BASF 2nd Quarter 2013 Analyst Conference Call

July 25, 2013, 11:00 a.m. (CEST)

Ludwigshafen

Analyst Conference Call Script

Dr. Kurt Bock

Dr. Hans-Ulrich Engel

The spoken word applies.

Cautionary note regarding forward-looking statements

This presentation may contain forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realized from the proposals described herein. Forward-looking statements may include, in particular, statements about future events, future financial performance, plans, strategies, expectations, prospects, competitive environment, regulation and supply and demand. BASF has based these forward-looking statements on its views and assumptions with respect to future events and financial performance. Actual financial performance could differ materially from that projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and financial performance may be better or worse than anticipated. Given these uncertainties, readers should not put undue reliance on any forward-looking statements. The information contained in this presentation is subject to change without notice and BASF does not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable laws and regulations.

Q2 2013: BASF maneuvers well through challenging environment

Business performance	Q2'13	Q2'12	vs. Q2'12
Sales	€18.4 billion	€17.8 billion	+3%
EBITDA	€2.5 billion	€2.5 billion	(1%)
EBIT before special items	€1.8 billion	€1.9 billion	(5%)
EBIT	€1.8 billion	€1.7 billion	+6%
Net income	€1.2 billion	€1.2 billion	(4%)
Reported EPS	€1.26	€1.32	(4%)
Adjusted EPS	€1.40	€1.59	(12%)
Operating cash flow	€2.0 billion	€1.9 billion	+6%

Sales development

Period	Volumes	Prices	Portfolio	Currencies
Q2'13 vs. Q2'12	↑ 5%	0%	0%	↓ (2%)

Dr. Kurt Bock

Ladies and Gentlemen, good morning and thank you for joining us.

[Chart 3: BASF maneuvers well through challenging environment]

- The global economic environment remains challenging. While the economies in the Eurozone are stagnating, the recovery in the United States is gaining ground. In China, growth in the second quarter has been lower than anticipated, leading to more moderate growth perspectives for Asia Pacific. The major Latin American economies also face sluggish demand growth. These trends add up to a picture of prevailing volatility and uncertainty in the global economy. In Q2 2013, BASF successfully maneuvered through this environment.
- BASF increased sales by 3 percent to 18.4 billion euros. This growth was mainly attributable to the excellent development of our Agricultural Solutions segment and higher volumes in Oil & Gas. In an overall challenging market environment, our chemical activities showed a moderate volume growth of two percent, but a slight decline in sales due to lower prices and negative currency effects.
- EBITDA remained stable at a level of 2.5 billion euros.
- EBIT before special items declined by 5 percent to 1.8 billion euros. This was caused by a significantly lower result in Other.

- Overall earnings of our five business segments slightly increased. Specifically, we saw higher contributions from the segments Functional Materials and Solutions, Agricultural Solutions and Oil & Gas, while earnings of our Chemicals as well as Performance Products segments were lower.
- The decline of EBIT before special items in Other is related to a swing in our long-term incentive program. While we increased the provision for the program in the second quarter of this year, we reversed provisions in the second quarter of last year.
- Special items amounted to minus 59 million euros, resulting primarily from restructuring measures. In the second quarter of last year, we reported negative special items of 261 million euros mainly caused by restructuring measures as well as impairment charges on a Norwegian oil field development project.
- EBIT grew six percent to 1.8 billion euros.
- The tax rate amounted to 23.8 percent. In the second quarter of 2012, the tax rate was at 18.5 percent, positively impacted by the above mentioned oil field impairment.
- Net income came in four percent lower at 1.2 billion euros.
- Adjusted earnings per share decreased to 1.40 euros in Q2 2013 after 1.59 euros in Q2 2012.
- At 2 billion euros, operating cash flow surpassed the previous year’s level by around 100 million euros, driven by changes in net working capital.
- Free cash flow remained almost unchanged at 936 million euros.

- Let me move from the Q2 perspective to a half-year view. In the first half of 2013, we exceeded the high level of sales and EBIT before special items of the first half of 2012. Our operating cash flow of 4 billion euros was 619 million euros above last year.

