



We create chemistry

## Analyst Conference Call Q3 2019

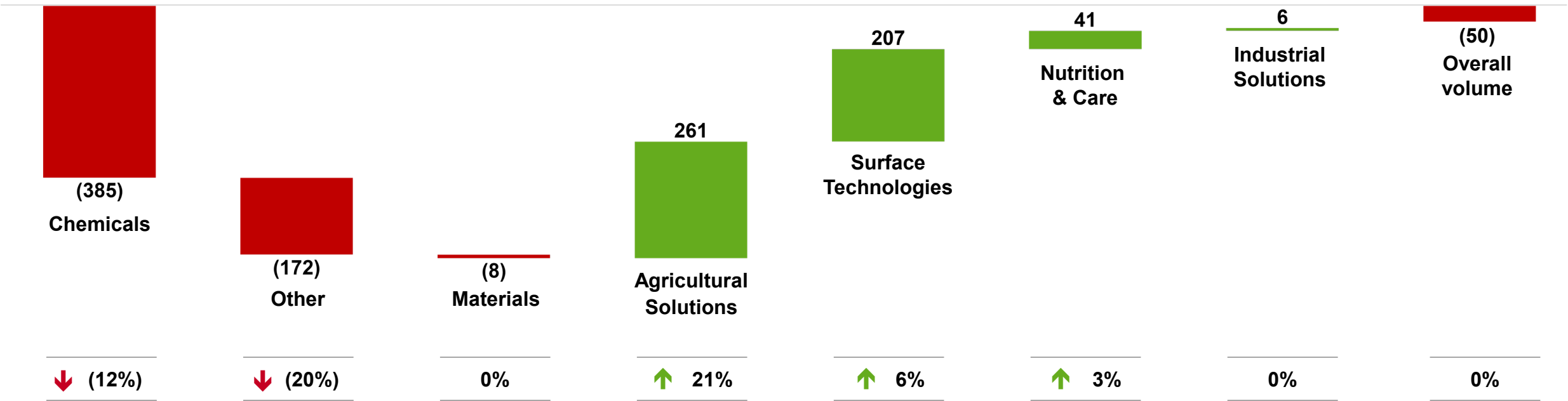
Ludwigshafen, October 24, 2019

# 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.*

# BASF Group Q3 2019 – Volume development

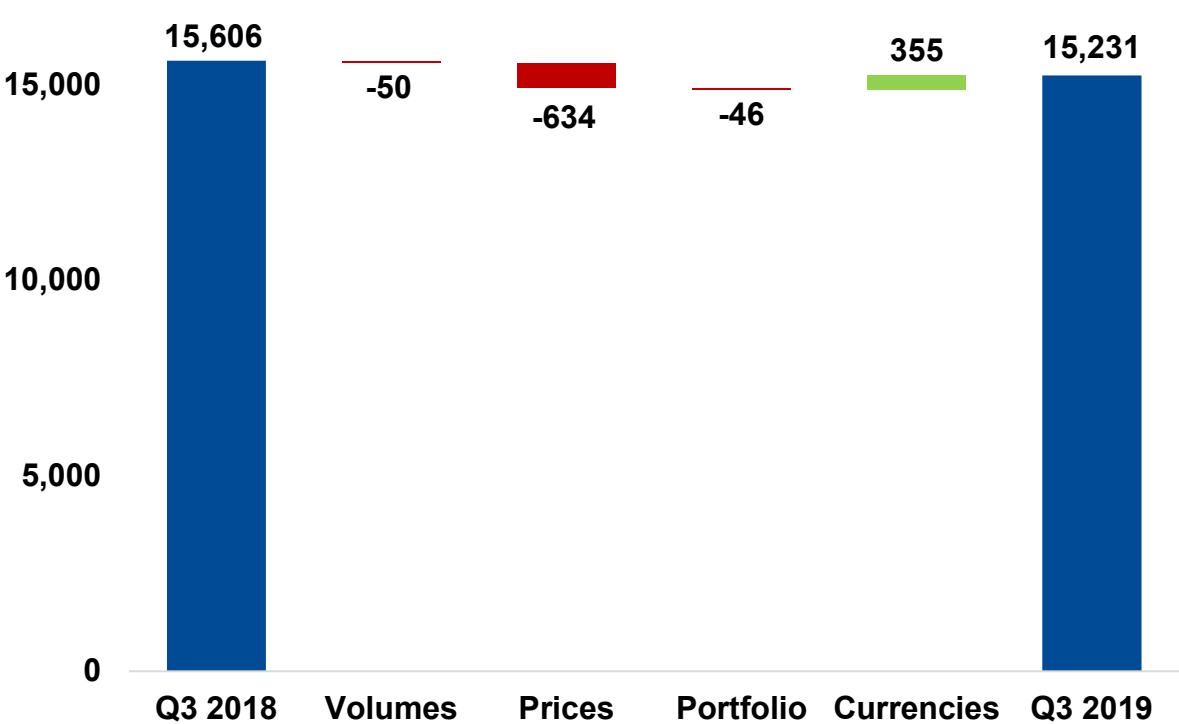
Volume development by segment  
Q3 2019 vs. Q3 2018  
absolute (€) terms



