BASF
We create chemistry

# Strategy Keynote
Transcript Speech
September 26, 2024

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## Markus Kamieth

Welcome! I'm looking forward to introducing our Winning Ways strategy to you.

**[Slide 2: Winning Culture + Value Creation]**

This was a video that we produced to introduce the strategy to our employees worldwide. It conveys one of the two major elements of our path forward as BASF: our winning culture.

There are two things that we as a Board want to stand for and what the strategy is all about: On the one hand, creating a winning culture by creating and incentivizing a stronger performance-oriented mindset in the company. On the other hand, value creation. Value creation for our shareholders, in particular, is really the lens through which we have developed this strategy going forward.

**[Slide 3: BASF at a turning point]**

We are convinced that BASF is at a turning point. It's a real moment of truth for this incredible company. Over the last years in particular, we are aware that the value creation for our shareholders has not met expectations, certainly not the expectations of our shareholders, nor our own expectations. And this is why we came to the conclusion that our strategic direction for BASF needed rethinking.

On the positive side, we concluded that the chemical industry is and will remain an attractive industry. We looked at this from all kinds of angles, through different lenses. No matter the strategic or macroeconomic scenario, the chemical industry will remain attractive. It will continue to grow. It will continue to be an essential industry for the successful transformation of all manufacturing industries downstream. And it will stay an absolutely crucial industry for continuous economic growth and wealth creation in all major societies.

However, the chemical industry is also changing. Competitive dynamics are certainly changing. The green transformation is changing; the setup of value chains and many other things are shifting. And this is why BASF also needs to and will change.

We developed this strategy through the lens of value creation for our shareholders. We are setting a new direction for the company, especially when it comes to portfolio steering, capital allocation and performance culture.

**[Slide 4: Our ambition: To be the preferred chemical company to enable our customers' green transformation]**

It all starts with our ambition: We want to be the preferred chemical company to enable our customers' green transformation. It sounds like a complex sentence, but it contains a lot of things. First of all, we want to be a preferred company. We are not talking about ourselves as being number one, the biggest, leading or anything else. We want to be preferred by our customers every day. Because, at the end of the day, they decide whether BASF is going to be a growth company, an innovation partner, or a supply partner. We aim to be the clear preference of our customers.

We want to be and remain a chemical company at our core. This is what we're known for. This is what the world needs us for. And this is our heritage. We want to enable things. Innovation stays at the core of what we do. This is our DNA, and we continue to rely on our engineers and scientists to develop great solutions for our customers. And, ultimately, it's our customers' green transformation that will drive the growth of BASF.

Of course, along the way, BASF will become a green company. We remain fully committed to the green transformation of BASF. However, reducing the carbon footprint of BASF by roughly 17 million metric tons of $CO_2$ by 2050 is a challenge. This is a big mission, and we are fully committed to it. But the much bigger mission is to allow our scientists, engineers and all our employees to help our customers succeed in their green transformation. This is why we ultimately see our role as enabling our customers' green transformation. As you will see later: We believe this green transformation will come in many different flavors and at different speeds. Many of our customer industries will move very fast, in certain areas of the globe even faster. But other customer industries in other regions will go at a different speed and maybe even in a different direction. This is why we need to have an adaptable but successful strategy going forward.

**[Slide 5: We create the foundation for attractive shareholder distributions]**

Of course, this is not the only ambition we have. We have financial ambitions as well. With our financial performance, we want to lay a strong foundation for an attractive shareholder distribution strategy. And we want to achieve EBITDA before special items by 2028 of between €10 billion and €12 billion, generate strong free cash flow of more than €12 billion in the next four years, and reach a ROCE of 10% by the year 2028 at the latest. This lays the foundation for a continued attractive shareholder distribution strategy, which will come in the form of dividends as well as share buybacks.

From our perspective, this not only fits well with the business that we have but is also attractive for our investors. Overall, it provides us the opportunity of maintaining a strong shareholder distribution of €12 billion over this period.

Rebasing the dividend allows, on the one hand, for flexibility for capital allocation and for growth initiatives. And on the other hand, share buybacks provide long-term rewards for our committed investors.

**[Slide 6: With our "Winning Ways" strategy, we target profitable growth and value creation]**

The Winning Ways strategy is getting BASF back to its winning ways. And its clear aim is value creation and profitable growth. We structured the strategy and its implementation along four strategic levers: focus, accelerate, transform and win. I will lead you through these four levers now, together with Katja, who will join me for the "transform" section. Then Dirk will introduce our financial ambitions and value creation targets.

**[Slide 7: Focus]**

So let's start with "Focus." I strongly believe that really great companies have the ability to focus on what really drives value and their key strengths that differentiate them. At the same time, they also defocus things that do not provide or contribute to value creation and sometimes make companies slow and unfocused.

So, we will talk about our portfolio and our footprint in high-growth markets. And we will talk about how we want to allocate capital differently across the group going forward.

**[Slide 8: Our clear distinction between core and standalone businesses provides clarity, drives performance and creates value]**

Let's start with our portfolio. Every strategy starts with portfolio. We're taking a very different look at our portfolio going forward than what we've done in the past. We're moving from the view of a broadly diversified integrated company – as we've considered BASF in the past – to a company focused on core businesses and standalone businesses. This clear distinction between core businesses and standalone businesses not only provides clarity on strategy, how to steer the company, how to allocate capital. It also drives performance and – as you will see – ultimately will drive value for BASF and our shareholders.

**[Slide 9: Core and standalone businesses have different value creation levers]**

It will not surprise many of you that the core businesses are the four segments Chemicals, Materials, Industrial Solutions and Nutrition & Care and the eight operating divisions in these segments.

Going forward, there's one small organizational change. We will move our chemical and refinery catalyst business unit from the Surface Technologies segment to the Industrial Solutions segment. This unit will be incorporated in the Performance Chemicals division as of January 1, 2025.

At the same time, this allows us to really steer and set up what we call the standalone businesses going forward. These are our three operating divisions in the Surface Technologies segment: Environmental Catalyst and Metal Solutions (ECMS), Battery Materials and Coatings. In the future, we will have two standalone operating divisions: ECMS and Battery Materials. This new structure provides – both internally and externally – an additional element of clarity and benchmarking opportunity.

And then of course our Agricultural Solutions segment, as you can see on the right-hand side.

We believe strongly that these different parts of our portfolio – our core businesses and our standalone businesses – have very different value creation levers.

**[Slide 10: We are confident in our strength to win in the market with our core businesses]**

Let's start with our core businesses. These are our four segments that I just mentioned, accounting for roughly €40 billion in sales in 2023. This is the core strength of BASF. We are very confident about this portfolio and that it will have a very attractive future for BASF. And it's building on our core strengths as a company.

