



# Nutrition & Care

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Nutrition & Care

# 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 158 to 166 of the BASF Report 2020. BASF does not assume any obligation to update the forward-looking statements contained in this presentation above and beyond the legal requirements.*

# Nutrition & Care – uniquely positioned for sustainable growth













Catering to **nutrition, hygiene, health and beauty** industries

Offering a wide variety of **natural ingredients**

Serving **resilient end consumer** markets

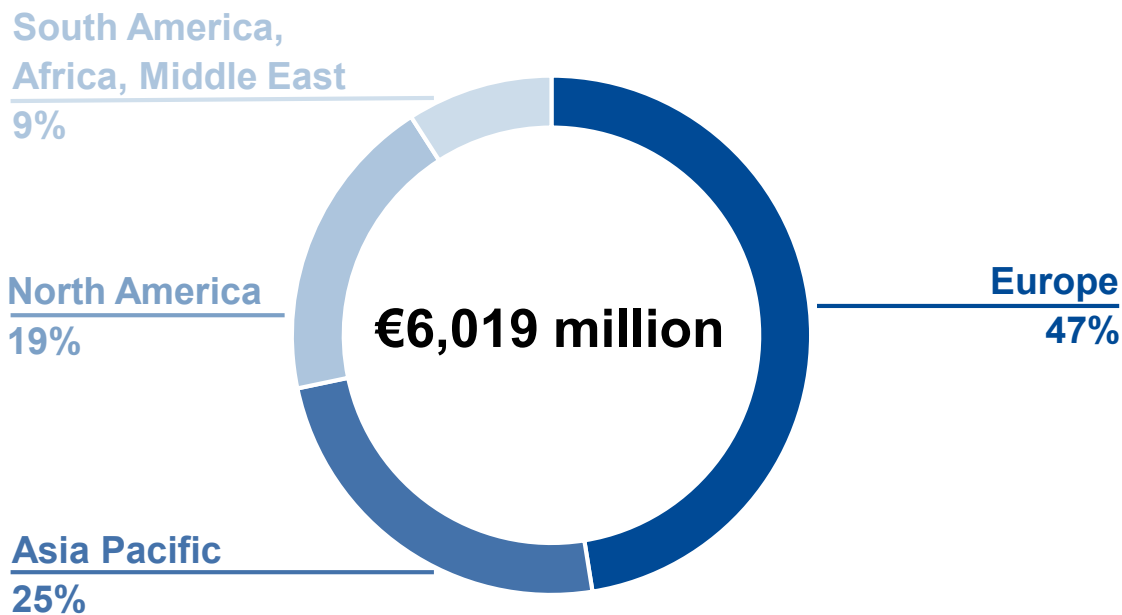
Focusing on **growth markets**

# Each segment has a clear and compelling path forward

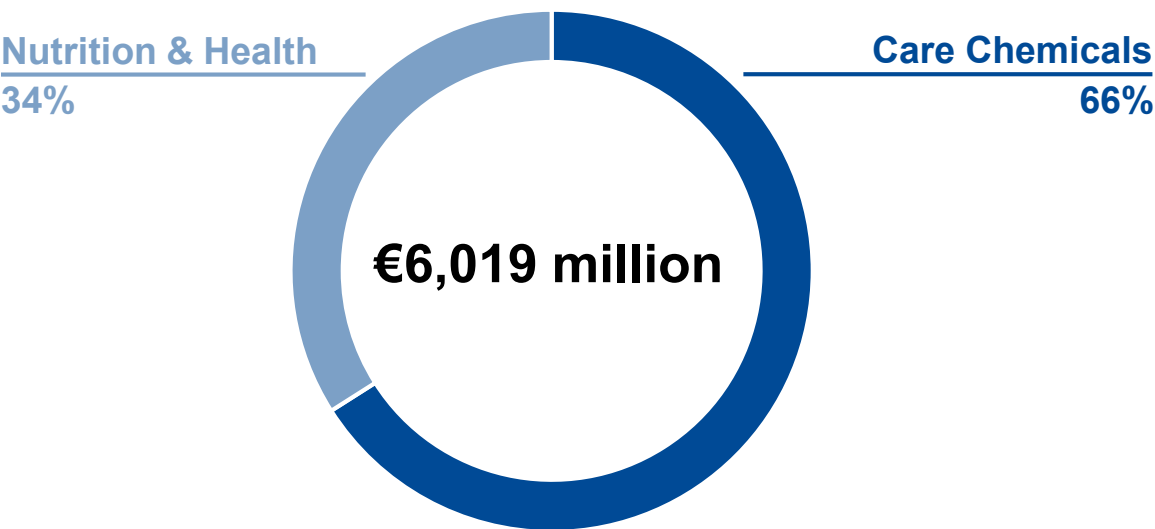
	Chemicals	Materials	Industrial Solutions	Surface Technologies	Nutrition & Care	Agricultural Solutions
% of sales 2020 <sup>1</sup>	14%	18%	13%	28%	10%	13%
EBITDA bsi 2020 <sup>1</sup>	€1.3 billion	€1.7 billion	€1.2 billion	€1.0 billion	€1.2 billion	€1.7 billion
Core theme	Verbund	Advanced materials	Additives platform	Surface modification platform	Consumer ingredients	Integrated offering of crop protection, seeds & traits, digital solutions
Innovation focus	Improved or new processes	Applications, biomaterials	Formulations	Battery materials, surface effects	Biotechnology, formulations	Crop protection, seeds & traits, digital farming
Capex relevance						
M&A relevance						
Sustainability	ChemCycling™	Bio-based materials	More from less	Low-emission mobility	Bio-based and natural, traceability	Better with less

