



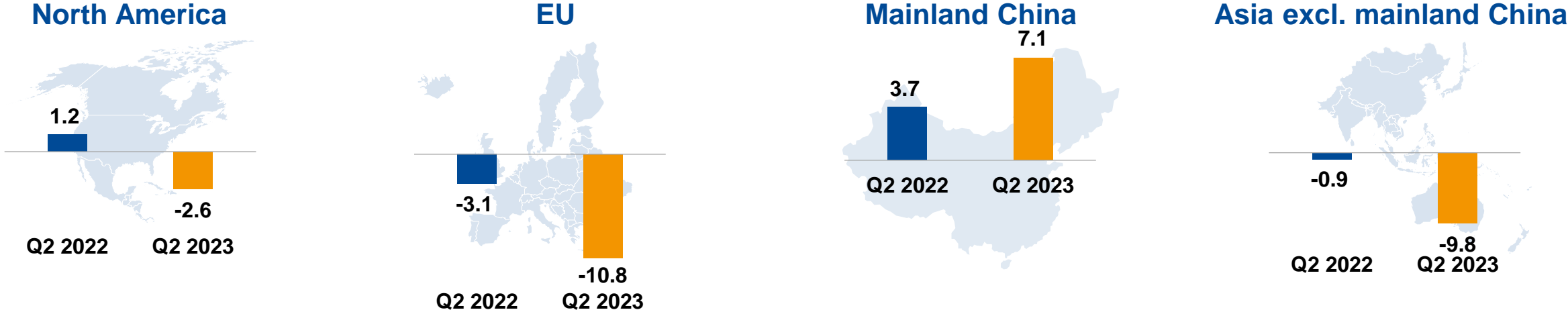
□ - BASF
We create chemistry

Media Phone Conference Q2 2023
Ludwigshafen, July 28, 2023

Global chemical production stagnated compared with the prior-year quarter

Chemical production compared with prior-year quarter¹

%



Growth rates

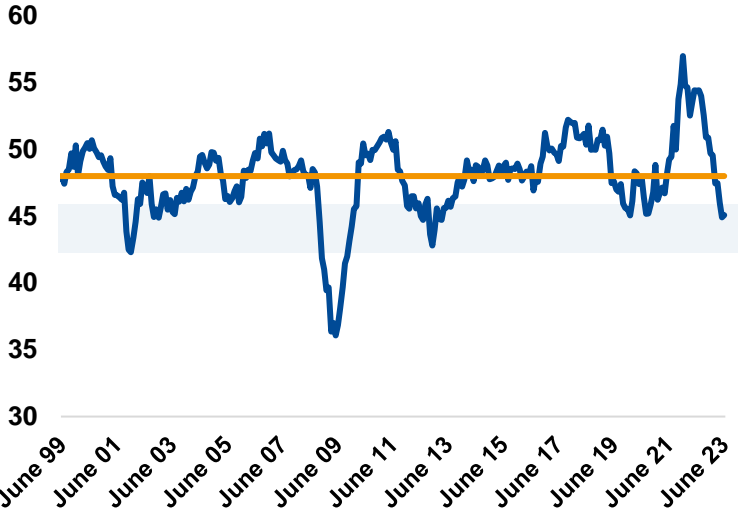
%	Q2 2023	Q2 2022
Global GDP	2.5	3.0
Global industrial production	0.5	2.7
Global chemical production	0.3	1.5

¹ Source: BASF, Q2 2023 partly based on estimates. Data sources: S&P Global, NBS China, Feri, Fed, Eurostat, METI, ONS. All data subject to statistical revision. Growth rates for regional aggregates might differ from official data releases due to different country coverage and weights.

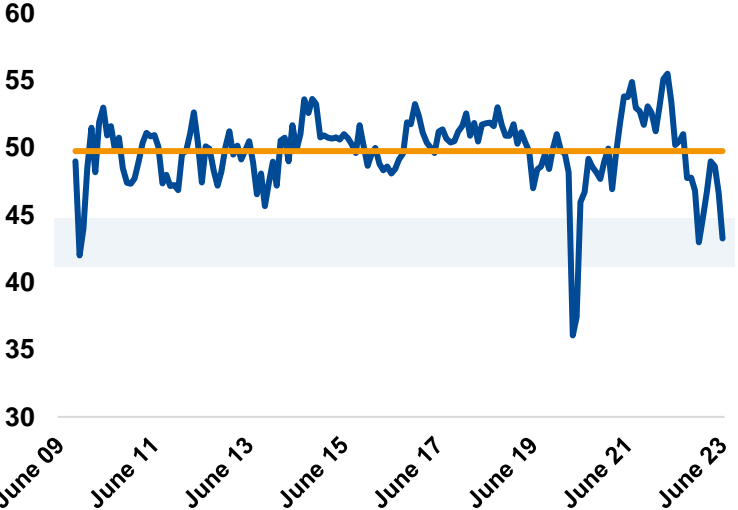
Stock levels in manufacturing below average and within range of past inflection points in Western Europe and North America