First of all, strong market positions: More than 75% of all businesses in our core portfolio have a top-three market position in their respective markets. 80% of our businesses in this core portfolio serve industries that are growing at or above GDP. The core portfolio also makes an above-average contribution to innovation as well as sustainability in our product portfolio. In 2023, €6 billion of the core portfolio's sales of €40 billion came from products on the market for less than five years, which is an above-average contribution to this particular KPI. The products that really drive sustainability attributes for our customers – which we call Sustainable-Future Solutions – account for an above-average sales share of 45% in these core businesses. So these businesses are the innovation and sustainability drivers in our portfolio.

These core businesses are where we leverage the strengths of our Verbund integration at our major sites. They are also where we have our long value chains and integrated value chains that sometimes extend into various segments. This enables not only operational efficiencies, operational excellence and, of course, cost advantages. It also provides a unique opportunity for BASF to successfully tackle the green transformation in a much different way than most other competitors will have to do. I believe, in the next ten years, we will see a revival of BASF's Verbund philosophy in a new context, in a new world when it comes to the green transformation.

**[Slide 11: Our core businesses supply growing customer industries worldwide]**

These core businesses are serving attractive growth markets. In every high-growth industrial sector, BASF's core businesses are key suppliers and innovation partners to these industries.

Here are just four examples. Whether it's semiconductor materials or the battery value chain. Even without our Battery Materials business, we are a very significant supplier for everything battery-related. Or look at the wind energy industry or the health and personal care industry, where a lot of growth and innovation will happen over the next 10 years. In all of these industries, our core businesses are key suppliers and innovation partners. You can be certain that in these industries somebody somewhere is having an innovation workshop today with a BASF team to think about the future.

**[Slide 12: BASF's new Verbund site will be a major cash and earnings contributor]**

But it's not only about high-growth industries and innovation. It's also about creating organic growth through extending our core strengths, which are chemical factories that run on a large scale with leading technologies. One of the prime examples is our new Verbund site in China, in Zhanjiang, which will be a major earnings and cash contributor going forward.

I don't want to steal Stephan's thunder because he will certainly go into this tomorrow in the Chemicals presentation. But I can already say that we are very happy with the progress of this project. It's going to be our most sustainable, integrated and digital – and therefore also our most competitive – Verbund site. And this site will also be all of these things to the chemical industry.

We can confirm our profitability expectations, and I can report that we are fully on track with starting up the site in 2025. The project is currently running slightly below budget and fully on track. As an interesting aside, we have fully financed this new Verbund site – a total investment of almost €10 billion – locally in China. This is a new aspect to our "local for local" strategy. Typically, we talk about where we produce products and where we sell them. But now we can also incorporate the financing of such a project into this "local for local" strategy. And, for the first time, we tapped into the Chinese capital market for this at very attractive conditions.

**[Slide 13: We will strengthen and profitably grow our core businesses]**

So going forward, we believe that strengthening and growing this core business is a key mission for BASF. We can build on our leading cost position. Operational excellence has always been our strength in this portfolio, and we can focus on not only driving our customers' green transformation but doing it with strong innovation input. This is where we will bring all of BASF's strengths into play.

But let me also say one thing very clearly: We are also going to tap into inorganic growth opportunities in the core. We want to also make value-accretive acquisitions here to strengthen our portfolio for the next decade as well, to enable our customers to achieve their green transformation. And where we can add capabilities, we will do so. We will also look for acquisitions that better balance our regional footprint and that create considerable cost synergies.

I personally consider the upcoming wave of industry consolidation that will certainly happen in the chemical industry, especially in Europe, as an opportunity because we have competitive assets thanks to our Verbund structures. I believe we will have opportunities here to make our core businesses even stronger.

So overall, we target a range of €7 billion to €9 billion contribution of EBITDA before special items in 2028 from the core businesses. You can see that the assumption is mid- to upcycle conditions. This is not a scientific term. Everybody has a slightly different interpretation of what this is, but basically it indicates a slight improvement in market conditions from the baseline year of 2023. I think 2024 is already somewhat of an example of this. If you look at the performance of our core businesses in 2024, in the first half, we already significantly improved volumes by 5% to 6%, while EBITDA before special items was up by around 15%.

Overall, this is already pointing towards a gradual recovery. However, our entire strategy is not built on a significant change in global economic momentum but rather on a slow and steady recovery of chemical markets.

**[Slide 14: Core and standalone businesses have different value creation levers]**

Now let's move to the standalone businesses.

**[Slide 15: Our standalone businesses serve specific industries and compete with pure-play peers]**

I already mentioned the four divisions have distinctly different characteristics than our core businesses. Our standalone businesses serve very specific industries. They are basically competing with pure-play companies in their respective markets. And they all have leading market positions, with the exception of Battery Materials, which is still in strong growth mode, or build-up mode, so to speak. The other three businesses are also providing strong contributions to earnings and cash for BASF Group. They are very successful, very competitive and very well invested.

**[Slide 16: We will continue to invest in our standalone businesses and will pursue portfolio options where this adds value]**

Because they compete with pure-play peers, the capital markets also see them very differently than our core businesses. We have now defined for all of these four standalone businesses what we consider "directions of travel." I will go through one by one, to share our thinking about this direction of travel.

First, our ECMS business. It is operating in a low-growth market. Some even say it's a sunset market, the automotive catalyst market tied to the internal combustion engine. Well, if it's a sunset market, I can tell you: This will be a very, very long sunset. The business will still be around for a long time. It is a high cash-generating business. And the carve-out we successfully completed in 2023 made the business even more fit-for-purpose, even more successful than in the past. This was the result of structural measures, but also allowing the team to drive their mission of operating by their own playbook, incentivizing their entrepreneurial freedom and giving them more flexibility. This has really worked out well.

The business is fully carved out. It's a strong cash contributor to BASF today, and we remain open to value-enhancing transactions for this business going forward. But there's also no urgency from our side to address it.

The second one, Battery Materials, is a very different story. We're still very much committed to becoming a world-leading supplier of cathode active materials in the long term. However, especially over the last couple of years, the dynamics in this market have dramatically changed. It is not only that this business per se comes with high market and technology risk because it's a fast-growing market with technology roadmaps still being developed. But over the last two years, we have seen that policy changes and market changes can easily deter growth rates in this business, especially outside of China. And this is what we have seen.

So right now, everybody in the industry is taking a step back, reassessing and considering: How can we de-risk the path forward in this battery business? We talked about this in the Q2 earnings call: We are currently very comfortable looking at our installed capacities for cathode materials. We have a total of 190,000 metric tons of capacity installed. We have very competitive assets in Asia and Europe. We have a small plant in the United States. Filling up those capacities is our main mission right now, and we do this together with our key customers.

