



We create chemistry

## Conference Call Q1 2019

Mannheim, May 3, 2019

# 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 123 to 130 of the BASF Report 2018. BASF does not assume any obligation to update the forward-looking statements contained in this presentation above and beyond the legal requirements.*

# Q1 2019: BASF Group increases sales, earnings below prior-year quarter due to lower contributions of Materials and Chemicals

Financial figures	Q1 2019	Q1 2018*	Change
	€	€	%
Sales	16,177 million	15,700 million	3
EBITDA before special items	2,663 million	3,013 million	(12)
EBITDA	2,789 million	2,995 million	(7)
EBIT before special items	1,732 million	2,281 million	(24)
EBIT	1,758 million	2,263 million	(22)
Net income	1,406 million	1,679 million	(16)
Reported EPS	1.53	1.83	(16)
Adjusted EPS	1.65	1.93	(15)
Cash flows from operating activities	373 million	1,231 million	(70)

Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2019 vs. Q1 2018	↓ (4%)	↓ (2%)	↑ 6%	↑ 3%

\* Restated figures due to reporting of oil and gas business as discontinued operation

# BASF and LetterOne complete merger of Wintershall and DEA

- With Wintershall Dea, we create the leading independent European exploration and production company.
- BASF will hold 67% and LetterOne 33% of Wintershall Dea's ordinary shares reflecting the value of the respective E&P businesses of Wintershall and DEA. To reflect the value of Wintershall's gas transportation business, BASF will receive additional preference shares\*. This will result in a total initial shareholding of BASF in Wintershall Dea of 72.7%.
- Wintershall Dea targets an investment grade credit rating. Following the closing, the joint venture has no shareholder loans outstanding with BASF or LetterOne.
- BASF and LetterOne envisage to list Wintershall Dea through an Initial Public Offering in the second half of 2020, subject to market conditions.

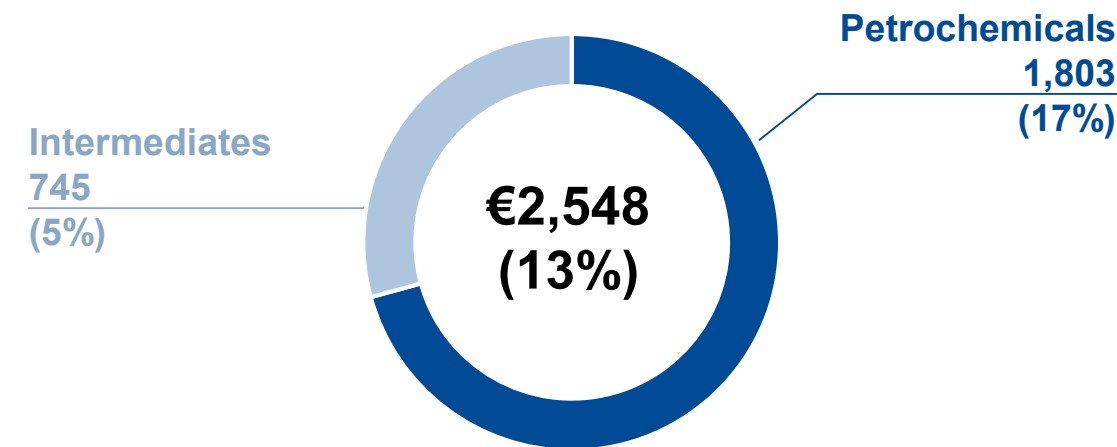


\* No later than 36 months after closing but in all cases before an IPO, these preference shares will be converted into ordinary shares of Wintershall Dea.