relative (%) terms

# BASF Group Q3 2019 – Sales and EBIT before special items

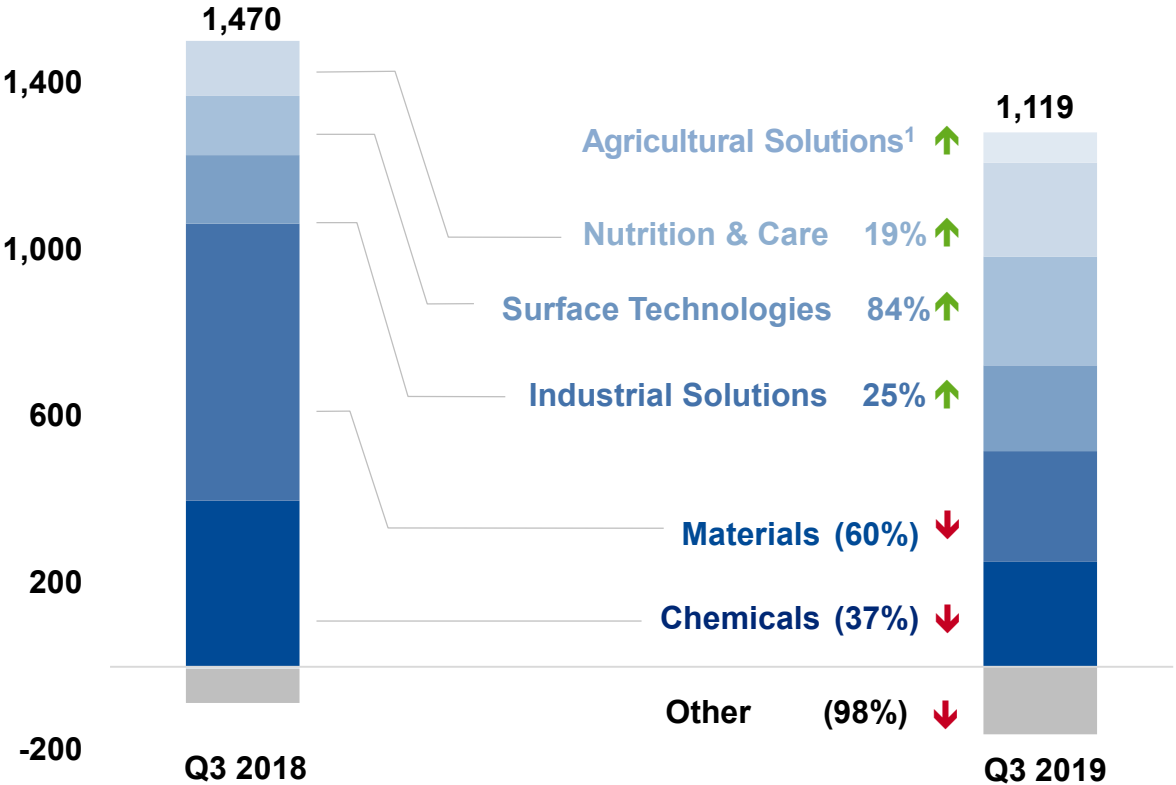
Sales bridge Q3 2019 vs. Q3 2018  
million €



Sales development

Q3 2019 vs. Q3 2018	0%	↓ (4%)	0%	↑ 2%
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EBIT before special items by segment Q3 2019 vs. Q3 2018  
million €





# Investments to support organic growth and sustainable solutions



## BASF to expand integrated ethylene oxide and derivatives complex in Antwerp, Belgium

- Investment of more than €500 million to increase capacity by 400,000 metric tons per year
- Expansion comprises an investment in a second world-scale ethylene oxide line, including capacity for purified ethylene oxide



## BASF invests in Quantafuel to jointly drive chemical recycling of mixed plastic waste

- Investment of €20 million is an important milestone for BASF's ChemCycling™ project
- BASF has right of first refusal for chemically recycled pyrolysis oil and purified hydrocarbons from Quantafuel's plant in Skive, Denmark



## BASF, ADNOC, Adani and Borealis to invest in chemical production complex in India

- BASF signed an MoU with ADNOC, Adani and Borealis; feasibility study to be finalized by end of Q1 2020
- PDH unit to be established as basis for acrylics value chain and polypropylene production

# Ongoing active portfolio management



## BASF to acquire Solvay's non-European polyamide business

- Sales 2018: ~€1 billion
- BASF will acquire the global, non-European PA6.6 business from Solvay including its 50% share in Butachimie's adipodinitrile (ADN) production
- Purchase price of €1.3 billion<sup>1</sup>
- Closing by the end of 2019 targeted<sup>2</sup>



## DIC to acquire BASF's global pigments business

- Sales 2018: ~€1 billion
- BASF and DIC reached an agreement on the acquisition of BASF's global pigments business
- Purchase price of €1.15 billion<sup>1</sup>
- Closing is expected in Q4 2020<sup>2</sup>



## BASF to divest its construction chemicals business

- Sales 2018: ~€2.5 billion
- Structured divestiture process and carve-out on track
- Confirmatory bids received; negotiations ongoing
- Signing expected by the end of 2019

# Transforming BASF into an agile and customer-focused organization

## Action fields

**Embedding** to bring services closer to customers

Functions and headquarters with **streamlined back-end organization**

Regions with **sharpened roles** to increase customer focus

Process landscape to be **simplified**

People working in an **entrepreneurial performance culture**

## Progress report

On October 1, 2019, we completed the **embedding of around 20,000 employees**

On January 1, 2020, **lean corporate center with ~1,000 employees** will go live

Regions with **strengthened customer focus**, supporting and enabling the businesses locally