However, we have now deprioritized new investments and building new plants because our customers (cell manufacturers in this industry) have done the same. So going forward, we will de-risk this path further. We are looking for partnership and collaboration opportunities along the value chain to see whether we can further reduce the market and technology risk in this particular industry. This approach is also not new to us. We have become a major player in this industry thanks to partnerships and collaborations, such as our joint ventures in Japan and China.

This brings me to Coatings and Agricultural Solutions. In their respective markets, these two businesses are also among the top performing and leading businesses on the planet. They have one thing in common: Compared to what their peers are valued at by the capital markets, they’re both undervalued as part of BASF. We think both of these businesses are actually well-positioned to command a premium value when we look at them differently when it comes to ownership.

Coatings is a great business that is leading in its respective market, very much focused on the coating side in the automotive markets. It is also a world leader in surface treatment for all kinds of applications, including aerospace.

Now, going forward, we will explore strategic options for our Coatings business. Because we believe there is a plausible pathway towards generating a premium value by, for example, exploring partnership options or even different ownership structures. We will also immediately start the divestment process of BASF’s only sizeable B2C business, which is the decorative coatings business in Brazil with the Suvinil brand.

In Agricultural Solutions, it’s of course a very different industry, a highly consolidated industry. Here again, our agricultural business is a powerhouse and is in a position to command a clear premium over the value that it can realize within BASF.

We are now carrying out the legal and ERP separation of Agricultural Solutions, a process we have already nearly completed for Coatings. We are now starting the process for Agricultural Solutions, and we plan to have it completed roughly by 2027. In parallel, we will prepare this business to make it IPO-ready and prepare a potential capital market listing. One option would then be a potential listing of a minority share of Agricultural Solutions. These are the directions of travel for these businesses.

**[Slide 17: Our standalone businesses will continue to contribute considerably to BASF's earnings]**

Let me also say one thing very clearly: This is not about getting rid of something. This is not about generating cash. This is purely about creating value. As you can see with the ECMS business – which is fully carved out, and we even announced a few years ago that we are open for strategic options – we remain focused on creating value. We are not forced to pursue options that do not provide a value opportunity for BASF and our shareholders because all of these businesses, as I said, are well-performing businesses, also within BASF. We will focus on making them even stronger by giving them more operational and strategic flexibility through our differentiated steering approach. This is what you can see here on the left-hand side again, the arguments that I already mentioned.

The target range that we are looking at for 2028 is roughly €3.5 billion to €4 billion EBITDA before special items from our standalone businesses, so a considerable contribution to BASF's earnings.

Now, the €3.5 billion to €4 billion is roughly the same that we had in 2023. 2023 was an all-time record year for Agriculture Solutions, for Coatings, and also was a very good year for our ECMS business. That is why this number is not growing as much as in the core businesses, because 2023 performance was, in some aspects, certainly outstanding.

**[Slide 18: We will focus on the most attractive markets, reduce complexity and streamline our organization]**

That gets me to the next topic: It's focus on high-growth markets. As I said, an excellent company is focusing on the things that drive value and does not focus on things that don't. We've looked at the distribution of our core businesses across the globe, and we do more than 90% of our business in our core portfolio in just 28 countries. We consider 21 of those to be core countries. These are typically large countries where BASF often has a strong manufacturing presence, but they only have moderate growth. Typical countries would be the United States, Germany, Brazil – strong markets for us.

Then we have a group of seven countries that we call Advance countries. These are where we have a strong market position today, and they will drive the majority of the growth in the chemical industry. These are our high-growth markets. Here, we will further strengthen our footprint and drive our organizational setup. We also want to establish a higher share of manufacturing in these markets, following our "local for local" strategy. These seven Advance countries are: China, India and five ASEAN countries, namely Vietnam, Thailand, Malaysia, Singapore and Indonesia.

Then there are smaller markets. BASF is active in roughly 110 other markets. In about 70 of those, we have our own legal entity setups to serve these smaller markets. Going forward, we will take a hard look at what is the right approach for BASF to serve these smaller markets because they only represent less than 10% of our overall business. That doesn't mean that they are not profitable, but it means that we have to take a hard look at reducing complexity, streamlining our organization and what we do in these small markets. There will be quite a few markets where we will exit from direct sales activities. So that all plays into focusing and making the company leaner and more effective.

**[Slide 19: We steer our resource allocation to capitalize on growth in Advance countries]**

Here you can see the position or the outlook in our seven Advance countries (China, India and ASEAN). You can see that more than 80% of the world's entire chemical market growth will come from just these seven countries. We have a clear ambition to grow with the market in China going forward, and we want to grow above the market in India and ASEAN, while significantly increasing our local manufacturing footprint in these countries to be competitive.

**[Slide 20: We are taking a new approach to capital allocation with a focus on discipline and cash generation]**

The last point under "Focus" is capital allocation. We will take a new approach to how we allocate capital in the group. In the past, based on our portfolio view of running BASF as an integrated company, the Board also took on the role of an operator of BASF Group. We very much had a bottom-up capital allocation process. If you look at investments or capex, we ran a process that was very much bottom-up based on 70 different SBU strategies. Every year we had a list of capex projects coming to the Board based on the individual profitability expectations. We ranked them and we as the Board did our best to steer the capex allocation on a project-by-project basis.

For a company of BASF's size and complexity – and considering the different strategic mandates of the various businesses, whether core or standalone, whether growth or cash generation – I think we have to go about this very differently. In the future, we will allocate capital much more from an owner's perspective. So the Board will take more of an owner's perspective of BASF's portfolio and allocate capital according to the specific roles that our businesses have in our portfolio. This will be based on clear mid-term value creation plans of all the operating divisions. Over the next two days, you will see the content of these value creation plans for all of our segments. This is the basis for a more top-down capital allocation.

But then, we as the Board will stay out of the individual project decisions and empower our divisions much more to execute these projects. This will hopefully allow us to not only have better capital efficiency but also run a much tighter ship when it comes to capital discipline and budgeting our capital.

**[Slide 21: We will bring down capex well below depreciation after startup of the Zhanjiang Verbund site]**

This leads to our ambition to bring down our capex spending well below the level of depreciation by the year 2026, once the big wave of our Zhanjiang Verbund site is done. You can see that we're returning to the capex level roughly of 2019 over the next years, even though we have seen significant inflation in capex projects since 2019.

One thing that is very clear – and we will come back to this later when we talk about our financial projections – is that we have ample capacity to grow. We are coming out of a wave where we had strong investments in Asia with our Zhanjiang Verbund site and other projects, but also in Europe. Think about the investments we made in Antwerp or here in Ludwigshafen, but also in North America, for example, with our MDI expansion in Geismar. So we have invested a lot in new capacities, very competitive capacities, and now is the time to fill these capacities and use them to our advantage.

This is why we are now in a fortunate situation that we can bring down capex significantly but still allow BASF Group to grow over the next years and deliver according to our plans.