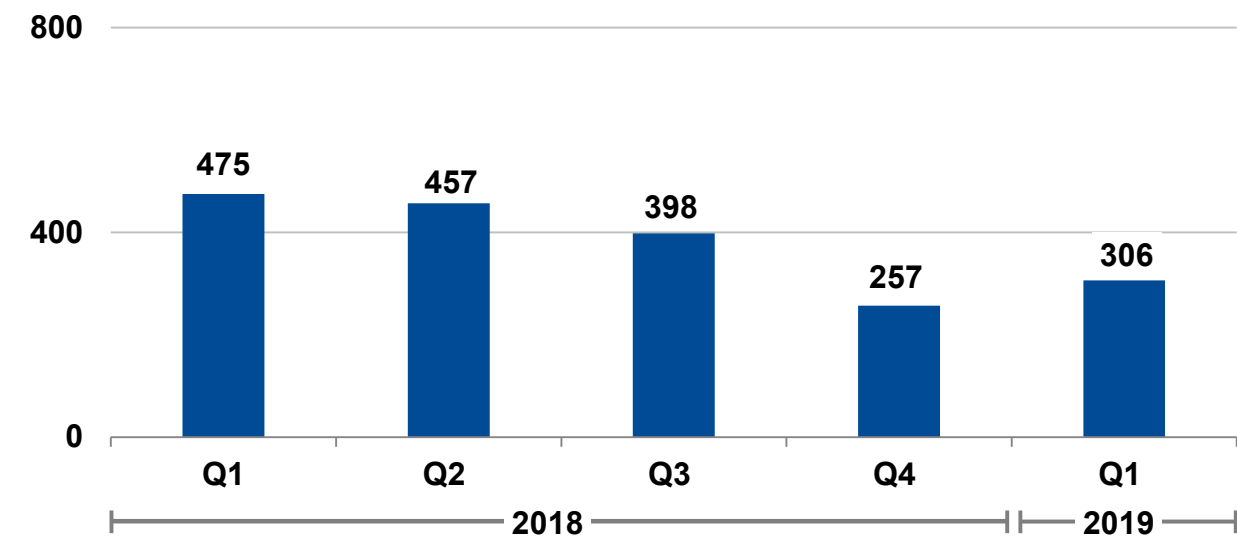
# Chemicals

Sales and earnings declined, mainly due to lower volumes and prices for cracker products

Sales Q1 2019 vs. Q1 2018  
million €



EBIT before special items  
million €

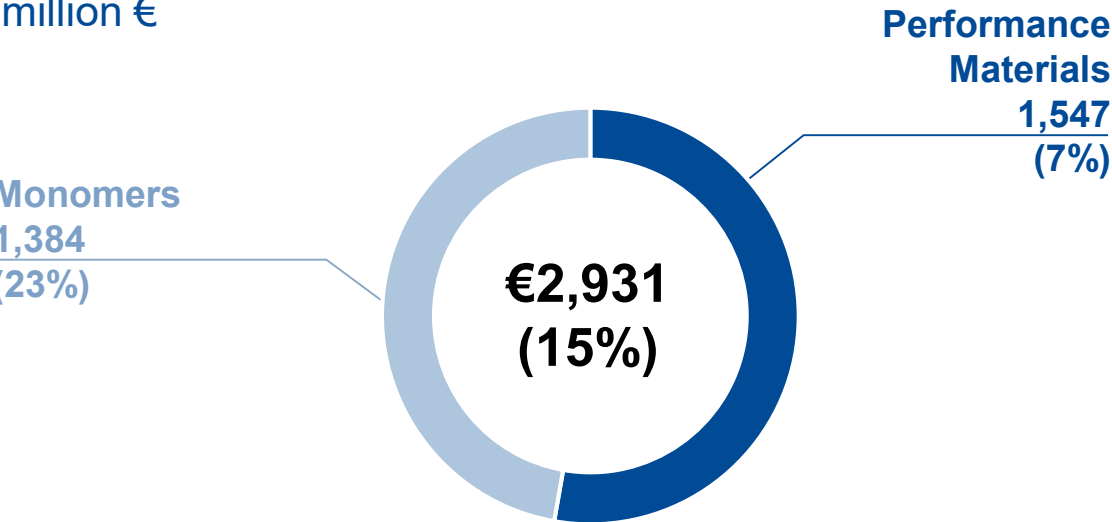


Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2019 vs. Q1 2018	↓ (10%)	↓ (6%)	0%	↑ 3%