Stocks of purchases per region¹

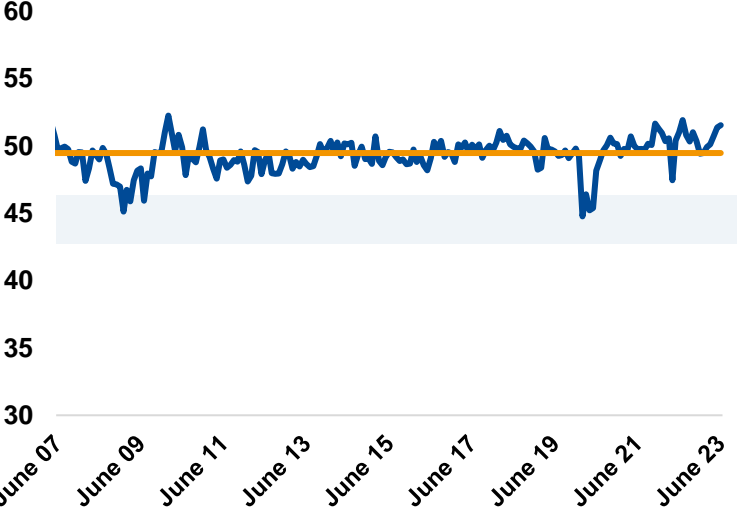
Western Europe



North America



Asia Pacific



■ Stocks of purchases
 — Long-term average
 Turning zone

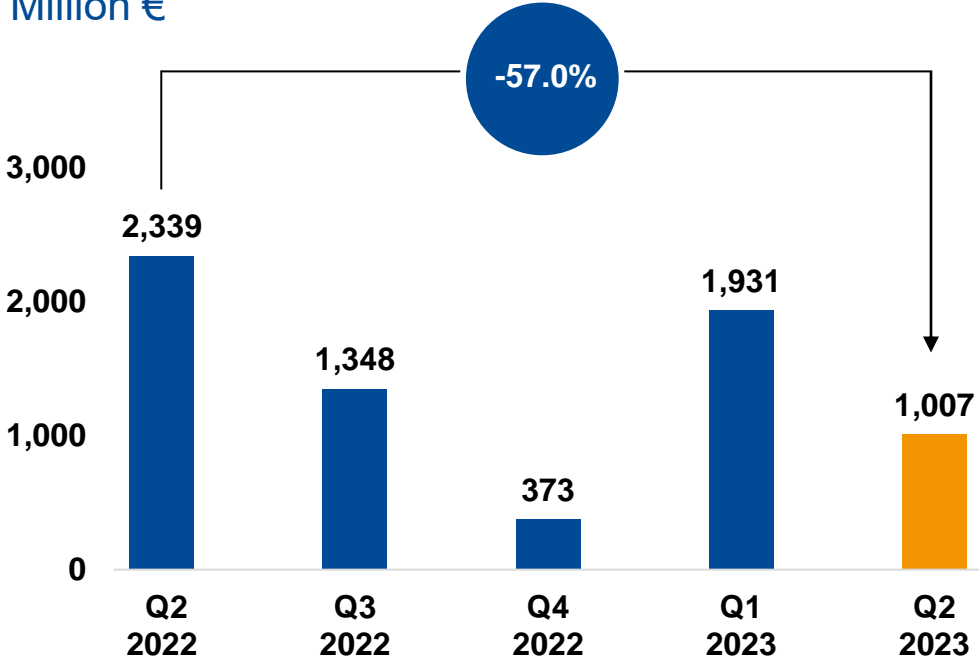
¹ Source: S&P Global (part of Purchasing Managers' Index), BASF; time intervals based on available data; value of 50 indicates no restocking/destocking.