Important milestones in Q2 2013

Further expansion of the BASF/Sinopec joint venture in Nanjing, BASF-YPC

- Acrylic acid value chain:
  Superabsorbent polymers plant under construction; additional acrylic acid and butyl acrylate plants to be built
- Partners investigate expansion of ethylene oxide production and a new neopentylglycol plant

New production and formulation capacities announced for Crop Protection in Asia Pacific and South America

- New formulation and packaging plant in Rudong, China
- Expansion of production and formulation capacities in Guaratinguetá, Brazil
- New plant for biological crop protection products to be opened in Chile

[Chart 4: Important milestones in Q2 2013]

Before we get into more detail for our individual business segments, please allow me to highlight a couple of milestones:

- With Sinopec, we agreed on a further expansion of our joint venture BASF-YPC in Nanjing. In addition to the superabsorbent polymers plant currently under construction, the acrylic acid value chain will be further strengthened with additional acrylic acid and butyl acrylate plants. We also investigate a potential expansion of the ethylene oxide production, and a new neopentylglycol plant.
- For our very successful Crop Protection business, we have initiated measures to further expand the global asset footprint.
- In Rudong, China, we will build a new formulation and packaging plant, serving the local market with nearly our entire portfolio of crop protection solutions. In Brazil, we will further increase our production and formulation capacities at our Guaratinguetá site. Furthermore, we announced that we will open a new plant for biological crop protection products in Chile.

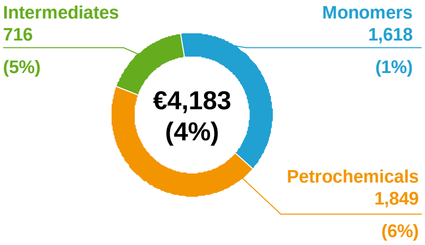
We would also like to update you on the status of the transaction between BASF and Statoil, which we announced in Q4 2012. We now expect closing of the deal on July 31st 2013. Sales and earnings from the producing fields that we obtain from Statoil will be booked from August 1, 2013. Income between the economically effective date January 1, 2013 and closing date will reduce the agreed upon compensation payment of 1.35 billion US dollars.

Now I would like to turn over to Hans who will comment on the performance of the individual business segments.

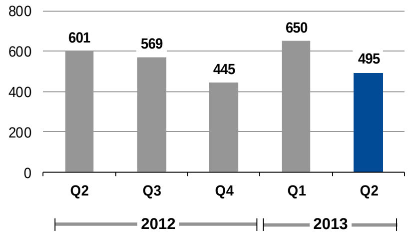
Chemicals

Lower earnings due to weaker demand

Q2'13 segment sales (million €) **vs. Q2'12**



EBIT before special items (million €)



Sales development

Period	Volumes	Prices	Portfolio	Currencies
Q2'13 vs. Q2'12	↑ 1%	↓ (4)%	0%	↓ (1%)

Dr. Hans-Ulrich Engel

Good morning ladies and gentlemen.
Let me highlight the financial performance of each segment in comparison to the second quarter of 2012.

[Chart 5: Chemicals – Lower earnings due to weaker demand]

Sales in the **Chemicals** segment declined. Weaker than expected demand, especially in Asia, allowed for only a small overall volume growth. Prices declined driven by a decrease of raw material costs. We faced slightly negative currency effects. EBIT before special items came in significantly lower.

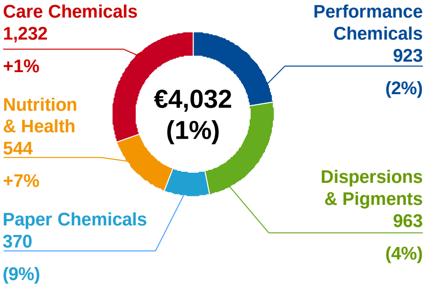
- In **Petrochemicals** sales decreased. Volumes were stable in most product lines. Overall, prices fell driven by the decreasing oil price. The scheduled seven-week maintenance turnaround of our cracker in Antwerp concluded as planned by the end of June. We were able to improve cracker margins in Europe and North America, where we have optimized our Port Arthur cracker towards lighter feed. Cracker margins in Asia, however, remained unsatisfactory due to lower demand. Overall, EBIT before special items increased.