**Simplification measures on track:** currently ~110 projects ongoing, ~40 successfully completed

**Empowering and incentivizing** employees to take ownership in their area of expertise



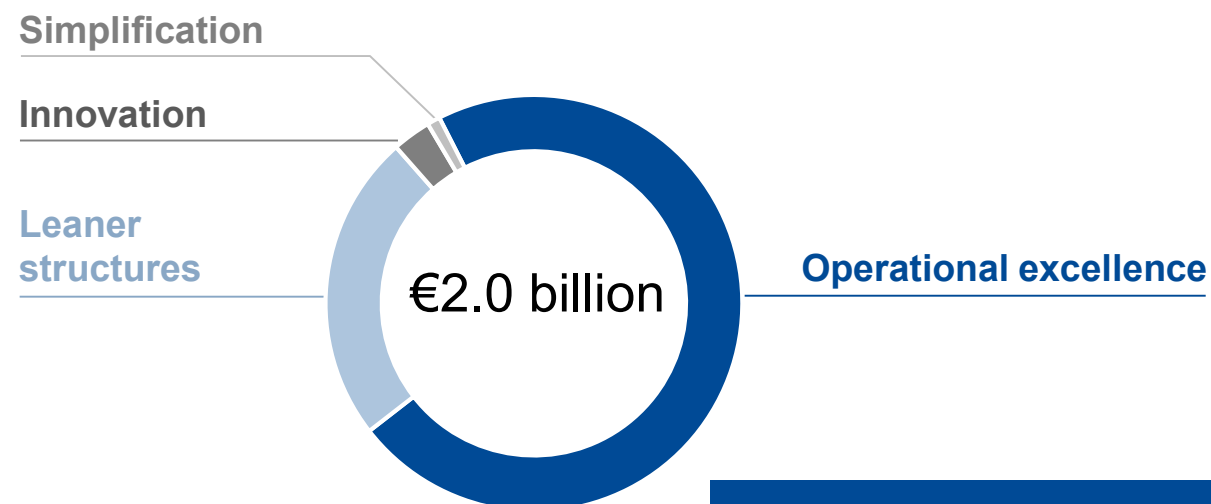
# Update on excellence program 2019 – 2021

	2019	2020	2021
<b>Annual EBITDA contribution<sup>1</sup></b>	▪ ~€0.5 billion	▪ €1.0 – €1.3 billion	▪ €2.0 billion
<b>One-time costs<sup>2</sup></b>	▪ €0.4 – €0.5 billion	▪ €0.2 – €0.3 billion	▪ €0.2 – €0.3 billion

## Category

<b>Operational excellence</b>	Measures focused on production, logistics and planning
<b>Leaner structures</b>	Personnel cost savings; reduction of 6,000 positions targeted globally
<b>Innovation</b>	R&D cost reduction via focusing budgets
<b>Simplification</b>	Increased process efficiency, e.g., in procurement

## EBITDA contribution by category





# BASF Group Q3 2019 – Sales decreased slightly; EBIT before special items 24% below prior-year quarter

Financial figures	Q3 2019	Q3 2018	Change
	€	€	%
Sales	15,231 million	15,606 million	(2)
EBITDA before special items	2,084 million	2,263 million	(8)
EBITDA	2,339 million	2,190 million	7
EBIT before special items	1,119 million	1,470 million	(24)
EBIT	1,376 million	1,395 million	(1)
Net income	911 million	1,200 million	(24)
Reported EPS	1.0	1.31	(24)
Adjusted EPS	0.86	1.51	(43)
Cash flows from operating activities	1,998 million	2,930 million	(32)

Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2019 vs. Q3 2018	0%	↓ (4%)	0%	↑ 2%