Q2 2023: Compared with the strong prior-year quarter, BASF's earnings declined in a tough market environment

- In Q2 2023, BASF faced low demand from key customer industries, except for automotive
- As a result, sales in Q2 2023 declined by 24.7% to 17.3 billion, mainly due to lower prices and volumes
- In Q2 2023, EBIT before special items declined by €1.3 billion and amounted to €1.0 billion. The decline was particularly driven by the upstream segments

Sales development	Volumes	Prices	Portfolio	Currency
Q2 2023 vs. Q2 2022	↓ -9.9%	↓ -11.8%	↓ -0.3%	↓ -2.7%

EBIT before special items
Million €



Preparing for the future: BASF's new Verbund site project in Zhanjiang is progressing well

Project execution on track

- First downstream plant (engineering plastics) started up in August 2022; first “made in Zhanjiang” products delivered to customers in H2 2022
- Next downstream plant (TPU) scheduled to start up in Q3 2023
- As of 2025: Startup phase 1 – “Heart of the Verbund” including steam cracker
- As of 2028: Startup phase 2 – “Verbund expansion and diversification”

A lighthouse site for sustainability

- 100% renewable electricity targeted for startup of phase 1 in 2025, leading to a significantly reduced CO₂ footprint
- Equity participation in a 500-megawatt offshore wind park in Zhanjiang: Joint venture agreement with Mingyang Smart Energy signed in July 2023



Preparing for the future: BASF's major projects in the United States

Third and final phase of the MDI expansion project at the Verbund site in Geismar, Louisiana, is fully on track

- Additional upstream units and a splitter to increase production capacity to approximately 600,000 metric tons per year by 2026
- Investment of \$780 million in final expansion phase (2022–2025)
- Including the first and second phases, the MDI expansion project is BASF's largest wholly owned investment in the United States



BASF and Yara evaluate low-carbon blue ammonia project

- Joint study to develop and construct a world-scale low-carbon blue ammonia production facility with carbon capture in the U.S. Gulf Coast region
- Feasibility study of a plant with a total annual capacity of 1.2 to 1.4 million tons
- Approximately 95% of the CO₂ generated from the production process is aimed to be captured and permanently stored in the ground
- Project underlines BASF's commitment to drive the sustainable transformation of the chemical industry



Preparing for the future: BASF is the first company to establish a co-located battery materials and recycling center in Europe

- BASF is the first company to establish a co-located battery materials and recycling center and close the loop in the European battery value chain
- New plant is first production facility for high-performance cathode active materials (CAM) in Germany and first fully automated large-scale CAM production facility in Europe
- Supply of products tailored to the specific needs of cell manufacturers and automotive OEMs in Europe; plant fully sold out for the next years
- Construction of a world-class battery recycling plant to produce black mass already started; production expected to begin in 2024
- With these investments, BASF is supporting the European market and at the same time enabling faster growth for its global business