Through this new capital allocation scheme, we can also better steer which categories we are supporting with our capex. We now have a plan to allocate more than 50% of our capex budget over the next four years to growth businesses and/or growth regions, as well as for our green transformation. This is also a very fortunate situation that we can do this much better now than in the past as a group. That concludes “Focus.”

**[Slide 22: Accelerate]**

Now let’s “Accelerate.” I personally believe that acceleration is very important because speed is the new superpower in business. If you ask many people in the markets or customers, if you ask our own people or stakeholders about the key strengths of BASF, speed doesn’t often come up as number one, two or three. I have to say: One exception may be our Investor Relations team. I have to say this to this team because they are always very speedy. But the rest of the company has catch-up potential.

So, speed is going to be very important. If you look at what is going on around us, not only in the competitive landscape, but also in the geopolitical space and in society in general, we have to become a much faster company.

There are three things we will do going forward: We will empower our businesses through streamlined and differentiated group steering. I already alluded to this a bit when I talked about capital allocation. We will simplify our organizational structure as a group. And we will harness the advantages, the breakthrough developments that are becoming accessible through artificial intelligence to accelerate innovation and drive productivity in the company.

**[Slide 23: We will accelerate by further empowering our businesses and increasing accountability]**

Now, first of all, this chart looks a little bit benign. But the first thing you must always do if you want to simplify something is create role clarity. I already mentioned that over the last months, we have redefined what roles certain parts of the company actually have to play on the playing field. We also talked about “What is the role of the Board versus what is the role of the operating division?” as one example. Here you can see a high-level description of this.

As I already said, the Board will take more of an owner's perspective and stay out of managing a lot of the operational details that will instead be managed at the operating division level. This comes with the expectation that the operating divisions will be able to assume accountability in a much more holistic way. So more empowerment comes with higher accountability. We will manage, drive and incentivize the divisions much more to take on this holistic accountability. For example, they will also drive their cash generation and selected balance sheet positions in line with their respective peers in their respective markets. So we also focus more on peer benchmarking rather than always comparing the performance of our divisions with the budget that we set in the year prior. So a much stronger performance management that will lead overall to more autonomy, entrepreneurial thinking and much faster decision-making closer to our markets and our customers.

**[Slide 24: Our new short-term incentive system more strongly rewards performance of individual operating divisions]**

One thing that we already started to implement for the small group of our senior executives last year will now roll out throughout the company. It is a differentiated way of incentivizing our people according to performance. While in the past, your bonus when you worked for BASF was solely based on the ROCE of BASF Group, we will now implement a system where 75% of your variable compensation will be dependent on the performance of your respective division. That will also include a benchmark KPI showing how your division is performing against best-in-class peers in your respective industry.

Again, this will drive and incentivize performance orientation at a completely different level. It will strengthen ownership and drive accountability throughout the entire organization, especially with the peer benchmarking angle.

**[Slide 25: We will make our organization simpler to enable faster decision making]**

We will simplify our organization. We will run a whole playbook of different measures because I think organizational complicatedness is often the root of slowness and inefficient decision-making. So, based on the sharpened role clarity that I just described, we will also look at various organizational measures. With our divisions, we will also go through processes like delayering and reducing spans of control.

But we will also do a few more fundamental changes in BASF. One you can see here. We've always had a matrix organization in at least two, if not three dimensions in BASF. Going forward, we will eliminate one entire dimension of this matrix organization: the regional dimension. Very soon, we will dissolve the regional divisions – we still have five regional divisions – and manage the company solely based on the operating divisions, as you can see on the right-hand side.

In the countries where our core businesses are present, we will ask the biggest core business to run the country platform for us. By doing this, we will eliminate the entire regional layer. This will again streamline decision-making and require less alignment between different organizational dimensions in our matrix.

**[Slide 26: We will exploit the possibilities of AI to speed up how we work]**

This is the part that I'm getting increasingly excited about. Artificial intelligence and all the technologies that come along with it will fundamentally change not only how we work as individuals in a company, but also will change almost all domains in a company like BASF, how it operates and how it becomes successful. We will implement artificial intelligence holistically across the whole company: Starting with individual, for example, with upskilling programs that augment their daily life, so to speak, with artificial intelligence tools. And extending all the way to launching big programs and big technology push programs, for example, in our big cost-intensive domains like manufacturing to really drive productivity and accelerate innovation in these areas.

You can see some examples here. I think Stephan will also talk about this. It is very exciting to me. If you think about how many manufacturing sites BASF operates, how many plants we operate, and how easy and how successful it is for us to now implement artificial intelligence into the manufacturing environment and, with this, create immediate productivity gains, it is fascinating. It's inspiring. We are convinced that, even over the next few years, we will be able to achieve a tangible and very significant earnings improvement by rolling out artificial intelligence.

Yesterday, we had a Townhall with our global employees. Dirk, who is running this AI initiative for us, gave a super picture. A company like BASF, with our size, our scale and all the different things that we do, we have a huge amount of data. But in the past, it was a source of frustration, sometimes even a burden to sort through all this data to find the right thing. So we were struggling in the last 10 years how to structure the data so we can actually gain a competitive advantage.

When introducing artificial intelligence now, this burden becomes a huge opportunity because suddenly this data, this complex data pool, this data trove becomes available to us, and we are super excited to exploit this as a competitive advantage for BASF going forward.

**[Slide 27: Transform]**

So let's talk about "Transform." I will share this section with Katja because she will talk about the last point, i.e., making our European operations more competitive. But let me talk briefly about our overall story when it comes to transformation.

**[Slide 28: Our customers already benefit from product offerings with reduced carbon footprints]**

First of all, we are already on the move. BASF is already in a leading position when it comes to the green transformation: Most of our operating divisions can now either offer their customers products that are conventional, with a normal product carbon footprint – which often is much better than what you get from competitors because of our integrated Verbund structure. Or we can also offer our customers products with reduced product carbon footprint or even zero product carbon footprint.

Already today, we're leveraging the strengths of our Verbund system. As you can see, when it comes to utilities and raw materials, through our Verbund system we can utilize the whole breadth of different possibilities and adjust the product carbon footprint of most of our products very flexibly to meet the needs of our customers. With this, we already add significant value. We will take forward this concept and drive our big green transformation in a differentiated way.

**[Slide 29: Well on track to gaining access to at least 60% renewable electricity worldwide by 2030]**

We've already run this playbook very successfully with green electricity. You've heard us talk many times about our investments into offshore wind farms, into solar capacities, and that we have secured large amounts of green electricity via PPA. We are well on track toward achieving our goal of reaching a 60% share of green electricity by 2030 as BASF Group. This was possible because, early on in 2022, we formed a unit called BASF Renewable Energy tasked with sourcing, making and trading renewable energy at scale. That enables us to get into the market of renewable electricity independent of our own operation's actual short-term demand. This has become a very successful operation.

