



We create chemistry

# Analyst Conference Call Q2 2020

Ludwigshafen, July 29, 2020



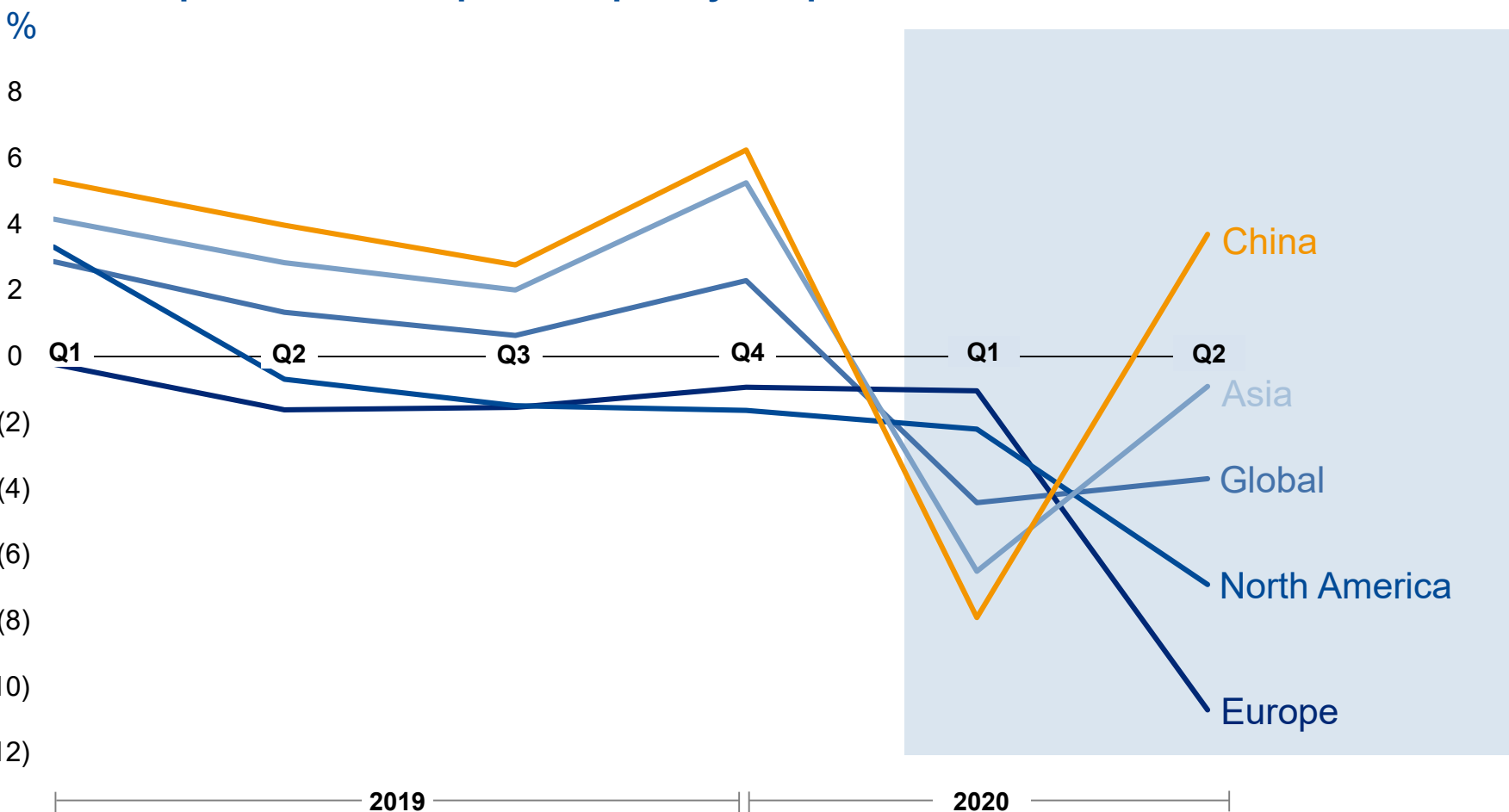


# Cautionary note regarding forward-looking statements

*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 139 to 147 of the BASF Report 2019. BASF does not assume any obligation to update the forward-looking statements contained in this presentation above and beyond the legal requirements.*

# Chemical production in China with a V-shaped recovery, recovery in North America and Europe still a question mark

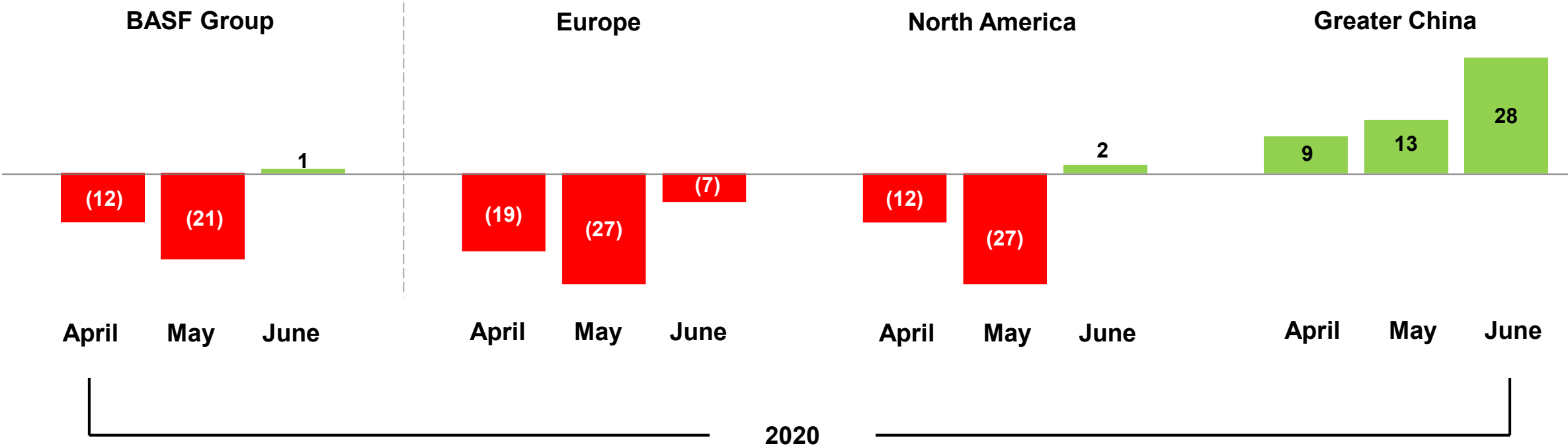
Chemical production compared to prior-year quarter



Macroeconomic development	
Q2 2020 vs. Q2 2019	
%	
Global GDP	(10)
Global industrial production	(10)
Global chemical production	(4)
Global automotive production	(45)