# Nutrition & Care: Our sales split at a glance

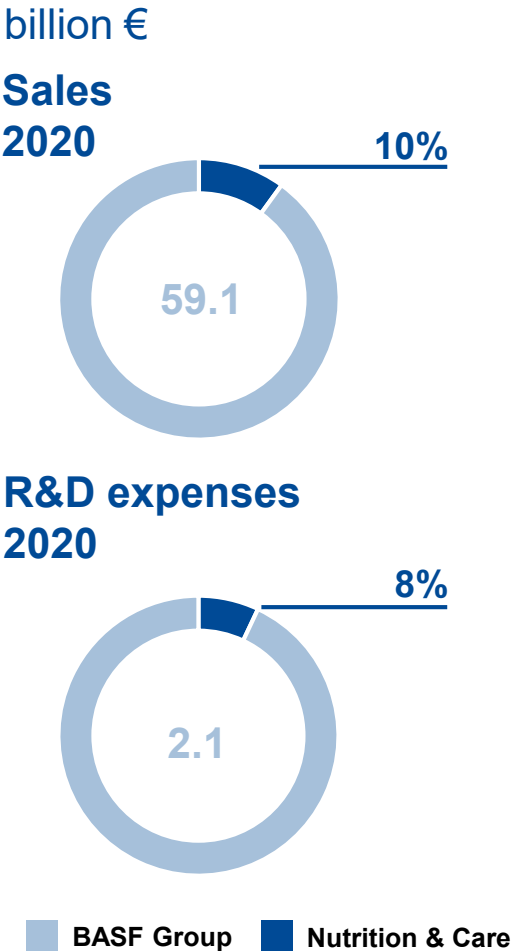
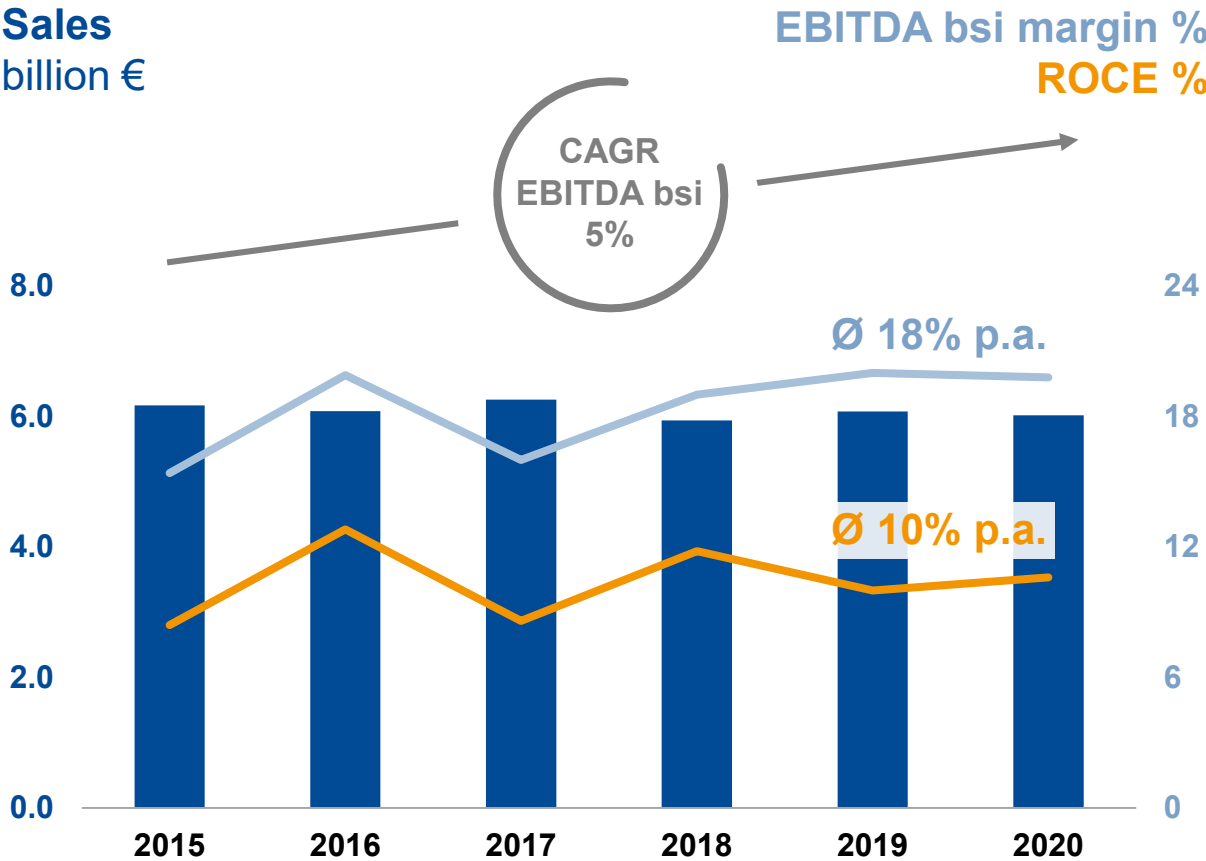
Sales by region<sup>1</sup> 2020