**[Slide 30: Based on our approach for renewable energy, we will set up a dedicated unit for renewable feedstocks]**

Now we want to take the same playbook and duplicate this in the world of renewable carbon. We will also set up a new unit, BASF Renewable Carbon, which will do the same thing. We will make, source and trade bio-based or renewable carbon-containing raw materials. We will become a player in this market and have structural and competitive access to these kinds of raw materials.

**[Slide 31: Our Verbund provides a scalable and competitive pathway for a gradual transformation from gray to blue to green]**

Why is that so important? Our Verbund system and our ability to run long and complex value chains provides a scalable and competitive pathway to gradually transform our product portfolio from gray to blue to green. By introducing these renewable carbon raw materials such as bio-naphtha, biogas or other energy vectors like green hydrogen – similarly, we can do this with recycled materials, like pyrolysis oil or waste streams – we can use our Verbund to transfer these green attributes via our key Verbund products such as olefins and syngas into several different end products. We can then allocate the green attributes to these products where our customers are willing to pay the premium that is needed. That is the big advantage –because today it's very difficult to foresee which industry, in which region, in which country, is ultimately going to pay a premium for any of these green attributes.

This is why it is very advantageous for us to have this ability to ramp up and to allocate these green attributes to the different end products, and to do this in a gradual way.

**[Slide 32: We are shaping the transformation based on and catering to increasing customer demand]**

Why we like this so much you can see on this slide: Because we are shaping this transformation based on increasing customer demand. By 2030 at the latest, we think demand for green products or products with a “green” attribute – lower $CO_2$ footprint, bio-based or recycled – will outpace supply. So by that time, we believe there will be a higher willingness to pay. But how exactly this will shape up and where is still difficult to foresee. So by moving out big, irreversible capex decisions into the next decade, we already have a great advantage. We can work toward the green transformation by introducing higher and increasing amounts of renewable raw materials into the Verbund for quite some time without having to spend huge amounts on capex for new technologies and new plants.

This is what we summarize within BASF in this phrase: We’re going from a target-based transformation to a market-based transformation. In the past, we largely oriented ourselves and our priorities along the targets that we set ourselves. Now, we are making sure that we can tailor our transformation toward the market needs. And we have to create more business cases to justify the increased investments that we are going to make.

**[Slide 33: Our phased transformation is also reflected in our spending]**

This is not only theory, as you can see here. These are the investments that we have made over the last four years and that we’re planning in the next four years for the green transformation. You can see that, over the last four years, we have spent roughly €260 million a year for the green transformation –for capex, but also some equity and supplier-financing instruments. Most of it was geared toward renewable energy. These were the wind farms, these were the PPAs. This was getting access to green electricity.

In the next four years, this will shift. First of all, the spending will get higher. It’s about €600 million spend per year. Roughly 40% will be capex. And you can see that it’s shifting very much to getting access to these renewable raw materials. The share of renewable energy is rather going down because by then, the wind farms will be built.

With the implementation of this sourcing strategy – getting access to renewable carbon – we will really drive the green transformation of BASF. We will shift significantly riskier capex out into the next decades when markets will have formed, when it will be much clearer which bets to take and which bets not to take. As I said earlier, here’s where the Verbund really comes into play. I can tell you: This playbook, not many other chemical companies can execute this, especially not in Europe.

**[Slide 34: We are fully committed to our climate protection targets and the transformation of the chemical industry]**

Another thing is very important: By changing from a target-based to a market-based transformation, we are not changing our targets. We stay fully committed to our 2030 and 2050 climate protection targets: By 2030, a 25% reduction in our Scope 1 and 2 $CO_2$ emissions compared with 2018 and a 15% reduction in specific Scope 3.1 $CO_2$ emissions compared with 2022. Of course, we are staying fully committed to becoming a net zero company by 2050.

**[Slide 35: We enable our customers' green transformation with an increasingly sustainable product portfolio]**

We have further targets because we are also translating this into our product portfolio. The $CO_2$ footprint is easy to manage at a corporate level, but for day-to-day operations, it's also important to have targets for your product portfolio. We will increase the share of our Sustainable-Future Solutions products. These are the products that really drive the green transformation of our customers. We will increase the share from roughly 40% today to more than 50% in 2030. This also is a big profitability driver, by the way. On average, the Sustainable-Future Solutions products have a margin that is eight percentage points higher than the rest of the portfolio. So even today, when we have a chance to sell sustainable products, we're actually making more money with them. This is what we will grow further.

In addition, we are introducing a new target to support our efforts in the circularity transformation, where we will increase sales of our Loop Solutions. These are products that significantly contribute to the circularity of business models and value chains. We will introduce a new target, and we will grow the sales from €5 billion in 2023 to €10 billion in 2030.

With this, I hand over to Katja and she will talk to you about Ludwigshafen.

## Katja Scharpwinkel

**[Slide 36: Ludwigshafen to be a leading, sustainable chemical site for Europe and a strong pillar for BASF's success]**

I would now like to share our plans for Ludwigshafen, and I would like to start with our goal. Our goal for Ludwigshafen is to be a leading sustainable chemical site for Europe and a strong pillar for BASF's success. This also includes our strong commitment to the sustainable transformation of the site. It shows our focus on the European markets, and it shows our conviction that a successful BASF Group needs a strong site in Ludwigshafen.

I'd like to show you today why we believe that Ludwigshafen will benefit from this change momentum coming with the green transformation, and why we are confident that we can achieve this goal. I would like to begin with addressing the short-term tasks before moving on to the longer-term plans.

**[Slide 37: We are on track to deliver targeted ~€2.1 billion total cost savings by the end of 2026]**

First of all, we have to face some hard facts and reality. It's true that we are still operating in very challenging market environments. This has either led to structural underutilization or lack of competitiveness, and this is why we have put cost-saving programs in place that are targeting a run rate of €2.1 billion total cost savings by the end of 2026.

In February 2023, we were one of the first chemical companies that launched new cost-saving programs – addressing non-production structures in Europe and production structures in Ludwigshafen. By June 2024, we already implemented savings at a run rate of €700 million, and we expect €800 million by the end of the year.

To address the specific issues in Ludwigshafen and make the site crisis-proof and profitable in the long term, we set up an additional cost-saving program in February 2024: the Ludwigshafen Cost Improvement Program. This is targeting €1 billion annual savings by the end of 2026. The identification of measures is almost completed, and the swift implementation is in preparation.

All of these programs will come with one-time costs of €1.8 billion, and €500 million of those were already incurred by June this year.

