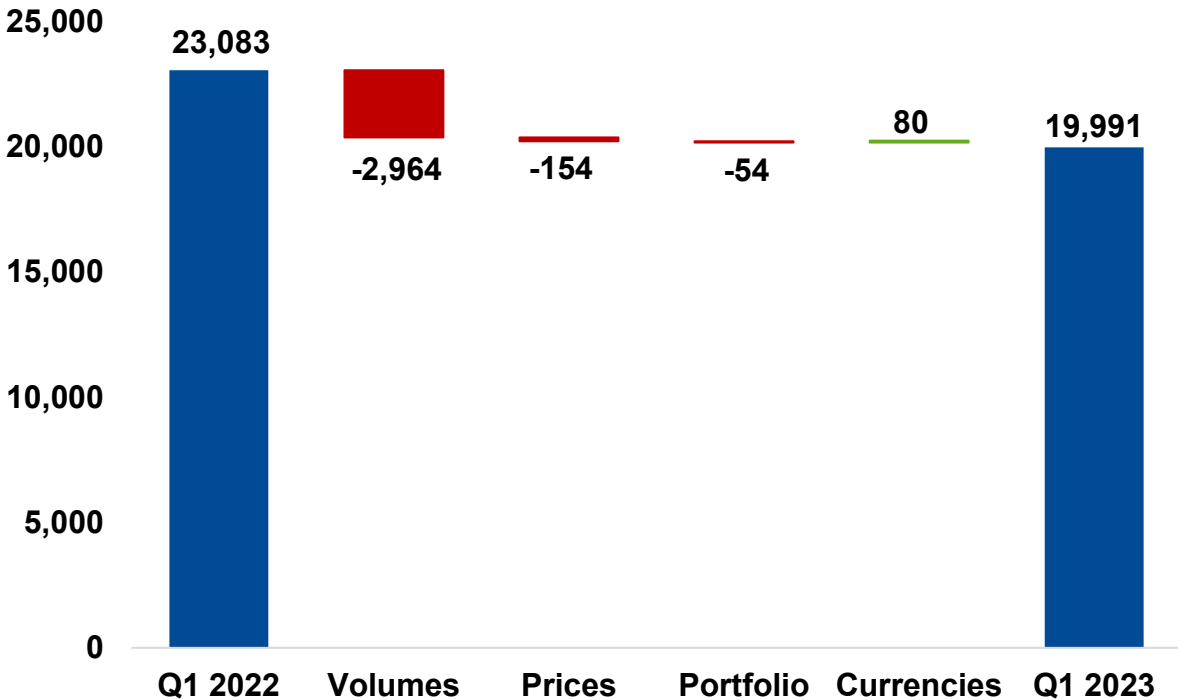
4.4

<sup>1</sup> Source: BASF, Q1 2023 partly based on estimates. Data sources: IHS, Oxford Economics, 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.