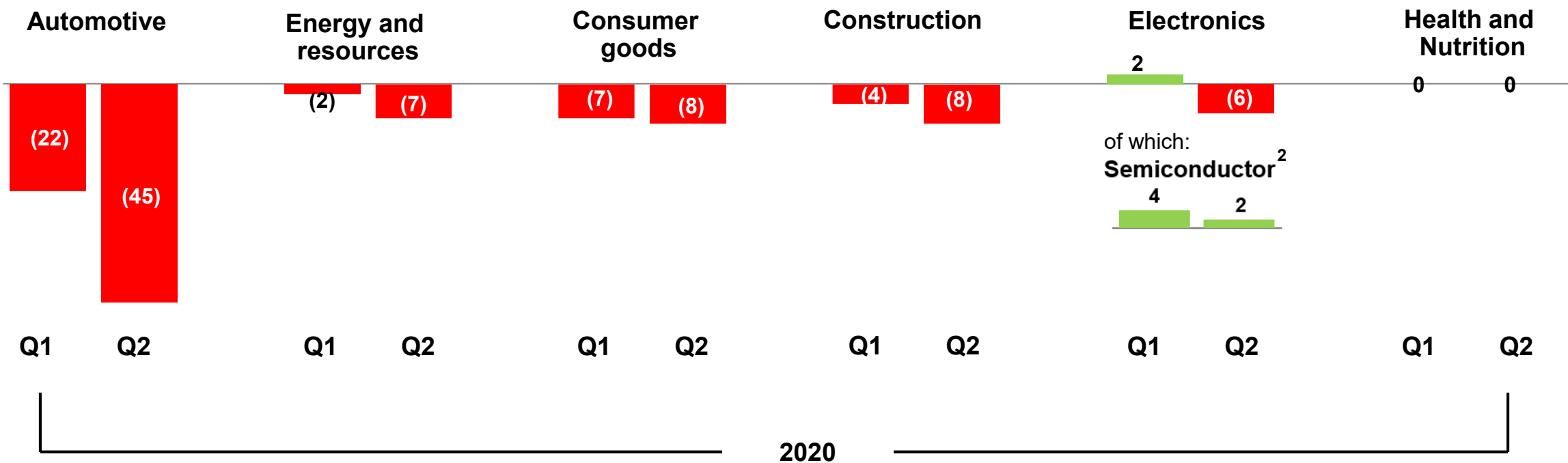
# BASF Group Q2 2020: Sales volumes in Greater China significantly above prior-year months

Sales volumes development by region<sup>1</sup>  
April/May/June 2020 vs. April/May/June 2019  
%



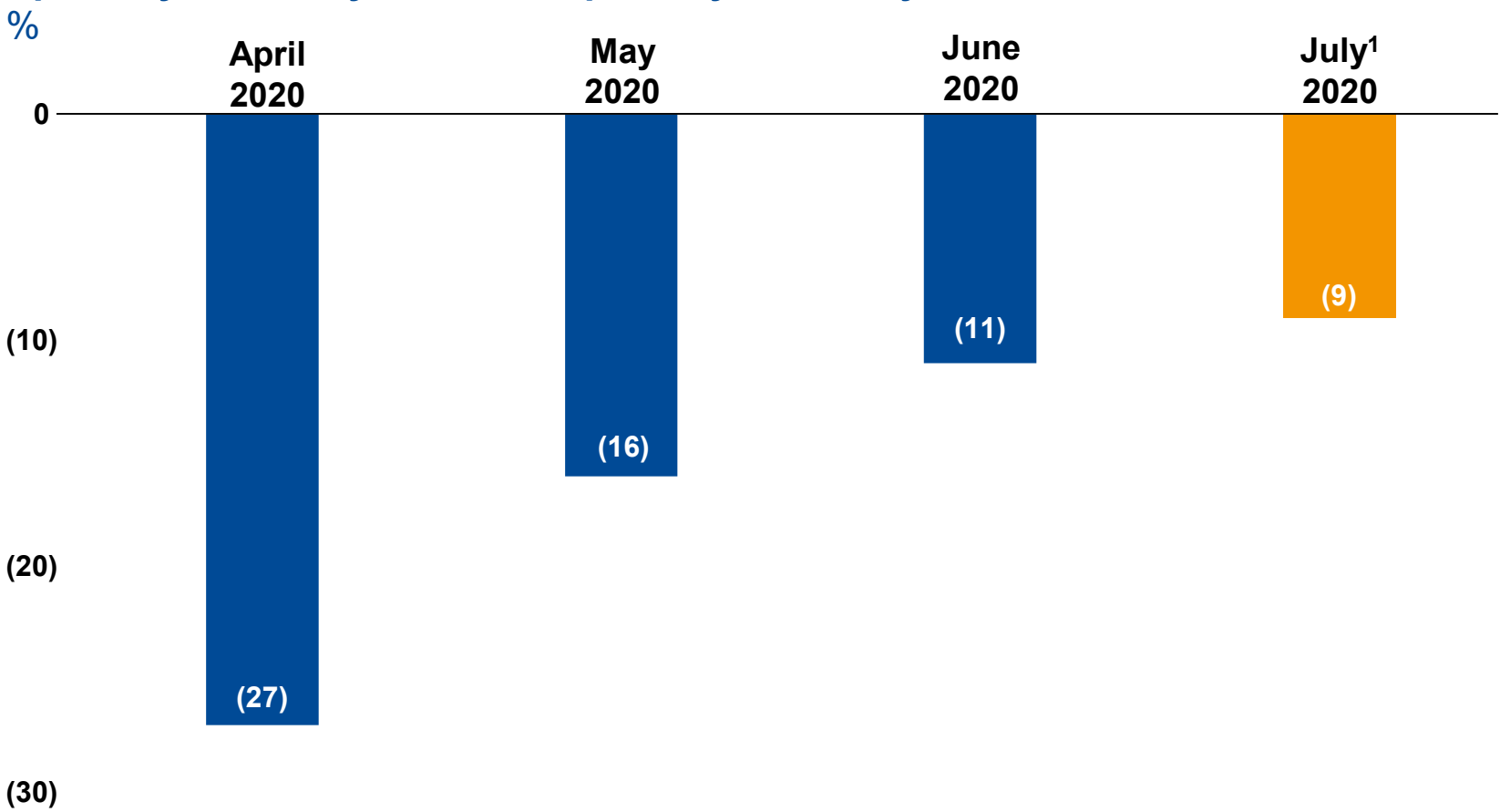
# The pandemic is impacting key customer industries differently

Sales volumes development of key customer industries<sup>1</sup>  
Q1/Q2 2020 vs. Q1/Q2 2019  
%



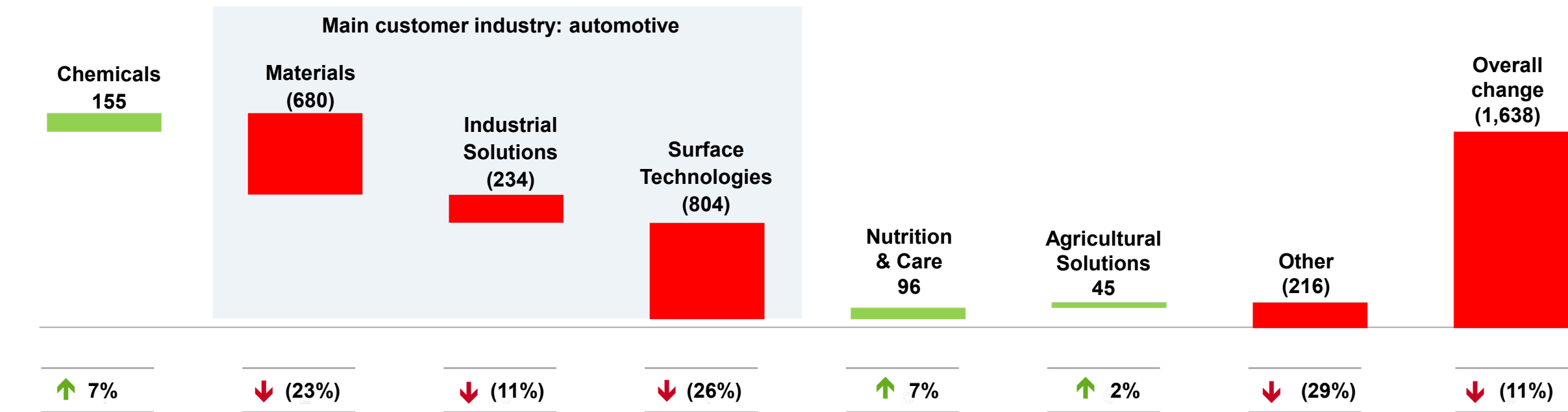
# The gap in BASF's average daily order entry is slowly closing, but visibility remains low