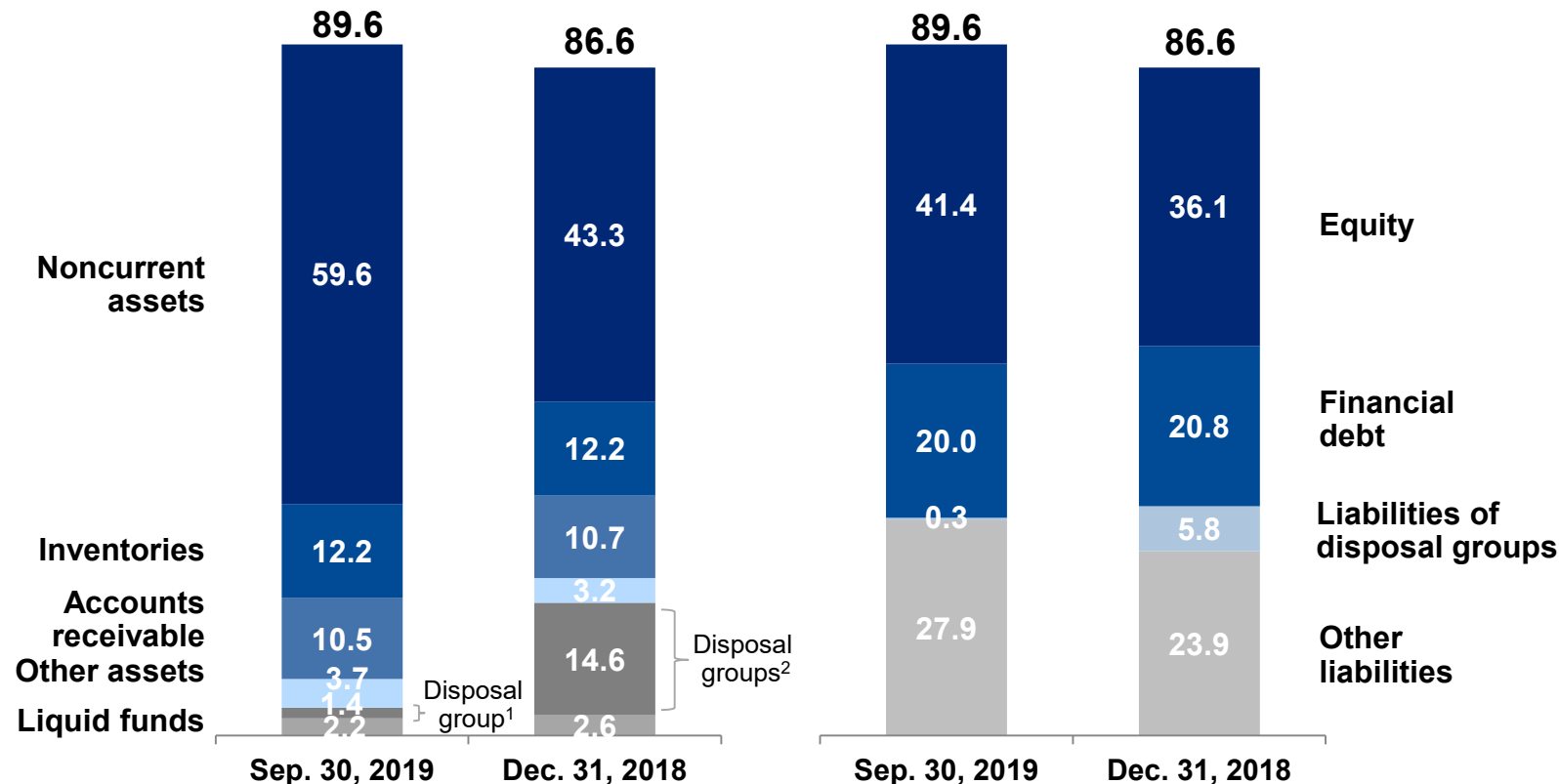
# Cash flow development Q1 – Q3 2019

		Q1 – Q3 2019	Q1 – Q3 2018
		million €	million €
<b>Cash flows from operating activities</b>		<b>4,317</b>	<b>6,385</b>
Thereof	Changes in net working capital	(177)	(653)
	Miscellaneous items	(7,355)	(204)
<b>Cash flows from investing activities</b>		<b>47</b>	<b>(10,036)</b>
Thereof	Payments made for tangible / intangible assets	(2,648)	(2,428)
	Acquisitions / divestitures	2,254	(7,120)
<b>Cash flows from financing activities</b>		<b>(4,745)</b>	<b>(127)</b>
Thereof	Changes in financial and similar liabilities	(1,730)	2,926
	Dividends	(3,016)	(3,057)
<b>Free cash flow</b>		<b>1,669</b>	<b>3,957</b>

# Balance sheet remains strong

## Balance sheet September 30, 2019 vs. December 31, 2018

billion €



- Total assets rose by €3.0 billion; more than one third of the increase was related to the new IFRS 16 standard on leases.
- Noncurrent assets increased by €16.2 billion, mainly due to the recognition of our participating interests in Wintershall Dea and Solenis
- Net debt decreased by €393 million to €17.8 billion
- The equity ratio increased from 41.7% (Dec. 31, 2018) to 46.2% (Sep. 30, 2019), mainly due to the book gain on the deconsolidation of Wintershall

# Outlook 2019 for BASF Group confirmed

## Outlook 2019<sup>1</sup>

Sales	Slight decline
EBIT before special items	Considerable decline of up to 30%
ROCE	Considerable decline

## Underlying assumptions

- GDP growth: +2.5% (unchanged)
- Growth in industrial production: +1.5% (unchanged)
- Growth in chemical production: +1.5% (unchanged)
- Exchange rate: US\$1.15 per euro (unchanged)
- Oil price (Brent): US\$65 per barrel  
(previous assumption: US\$70 per barrel)

<sup>1</sup> 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."



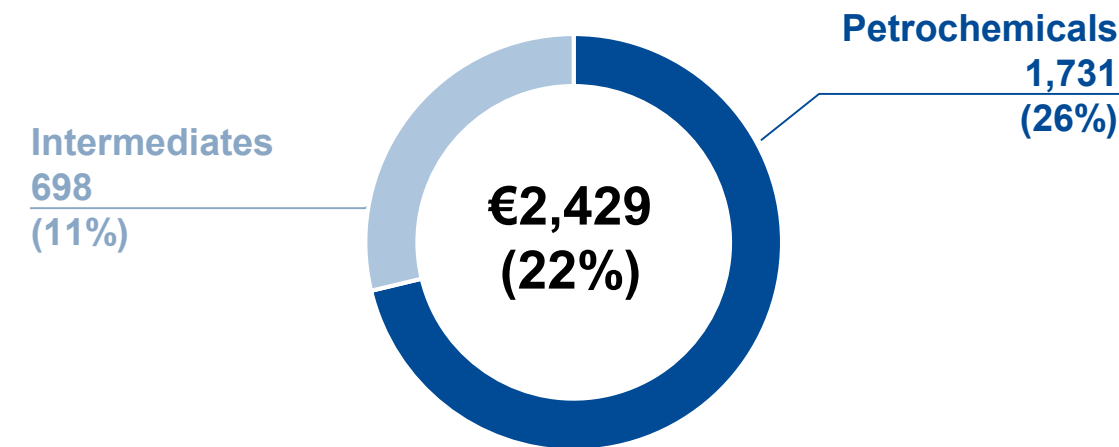




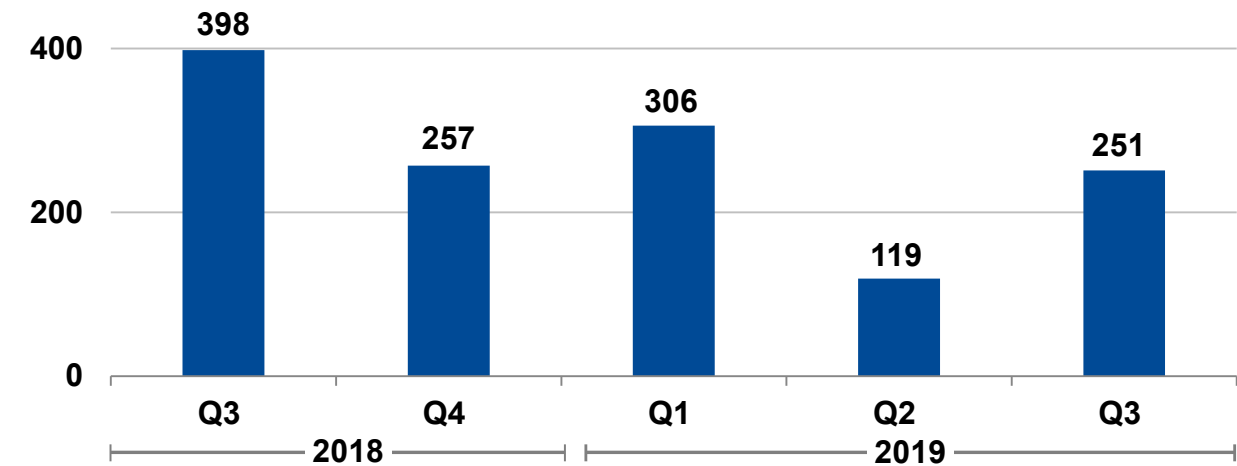
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# Chemicals