# Q1 2023: Sales decreased considerably, mainly due to lower volumes

## Sales bridge Q1 2023 vs. Q1 2022

Million €



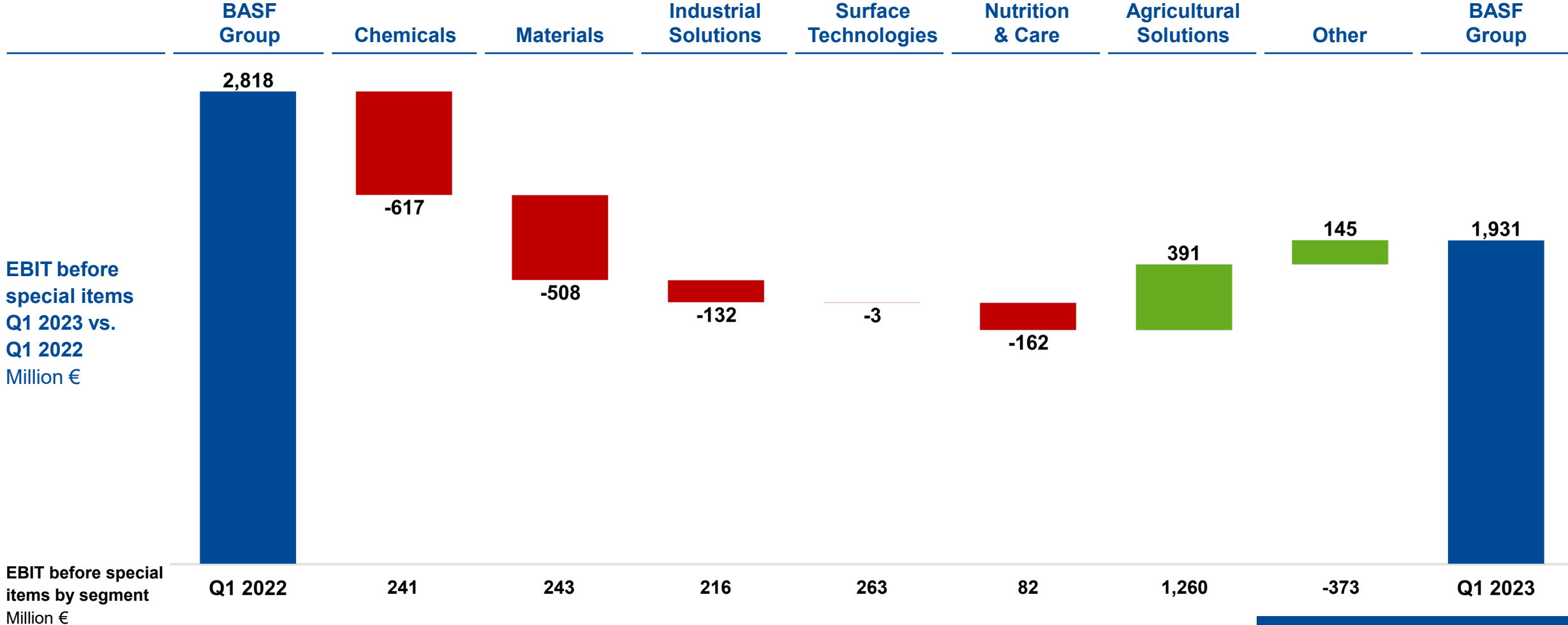
- **Sales** decreased by 13.4% to €19,991 million
- **Volumes** declined by 12.8%
  - In Agricultural Solutions, volumes were stable (+0.2%), all other segments recorded lower volumes
- **Prices** decreased by 0.7%
  - Agricultural Solutions, Nutrition & Care and Industrial Solutions increased prices, while Chemicals, Surface Technologies and Materials recorded lower prices
- **Portfolio** effects of minus 0.2% were mainly related to the sale of the kaolin minerals business
- **Currency** effects amounted to plus 0.3%

## Sales development

|                     |          |         |         |        |
|---------------------|----------|---------|---------|--------|
| Q1 2023 vs. Q1 2022 | ↓ -12.8% | ↓ -0.7% | ↓ -0.2% | ↑ 0.3% |
|---------------------|----------|---------|---------|--------|



# Q1 2023: Earnings declined, mainly due to lower contributions from upstream businesses compared with a strong prior-year quarter



# Agricultural Solutions segment records strong earnings growth

- The Agricultural Solutions segment had a **good start to the season in the northern hemisphere** and showed a strong presence in South America
- In Q1 2023, **sales increased by 14.5% to €3.9 billion**, predominantly driven by higher prices
- **EBIT before special items increased by €391 million to around €1.3 billion**; sales growth more than compensated for continued high raw material and energy costs
- **Crop commodity prices** trending lower than in 2022 but **remain higher than average of last five years**





# BASF's automotive-related businesses developed well

- **Global light vehicle production<sup>1</sup> increased by 5.7% in Q1 2023;** growth was most pronounced in Europe and North America
- In Q1 2023, **sales<sup>2</sup> of BASF's automotive-related businesses increased by +5.7% to €1.9 billion**
- Excluding precious metal trading, EBIT before special items in the **Surface Technologies** segment increased considerably
- The outlook for the automotive industry remains favorable: **For 2023, global light vehicle production<sup>1</sup> is expected to grow by 3.8%** compared with 2022



<sup>1</sup> Source: IHS Markit, now part of S&P Global

<sup>2</sup> Excluding sales in precious metal trading and precious metal sales in the mobile emissions catalysts business