- Sales in **Monomers** were almost stable. Caprolactam and polyamides suffered weak demand and oversupply, particularly in Asia, and prices came under pressure. However, this was more than offset by stable demand for the isocyanates TDI and MDI, as well as for glues and impregnating resins. EBIT before special items decreased substantially, mainly due to lower margins in caprolactam and polyamides.
- In **Intermediates**, sales decreased against a strong basis of comparison. Prices came under pressure due to lower raw material costs. Volumes were slightly up. Margins decreased due to a less favorable product mix. EBIT before special items was lower than in Q2 2012.

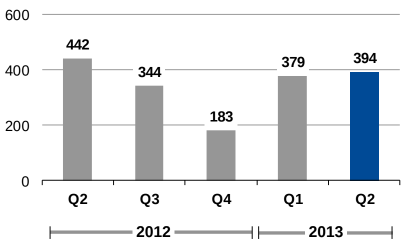
Performance Products

Restructuring measures ongoing

Q2'13 segment sales (million €) **vs. Q2'12**



EBIT before special items (million €)



Sales development

Period	Volumes	Prices	Portfolio	Currencies
Q2'13 vs. Q2'12	↑ 2%	↓ (2%)	↑ 1%	↓ (2%)

[Chart 6: Performance Products – Restructuring measures ongoing]

Sales in the **Performance Products** segment came in slightly lower. This was largely caused by negative currency effects. Volumes were up, primarily driven by better demand in Care Chemicals. Prices were slightly down as lower raw material costs were passed through to our customers. The consolidation of Pronova BioPharma positively contributed to sales.

EBIT before special items came in at the level of Q1 2013. Year over year, earnings declined. Besides intense competition in some product lines this was due to the devaluation of the Japanese Yen.

Furthermore, we received insurance payments in 2012 for damage caused by the earthquake and tsunami in Japan. We continue to implement the restructuring measures already announced.

- In **Dispersions & Pigments** sales decreased, despite a slight volume increase. Demand for dispersions improved, mainly in Asia and Europe. Pigments sales decreased, mainly due to the divestiture of the IMEX printing inks business in the third quarter of 2012. Demand for resins from North American and Asian customers decreased. EBIT before special items was significantly down, due to lower product margins and a less favorable product mix.

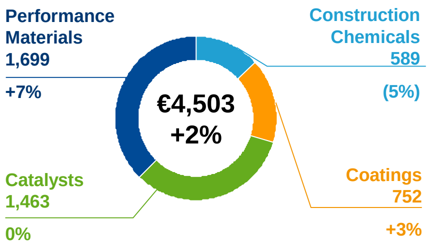
- Sales in **Care Chemicals** were slightly up, as sales volumes increased in all businesses and regions. Prices of some bulk products declined given lower raw material costs. Due to higher sales volumes we were able to strongly increase our EBIT before special items.
- In our **Nutrition & Health** division, sales increased because of the consolidation of Pronova BioPharma. Demand was up in aroma chemicals and in pharma. Business both in human and animal nutrition was weaker. Prices were lower due to intense competition, especially for vitamins. The Pronova integration is proceeding smoothly and the business performs very well. EBIT before special items decreased due to margin pressure and higher R&D costs. Special items of minus 16 million euros mainly resulted from the depreciation of the inventory step-up of the acquired Pronova business.
- Sales in **Paper Chemicals** decreased due to the continuously challenging market environment. Paper chemicals demand for packaging remained stable. Chemicals for the production of graphical paper continued to decline. Prices were mainly down as a result of lower raw material costs and intense competitive pressure. Therefore, EBIT before special items decreased substantially.
- In **Performance Chemicals** sales came in lower mainly due to negative currency effects related to the weaker Japanese Yen. Volumes for fuel and lubricant solutions went up, as well as for water, oilfield and mining solutions. This was offset by weaker demand for plastic additives as well as leather and textile chemicals. EBIT before special items decreased.