Gap between average daily order entry  
April/May/June/July<sup>1</sup> 2020 vs. April/May/June/July<sup>1</sup> 2019



# BASF Group Q2 2020: COVID-19 leads to lower volumes, mainly due to lower demand from the automotive industry

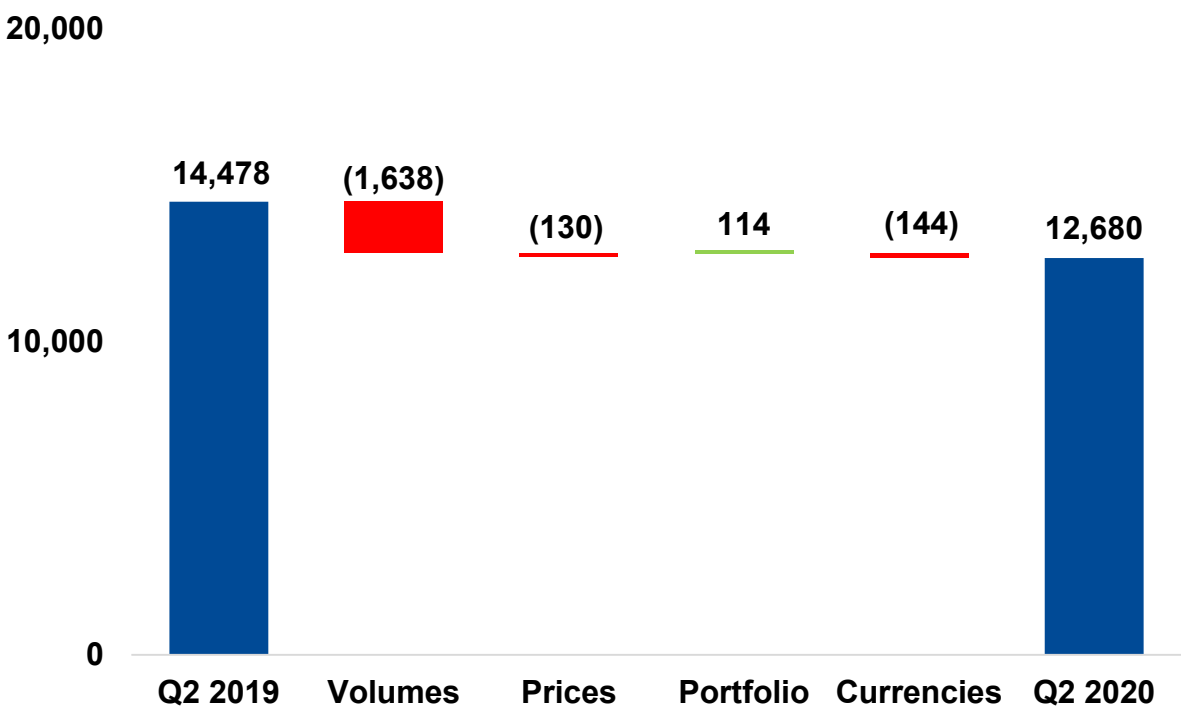
Sales volumes development by segment  
Q2 2020 vs. Q2 2019  
absolute (million €) terms



relative (%) terms

# BASF Group Q2 2020: Sales and earnings decline on account of lower demand from key customer industries

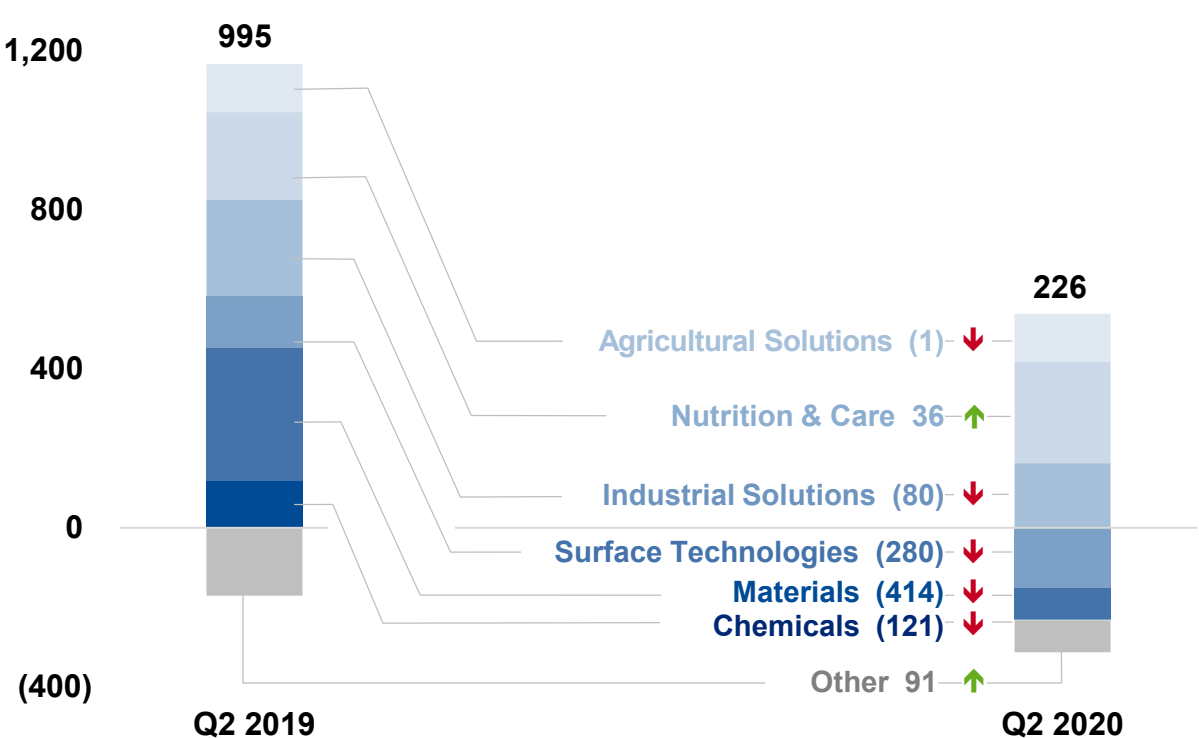
Sales bridge Q2 2020 vs. Q2 2019  
million €