BASF Group Q2 2023: Key financial figures

Sales
Q2 2023 vs. Q2 2022

€17,305 million
-24.7%

EBITDA before special items
Q2 2023 vs. Q2 2022

€1,944 million
-41.0%

EBIT before special items
Q2 2023 vs. Q2 2022

€1,007 million
-57.0%

Net income
Q2 2023 vs. Q2 2022

€499 million
-76.1%

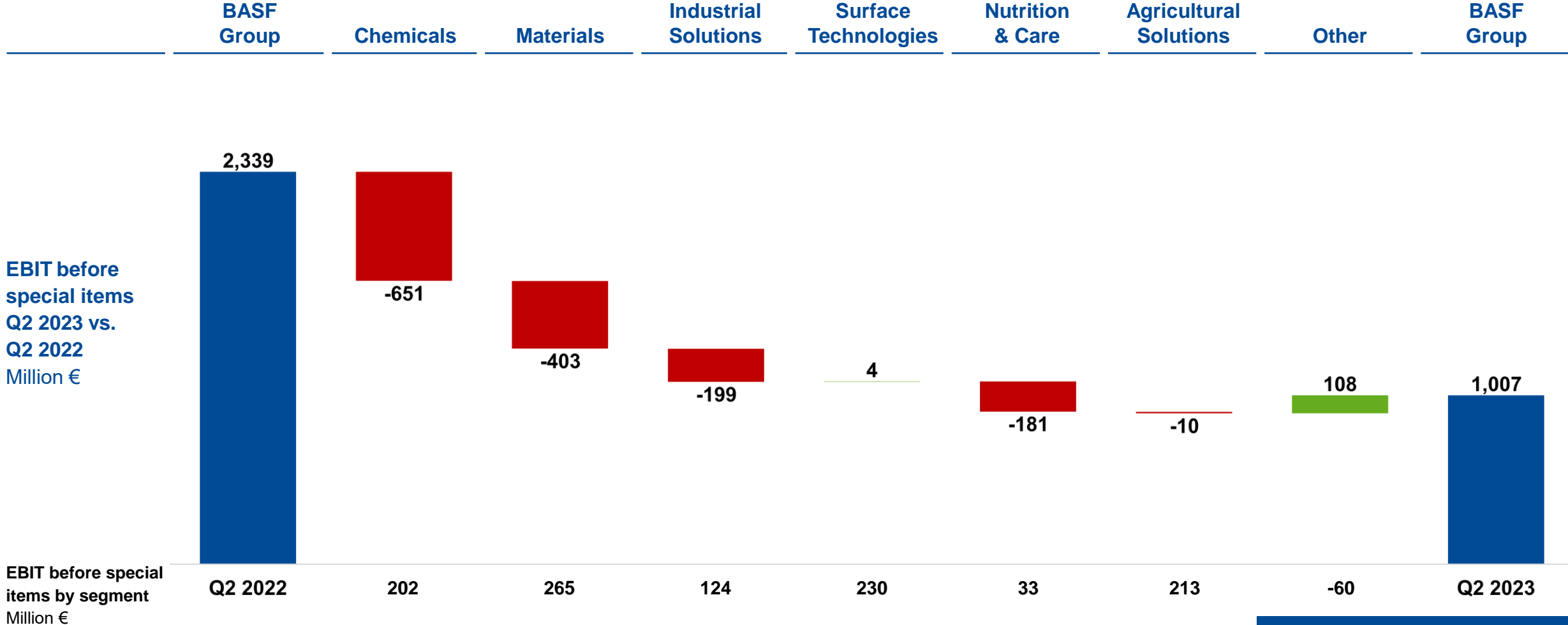
Operating cash flow
Q2 2023 vs. Q2 2022

€2,178 million
+77.4%

Equity ratio
June 30, 2023, vs. Dec. 31, 2022

47.1%
48.4%

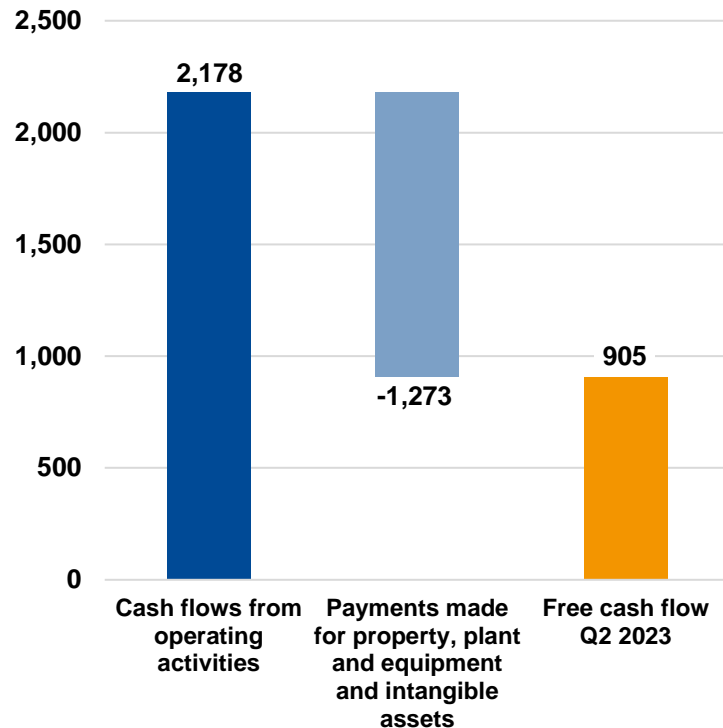
Q2 2023: Earnings declined, mainly due to lower contributions from upstream businesses compared with a strong prior-year quarter



