



Ludwigshafen, February 24, 2017

Analyst Conference Call Full Year 2016

 **BASF**
We create chemistry

Cautionary note regarding forward-looking statements

This presentation contains forward-looking statements. These statements are based on current estimates and projections of BASF management and currently available information. Future 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 factors include those discussed in the Opportunities and Risks Report from pages 111 to 118 of the BASF Report 2016. We do not assume any obligation to update the forward-looking statements contained in this presentation.

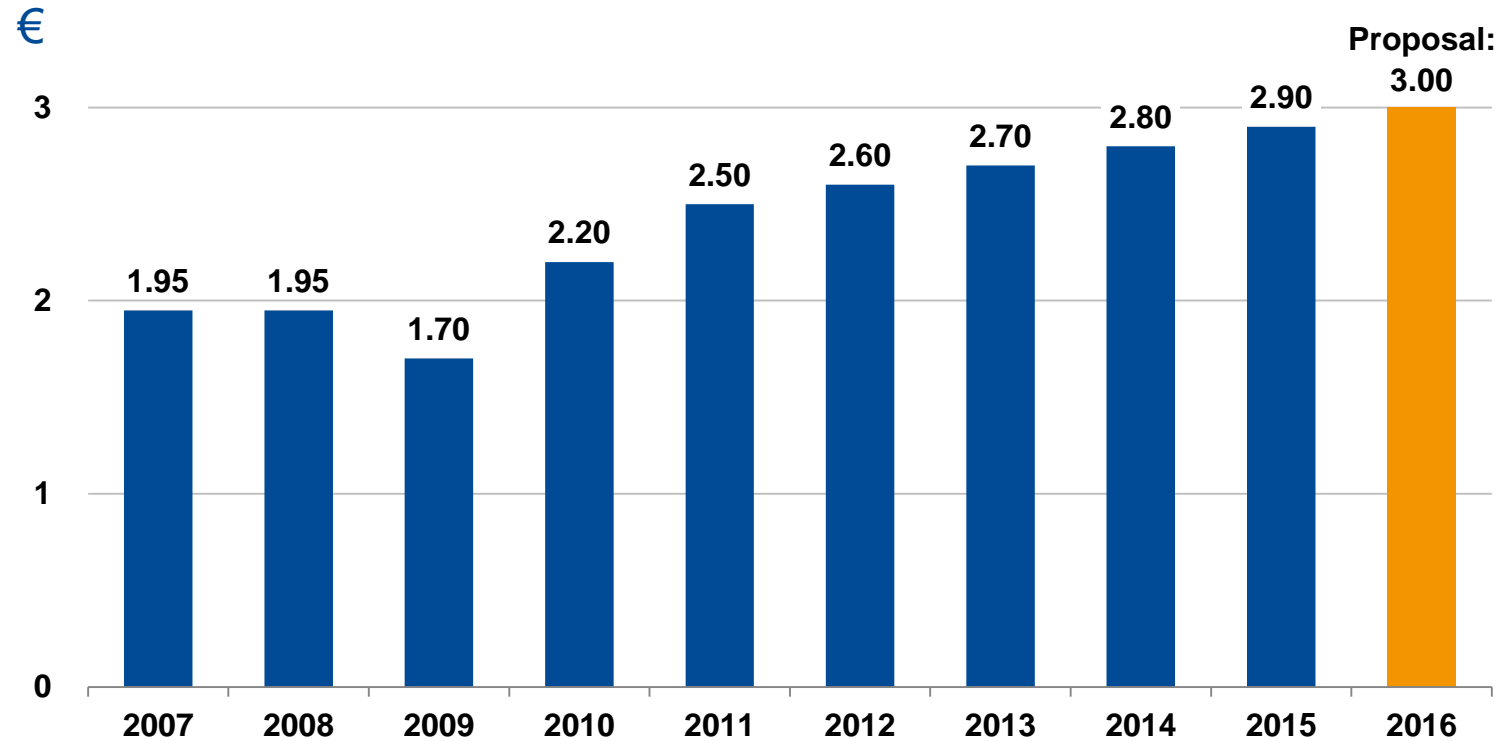
Fourth quarter sales and earnings significantly above prior-year quarter