Sales development

Q2 2020 vs. Q2 2019	↓ (11%)	↓ (1%)	↑ 1%	↓ (1%)
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EBIT before special items by segment Q2 2020 vs. Q2 2019  
million €





# Excellence Program 2019 – 2021: On track to achieve the targeted annual EBITDA contribution

	2019 actual	2020	2021
Annual EBITDA contribution <sup>1</sup>	€0.6 billion	€1.3 – €1.5 billion	€2.0 billion
One-time costs <sup>2</sup>	€0.5 billion	€0.3 – €0.4 billion	€0.05 – €0.15 billion

Category	
Operational excellence	Measures focused on production, logistics and planning
Leaner structures	Personnel cost savings; reduction of 6,000 positions targeted globally by end of 2020
Innovation	R&D cost reduction via focusing budgets
Simplification	Increased process efficiency, e.g., in procurement

# Portfolio measures expected to be closed in 2020



## Lone Star Funds to acquire BASF's construction chemicals business

- Sales 2019: ~€2.6 billion
- BASF and Lone Star Funds signed agreement for the acquisition of BASF's construction chemicals business in December 2019
- Purchase price of €3.17 billion<sup>1</sup>
- Closing is expected in Q3 2020<sup>2</sup>



## DIC to acquire BASF's pigments business

- Sales 2018: ~€1 billion
- BASF and DIC reached an agreement on the acquisition of BASF's pigments business in August 2019
- Purchase price of €1.15 billion<sup>1</sup>
- Closing is expected in Q4 2020<sup>2</sup>

# BASF Group Q2 2020: Key financial figures

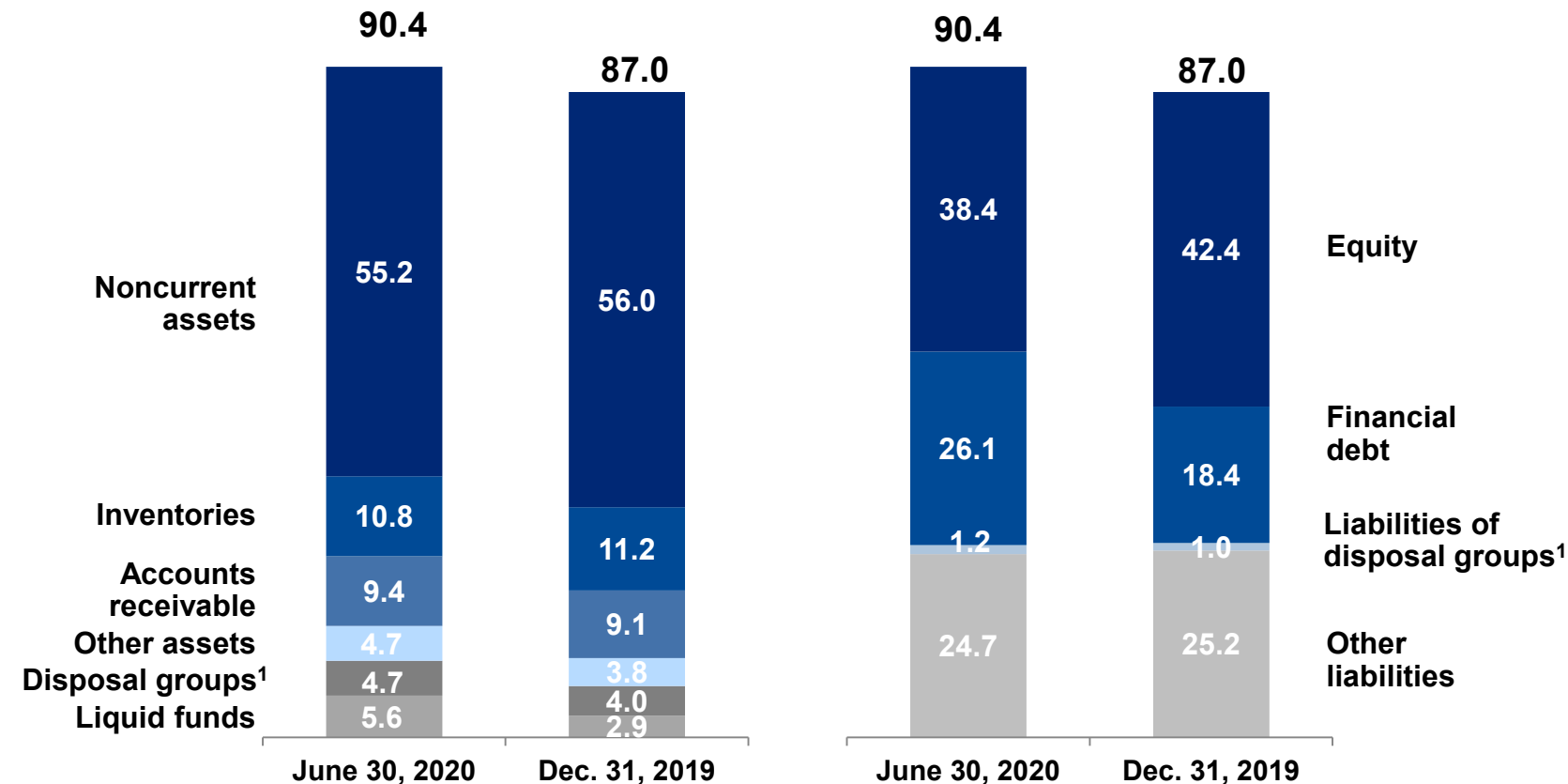
	Q2 2020	Q2 2019	Change
	€	€	%
Sales	12,680 million	14,478 million	(12)
EBITDA before special items	1,229 million	1,885 million	(35)
EBITDA	1,070 million	1,546 million	(31)
EBIT before special items	226 million	995 million	(77)
EBIT	59 million	507 million	(88)
Net income	(878) million	5,954 million	.
Reported EPS	(0.95)	6.48	.
Adjusted EPS	0.25	0.83	(70)
Cash flows from operating activities	2,242 million	1,946 million	15

Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2020 vs. Q2 2019	↓ (11%)	↓ (1%)	↑ 1%	↓ (1%)

# Strong balance sheet

## Balance sheet June 30, 2020 vs. December 31, 2019

billion €



- Total assets increased by €3.4 billion to €90.4 billion
- Current assets up by €4.2 billion, mainly due to higher cash and cash equivalents and other receivables
- Net debt increased by €5.0 billion to €20.5 billion, mainly due to the dividend payment in Q2 2020 and the acquisition of Solvay's polyamide business in Q1 2020
- Equity ratio on June 30, 2020: 42.5%