Sales Q3 2019 vs. Q3 2018  
million €



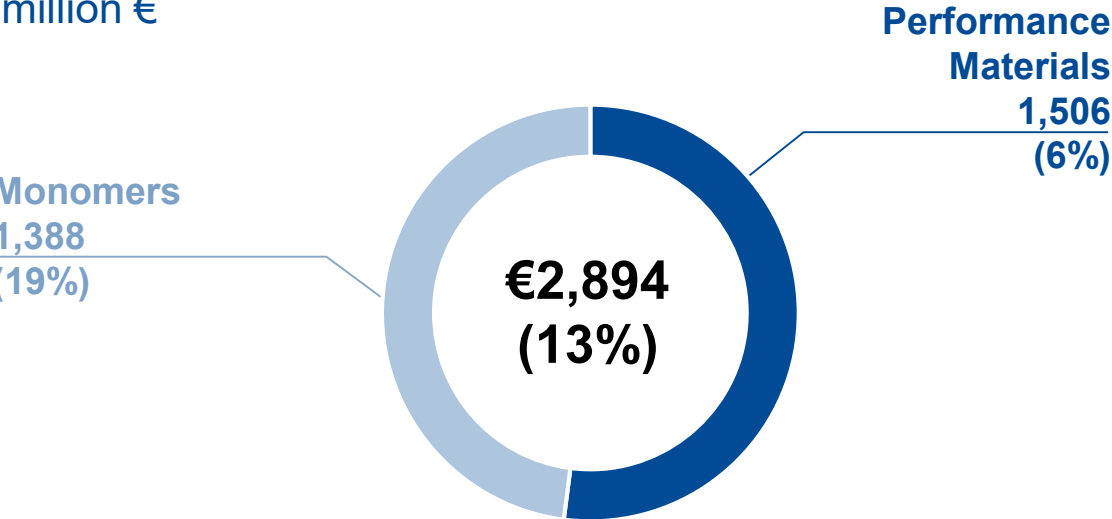
EBIT before special items  
million €



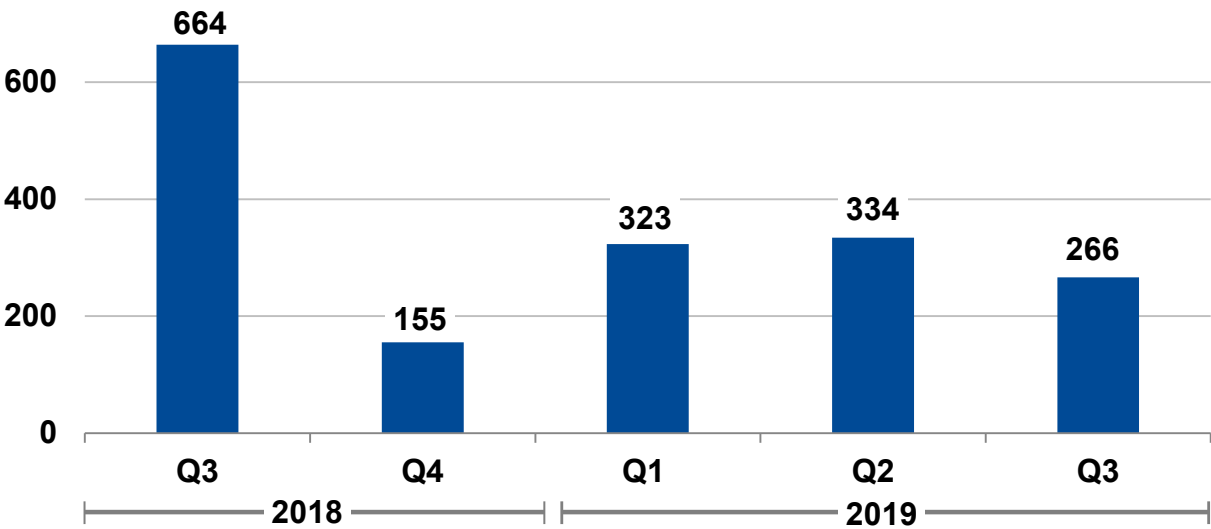
Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2019 vs. Q3 2018	↓ (12%)	↓ (12%)	0%	↑ 2%