Financial figures	Q4 2016	Change Q4 2015	FY 2016	Change FY 2015
Sales	€14.8 billion	7%	€57.6 billion	(18)%
EBITDA	€2.5 billion	31%	€10.5 billion	(1)%
EBIT before special items	€1.2 billion	15%	€6.3 billion	(6)%
EBIT	€1.2 billion	278%	€6.3 billion	0%
Net income	€0.7 billion	103%	€4.1 billion	2%
Reported EPS	€0.75	103%	€4.42	2%
Adjusted EPS	€0.79	(22)%	€4.83	(3)%
Operating cash flow	€1.9 billion	97%	€7.7 billion	(18)%

Sales development	Volumes	Prices	Portfolio	Currencies
Q4 2016 vs. Q4 2015	↑ 6%	↑ 1%	0%	0%
FY 2016 vs. FY 2015	↑ 2%	↓ (4)%	↓ (15)%	↓ (1)%

Attractive shareholder return

Dividend per share*



Yield**	3.8%	7.0%	3.9%	3.7%	4.6%	3.7%	3.5%	4.0%	4.1%	3.4%
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* Adjusted for two-for-one stock split conducted in 2008 ** Dividend yield based on share price at year-end

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Dividend policy

- We want to grow or at least maintain our dividend

Key facts

- Dividend proposal of €3.00 per share, an increase of 3.4%
- Dividend yield of 3.4% in 2016

Milestones Q4 2016



**Acquisition of
Chemetall closed**



**Divestiture of
industrial coatings
business completed**



**BASF to increase
capacity of
plastic additives
production network**



**BASF to increase
MDI capacity in
North America**

Chemicals

Significantly higher earnings driven by strong volume growth and increased prices

Sales Q4 2016 vs. Q4 2015

million €

Intermediates

693

+3%

Petrochemicals

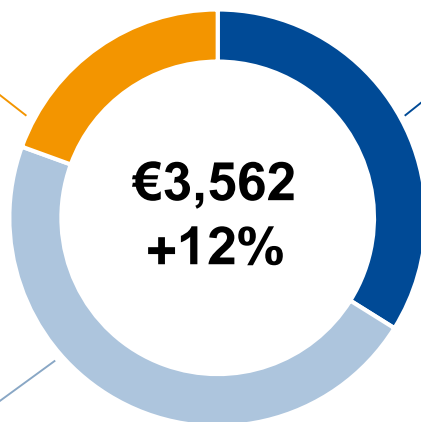
1,207

+8%

Monomers

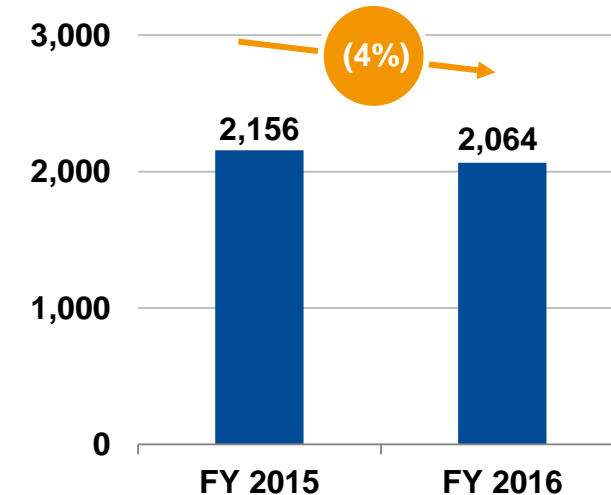
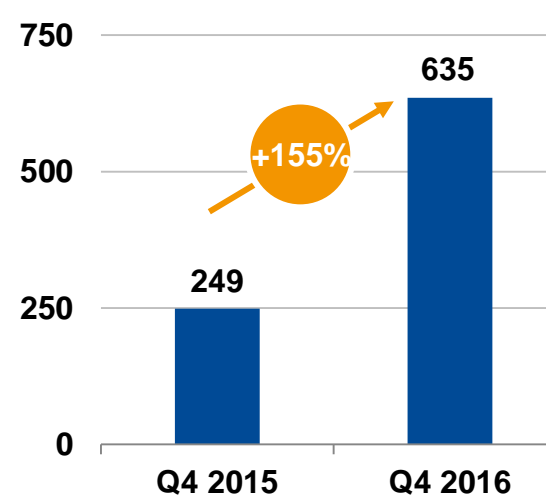
1,662