# Qualitative statements on further business development in 2020 provided in the Half-Year Financial Report 2020

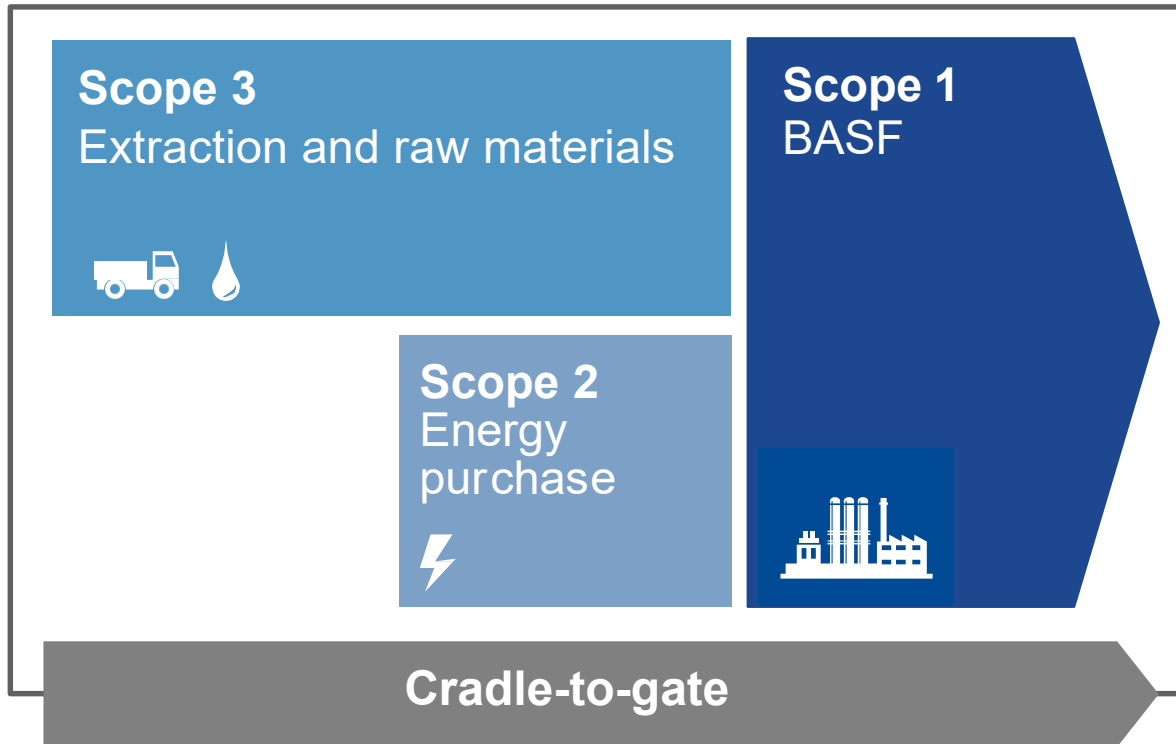
- Given the continued high level of uncertainty surrounding economic developments due to the effects of the pandemic and the low visibility, it is still not possible to make any concrete statements on the development of sales and earnings for the full-year 2020.
- For the second half of 2020, we anticipate a high level of uncertainty due to the ongoing corona pandemic.
- For the third quarter of 2020, we currently do not expect EBIT before special items to improve significantly compared with the second quarter of 2020, in part due to the generally lower demand in August and the seasonality of the Agricultural Solutions business.





# Product Carbon Footprints create transparency for customers

## – digital solution to calculate greenhouse gas emissions for all BASF products



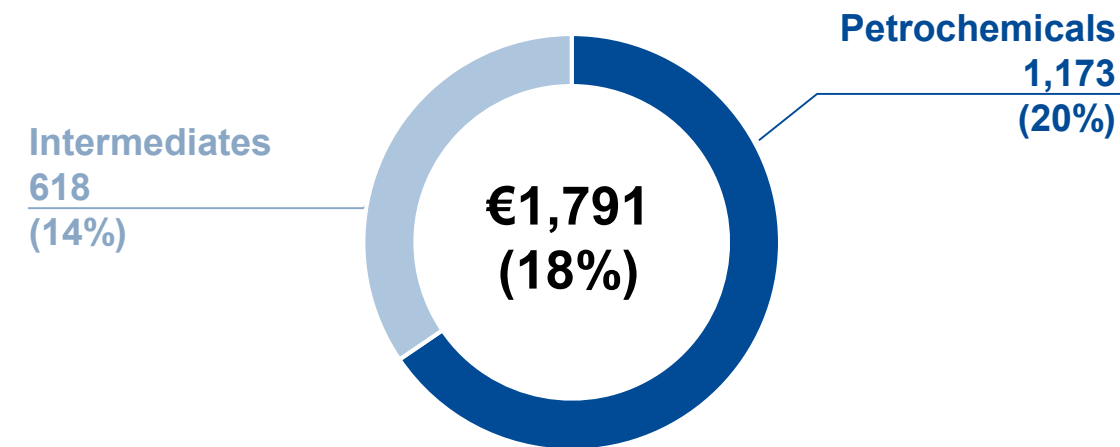
- Digital solution calculates cradle-to-gate Product Carbon Footprints
- Based on the total of direct process CO<sub>2</sub> emissions, energy demand and scope 3 upstream CO<sub>2</sub> emissions
- Carbon footprints for 45,000 BASF products in the global portfolio available in the course of 2021



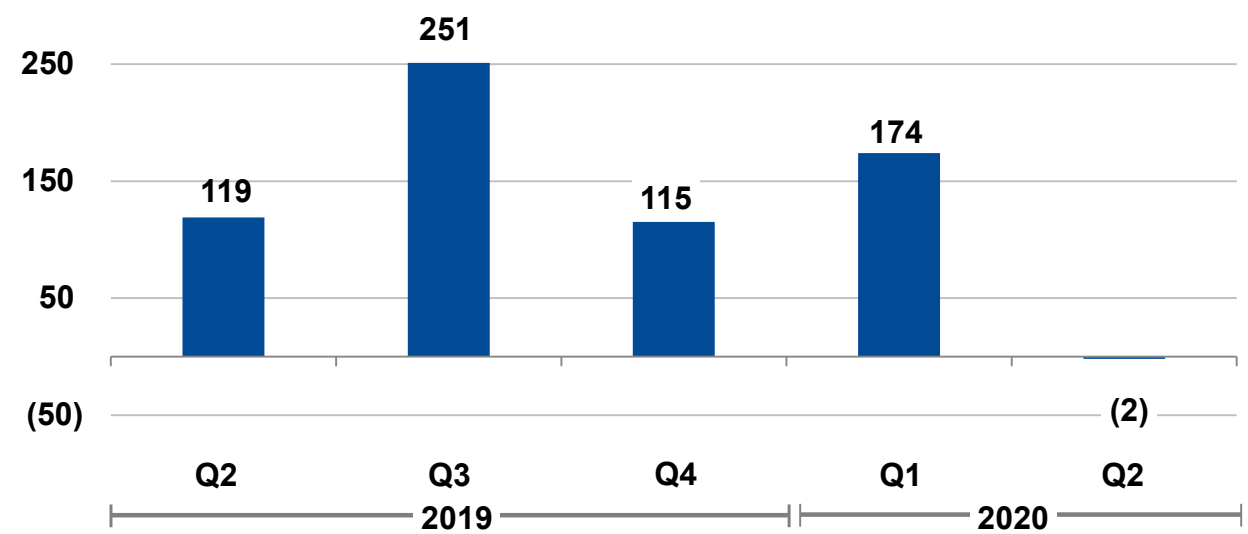
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# Chemicals