**[Slide 38: Additional cost savings of €1 billion in Ludwigshafen through optimized processes, adjusted operations and structures]**

I'd now like to share more details about the Ludwigshafen Cost Improvement Program. This program sets a clear pathway with six different projects to achieve the savings of €1 billion. Out of this €1 billion, around 80% will be fixed-cost related and two projects (Operations Ludwigshafen and Spend Optimization Ludwigshafen) are focusing on the simplification of processes and savings in procurement, and will generate savings of €500 million.

The four remaining projects will also generate savings of €500 million, and here headcount reductions will be a major element. Those four projects are also targeting the further adjustment of asset structures and addressing efficiency in non-operations areas at the Ludwigshafen site.

As a result of these programs, Ludwigshafen will become leaner but stronger and will have a better competitive position in the European markets. The implementation of these programs will be the foundation and instrumental for the long-term success of the site.

**[Slide 39: Comprehensive analysis confirms strong and competitive key Verbund assets in Ludwigshafen]**

I've shared with you on the previous slide one project which was about the asset adjustments in Ludwigshafen. Here we have taken a very deep look into our asset structures. We had two main objectives: First, to identify further measures to improve profitability, and second, we wanted to understand and assess the ability of our value chains to compete in future markets, as well as the impact of the green transformation.

Actually, our findings were pretty encouraging. One finding was that all major value chains can compete in their markets, even taking into account different macroeconomic scenarios. Another finding was that the majority (78%) of our assets are competitive in the short and long term in their respective markets. These findings were based on the analysis of about 900 production units and 160 plants.

But we also identified that some of our assets no longer deliver sufficient earnings, yet have a competitive risk, either due to structural underutilization or lack of competitiveness. Here, 16% have a short to medium-term risk and 6% have a long-term competitive risk. Nevertheless, this just has minor impact on our Verbund because they are rather at the end of our value chains.

We have also already implemented concrete measures to address this for non-competitive assets. At the end of August, we announced the closure of our CDon and CPon plant as well as adipic acid capacities. Further measures are currently being assessed and will be implemented as required.

**[Slide 40: Analysis shows solid chemical demand from European customer industries over the long term]**

To adjust our asset structures, it’s also important to understand the future market requirements. We have to answer questions such as: What will future markets look like and how are the chemical markets going to develop? We have analyzed different macroeconomic scenarios with different underlying assumptions.

What you find here is a Paris-compatible scenario. While there were differences in the results between the scenarios, at an aggregated level they all came to the same conclusion: There is a moderate growth for chemicals in Europe in the long term. This is varying, depending on the industry. Thanks to BASF’s diverse and broad portfolio of customer industries and products and our leading positions, we see that our Ludwigshafen site is well placed to serve such markets.

**[Slide 41: We can respond flexibly to growing European demand for sustainable products]**

If you take a deeper look into the market development, we foresee a change momentum coming from the green transformation. We see that the demand is increasing for products with sustainability attributes, such as renewable or recycled content or low or zero product carbon footprint. This is also varying in the various industries and certainly also depends on regulatory developments. But as Markus already explained, we do see this as a huge growth opportunity for BASF and believe Ludwigshafen is well-placed to flexibly serve those markets.

**[Slide 42: Our Ludwigshafen Production Verbund is a powerful, scalable, de-risked pathway for the transformation from gray to blue to green]**

This is why we are convinced that our Ludwigshafen production Verbund is a powerful, scalable and de-risked pathway for the transformation. Today, we are already taking measures. We are adjusting selected assets that have competitive issues, and this is building a strong foundation for the green transformation.

In the transition phase, we gradually transform our product portfolio by using our existing assets and by increasingly and flexibly using more renewable and recycled feedstock.

In the future, on our path from gray to blue to green, we can leverage the inherent energy and resource efficiency of the Verbund. We can then also scale up new technologies and deploy new technologies that we are currently piloting and developing, also in line with the customer demand. This is basically our journey toward net zero at the Ludwigshafen site.

**[Slide 43: Future European chemical markets can be competitively and flexibly supplied from the Ludwigshafen site]**

In my mind, there is no doubt that Ludwigshafen is well-placed to competitively and flexibly supply the European chemical markets. We expect moderate growth, with additional growth momentum from the green transformation. Our production Verbund is well positioned with a competitive cost position, offering additional advantages for the transformation. And we have leading positions in many markets. All this builds the basis for our ambition to outperform market growth in Europe.

And with that, Markus, I hand back to you.

## Markus Kamieth

Thank you, Katja.

**[Slide 44: Win]**

I now come to the last strategic lever but, from my perspective, certainly not the least. I opened the presentation with our short video; it was about winning mindset. From my perspective, having the right culture that fits the strategic ambition is an absolute key enabler for the future success of the company. As you already heard me say, we want to drive the culture change in BASF and really focus on a few themes, such as accountability, speed and performance orientation, much more than in the past. However, we also want to build on the strong corporate culture that we have. That’s the reason why we all love to work for this incredible company.

**[Slide 45: Strengths of the BASF team]**

If you ask our people or stakeholders in the market, if you talk to customers, suppliers and partners, maybe they won’t say that speed is one of our top-three attributes, but for sure most of them would say: your people are really great.

In every employee survey that we run, we detect it, and you can feel it when you’re at BASF: There’s a tremendous sense of pride to work for this company. There’s a tremendous loyalty – of BASF people to each other but also to the company. And there’s a tremendous feeling that at BASF, we run the company based on great core values. We have a strong sense of integrity and we're doing something worthwhile because we help the rest of the world to become a better place.

**[Slide 46: Clear employee expectations]**

However, also our employees have clear expectations of us as leadership and of the company as a whole. Here are just three quotes from recent employee surveys. They have been rather consistent over the last years. 54% of our employees – only 54% – say that we make it easy to get things done within BASF. Complicatedness, often outrageous alignment processes before decisions are taken, are often mentioned as something that frustrates employees quite a bit. So, we are addressing this.

65% say we are not rewarding exceptional performance. This is this feeling that, in a large company, it's often difficult to be rewarded for something where you really have made a breakthrough impact to the success of the company.

And 24% say that they seek more strategic clarity.

**[Slide 47: High performance catalyzed by our winning culture]**

So, again: We have a great company culture. I have worked for this company for 25 years and I still believe this is an incredible company with probably one of the strongest and most positive cultures. But there is room to improve. This is what we're trying to distil out. We want to create and incentivize a stronger performance-oriented, commercially-oriented culture in striving for our success.

We have structured the performance-minded culture change and we've titled it a winning culture. We have structured this along three culture themes: accountability, speed and improvement mindset. We have developed concrete winning behaviors based on these culture themes that we are going to now drive throughout the company and that we, as the Board, will also role model.

**[Slide 48: We will fundamentally change the way…]**

We will also fundamentally change a few things when it comes to incentivization and performance management in the company. You can see three elements here. We will fundamentally change the way we incentivize our leaders and employees. I already talked about this: more divisional targets, incentivizing people closer to the performance they can contribute to most and bringing it closer to home, so to speak. We will change the way we recognize performance. We will overhaul our entire performance management system and make it much easier to immediately incentivize people – including financially – if they have created a large impact for the company.