+19%



EBIT before special items

million €



Sales development

Q4 2016 vs. Q4 2015

FY 2016 vs. FY 2015

Volumes

↑ 6%

↑ 3%

Prices

↑ 6%

↓ (11)%

Portfolio

0%

0%

Currencies

0%

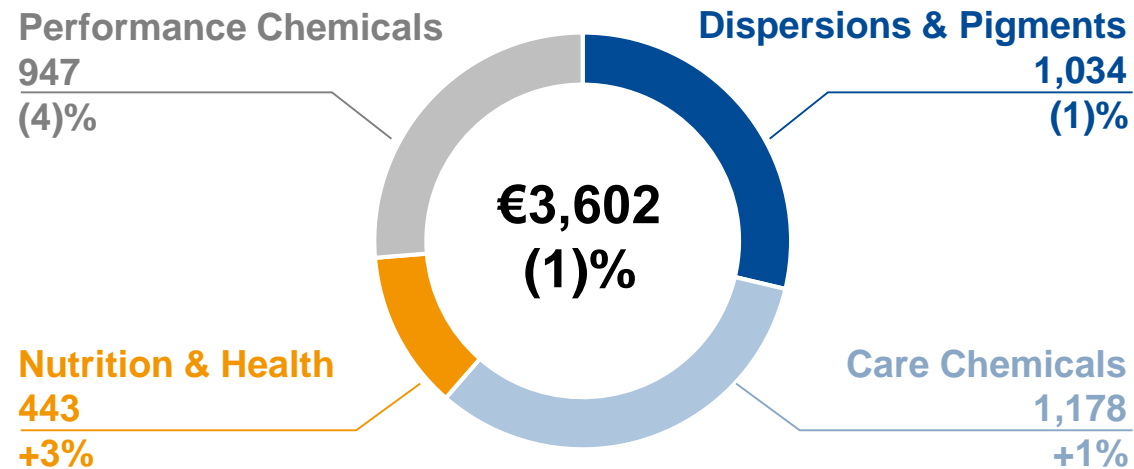
0%

Performance Products

Earnings slightly up due to improved margins

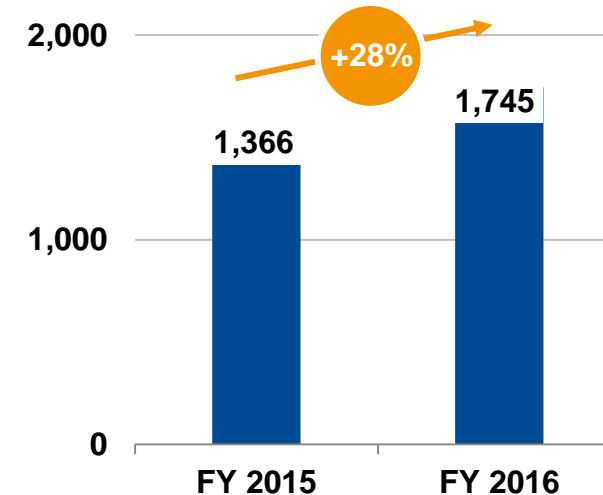
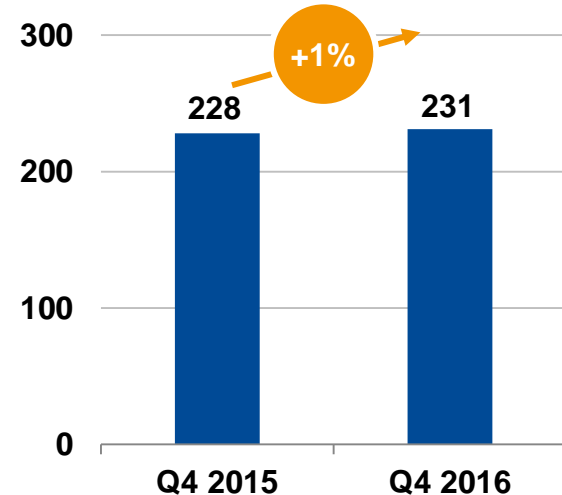
Sales Q4 2016 vs. Q4 2015