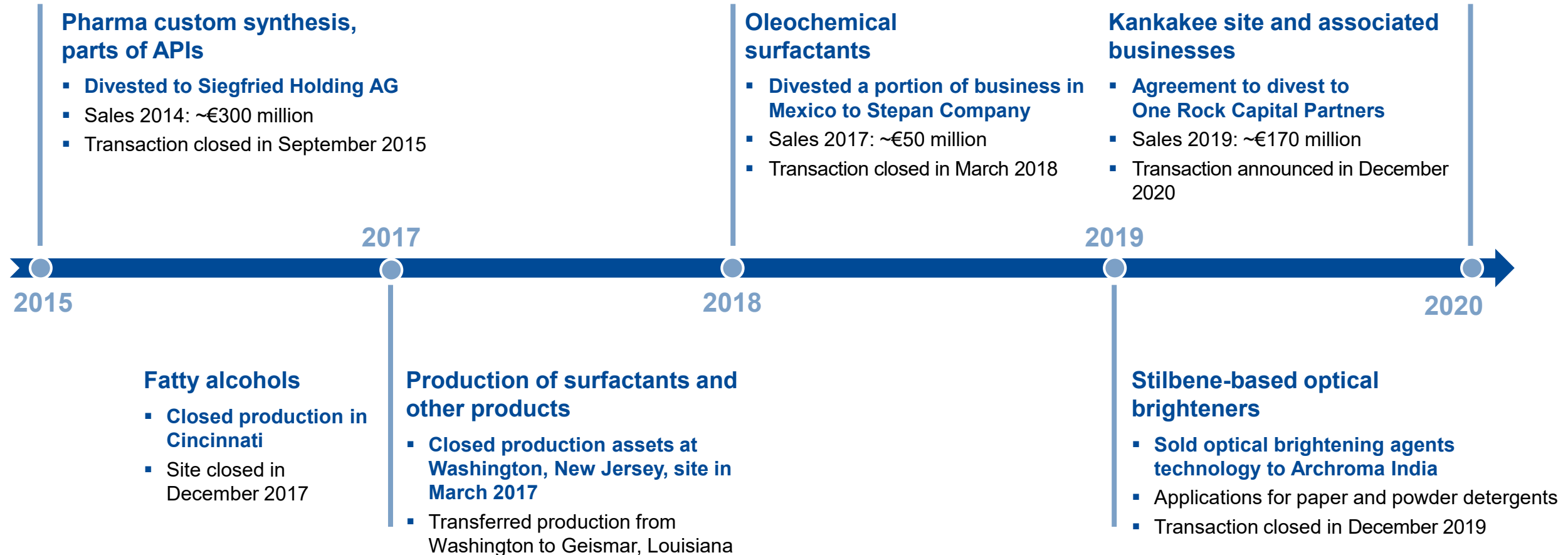
Sales by division 2020



# Nutrition & Care has achieved robust EBITDA margins even in challenging years



# Selected divestments and restructuring have increased profitability and focus on products with higher growth potential



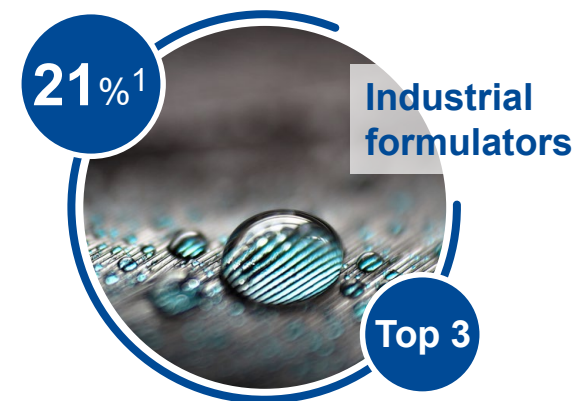
# Care Chemicals' strengths in each industry segment provide us with unique selling propositions



- High-quality, **value-added products** for the personal care industry ranging from oleo-surfactants to UV filters
- **Largest provider of ingredients** for natural cosmetics
- Interpreting consumers and societal trends to constantly develop **new products, formulations and claims**



- **High-performance building blocks** for detergents and cleaning solutions
- **Innovating** with our customers **to drive solutions** to sustainability trends and constantly changing **regulatory framework**
- **Global asset footprint** with strong value chain integration



- Technology expertise for **customer** and **industry-specific solutions**
- Leverage **product and technology synergies** for industrial applications
- Understanding physiochemical effects allows for **product differentiation**



# Nutrition & Health businesses hold or strive for leading positions among suppliers in their market segments

21%<sup>1</sup>



Aroma ingredients

- **Cost leadership** in citral and derivatives
- **Strong volume growth** after startup of aroma ingredients complex in Kuantan, Malaysia
- >60 products in the scent ranges **mint, citrus, rose, lavender, muguet**

25%<sup>1</sup>



Animal nutrition

- **Pioneer** and innovator in **feed enzymes**
- Enabler for **reduction of antibiotics**
- **Cost leadership** in **vitamin A**, strong position in vitamin E

25%<sup>1</sup>



Human nutrition

- Among leading players in **specialty health ingredients**
- **Solution provider** in desserts and artisanal bakery
- Pioneer in **vitamin A food fortification**

28%<sup>1</sup>



Pharma solutions

- **Innovative excipients player** for various applications
- **Strong player** in **ibuprofen** and omega-3
- **Enables** production of **biologic drugs**

1%<sup>1</sup>



Enzymes<sup>2</sup>

- BASF strives for a **leading position** in the global enzymes market
- New Global Business Unit acts as **central hub**
- **Innovation program ensures** a continuous stream of new products