# BASF Group Q1 2023: Financial figures

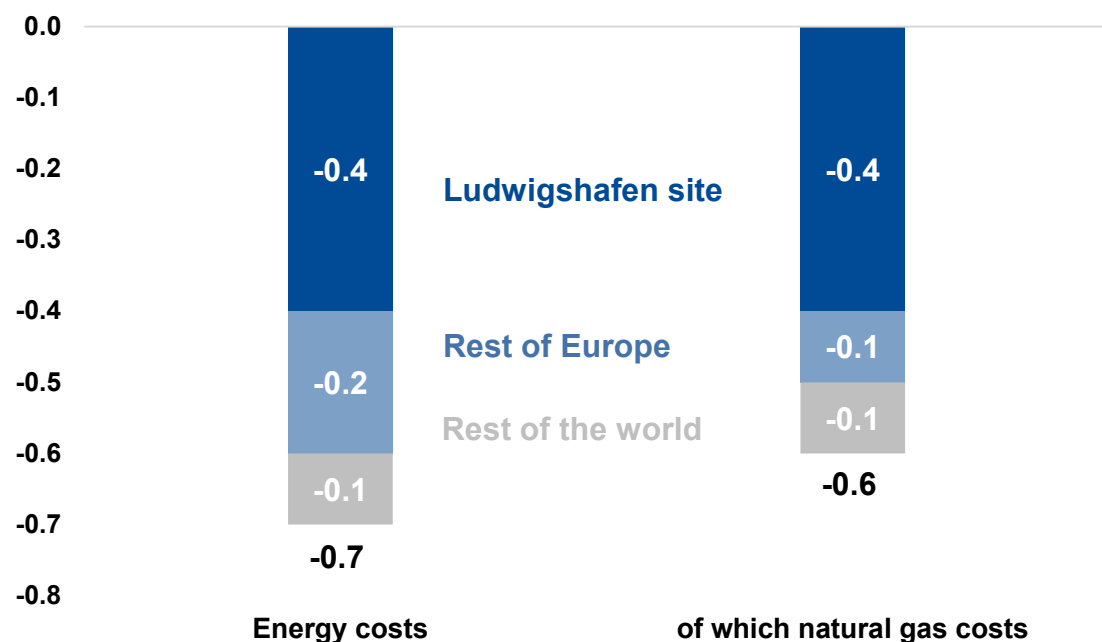
| Financial figures             | Q1 2023   | Q1 2022   | Change |
|-------------------------------|-----------|-----------|--------|
|                               | Million € | Million € | %      |
| Sales                         | 19,991    | 23,083    | -13.4  |
| EBITDA before special items   | 2,864     | 3,743     | -23.5  |
| EBITDA                        | 2,811     | 3,709     | -24.2  |
| EBIT before special items     | 1,931     | 2,818     | -31.5  |
| EBIT                          | 1,867     | 2,785     | -33.0  |
| Net income from shareholdings | 183       | -797      | .      |
| Net income                    | 1,562     | 1,221     | 27.9   |



# In Q1 2023, BASF incurred lower costs for energy compared with the very high level of the prior-year quarter

## Lower energy costs<sup>1</sup> (delta) in Q1 2023 vs. Q1 2022

Billion €



## Q1 2023 compared with Q1 2022:

- Energy costs came down from the very high level of the prior-year quarter
- €0.7 billion lower energy costs globally
  - of which €0.6 billion related to lower natural gas costs globally
  - of which €0.5 billion lower natural gas costs in Europe

## Q1 2023 compared with Q1 2021:

- Energy costs remained considerably above the level of Q1 2021
- €0.4 billion higher energy costs globally
  - of which €0.3 billion related to higher natural gas costs globally
  - of which €0.3 billion higher natural gas costs in Europe

# Cash flow development in Q1 2023

|   |   | Q1 2023       | Q1 2022      |
|---|---|---------------|--------------|
|   |   | Million €     | Million €    |
| <b>Cash flows from operating activities</b> |   | <b>-1,016</b> | <b>-290</b>  |
| of which                                    | Changes in net working capital  | -3,116        | -3,182       |
|   | Miscellaneous items   | -405          | 746          |
| <b>Cash flows from investing activities</b> |   | <b>-703</b>   | <b>-579</b>  |
| of which                                    | Payments made for property, plant and equipment and intangible assets | -867          | -603         |
|   | Acquisitions / divestitures   | 22            | 10           |
| <b>Cash flows from financing activities</b> |   | <b>1,808</b>  | <b>2,685</b> |
| of which                                    | Changes in financial and similar liabilities                          | 1,878         | 3,504        |
|   | Dividends   | -             | -            |
| <b>Free cash flow</b>                       |   | <b>-1,882</b> | <b>-893</b>  |