million €



EBIT before special items

million €

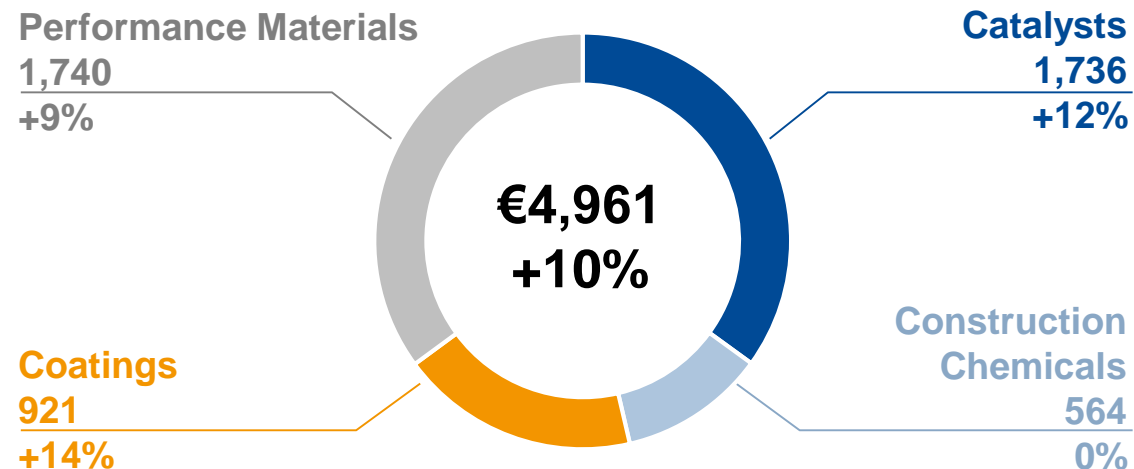


Sales development	Volumes	Prices	Portfolio	Currencies
Q4 2016 vs. Q4 2015	0%	0%	↓ (2)%	↑ 1%
FY 2016 vs. FY 2015	↑ 1%	↓ (2)%	↓ (2)%	↓ (1)%