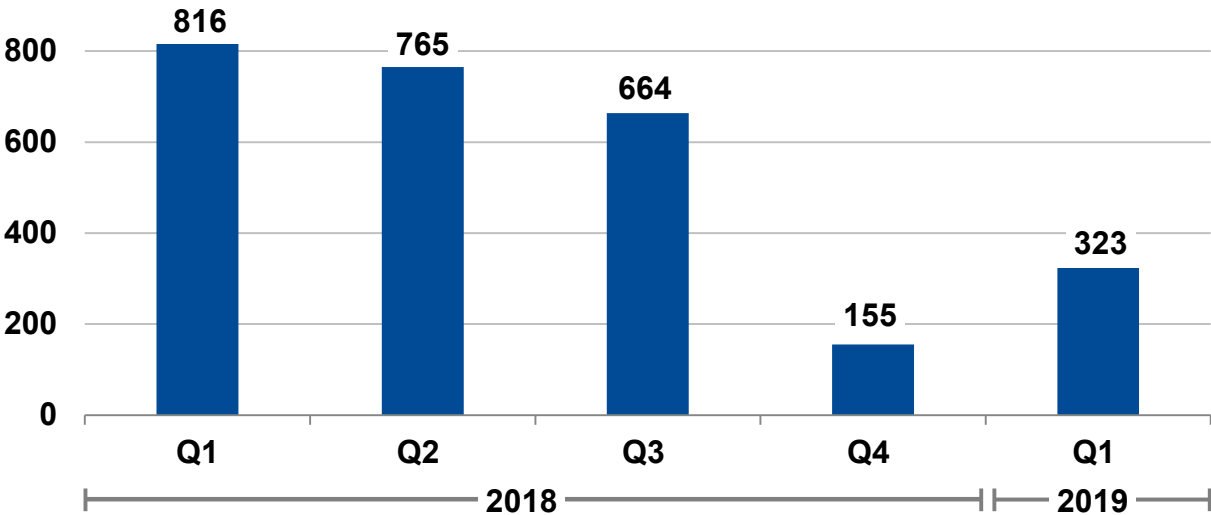
# Materials

Sales and earnings declined due to lower isocyanates prices and weaker demand mainly from automotive

Sales Q1 2019 vs. Q1 2018  
million €



EBIT before special items  
million €

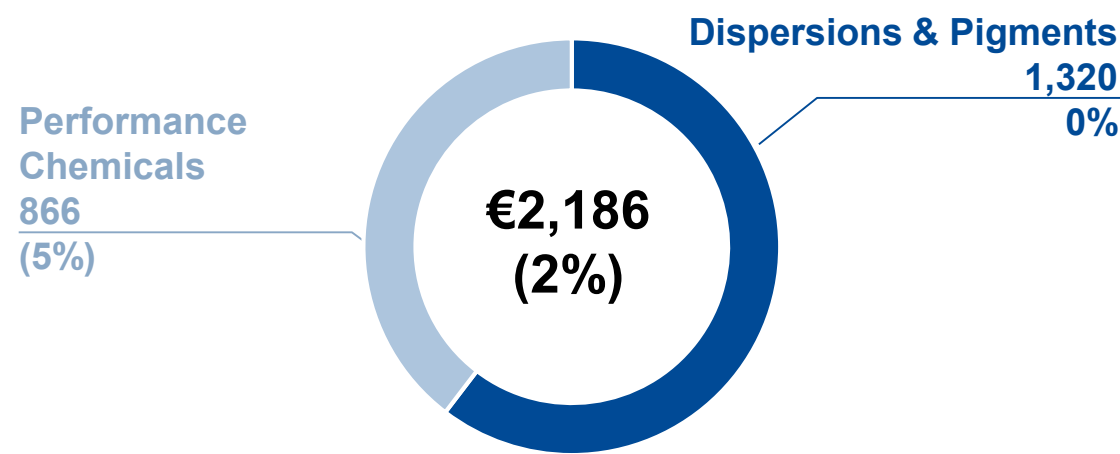


Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2019 vs. Q1 2018	↓ (5%)	↓ (12%)	0%	↑ 2%