<sup>1</sup> Percentage of Nutrition & Health division sales 2020

<sup>2</sup> Additional sales with enzymes are generated in animal nutrition and the Care Chemicals division

# Translating trends into opportunities for Nutrition & Care



Environmental awareness

- 77% of today's consumers prefer brands that are **environmentally responsible** and use **natural ingredients**<sup>1</sup>

We consistently expand our offering of **sustainable, bio-based solutions** to meet end consumer preferences



Healthy living

- One in six consumers will be older than 65 by 2050,<sup>2</sup> resulting in increased demand for products that support **healthy living**

We integrate **new technologies and business models** to enable healthier offerings for end consumers



Emerging middle class

- The middle class is projected to grow by 2 billion until 2030,<sup>3</sup> resulting in **increased disposable income**

We invest in our **manufacturing assets** to profit from higher demand in growth markets

<sup>1</sup> IBM Institute for Business Value, "Meet the 2020 consumers driving change"

<sup>2</sup> United Nations Department of Economic and Social Affairs, "World Population Ageing 2019"

<sup>3</sup> Brookings Education

# Providing solutions for our customers' sustainability needs

**145**

cosmetic  
ingredients for  
**natural** and  
**organic**  
products

**100%**

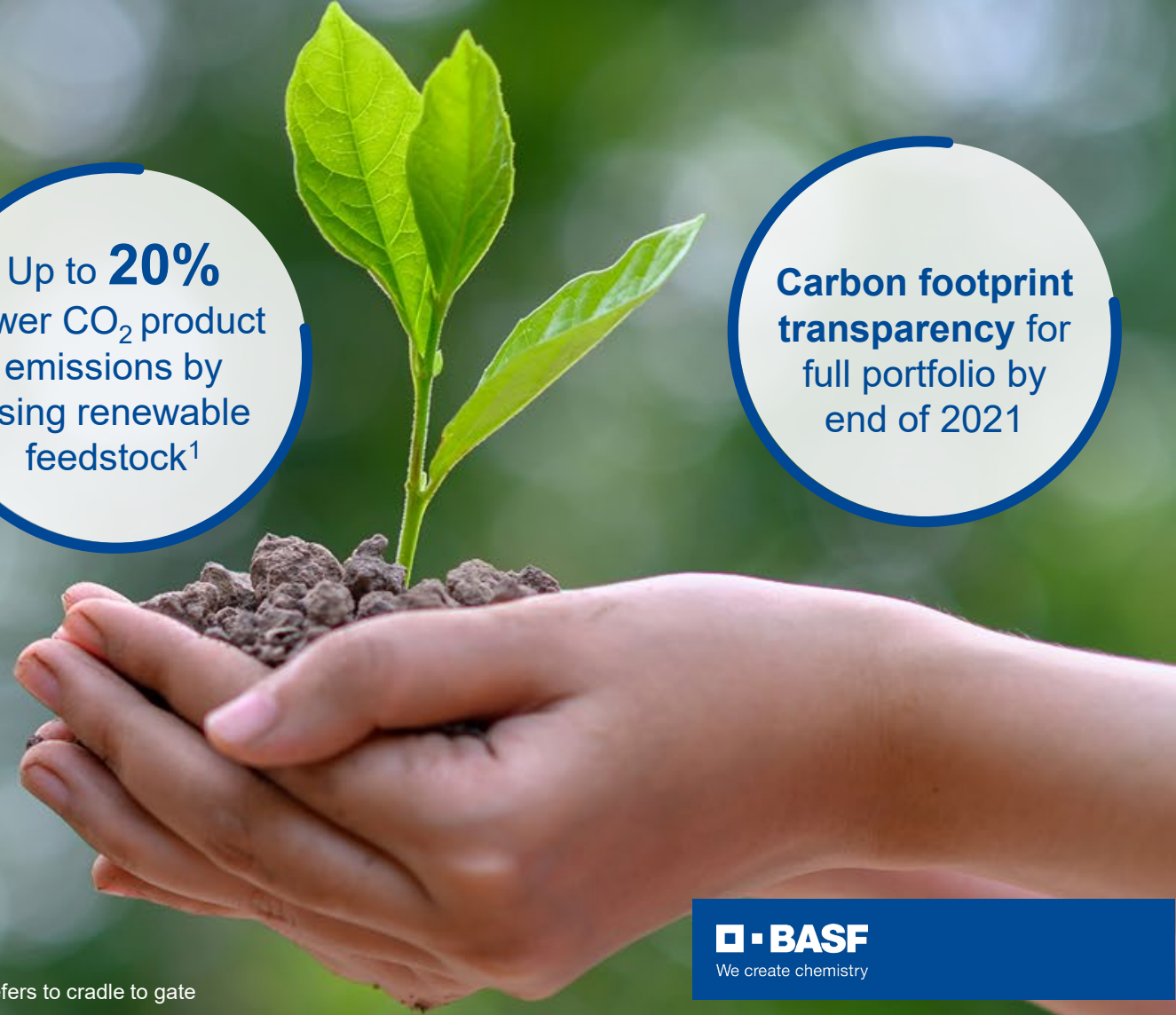
RSPO-certified  
palm oil  
sourcing by 2020