We will also change the way we deal with low performance because one piece of feedback we've received was that in large companies and at BASF, dealing with low performance is often not our strength. We will also introduce a few changes there.

So, culture is not only a soft topic. It's not all about behaviors and showing up differently to work, but it's also changing the way we manage performance, and we make it very tangible with this.

Since we are already at the point of driving performance and driving a more commercially oriented mindset, I would ask Dirk on stage to talk to us about our ambitions going forward. Before and while you are still walking up there, I just wanted to share this picture here.

This is a picture from when we got our top 200 leaders together in Copenhagen earlier this week. We launched the new strategy. I have to say, the resonance we received from our top 200 leaders, the feedback on playing this angle, on creating a winning culture for BASF was one of the most inspiring things in my 25 years at BASF because it was really like a sigh of relief: Finally, we are addressing what really matters and what fundamentally drives performance in the company. This is really our attitude, our behaviors, how we show up to work every day. So, this was really encouraging to me. That's why I like this picture.

With this, I hand over to Dirk.

## Dirk Elvermann

Thank you, Markus.

**[Slide 49: Delivering profitable growth and value creation]**

Ladies and gentlemen, let me now complement the strategy that we have just heard with some financial cornerstones of the new strategy.

**[Slide 50: We create the foundation for attractive shareholder distributions]**

The entire Board team is very eager to create the foundation for attractive shareholder distributions going forward. Doing so, we will focus on two things specifically. One, we defined a new set of corporate financial targets. It's the first time the company is doing this for a four-year horizon, rather than a year-to-year process, giving you more clarity about what the company wants to achieve in the medium term. Two, we are reconfiguring the capital allocation framework.

The corporate financial targets have already been laid out by Markus. I will not repeat them one by one. Let me just say: From our standpoint, they are ambitious and, at the same time, realistically achievable targets. So, this is the set of KPIs from the group perspective that the entire team will work for and get this done.

The capital allocation framework needed some reconfiguration, and we are focusing here on two things going forward. First of all, we want to maintain our financial strength. You all know about our very robust balance sheet with a high equity ratio, with an excellent single A rating that is unparalleled in our industry. But we also want to create value and unlock value. That is growing with high capital efficiency; I will talk more about it. We are at the end of a high capex cycle. And now we are harvesting the yield from the investments that we have made. We are also taking a look into our portfolio, how to navigate and manage it in the future.

All of that together – the team and I are very confident about it – will create the shareholder distribution amount of at least €12 billion between 2025 and 2028.

**[Slide 51: We will use all drivers to boost our profitability]**

Let’s look into the EBITDA development that we expect for this four-year planning period. In 2023, we had an EBITDA before special items of €7.7 billion. By the year 2028, we want to reach an EBITDA before special items of €10 billion to €12 billion. How will this happen? You can see this on the slide.

The biggest building block is volume growth. Where is this volume growth coming from? This comes to an extent from our new investment in the Verbund site in Zhanjiang, South China. This is the biggest investment by far that we are currently making. This investment is proceeding according to plan and will be on stream by the end of 2025/beginning of 2026.

But this is not the only investment that is coming on stream: the MDI production plant in Geismar, Louisiana, which is currently being expanded and also ramping up within this period.

Then – this was already mentioned – we want to increase the utilization rate of our existing capacities. We will do that by constantly looking for productivity gains, for cost savings to become even more competitive and outcompete our peers in the market and grow profitably with these installations.

We also project margin improvement. As you see, this is a smaller building block than the volume growth one. We are coming from a low margin environment. We are currently in a very low price environment. We see improvement there gradually, over time. It will not come all at once, but we will again come to mid-cycle/upcycle environments in time and we will definitely participate in that.

Thirdly – this is very important to me, too – you see two blocks, a positive and a negative one: cost savings versus cost inflation You heard already from Katja about our cost-saving programs that we are implementing with an aggregate run rate of €2.1 billion by the end of 2026. This is what we will bring home.

At the same time, after the programs end, we will not stop saving costs. We will do that on a recurring, constant basis. Our ambition is to constantly offset the cost inflation that the company has to incur, which you can imagine as a cost item of €400 million to €500 million. So, the goal is to constantly offset, compensate that amount.

**[Slide 52: We will regain our free cash flow strength]**

Looking into our cash flow performance: Over the four-year planning period, we are very confident that we will be generating an operating cash flow in the aggregate of €30 billion on the back of the operating performance.

The capex, at the same time, will be significantly reduced after the investment peak in the years 2024 and 2025. You see that green curve there. That will lift up the free cash flow significantly in the years as of 2026. So, we will be able to generate a free cash flow of €12 billion minimum in the period between 2025 and 2028.

**[Slide 53: We are committed to attractive shareholder distributions]**

What does that mean for our shareholder distribution? Let me say: We are and will remain very committed to attractive shareholder distributions going forward. This Board will not be sitting on cash; we will use cash.

In the mid-term – this is again the period of 2025 to 2028 – we target an overall distribution to shareholders at the level of the last years, but through a combination of dividends and share buybacks. Between 2025 and 2028, we will distribute at least €12 billion to our shareholders.

We are going to rebase the dividend and will pay out at least €2.25 per share, which equates to €2 billion per year. We will complement that very actively with share buybacks, which will play an important role in our capital allocation going forward. As of 2027 at the latest, we are planning to launch a share buyback program. For the period until 2028, we are thinking of an amount of €4 billion altogether.

Why are we doing that? We believe that by rebasing the base dividend and complementing it with share buybacks, we are acting in line with the financial profile of the company. We believe this fits the company. It provides a little bit more flexibility over the period, while the overall commitment for the shareholder distribution remains very high and ambitious.

We believe with that approach, we will create value for the company, we will increase the robustness of the company. And – I think, Markus, you already said that too – we are rewarding the long-term investors in our company because we will make the company stronger with this approach. Over time, the total shareholder return – we are very confident about this – will increase. That is the approach that we are taking as of now.

**[Slide 54: We are taking a very disciplined approach to capital allocation]**

Talking about our new capital allocation framework, there are three phrases that I would like you to take away: focus, discipline and unlocking value.

I will talk in a minute about the three boxes here, how we want to maintain the financial strength, grow with high capital efficiency and sharpen our portfolio. The important takeaway is: We are doing that to create the foundation for attractive shareholder distributions via dividends and share buybacks, as I just said.

With that, let me walk you through the building blocks of these three boxes of the capital allocation framework.

**[Slide 55: We will maintain our financial strength]**

First of all, we will maintain our financial strengths. You have known this about BASF for a long time. I also know from many talks with you that it is very appreciated that we are and remain a robust company that can afford to define its own destiny.