Functional Materials & Solutions

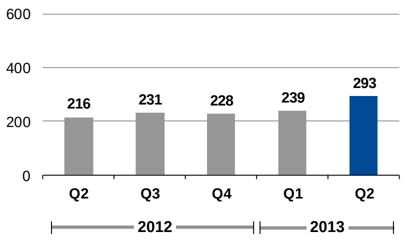
Continued good demand from the automotive industry

BASF The Chemical Company

Q2'13 segment sales (million €) **vs. Q2'12**



EBIT before special items (million €)



Sales development

Period	Volumes	Prices	Portfolio	Currencies
Q2'13 vs. Q2'12	↑ 3%	↑ 2%	↓ (1%)	↓ (2%)

[Chart 7: Functional Materials & Solutions – Continued good demand from the automotive industry]

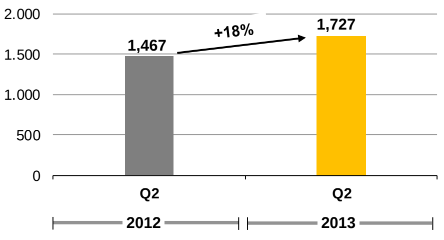
In our **Functional Materials & Solutions** segment, sales were slightly up, mainly supported by continued good overall demand from the automotive industry. Volumes in the segment rose. We were able to increase prices, but this was offset by negative currency effects. EBIT before special items increased strongly due to higher volumes and margins.

- **Catalysts**' sales were flat. Demand for mobile emissions catalysts grew in all regions. Refinery catalyst volumes rose as well. In chemical catalysts, demand was below the record level of Q2 2012, especially for custom catalysts. Precious metal trading saw rather volatile and uncertain market conditions with revenues coming in at 588 million euros versus 631 million euros a year ago. Start-up and R&D costs incurred by the battery materials business impacted earnings. However, EBIT before special items rose strongly due to the good performance of refinery and mobile emissions catalysts.
- Sales in **Construction Chemicals** came in lower. The business decline in South and Central Europe was almost offset by growth in other European countries. As announced last week, we will sell the BASF Wall Systems business in Germany to Rockwool. In North America, demand was slightly lower due to adverse weather conditions. Volumes in Asia were down due to portfolio optimization. Prices remained flat. Our ongoing measures to reduce fixed costs are effective. Margins have improved, and EBIT before special items has increased strongly.

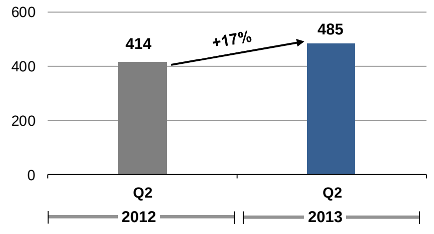
- In **Coatings**, sales increased due to higher volumes and prices. Demand for automotive OEM coatings grew significantly in all regions including Europe, where we have strong business relations with premium car manufacturers. Automotive refinish coatings also developed positively, particularly in North America, South America and Asia. Business in decorative paints was weaker due to lower demand in the South American premium markets and the divestment of the Relius business in Europe. Earnings rose strongly due to higher volumes and better margins.
- Sales in the **Performance Materials** division were up. We saw higher volumes in engineering plastics and PU systems. Demand was driven by automotive, appliances as well as electrical & electronic equipment customers. We enjoyed good business growth with European OEMs in engineering plastics due to new projects. Sales to the construction industry improved both in North America and Asia. EBIT before special items increased strongly.

Agricultural Solutions
Attractive offering meets strong demand

Q2'13 segment sales (million €) **vs. Q2'12**



EBIT before special items (million €)



Sales development

Period	Volumes	Prices	Portfolio	Currencies
Q2'13 vs. Q2'12	↑ 14%	↑ 3%	↑ 3%	↓ (2%)

[Chart 8: Agricultural Solutions – Attractive offering meets strong demand]

Our **Agricultural Solutions** segment delivered an excellent sales growth of 18 percent.