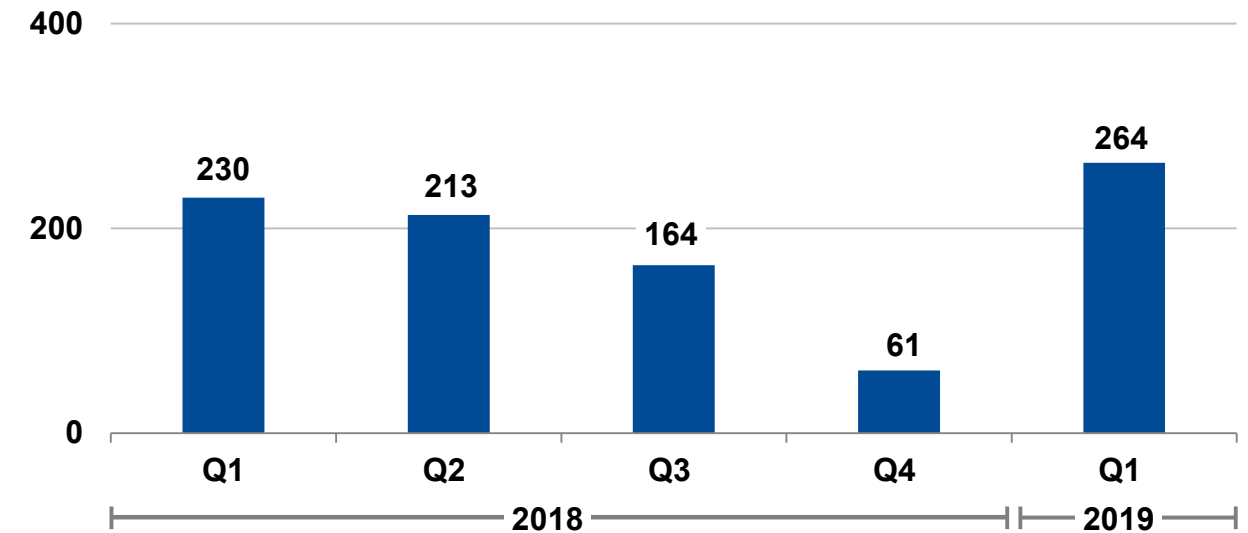
# Industrial Solutions

Sales declined due to portfolio effects; earnings improved, primarily as a result of higher prices and volumes in Performance Chemicals

Sales Q1 2019 vs. Q1 2018  
million €



EBIT before special items  
million €



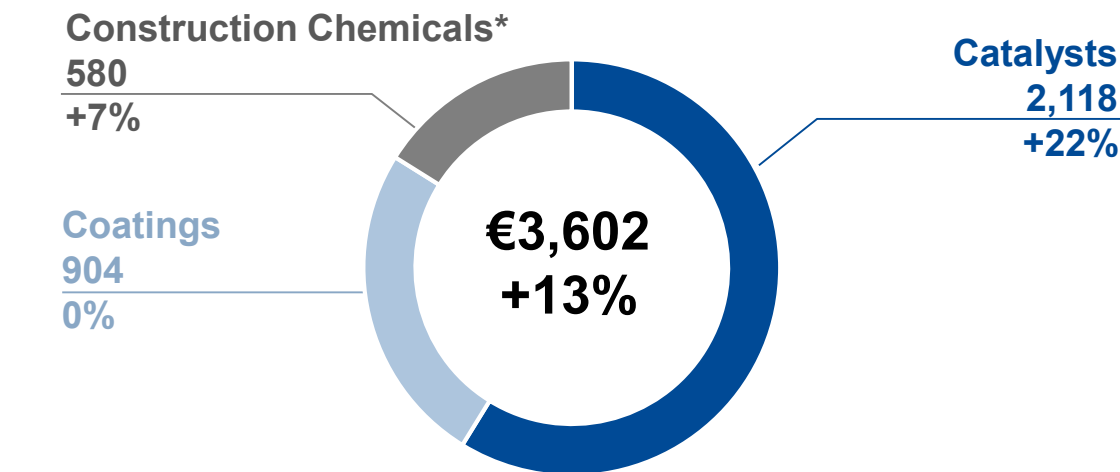
Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2019 vs. Q1 2018	↓ (2%)	↑ 2%	↓ (5%)	↑ 3%