We will maintain our high equity ratio, which is constantly at or above 45%. Even in crisis years like 2020, we were able to keep it at a level of 43%. We also want to maintain our single A rating that we have with all three rating agencies: Standard & Poor's, Moody's and Fitch. We want to maintain that rating to be able to leverage attractive financial conditions and define our own destiny.

In the middle box, you see how our financing is currently structured. One important note is that our average bond yield is 2.2% overall, very attractive. For the big China project, as already mentioned, we took the "China for China" approach. We secured corporate bank loans in China but also issued our inaugural Panda Bond with a coupon of 2.39%, which was also very successful in that market.

The last point: Our pension obligations also don't give us any headache here. We have a very healthy funding rate of 90%, a net liability of €2.7 billion, very active portfolio management with an average yield of 5% per year and very strong hedging, including against interest volatility.

**[Slide 56: We will grow with high capital efficiency]**

We will grow with high capital efficiency. This has now been discussed a couple of times. You can see why this is so important on the left-hand side of this slide, which gives you a sensitivity: If we take BASF's entire global asset park and achieve just one percentage point increase in utilization, this change will give us a positive contribution of €300 million EBITDA. So, we believe this is worth fighting for. And after this investment peak, this will also now be a big lever for additional growth.

In the middle box, you see the aggregate capex amounts in the respective four-year period. 2023 to 2026: €25 billion. 2024 to 2027: €20 billion. And now the new period is coming in at €17 billion. And bear in mind, this still includes the last peak investment year of the Zhanjiang Verbund site project. So, you can already anticipate the normal run-rate capex once the year 2025 is out.

On the right-hand side, we are looking into capital efficiency from all angles, with the optimization of the net working capital. This shows our track record of net working capital optimization that we did in 2023. So, within one year, we were able to release €2 billion in cash from our net working capital by focusing on that.

Can we repeat that each and every year? Certainly not. That's a matter of how the business develops, also seasonally. But it shows you the ambition and the capability that the team has to optimize the net working capital.

**[Slide 57: We will sharpen our portfolio]**

We will sharpen our portfolio, as Markus already explained. I'm not going to repeat what he said, but maybe just add a couple of words from the capital allocation standpoint.

First of all, we fully understand the importance of continuous portfolio management in terms of capital allocation but also value creation and value crystallization. This is and will again become a very important task for us, to take a hard look into our portfolios.

For the core businesses, I think I can say: We feel good about the composition that has been presented, with the four segments standing together as the core, not only from a production and value chain steering perspective, but also from the financial perspective. Because the businesses that we have in this core portfolio now, also from the valuation standpoint, are very coherent and fit nicely together.

For the standalone businesses, we also feel good about these highly appreciated businesses being standalone because they really command a premium valuation to what we see today. Going forward, they will also clearly be managed for value.

**[Slide 58: We exit our oil and gas business with cash inflow of ~€2 billion in 2024]**

One very recent portfolio management move – so I will keep it short – is that we exited our oil and gas business with a cash inflow of around €2 billion for BASF in 2024. The first part of that money is already in our accounts: $1.56 billion from the sale of the non-Russian related E&P business of Wintershall Dea to Harbour Energy.

On top of that amount, we also got a 39.6% share in Harbour Energy. For us, this is now a very comfortable situation to be in. We are now the biggest single shareholder of Harbour Energy, which is listed on the London Stock Exchange. We are holding the participation as a financial participation. So, we will sell it off over time and for value optimization. We’re not in a hurry. Currently, we are in a six-month lock-up period for these shares. But after the six months, we can sell them, and we will do that financially prudently.

A second transaction which was closed by the end of August was the sale of the onshore pipeline network that was 50% held by Wintershall Dea; 50% already belonged to the German government. Now the German government has also acquired the remaining 50% from us. As a result of that, Wintershall Dea received the purchase price and BASF will get €700 million as its share of this purchase price within the year.

So, two big transactions which bring us a big step closer to the strategic exit from oil and gas.

Lastly, Wintershall Dea is still an existing company. The main purpose now is the pursuance of insurance claims under the federal investment guarantees. As you know, Wintershall Dea had its Russian business expropriated, and we are entitled to get quite a significant amount of compensation.

**[Slide 59: We will leverage our strong cash flow and balance our uses of cash]**

With that, I conclude the financial part and show you once again the overview of the planned sources and uses of cash. You see that, on the back of €30 billion of compound operating cash flow, we will be able to cover the capex of €17 billion, the dividends of €8 billion at least and share buybacks of at least €4 billion.

Of course, we will not rule out better operational performance. If that is the case and/or if we generate more cash through divestments or portfolio measures, then there's also further potential either for more distribution to shareholders or to increase our M&A headroom.

With that, we have a clear financial plan that we would like to execute.

## Markus Kamieth

Thanks, Dirk.

I think there's one more – maybe the most important – slide to go, which is the reasons to invest in BASF.

**[Slide 60: Reasons to invest in BASF]**

We hope we laid out a plausible, ambitious and inspiring strategy for our investors today. I can say that the Board is fully committed to executing this strategy. We know already after the last three days that we have the entire BASF team on board. They're curious at least, if not fully motivated, to embark on this strategy. We are at a turning point as a company. We are facing a moment of truth. We are facing a lot of changes happening around us. But we feel very strongly that we have the levers of BASF's future success very much in our own hands. As you also heard from Katja, even the Ludwigshafen site – which was often seen as potentially a big challenge for BASF – is turning out to become a huge opportunity for us.

We are certainly going to remain a leading player in the chemical industry. The chemical industry will stay fundamentally attractive. We will continue to play to our strengths when it comes to innovation and bringing new processes and new technologies into the market. Also when it comes to the green transformation in particular, we will leverage our strengths because I believe firmly that not all the solutions to become a net-zero society by 2050 have been invented yet. We need companies like BASF to bring new technologies to market. And we will certainly be taking up that challenge.

Our strategy of focusing on our competitive production assets in the markets, where our customers are, has never been more valuable than today. Because with all the geopolitical and trade developments happening in the world, I feel very comfortable having competitive assets in the most economically viable regions of the globe and, of course, having a strong foundation with leading market positions in most of the businesses that we're active in.

We have the right team and a winning culture that we will now further improve over the next years. For me, this is very important. This creates energy in the company. And we will be at the forefront of shaping the transformation of our customers – key players in all manufacturing industries worldwide. They will all be looking to BASF to partner with them. Ultimately, I want all big manufacturing companies worldwide to say: We cannot finalize our sustainability strategy before we have at least called BASF and see what they have to offer.

At the end of the day, this Board team is very committed to long-term value creation and to attractive distributions to our shareholders because, as I said in the very beginning, the whole strategy was developed through the lens of shareholder value creation. This is what we see as our core mission. For this, we thank you as well for your support.