Cash flow development in Q2 2023 and H1 2023

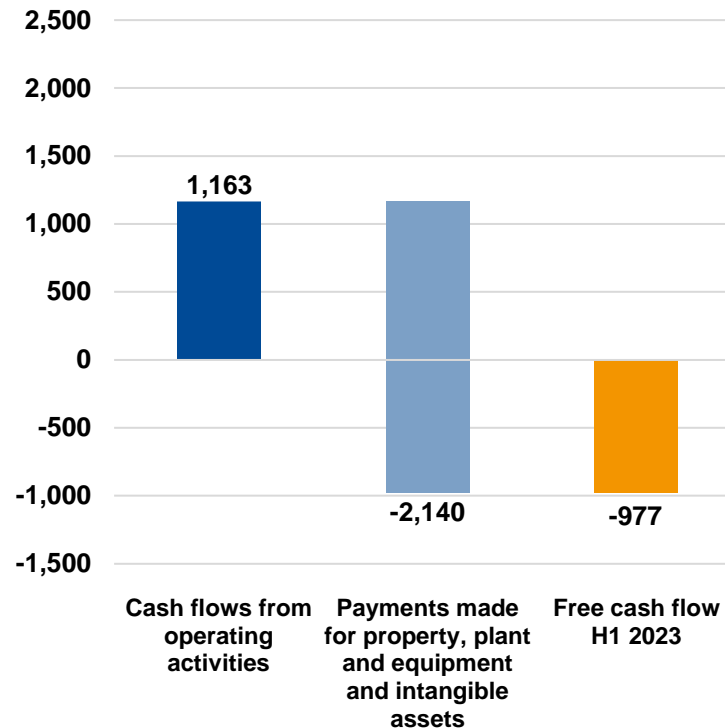
Q2 2023

Million €



H1 2023

Million €



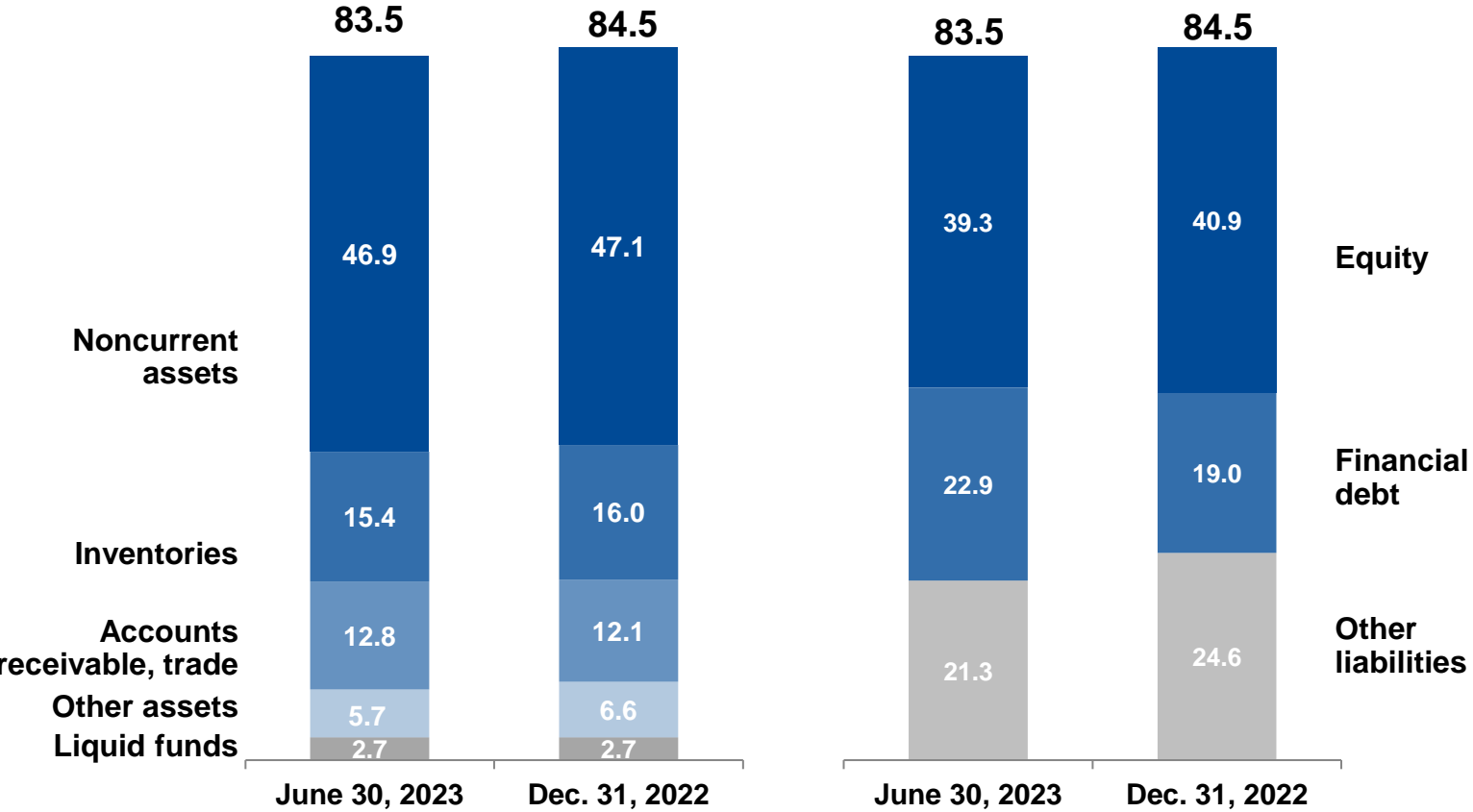
Q2 2023 vs. Q2 2022

- **Cash flows from operating activities** increased by +€950 million to €2.2 billion; changes in net working capital led to a cash inflow of €797 million
- **Payments made for property, plant and equipment and intangible assets** rose by 43% to €1.3 billion
- **Free cash flow** increased by €569 million to €905 million

Strong balance sheet

Balance sheet June 30, 2023, vs. Dec. 31, 2022

Billion €

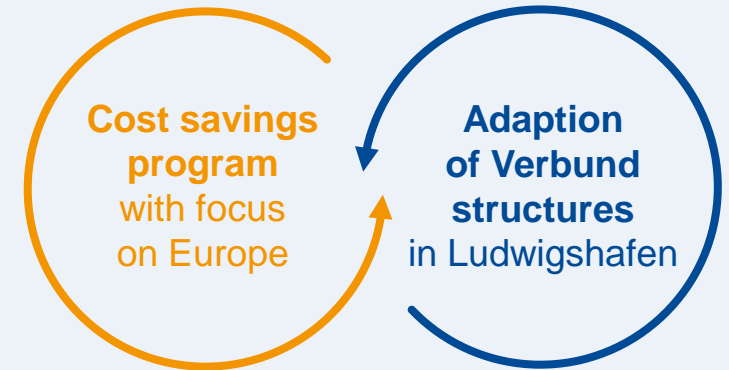


- **Total assets** decreased by €1.0 billion to €83.5 billion
- **Noncurrent assets** almost unchanged at €46.9 billion
- **Current assets** decreased by €807 million to €36.6 billion
- **Net debt** increased by €4.0 billion to €20.2 billion
- **Equity ratio:** 47.1% (Dec. 31, 2022: 48.4%)

Increasing competitiveness: Focus on costs and cash

Program details presented in February 2023

- **Cost savings program** with focus on Europe:
Expected annual cost savings of >€500 million by the end of 2024 confirmed;
annual run rate of >€300 million expected to be achieved by the end of 2023
- **Adaptation of Verbund structures** in Ludwigshafen:
Expected annual cost savings of >€200 million by the end of 2026 confirmed



Global focus on cash management

- Increased focus on **reducing inventory levels**
- **Rigorous fixed cost control** and avoidance of discretionary costs
- **Capital discipline:** Capex for 2023 reduced by €0.6 billion to ~€5.7 billion – down from €6.3 billion announced end of February 2023