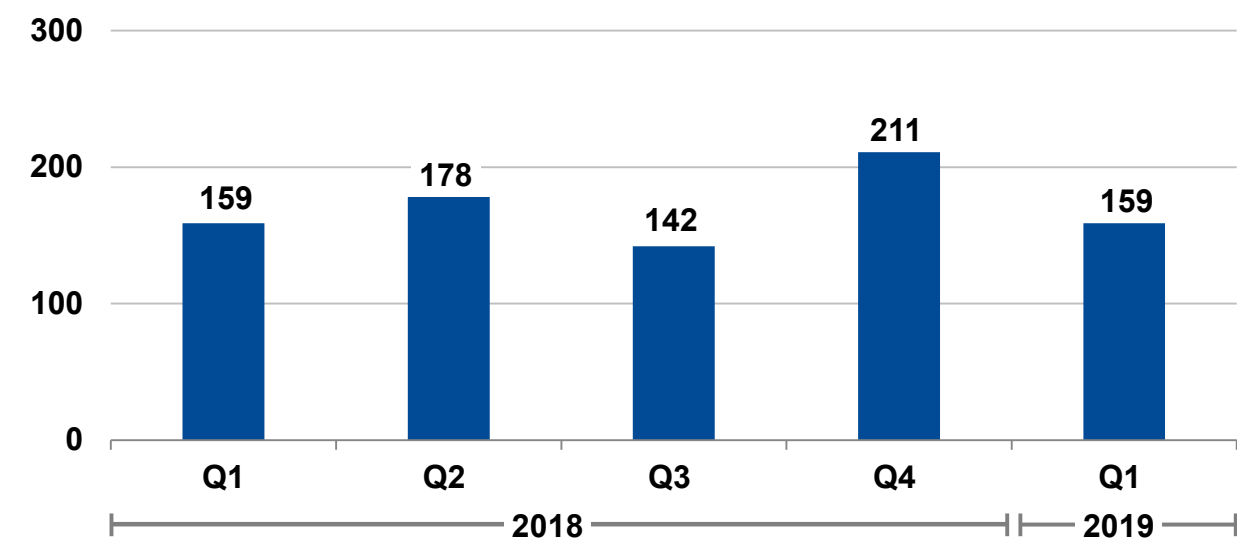
# Surface Technologies

Sales mainly up on higher precious metals prices, earnings stable

Sales Q1 2019 vs. Q1 2018  
million €



EBIT before special items  
million €



\* Until signing of a transaction agreement, Construction Chemicals will be reported under Surface Technologies

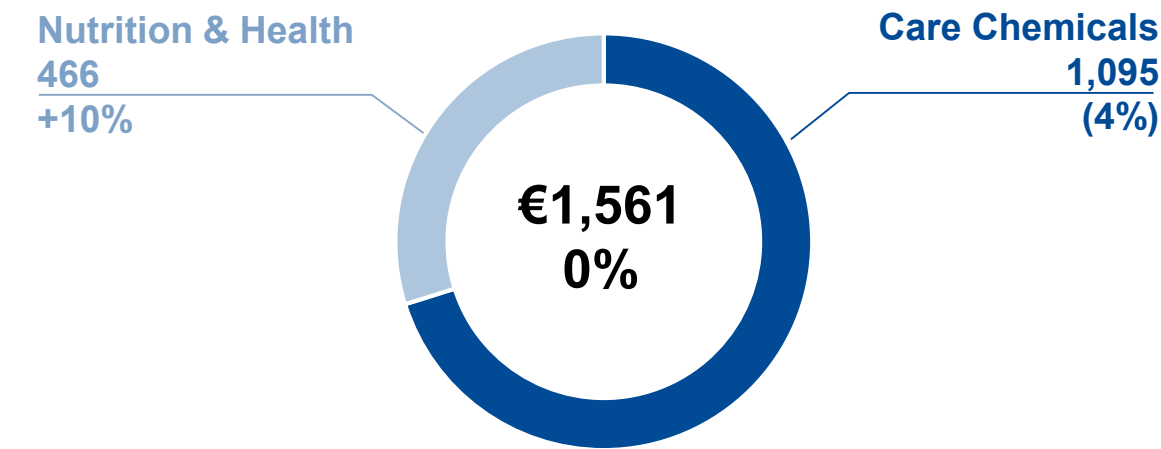
Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2019 vs. Q1 2018	↑ 2%	↑ 7%	0%	↑ 4%