Up to **20%**  
lower CO<sub>2</sub> product  
emissions by  
using renewable  
feedstock<sup>1</sup>

**Carbon footprint  
transparency** for  
full portfolio by  
end of 2021

Supporting  
customers with  
**traceability  
solutions** along  
animal value  
chain

**>50%**  
of R&D expenses  
spent on bio-based,  
biodegradable  
solutions





# We have a broad bio-offering<sup>1</sup> and will significantly expand this offering in the future

 Brands representing our bio-offering

## Typical laundry formulation

Water	65%	
Surfactants	20%	Glucopon®
Polymers	2–3%	Sokalan® HP 56 EcoBalanced
Chelating agents	1–2%	Trilon® M
Enzymes	1–2%	Lavergy® Pro
Optical brighteners	0–1%	in progress
Others		



Home care



Personal care

## Typical face cream formulation

Water	60–80%	
Emollients	10–20%	Cetiol® Ultimate
Emulsifiers	2–5%	Eumulgin® SG
Polymers	0.1–2%	Rheocare® XGN
Actives	1–2%	Nephydrat® BC
UV filters	0–1%	in progress
Others		

<sup>1</sup> Bio-offering includes both bio-based and biodegradable products



# Virtual assistant ZoomLab™ strengthens our leading position as a digital solution provider for the pharma industry

**3–6** months  
development  
time saved

**>90**  
countries

**>500**  
completed  
projects

**>800**  
active  
users

- **ZoomLab™** helps our customers to **save time and resources** in their development pipeline without having to share proprietary information
- Targets all formulators at generic and innovator drug companies worldwide, **with focus on emerging markets**
- **Disruption** of traditional research business model in collaboration **with leading industry partners**
- Accelerated expansion of customer base, building new business opportunities with digital services





# Creating value in aroma ingredients through smart acquisitions delivering targeted innovations for our customers

- Strong R&D pipeline linked to customer projects
- Established customer relationships with key flavor and fragrance players
- Fermentation scale-up expertise

Fermentation-based  
aroma ingredients  
market to grow by  
**+10% p.a.<sup>1</sup>**

**>€500**  
million  
accessible  
market<sup>2</sup>

Acquisition of  
Isobionics

Product  
pipeline

2019

Valencene  
Nootkatone

2020

**Santalol (Isobionics®)**  
Alpha-Bisabolene

2021

Germacrene D  
Alpha-Bisabolol

2022

More to come

Strengthening our position in natural aroma ingredients



# Leveraging our expertise in white biotechnology to deliver innovative, sustainable solutions

## R&D

- **18 R&D projects** in advanced stage
- Focus areas: home and beauty care, animal feed
- Additional industries targeted through strategic cooperations

## Capabilities

- Unique combination of expertise in **biotechnology, formulation and chemistry**
- Customer intimacy enables **faster market entry**
- Technical and financial capacity to meet customer demand for **fast scale-up**

**6–10  
product  
launches  
every year**

## Impact

- Expanding position in attractive growth markets
- Strengthening our positioning as provider of **sustainable solutions** with our customers
- Recent examples: expansion of Lavergy® and Nutrilife® portfolios, Fuelpro™