# Outlook 2023 for BASF Group unchanged

## Outlook 2023

|                           |                                 |
|---------------------------|---------------------------------|
| Sales                     | €84 billion – €87 billion       |
| EBIT before special items | €4.8 billion – €5.4 billion     |
| ROCE                      | 7.2% – 8.0%                     |
| CO <sub>2</sub> emissions | 18.1 – 19.1 million metric tons |

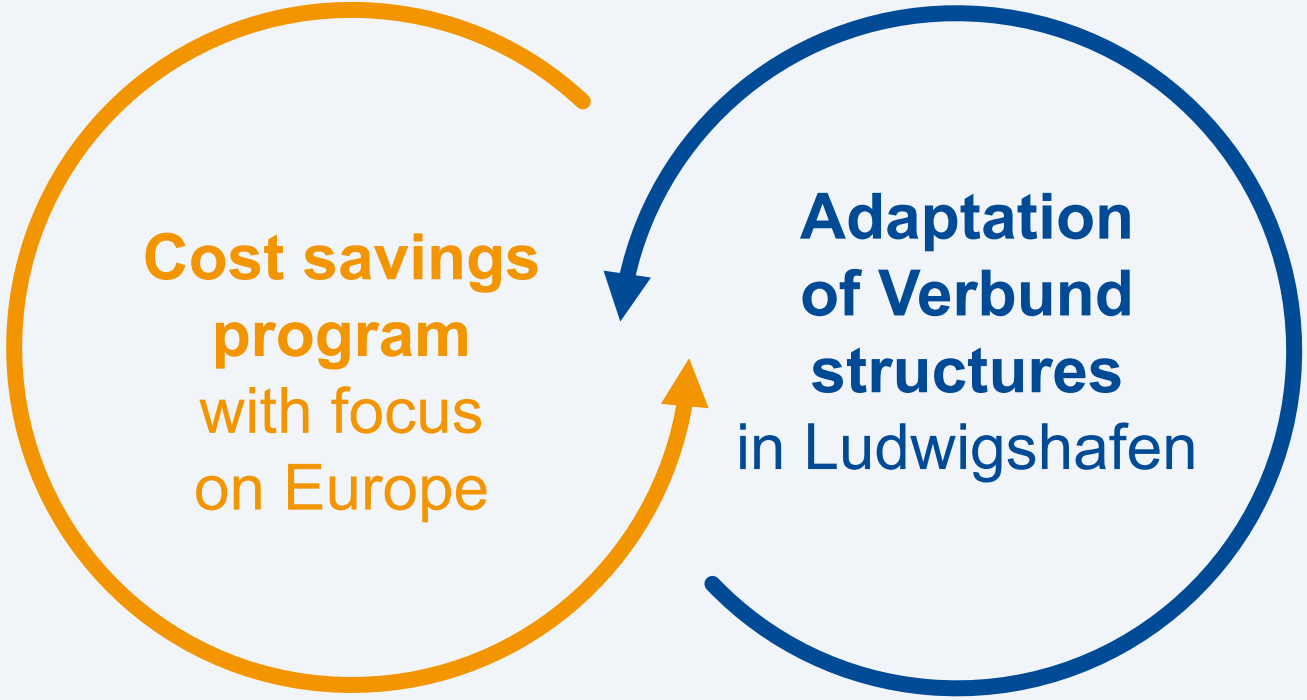
## Underlying assumptions

- Growth in gross domestic product: 1.6%
- Growth in industrial production: 1.8%
- Growth in chemical production: 2.0%
- Average euro/dollar exchange rate: \$1.05 per euro
- Average annual oil price (Brent crude): \$90 per barrel



# Measures to increase competitiveness are being implemented

- Expected annual cost savings by the end of 2024: **>€500 million**
- Estimated affected positions: **~2,600<sup>1</sup>**



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

<sup>1</sup> Net effect; this figure includes new positions to be created, in particular in hubs



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