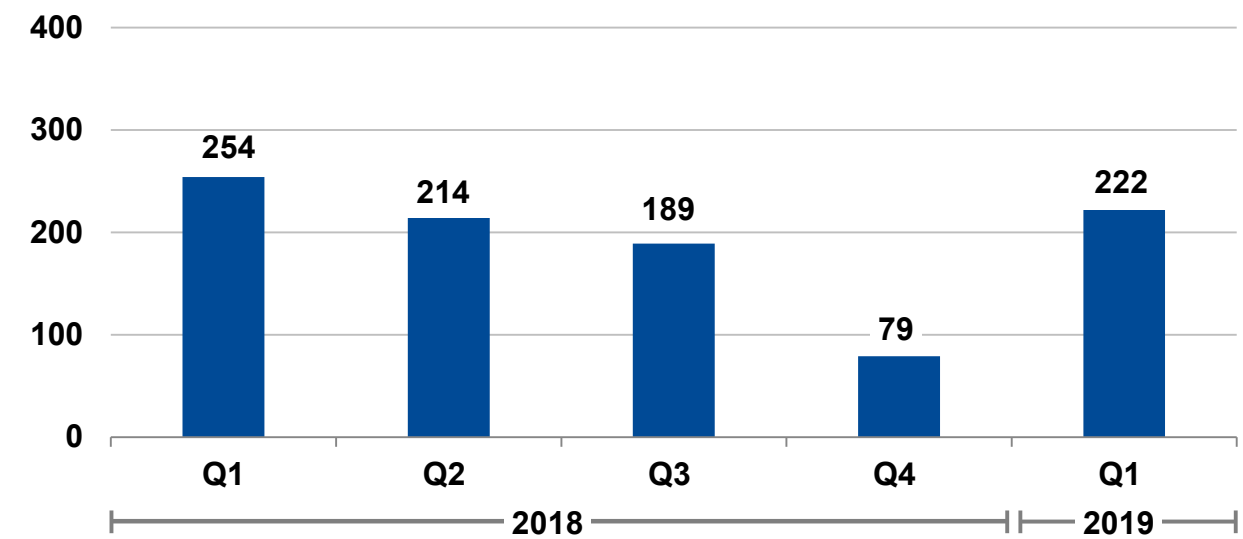
# Nutrition & Care

Sales stable, earnings increase in Care Chemicals could not offset decline in Nutrition & Health

Sales Q1 2019 vs. Q1 2018  
million €



EBIT before special items  
million €

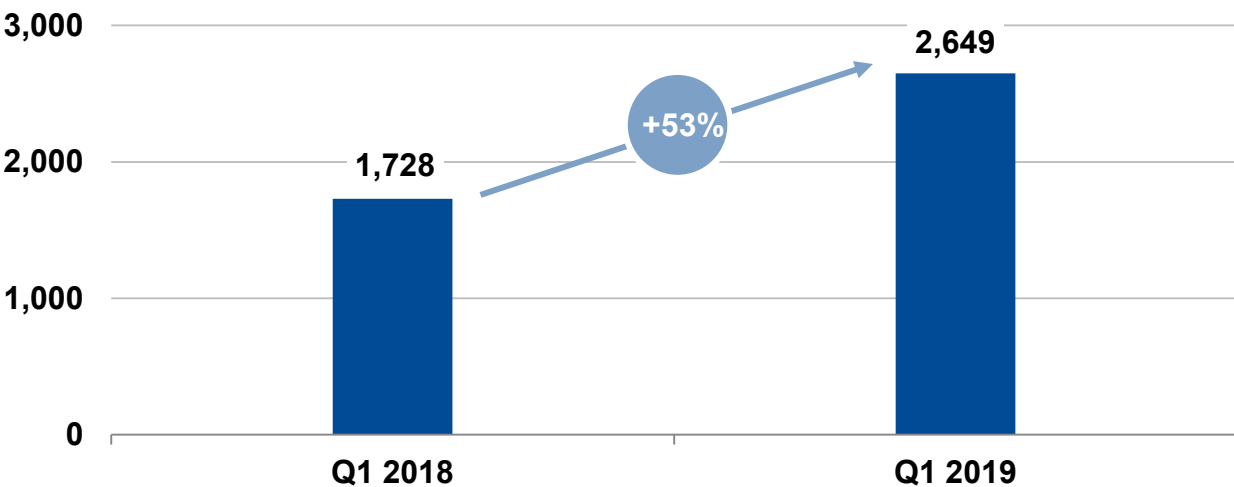


Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2019 vs. Q1 2018	↓ (1%)	↓ (1%)	0%	↑ 2%