Due to high demand in all regions and indications we achieved a volume growth of 14 percent, and we were able to raise prices by three percent. Currency headwinds amounted to minus two percent, while the Becker Underwood consolidation caused a positive structural effect of three percent.

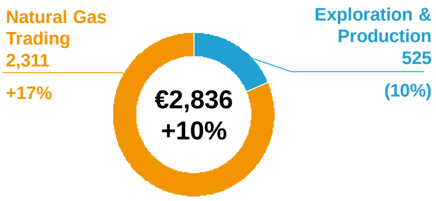
EBIT before special items grew by 17 percent. Earnings for the first half of 2013 already amount to almost one billion euros.

In **Europe**, positive business momentum continued mainly due to higher demand for fungicides in Germany, France and Southern Europe. This was supported by beneficial weather conditions towards the end of the quarter. In **North America**, very strong sales growth was driven by excellent demand for herbicides, especially Kixor, and for our Plant Health fungicides F500 and Xemium. Sales in **South America** grew strongly, in particular for our insecticides and for F500. We saw some anticipation of orders due to customer concerns about continued volatility of the Brazilian Real. In **Asia**, sales were up significantly, as strong demand for fungicides in China and herbicides in India more than compensated for negative currency effects in Japan and India.

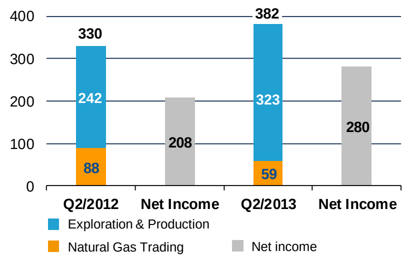
Overall, we remain very confident that we will continue our series of good results. We expect that our innovative solution offering will lead us to new annual sales and earnings records also in 2013.

Oil & Gas
Higher production volumes drive earnings

Q2'13 segment sales (million €) **vs. Q2'12**



EBIT bSI/Net income (million €)



Sales development

Period	Volumes	Prices/Currencies	Portfolio
Q2'13 vs. Q2'12	↑ 10%	0%	0%

[Chart 9: Oil & Gas – Higher production volumes drive earnings]

In the **Oil & Gas** segment, sales grew significantly. This was driven by an expanded production of our Achimgaz joint venture as well as higher volumes in natural gas trading, especially on spot markets. EBIT before special items improved significantly. Net income increased by 72 million euros to 280 million euros.

Please be reminded that due to changes in IFRS 10 & 11 sales from our Libyan onshore production are no longer reported in the top line.

- Sales in **Exploration & Production** decreased by ten percent, attributable to the lower oil price. The average price for Brent crude oil was 102 US dollars per barrel in the second quarter 2013 compared to 108 US dollars in the second quarter of 2012. The average oil price in euros also decreased, from 85 to 78 euros per barrel. Production volumes were slightly above prior year, primarily driven by the commissioning of new wells at Achimgaz.

  EBIT before special items in Exploration & Production increased. The main reasons were the higher contributions from our Russian activities, and from Argentina, where the government recently implemented a new gas price scheme to stimulate investments into production and development programs.

- Sales in the **Natural Gas Trading** business grew significantly due to higher volumes. Because of intense pressure on margins, EBIT before special items came in substantially below the level of the prior year's second quarter.

Review of “Other”

Million €	Q2’13	Q2’12
Sales	**1,072**	**968**
EBIT before special items	**(217)**	**(66)**
thereof Corporate research	*(97)*	*(94)*
Group corporate costs	*(58)*	*(61)*
Currency results, hedges and other valuation effects	*(63)*	*92*
Other business	*37*	*25*
Special items	3	(117)
EBIT	**(214)**	**(183)**

[Chart 10: Review of “Other”]

Sales in 'Other' increased to 1.1 billion euros mainly due to higher styrenics sales of the ELLBA joint venture and higher raw material trading activity.

EBIT before special items came in at minus 217 million euros. The decline of 151 million euros compared to the second quarter of 2012 was mainly caused by a large swing in provisions for the long-term incentive program. As alluded to earlier, we had to build a provision, whereas in the same period of last year we were able to reverse provisions.