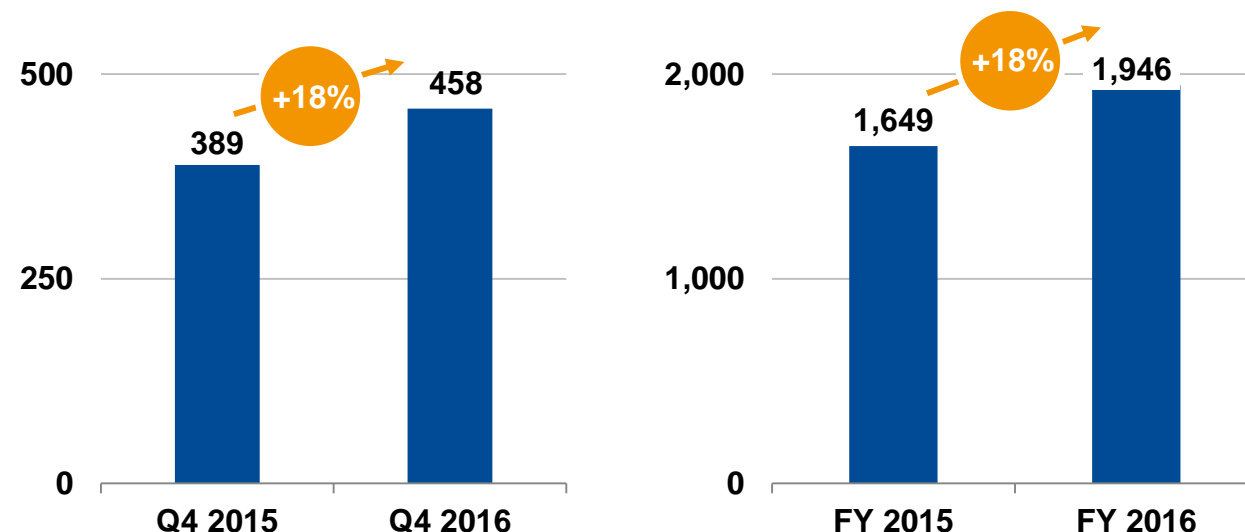
Functional Materials & Solutions

Profitable growth based on continued strong demand from the automotive industry

Sales Q4 2016 vs. Q4 2015 million €



EBIT before special items million €



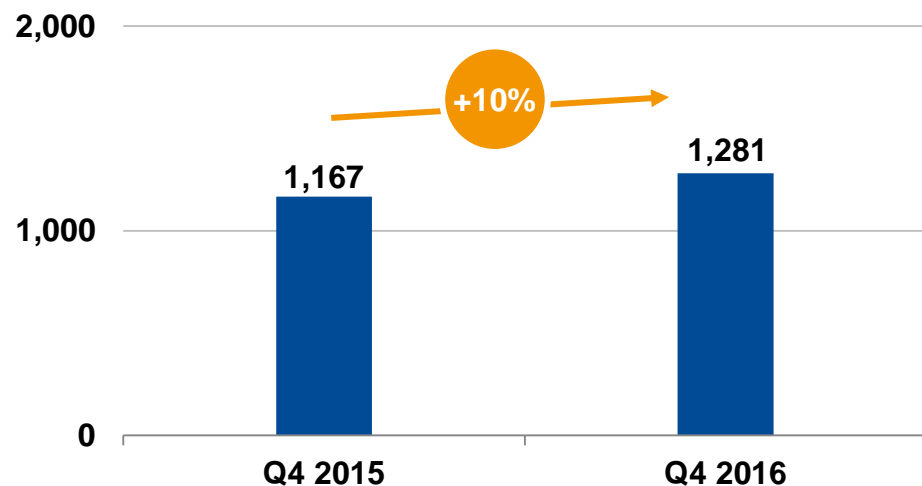
Sales development	Volumes	Prices	Portfolio	Currencies
Q4 2016 vs. Q4 2015	↑ 11%	↓ (1)%	0%	0%
FY 2016 vs. FY 2015	↑ 7%	↓ (5)%	0%	↓ (1)%

Agricultural Solutions

Sales grew considerably due to higher volumes; earnings burdened by higher fixed costs

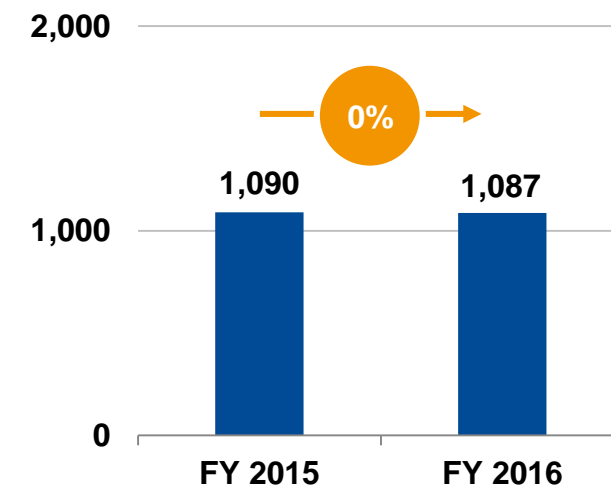
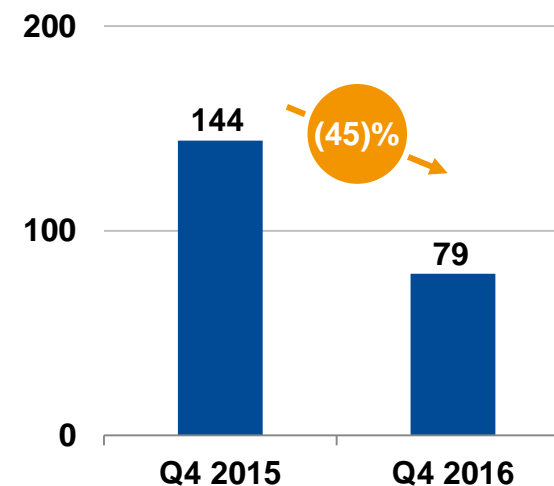
Sales Q4 2016 vs. Q4 2015