Sales Q2 2020 vs. Q2 2019  
million €



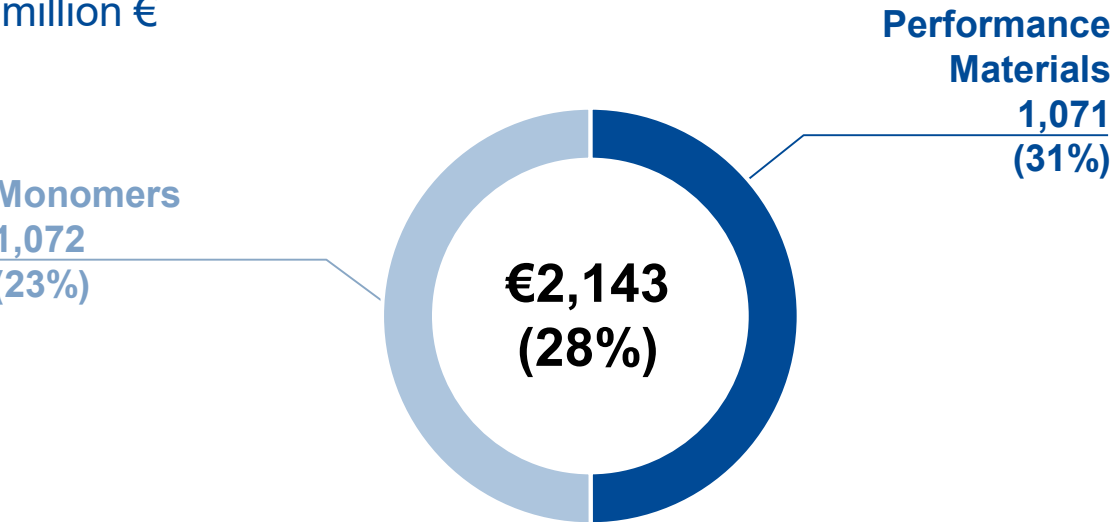
EBIT before special items  
million €



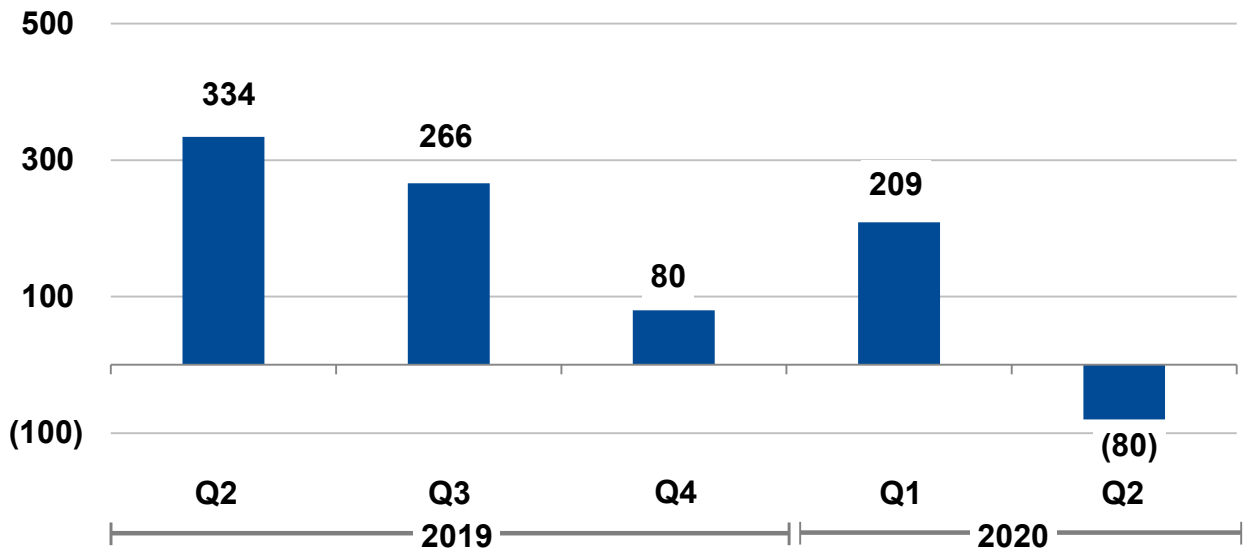
Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2020 vs. Q2 2019	<div> <div></div> <div>7%</div> </div>	<div> <div></div> <div>(25%)</div> </div>	<div> <div></div> <div>0%</div> </div>	<div> <div></div> <div>0%</div> </div>