# Materials

Sales Q3 2019 vs. Q3 2018  
million €



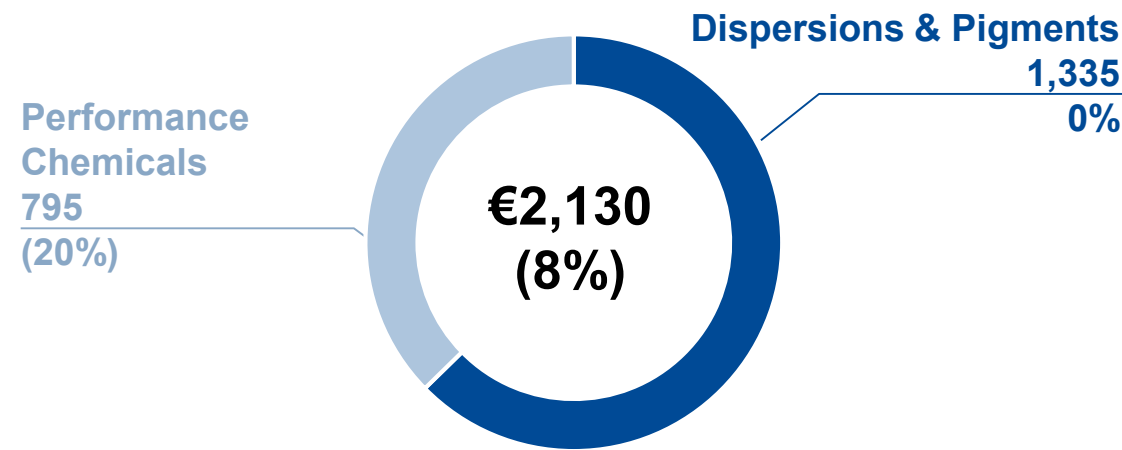
EBIT before special items  
million €



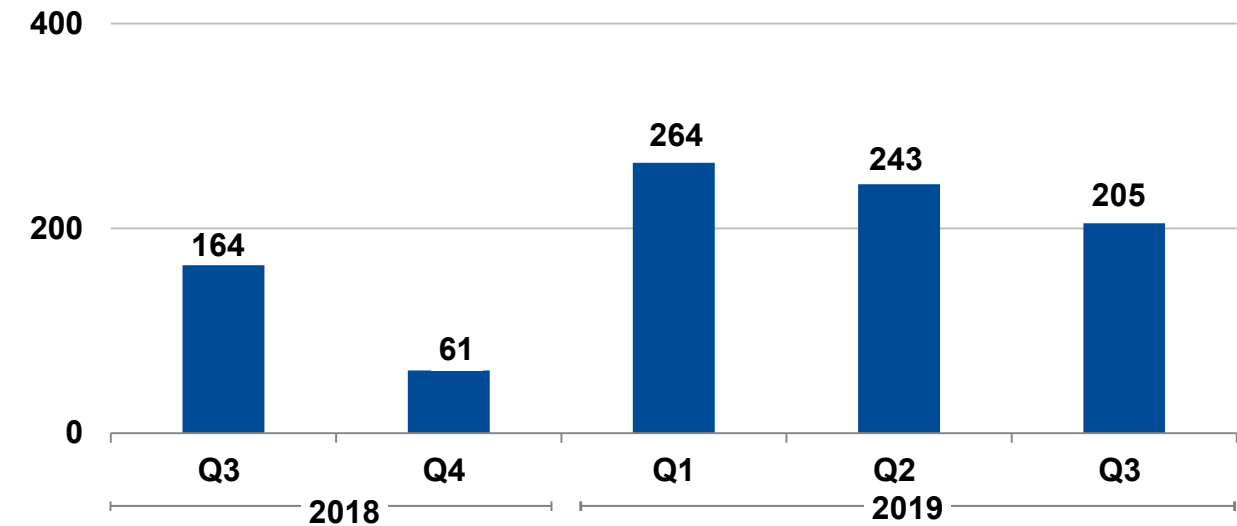
Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2019 vs. Q3 2018	0%	↓ (15%)	0%	↑ 2%

# Industrial Solutions

Sales Q3 2019 vs. Q3 2018  
million €



EBIT before special items  
million €

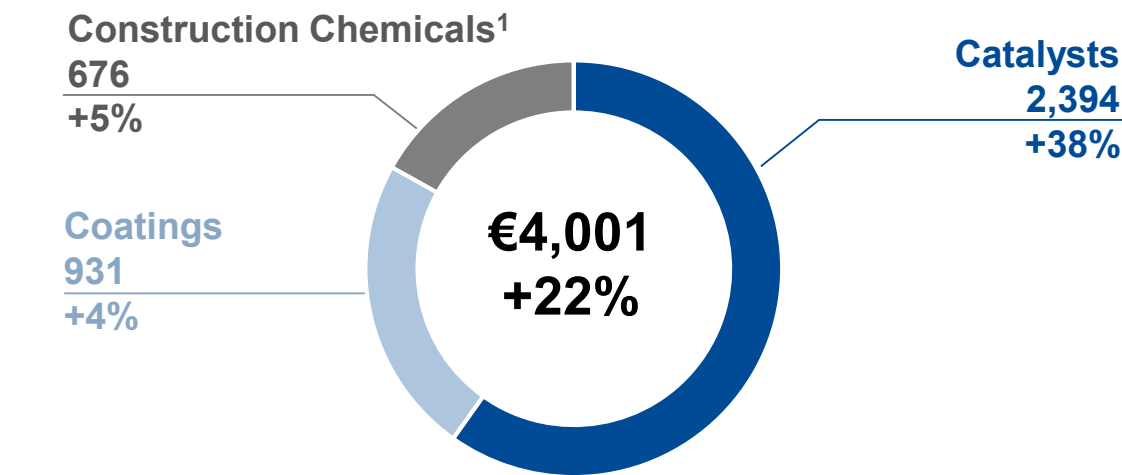


Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2019 vs. Q3 2018	0%	↓ (2%)	↓ (9%)	↑ 3%