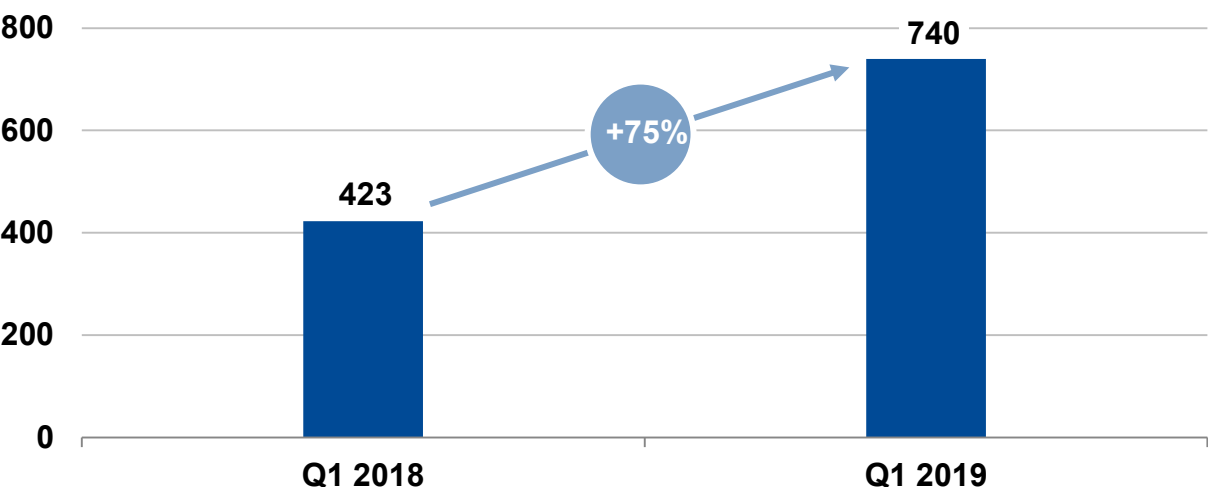
# Agricultural Solutions

Sales and earnings increased considerably due to the strong development of the acquired businesses

Sales Q1 2019 vs. Q1 2018  
million €



EBIT before special items  
million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2019 vs. Q1 2018	↓ (8%)	↑ 4%	↑ 56%	↑ 1%

# Review of “Other”

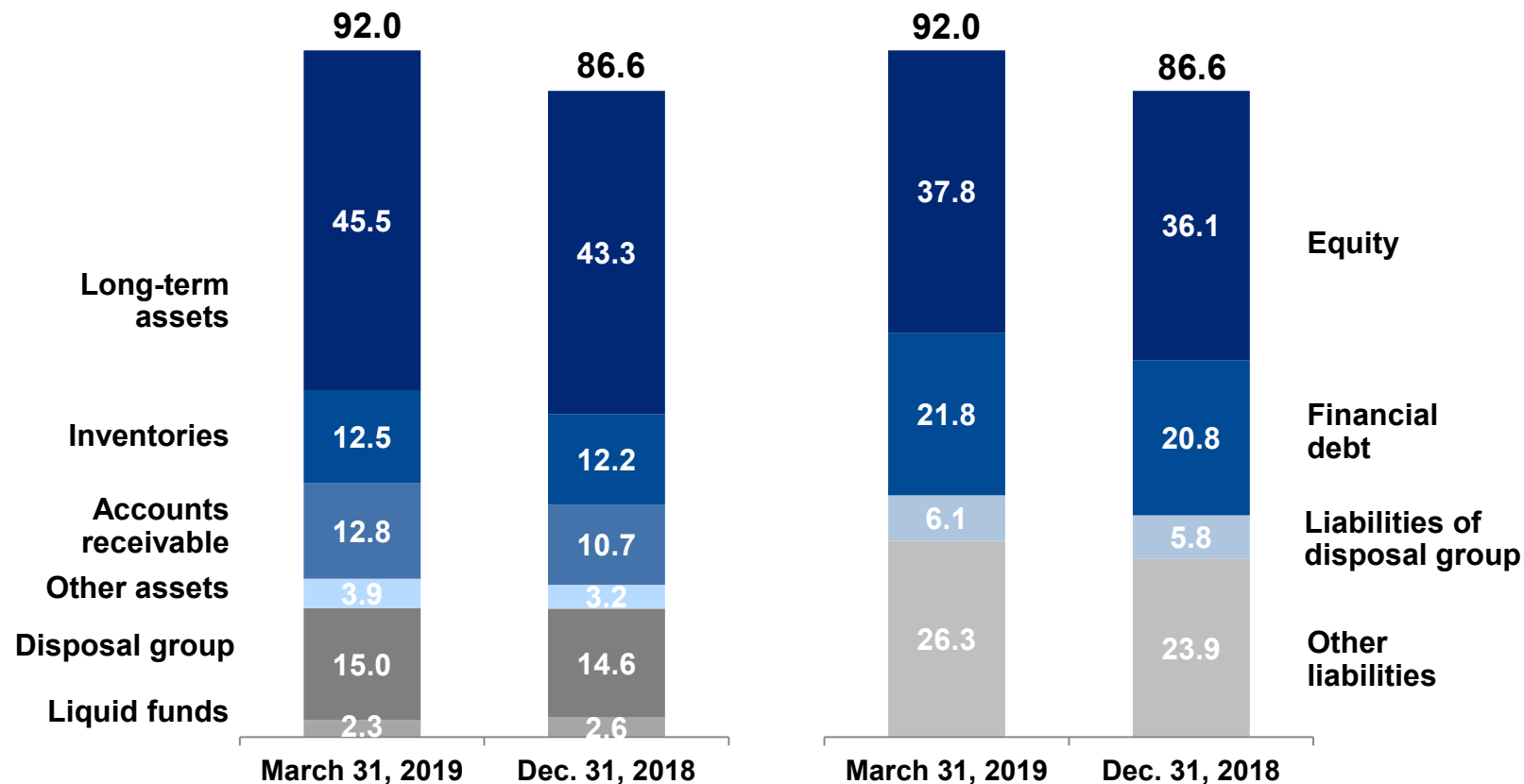
Financial figures		Q1 2019	Q1 2018
		million €	million €
<b>Sales</b>		<b>700</b>	<b>574</b>
<b>EBIT before special items</b>		<b>(282)</b>	<b>(76)</b>
Thereof	Costs of corporate research	(98)	(80)
	Costs of corporate headquarters	(58)	(53)
	Foreign currency results, hedging and other measurement effects	(24)	176
	Other businesses	11	(7)
Special items		(36)	(9)
<b>EBIT</b>		<b>(318)</b>	<b>(85)</b>