# Materials

Sales Q2 2020 vs. Q2 2019  
million €



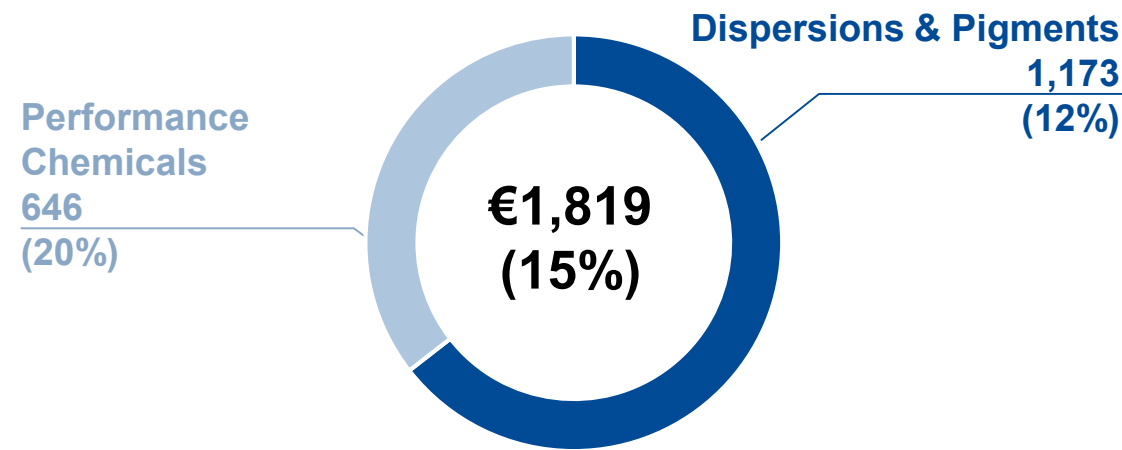
EBIT before special items  
million €



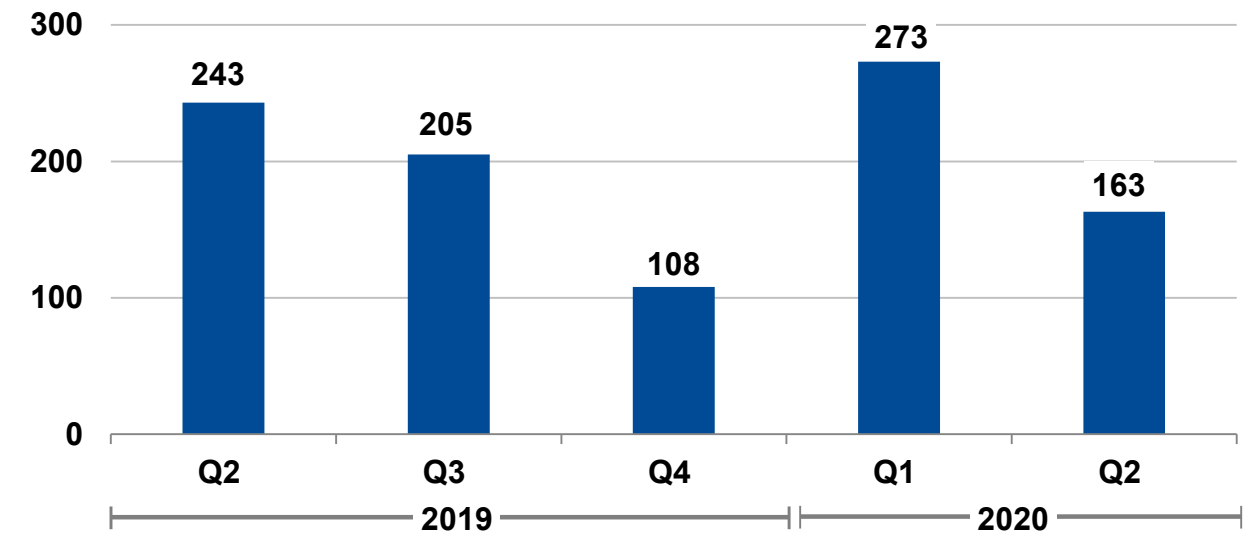
Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2020 vs. Q2 2019	↓ (23%)	↓ (8%)	↑ 4%	↓ (1%)

# Industrial Solutions

Sales Q2 2020 vs. Q2 2019  
million €



EBIT before special items  
million €

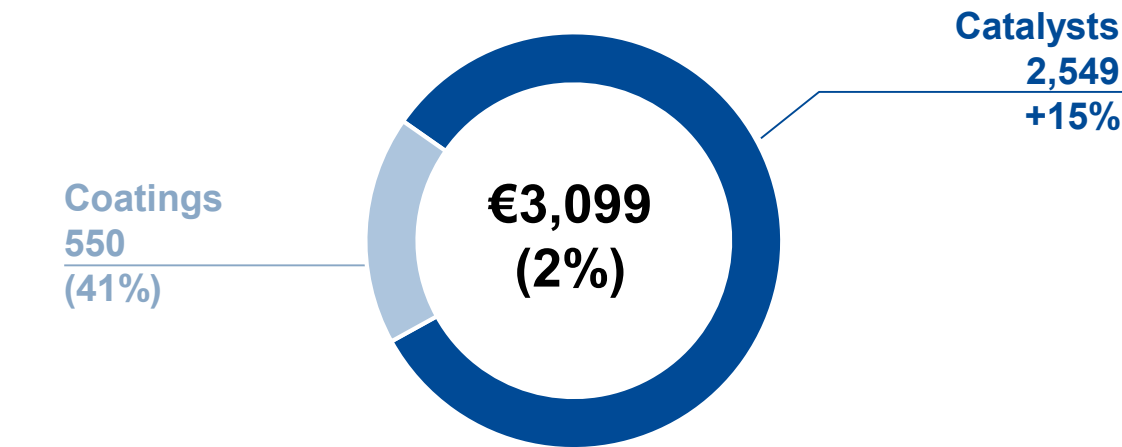


Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2020 vs. Q2 2019	↓ (11%)	↓ (4%)	0%	0%