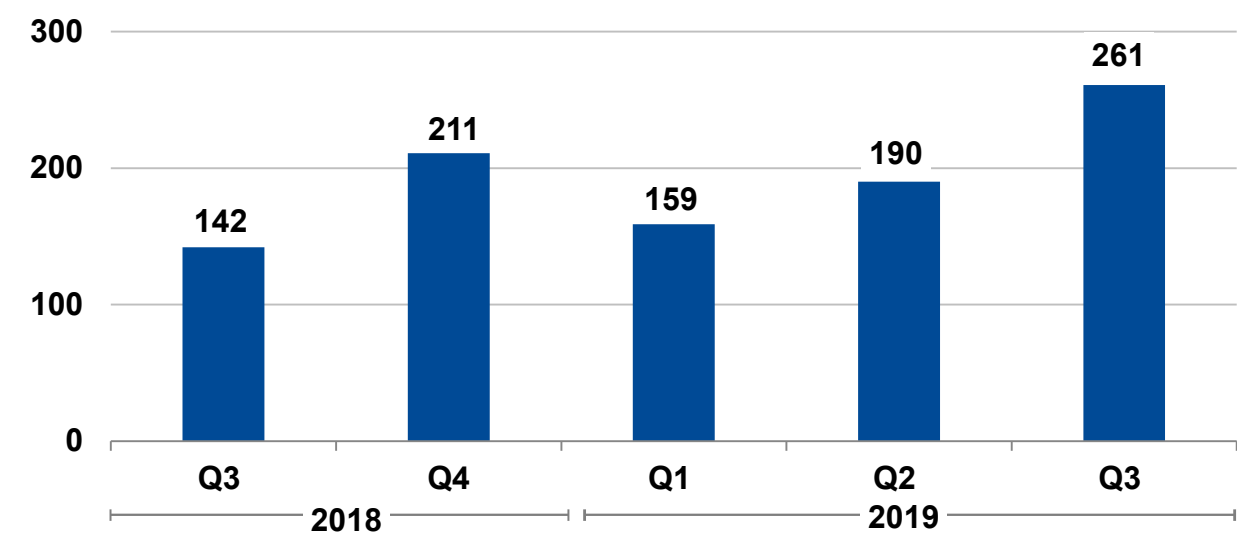
# Surface Technologies

Sales Q3 2019 vs. Q3 2018  
million €



<sup>1</sup> Until signing of a transaction agreement, Construction Chemicals will be reported under Surface Technologies

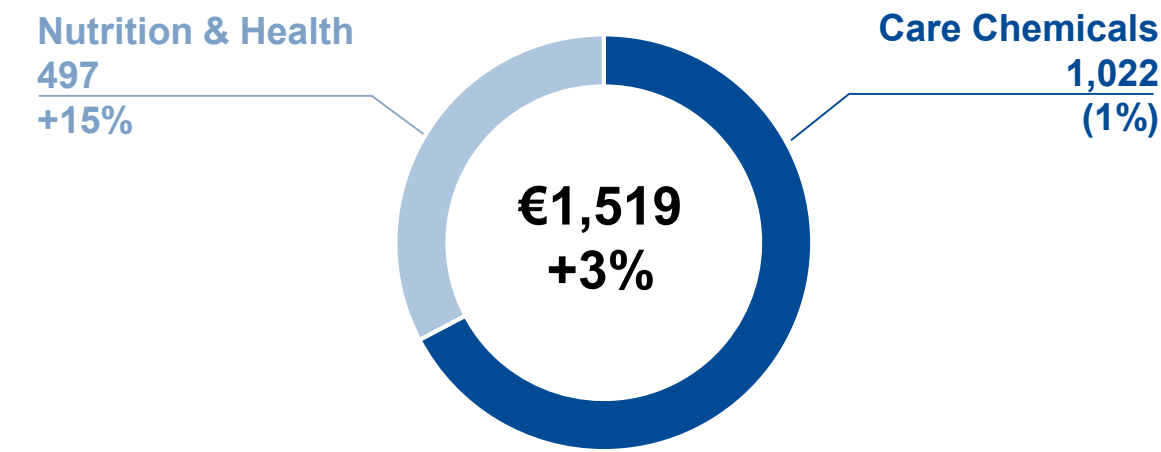
EBIT before special items  
million €



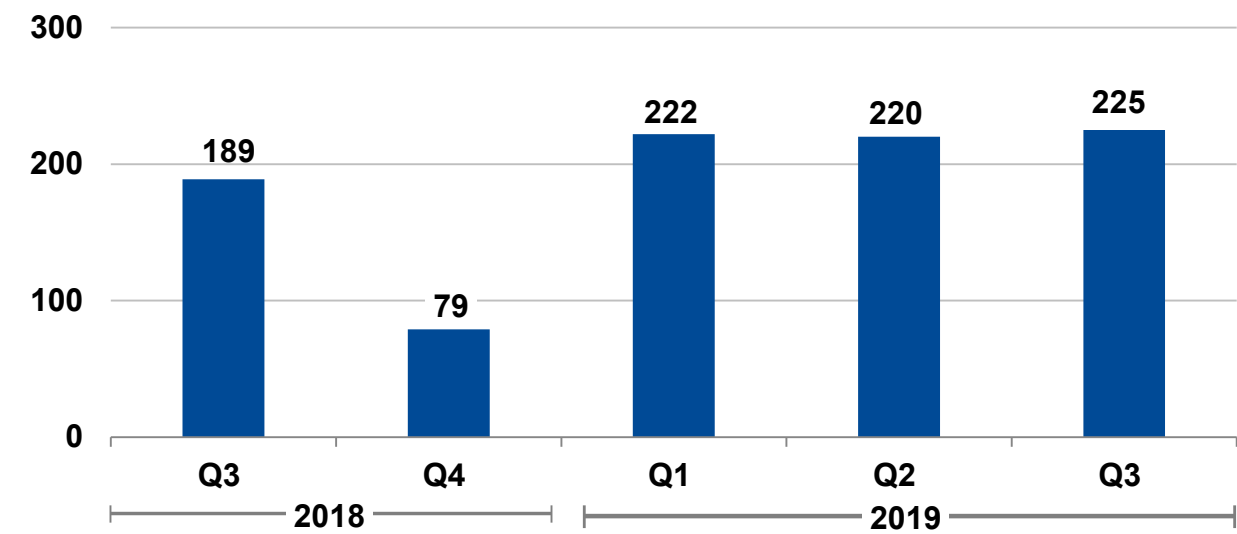
Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2019 vs. Q3 2018	↑ 6%	↑ 13%	0%	↑ 3%