We incurred very minor special items in 'Other', compared to minus 117 million euros in the second quarter of 2012, when we booked the already mentioned oilfield impairment charges.

Strong operating cash flow in H1 2013

Million €	H1'13	H1'12
Cash provided by operating activities	**4,030**	**3,411**
thereof Changes in net working capital	*(633)*	*(633)*
Miscellaneous items	*646*	*(407)*
Cash provided by investing activities	**(2,582)**	**(1,035)**
thereof Payments related to tangible / intangible assets	*(1,884)*	*(1,616)*
Acquisitions / divestitures	*(516)*	*430*
Cash used in financing activities	**(823)**	**(2,246)**
thereof Changes in financial liabilities	*1,762*	*205*
Dividends	*(2,585)*	*(2,446)*

First half 2013

- Net working capital impacted by lower inventories and higher accounts receivables
- Strong free cash flow of €2.1 billion, despite higher capex (+€268 million)
- Dividend payments to BASF SE shareholders amounted to €2.4 billion
- Net debt increased by €1.3 billion to €12.5 billion; equity ratio of 41%

[Chart 11: Strong operating cash flow in H1 2013]

Let me now turn to our cash flow. Please be reminded that we now will summarize the first half of 2013.

- At 4 billion euros, cash provided by operating activities was strong, exceeding the prior year number by 619 million euros.
- Net working capital increased due to higher receivables. However, this was partially compensated by lower inventories, illustrating our stringent inventory management.
- Cash used in investing activities amounted to 2.6 billion euros. Capex increased to 1.9 billion euros compared to 1.6 billion euros. In the first half of 2013 we used 0.5 billion euros for acquisitions, predominantly for Pronova BioPharma. In the previous year's first half we received 0.4 billion euros, supported by the divestiture of the fertilizer business.
- Free cash flow increased by about 350 million euros to 2.1 billion euros.
- We issued bonds totaling 2.1 billion euros, and we paid 2.4 billion euros to shareholders of BASF SE and 0.1 billion euros to minority shareholders in group companies. Overall, financing activities led to a cash outflow of 0.8 billion euros.
- Net debt amounted to 12.5 billion euros. This represents an increase of 1.3 billion euros in comparison to the end of the first half in 2012. Our equity ratio was at 41%.

Outlook 2013

Outlook 2013

- We do not expect that global economic growth will accelerate in the second half of 2013
- Nevertheless, BASF is targeting for 2013 to exceed the 2012 levels in sales and EBIT before special items in a volatile economic environment
- Our focus on growth markets and innovation, in combination with our measures to improve operational excellence and raise efficiency, will contribute to this
- We aim to earn a high premium on cost of capital in 2013

Assumptions 2013

GDP:	+2.0% (reduced from 2.4%)
Industrial production:	+2.7% (reduced from 3.4%)
Chemical production:	+3.1% (reduced from 3.6%)
US$ / Euro:	1.30 (unchanged)
Oil price (US$ / bbl):	105 (reduced from 110)

[Chart 13: Outlook 2013]

Coming to the outlook:

The ongoing economic volatility and uncertainty, which we see reflected in our order books, makes us more cautious regarding our macroeconomic assumptions. We do not expect that global economic growth will accelerate in the second half of the year.

For 2013, we now expect global GDP to expand only by 2.0 percent, down 0.4 percentage points from our previous assumption. Industrial production we now see at 2.7 percent and chemical production at 3.1 percent, a reduction of 0.7 and 0.5 percentage points, respectively.

We have reduced our assumption for the average Brent oil price for the year from previously 110 US dollars to now 105 US dollars per barrel. The projected dollar/euro exchange rate remains unchanged at 1.30.

Nevertheless, BASF targets for 2013 to exceed the 2012 record levels in sales and EBIT before special items in this challenging environment.

We will continue with our measures to improve operational excellence and increase efficiencies. Our operational excellence program STEP which we announced in November 2011 is on track to deliver one billion euros of earnings contribution annually by the year 2015. We expect to get to a level of 300 million euros already in 2013.

Thank you for your attention. We are now happy to take your questions.

BASF
The Chemical Company