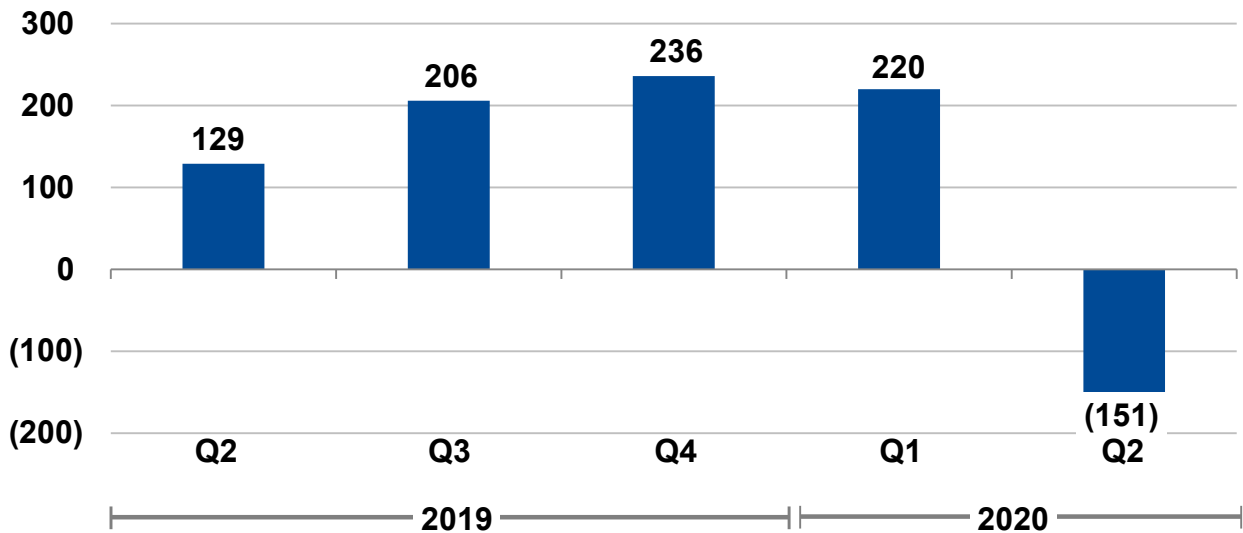


# Surface Technologies

Sales Q2 2020 vs. Q2 2019  
million €



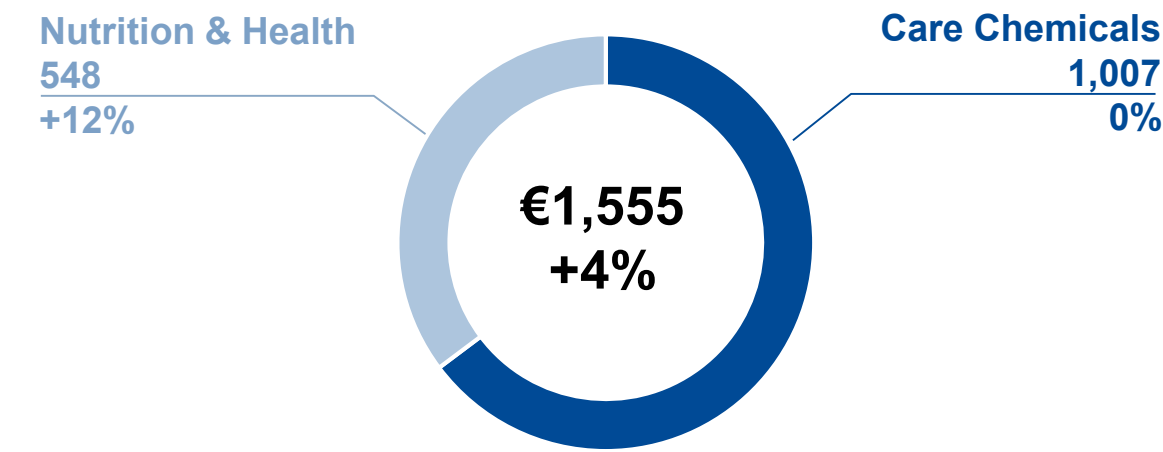
EBIT before special items  
million €



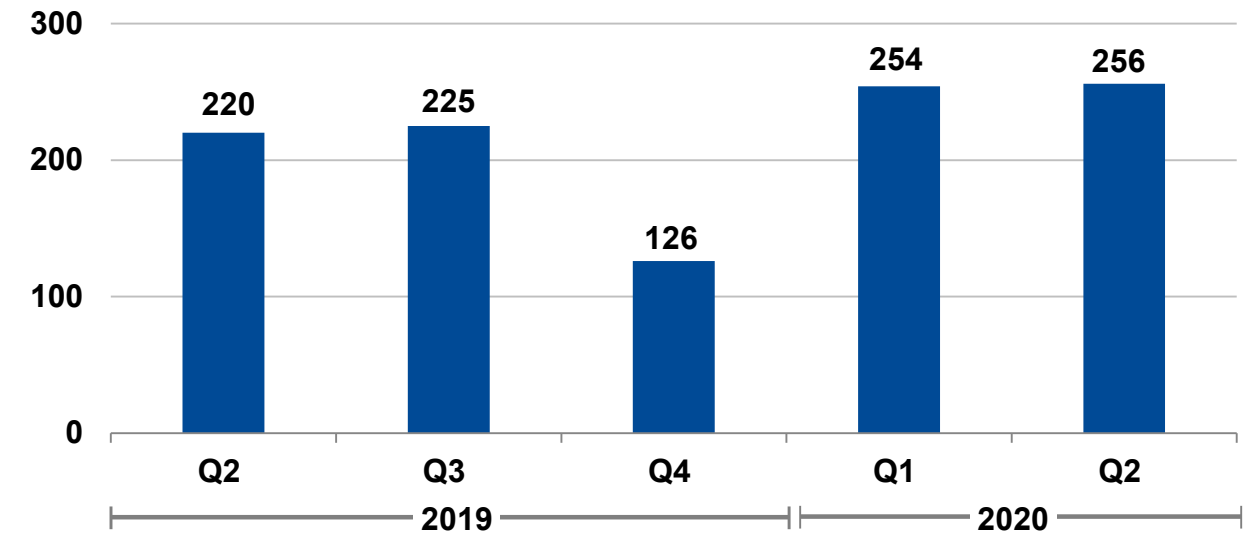
Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2020 vs. Q2 2019	↓ (26%)	↑ 24%	0%	0%

# Nutrition & Care

Sales Q2 2020 vs. Q2 2019  
million €



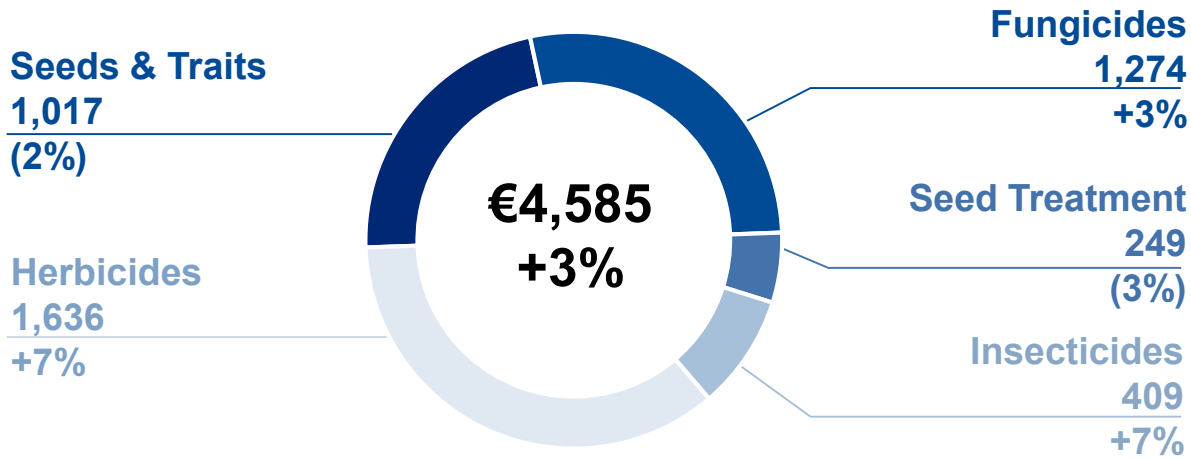
EBIT before special items  
million €



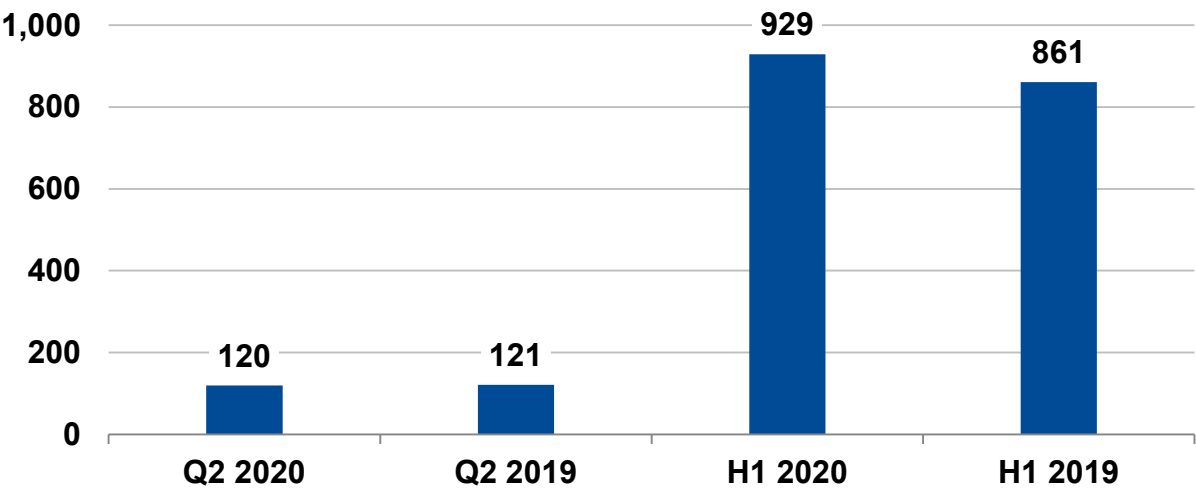
Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2020 vs. Q2 2019	<div> <span>↑</span> 7% </div>	<div> <span>↓</span> (1%) </div>	<div> 0% </div>	<div> <span>↓</span> (2%) </div>

# Agricultural Solutions

Sales H1 2020 vs. H1 2019  
million €



EBIT before special items Q2 2020 vs. Q2 2019 and  
H1 2020 vs. H1 2019  
million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2020 vs. Q2 2019	↑ 2%	↑ 1%	0%	↓ (5%)
H1 2020 vs. H1 2019	↑ 5%	0%	0%	↓ (2%)

# Review of “Other”

Financial figures		Q2 2020	Q2 2019
		million €	million €
<b>Sales</b>		<b>507</b>	<b>744</b>
<b>EBIT before special items</b>		<b>(80)</b>	<b>(171)</b>
Thereof	Costs of corporate research	(81)	(99)
	Costs of corporate headquarters	(57)	(66)
	Foreign currency results, hedging and other measurement effects	(49)	(12)
	Other businesses	24	48
Special items		(48)	(193)
<b>EBIT</b>		<b>(128)</b>	<b>(364)</b>