million €



EBIT before special items

million €



Sales development

Volumes

Prices

Portfolio

Currencies

Q4 2016 vs. Q4 2015

↑ 9%

↓ (2)%

0%

↑ 3%

FY 2016 vs. FY 2015

↓ (2)%

0%

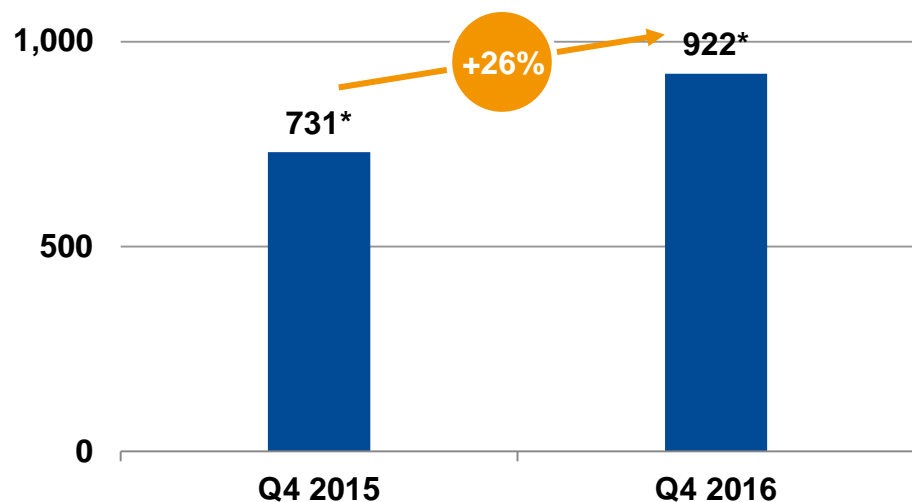
0%

↓ (2)%

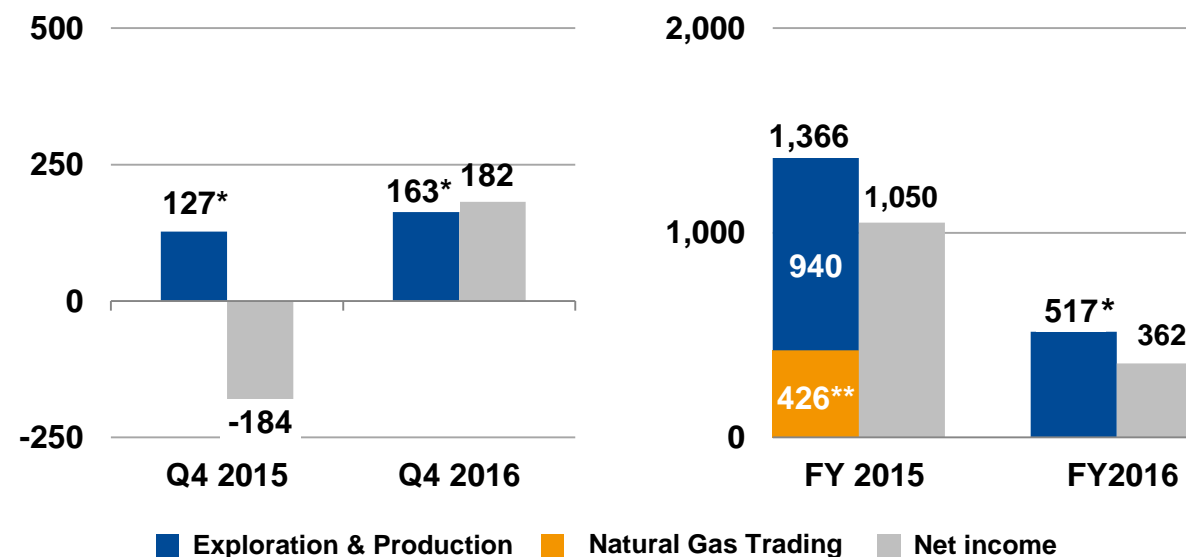
Oil & Gas

Sales and earnings increased significantly, mainly due to higher volumes

Sales Q4 2016 vs. Q4 2015
million €



EBIT before special items / Net income
million €



Sales development

Q4 2016 vs. Q4 2015

FY 2016 vs. FY 2015

Volumes

↑ 23%

↑ 3%