# Nutrition & Care

Sales Q3 2019 vs. Q3 2018  
million €



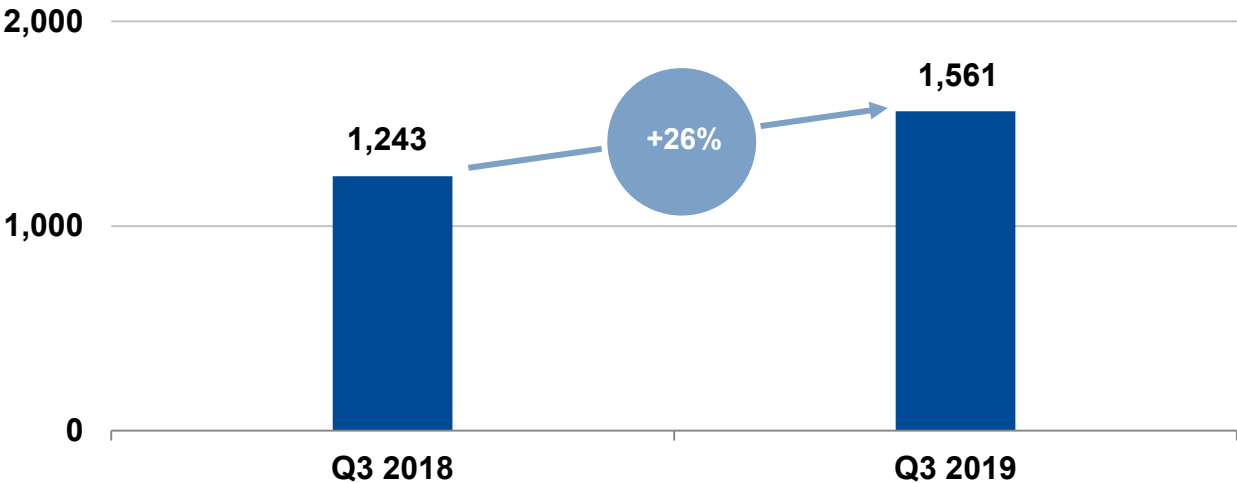
EBIT before special items  
million €



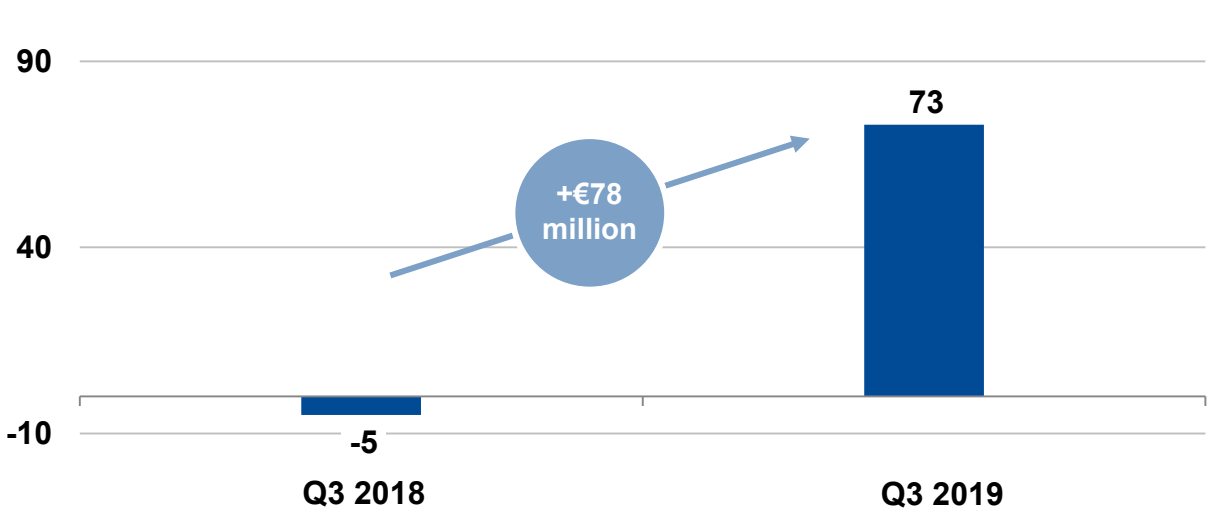
Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2019 vs. Q3 2018	<div></div> 3%	<div></div> (2%)	0%	<div></div> 2%

# Agricultural Solutions

Sales Q3 2019 vs. Q3 2018  
million €



EBIT before special items  
million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2019 vs. Q3 2018	<div> <div></div> <div>21%</div> </div>	<div> <div></div> <div>(6%)</div> </div>	<div> <div></div> <div>8%</div> </div>	<div> <div></div> <div>3%</div> </div>

# Review of “Other”

Financial figures		Q3 2019	Q3 2018
		million €	million €
<b>Sales</b>		<b>697</b>	<b>845</b>
<b>EBIT before special items</b>		<b>(162)</b>	<b>(82)</b>
Thereof	Costs of corporate research	(92)	(96)
	Costs of corporate headquarters	(57)	(64)
	Foreign currency results, hedging and other measurement effects	(15)	31
	Other businesses	61	18
Special items		331	(18)
<b>EBIT</b>		<b>169</b>	<b>(100)</b>