# Nutrition & Care benefits from the Verbund

36%

Internal  
sourcing<sup>1</sup>

- Enables leading cost position for key product lines
- Ensures stable and sustainable raw material supply

8%

Internal  
sales<sup>1</sup>

- Performance Chemicals
- Dispersions & Pigments
- Others



# We make the carbon footprint of each of our products transparent, enabling our customers to achieve their goals

**Henkel**

One of our key  
customers

“BASF’s initiative to  
calculate carbon  
footprints for all sales  
products is setting a  
benchmark for the  
industry.”



**Bertrand Conqueret**  
Chief Procurement Officer

# Nutrition & Care – our ambition for sustainable growth

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**3–5%**

organic volume  
growth p.a.

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**17–20%**

EBITDA bsi  
margin

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**>10%**

ROCE

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- Maintain position as leading provider of customer-tailored **sustainable solutions** in our industries
- Build on **innovation power** and ability for **fast scale-up** to meet emerging customer needs
- Leverage and expand strong position in **natural-based and biodegradable** solutions
- Realize new business opportunities in **growth markets** and through technology-driven acquisitions
- Pursue profitable **expansions**



We create chemistry

# Nutrition & Care – Attractive portfolio catering to various consumer needs

Divisions	BASF's offering for our customers	Financial figures billion €	2018	2019	2020
Care Chemicals	<ul style="list-style-type: none"> <li>Personal care specialties</li> <li>Home care and industrial cleaning solutions</li> </ul>	Sales	5.9	6.1	6.0
		of which Care Chemicals	4.2	4.1	4.0
		Nutrition & Health	1.7	2.0	2.0
		EBITDA bsi	1.1	1.2	1.2
Nutrition & Health	<ul style="list-style-type: none"> <li>Aroma ingredients</li> <li>Human nutrition products</li> <li>Animal nutrition products</li> <li>Pharma solutions</li> <li>Enzymes for feed, food, detergents and biofuels</li> </ul>	EBITDA bsi margin (%)	19.0	20.0	19.8
		EBIT bsi	0.7	0.8	0.8
		ROCE (%)	11.8	10.0	10.6
		Investments (incl. M&A)	0.3	0.6	0.5
		R&D	0.2	0.2	0.2

# Nutrition & Care – A leading provider of care and nutrition ingredients for consumer products

<b>Divisions</b>	<ul style="list-style-type: none"><li>▪ Care Chemicals</li><li>▪ Nutrition &amp; Health</li></ul>
<b>Strategy</b>	<ul style="list-style-type: none"><li>▪ Maintain market leadership in care ingredients and achieve a leading position in nutrition</li><li>▪ Enhance and broaden the product and technology portfolio through selective acquisitions</li><li>▪ Drive organic growth by focusing on emerging markets, new business models and sustainability trends in consumer markets</li></ul>
<b>Verbund integration</b>	<ul style="list-style-type: none"><li>▪ Care Chemicals is to a large extent based on BASF's C2 value chain</li><li>▪ Citral value chain, based on BASF's integration into C4 products, is core for Nutrition &amp; Health</li><li>▪ R&amp;D capabilities in catalysis, formulation know-how and white biotechnology drive development of innovations</li></ul>
<b>Innovation</b>	<ul style="list-style-type: none"><li>▪ Develop tailor-made solutions for new functionalities through product and process innovation</li><li>▪ Address unmet needs beyond existing chemical solutions with R&amp;D in white biotechnology and fermentation technologies</li></ul>
<b>Capex</b>	<ul style="list-style-type: none"><li>▪ Expand capacities and enhance operational excellence to drive organic growth</li><li>▪ Targeted investments in assets support further portfolio development and diversification</li></ul>
<b>Sustainability</b>	<ul style="list-style-type: none"><li>▪ Build on trends driven by changing consumer behavior, e.g., biodegradable and bio-based products, traceability</li></ul>
<b>Peers</b>	<ul style="list-style-type: none"><li>▪ Croda, DSM, IFF, Evonik</li></ul>