Optimizing structures: Carve-out of mobile emissions catalysts and precious metals services businesses successfully completed

- New standalone entity named BASF Environmental Catalyst and Metal Solutions (ECMS), headquartered in Iselin, New Jersey
- As a global leader in catalysis and precious metals, ECMS offers a wide range of products and services, creating full-loop solutions
- Global operations in 15 countries with >4,500 employees and 20 production sites; ECMS operates in its own legal entities with a dedicated IT system landscape and services
- Carve-out completed in 18 months while achieving strong business performance versus prior year, winning new platforms, and maintaining business continuity for customers, partners and employees
- In the new setup, ECMS will focus on market opportunities in step with the more stringent light- and heavy-duty emissions regulations and will further pursue growth areas in circular solutions and the hydrogen economy



Outlook 2023 for BASF Group

Outlook 2023	Adjusted forecast	Previous forecast
Sales	€73 billion – €76 billion	€84 billion – €87 billion
EBIT before special items	€4.0 billion – €4.4 billion	€4.8 billion – €5.4 billion
ROCE	6.5% – 7.1%	7.2% – 8.0%
CO ₂ emissions	17.0 – 17.6 million metric tons	18.1 – 19.1 million metric tons

Underlying assumptions (previous assumptions in parentheses)

- Growth in gross domestic product: 2.0% (1.6%)
- Growth in industrial production: 1.0% (1.8%)
- Growth in chemical production: 0.0% (2.0%)
- Average euro/dollar exchange rate: \$1.10 per euro (\$1.05 per euro)
- Average annual oil price (Brent crude): \$80 per barrel (\$90 per barrel)





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