Prices / Currencies

↑ 3%

↓ (3)%

Portfolio

0%

↓ (79)%

Review of 'Other'

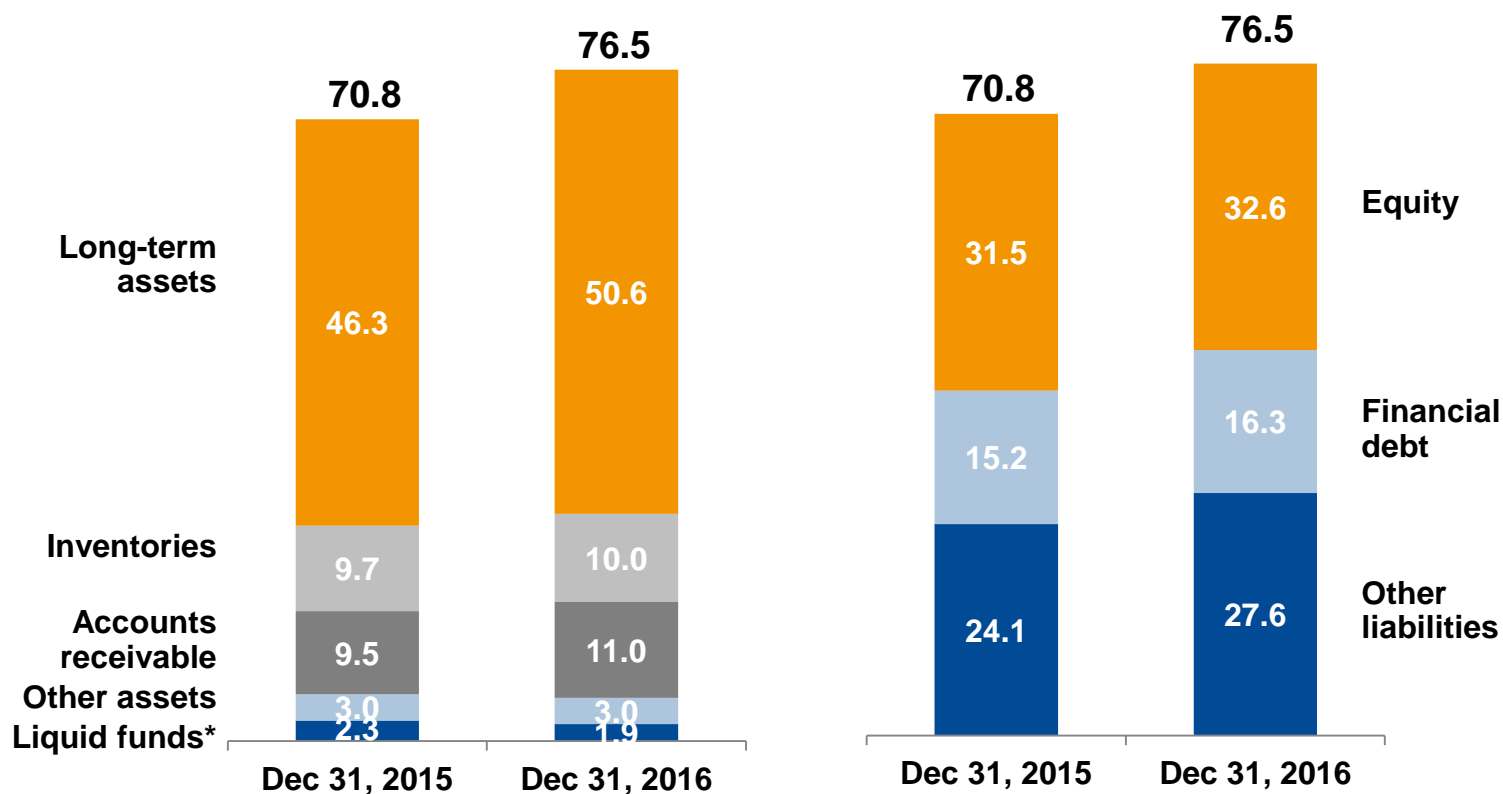
million €	Q4 2016	Q4 2015	FY 2016	FY 2015
Sales	518	660	2,018	2,790
EBIT before special items	(386)	(114)	(1,050)	(888)
Thereof Costs for corporate research	(131)	(95)	(395)	(402)
Costs of corporate headquarters	(57)	(61)	(222)	(233)
Foreign currency results, hedging and other measurement effects	(182)	(11)	(331)	(220)
Other businesses	(12)	75	54	170
Special items	(57)	(21)	(41)	(97)
EBIT	(443)	(135)	(1,091)	(985)