# Cash flow development Q1 2019

Cash flow development		Q1 2019	Q1 2018
		million €	million €
<b>Cash flows from operating activities</b>		<b>373</b>	<b>1,231</b>
Thereof	Changes in net working capital	(1,758)	(1,345)
	Miscellaneous items	(306)	(30)
<b>Cash flows from investing activities</b>		<b>(837)</b>	<b>(634)</b>
Thereof	Payments made for tangible / intangible assets	(741)	(627)
	Acquisitions / divestitures	118	34
<b>Cash flows from financing activities</b>		<b>620</b>	<b>201</b>
Thereof	Changes in financial liabilities	620	220
	Dividends	0	(19)
<b>Free cash flow</b>		<b>(368)</b>	<b>604</b>

# Balance sheet remains strong

Balance sheet March 31, 2019 vs. December 31, 2018  
billion €



- Total assets increased by ~€5.5 billion
  - The new IFRS 16 standard on leases led to an increase of around €1.1 billion in non-current assets
  - Current assets mainly increased due to higher accounts receivables related to the acquired agricultural solutions businesses
- Net debt increased by €1.2 billion to €19.4 billion, mainly as a result of a higher usage of our U.S. dollar commercial paper program
- Equity ratio: 41.1% (March 31, 2019)

# Outlook 2019 for BASF Group confirmed

## Outlook 2019\*

- Slight sales growth, mainly from higher sales volumes and portfolio effects
- EBIT before special items slightly above prior-year level
- ROCE slightly higher than the cost of capital percentage, but slightly below the 2018 level

## Underlying assumptions

- GDP growth: +2.8%
- Growth in industrial production: +2.7%
- Growth in chemical production: +2.7%
- Exchange rate: US\$1.15 per euro
- Oil price (Brent): US\$70 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. 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."





We create chemistry



# Oil & Gas\*

Financial figures	Q1 2019 million €	Q1 2018 million €	Change %
Sales	1,019	946	8
EBITDA	592	453	31
EBIT before special items	578	231	150
EBIT	592	258	130
Income after taxes from discontinued operations	274	177	55



\* Discontinued operation of Wintershall until April 30, 2019