Cash flow development in 2016

million €	2016	2015
Cash provided by operating activities	7,717	9,446
Thereof Changes in net working capital	104	1,347
Miscellaneous items	(734)	(336)
Cash used in investing activities	(6,490)	(5,235)
Thereof Payments made for tangible / intangible assets	(4,145)	(5,812)
Acquisitions / divestitures	(2,164)	436
Cash used in financing activities	(2,160)	(3,673)
Thereof Changes in financial liabilities	579	(933)
Dividends	(2,767)	(2,806)
Free cash flow	3,572	3,634

Balance sheet remains strong

Balance sheet 2016 vs. 2015 billion €



* Including marketable securities

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- Total assets increased by €5.7 billion, mainly as a result of the Chemetall acquisition
- Equity ratio at 42.6%
- Provisions for pensions and similar obligations increased by €1.9 billion
- Net debt increased by €1.5 billion to €14.4 billion

Economic environment 2017

	2017 (forecast)	2016 (actual)
GDP (%)	2.3	2.3
Chemical production excl. pharma (%)	3.4	3.4
Industrial production (%)	2.3	1.9
US\$/Euro	1.05	1.11
Oil price: Brent (US\$/bbl)	55	44

Our priorities

We aim to grow sales and earnings faster than global chemical production in the coming years, driven by

- **Innovations** for a **sustainable future**
- **Investments** in organic growth
- **M&A** opportunities and **portfolio pruning** measures
- **Cost discipline** and **operational excellence**

Outlook 2017 for BASF Group

- We expect BASF Group **sales to grow considerably** in the 2017 business year.
- We want to **slightly raise EBIT before special items** compared with 2016.
- BASF Group **EBIT** is also expected **to grow slightly** in 2017.
- We are likely to once again earn a **significant premium on our cost of capital** in 2017.

Outlook 2017 by segment

EBIT before special items million €	Forecast 2017*	2016
Chemicals**	at prior-year level	2,032
Performance Products**	slight increase	1,777
Functional Materials & Solutions	slight increase	1,946
Agricultural Solutions	slight increase	1,087
Oil & Gas	considerable increase	517
Other	considerable increase	(1,050)
BASF Group	slight increase	6,309

* With respect to EBIT before special items, “slight” means a change of 1-10%, while “considerable” is used for changes greater than 11%. “At prior-year level” indicates no change (+/-0%).

** Effective January 1, 2017, the Chemicals and Performance Products segments’ activities for the electronics industry were merged and allocated to the Performance Products segment as the Electronic Materials global business unit. To facilitate comparability, the 2016 figures for both segments have been adjusted accordingly.



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