BASF Media Conference on third quarter 2025

Speech

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Presentations by

Dr. Markus Kamieth, Chairman of the Board of Executive Directors, and

Dr. Dirk Elvermann, Chief Financial Officer of BASF SE

The spoken word applies.

Corporate Media Relations
Jens Fey
Phone: +49 621 60-99123
jens.fey@basf.com

BASF SE
67056 Ludwigshafen, Germany
www.basf.com
presse.kontakt@basf.com

[Markus Kamieth]

Good morning, everyone!

Dirk Elvermann and I welcome you to this press conference, where we will present and explain our third-quarter figures.

In the third quarter of 2025, market dynamics continued to be challenging: Margins for basic chemicals were still under pressure. Customer buying behavior in almost all industries and regions remained cautious. Even in this demanding market environment, BASF's earnings came in slightly above market expectations and only slightly below the level of the prior-year quarter.

[Slide 2: BASF Group sales declined due to currency headwinds and lower prices]

As usual, I'll start by looking at the sales performance of BASF Group compared with the prior-year quarter. Overall, sales declined slightly on account of continued strong currency headwinds and lower prices. We were, however, able to achieve slightly higher volumes thanks to growth in the Surface Technologies, Chemicals and Materials segments.

From a regional perspective, we recorded 12 percent volume growth in China, slight volume growth in South America and fairly stable volume development in Europe. In North America, volumes were slightly down.

Compared with the prior-year quarter, prices declined in four of our six segments, particularly in the Chemicals segment. In the Surface Technologies and Nutrition & Care segments, we managed to achieve price increases.

Currency effects dampened sales in all divisions and were mainly related to the strong depreciation of the U.S. dollar, Chinese renminbi and Indian rupee.

Reflecting this underlying sales development, EBITDA before special items came in at over €1.5 billion, compared with €1.6 billion in the prior-year quarter.

[Slide 3: Q3 2025 snapshot: Market development and BASF's performance]

Here we provide you with an overview of how the markets and our segments' volumes and specific margins developed in the third quarter of 2025.

Due to a continued imbalance between supply and demand and the resulting pressure on margins, the business environment in our upstream segments remained challenging. Nevertheless, BASF achieved solid volume growth in both divisions of the Chemicals segment. However, the segment faced significantly lower prices, so margins declined sharply.

In the Materials segment, despite the difficult market environment, BASF recorded slightly higher volumes due to increased volumes in the Monomers division and stable volume development in the Performance Materials division. Prices declined in both divisions. Overall, margins in the Materials segment were lower, owing mainly to developments in the Monomers division.

The Industrial Solutions segment operated in a subdued market environment. Volumes slightly declined in both divisions. Specific margins decreased considerably, particularly in the Performance Chemicals division.

The market environment for the Nutrition & Care segment became considerably more challenging in the third quarter of 2025. BASF recorded lower volumes in both divisions but was able to achieve slightly higher prices in the segment. The specific margins in the Nutrition & Care segment declined. Lower fixed costs and improved margins in the Nutrition & Health division were more than offset by lower margins in the Care Chemicals division.

Moving on to the Surface Technologies segment and its main customer industry – automotive: According to the latest data, global light vehicle production in the third quarter of 2025 increased by around 4 percent compared with the prior-year quarter, mainly because of considerable growth in China. For the full year 2025, we expect global automotive production to increase by around 2 percent compared with 2024. In this environment, the Surface Technologies segment recorded volume growth, mainly in the Environmental Catalyst and Metal Solutions (ECMS) division. Overall, prices were up considerably. Specific margins in the Surface Technologies segment also increased slightly.

Finally, in this segment overview, let’s look at the Agricultural Solutions segment: Crop commodity prices remained below historical averages. Farmers still faced elevated financing costs, resulting in unchanged and challenging economics for them. In this market environment, the Agricultural Solutions segment recorded slightly lower volumes and prices compared with the prior-year quarter. By contrast,

the segment achieved considerably higher specific margins in a seasonally slow quarter.

[Slide 4: Q3 2025: EBITDA before special items only slightly below prior-year quarter, despite strong market and currency headwinds]

Let’s now look at EBITDA before special items by segment in the third quarter of 2025.

Considerable earnings growth in the Surface Technologies and Agricultural Solutions segments as well as improved earnings in Other were offset by lower earnings in the core businesses.

Compared with the prior-year quarter, EBITDA before special items in the Surface Technologies segment increased significantly due to the Environmental Catalyst and Metal Solutions division. The earnings increase at ECMS was driven by significantly lower fixed costs, a strong precious metal trading business and volume growth. Lower fixed costs resulted from continuous cost improvement measures and U.S. government grants for which ECMS is eligible as a leading recycler of platinum group metals.

As we communicated at the Capital Market Update in Antwerp at the beginning of the month: After the successful carve-out, ECMS has a stronger setup, and we will keep the business as part of BASF Group for longer. We expect to benefit from strong cash contributions from ECMS amounting to a cumulative cash flow of roughly €4 billion from 2024 to 2030.

Now we come to the Agricultural Solutions segment. Earnings in this segment rose considerably, mainly due to improved margins. The successful market launch of glufosinate-P-ammonium and lower manufacturing costs both contributed to this development. We continue to expect that a slight increase in full-year earnings is achievable.

The core businesses recorded lower earnings, mainly due to the previously mentioned lower margins, which were partly offset by lower fixed costs. As the deviations from average analyst expectations were largest in the Nutrition & Care segment, I will give you a few more details.

Compared with the third quarter of 2024, we generated considerably lower earnings in the Nutrition & Care segment. The Nutrition & Health division increased earnings,

primarily thanks to lower fixed costs. The Care Chemicals division, on the other hand, recorded a decline in earnings. The main reason for this was continued margin pressure, which was particularly pronounced in the personal care applications business.

[Slide 5: We are on track with the stepwise startup of our Zhanjiang Verbund site]

I will now give a brief update on our new Verbund site in South China.

We will complete this megaproject with capital expenditures around €1.3 billion lower than originally planned. We achieved this significant capex reduction through tight budgetary discipline, scope changes and excellence in procurement.

As a result of the currently long markets in China, the ramp-up of earnings contributions will be slower than originally anticipated. In the coming years, we expect most markets and value chains to rebalance. We therefore confirmed the targeted EBITDA before special items of €1.0 billion to €1.2 billion by 2030.

[Slide 6: Zhanjiang Verbund site: We are now focusing on commissioning and the handover to operations]

This slide illustrates the impressive progress the Zhanjiang team has achieved since May.

This includes the successful mechanical completion of the steam cracker and downstream petrochemical plants. The infrastructure and utility plants are already in steady operation. Additionally, we have safely and successfully started up various downstream plants, including butyl acrylate, 2-ethylhexylacrylate, formaldehyde, neopentyl glycol and glacial acrylic acid – with more startups to come.

We are thus transitioning the project from construction to operational readiness. Full operational startup is expected as of the end of 2025.

[Slide 7: BASF and Carlyle reach binding transaction agreement on coatings business to create a leading standalone company]

Let’s now move on to the binding transaction agreement on BASF’s coatings business, which we announced on October 10.

This agreement with Carlyle marks an important milestone in focusing our portfolio and unlocking the value of our coatings business. It demonstrates our strong commitment to swiftly execute BASF's "Winning Ways" strategy and create a leading coatings company under Carlyle's operational leadership.

The enterprise value of this transaction amounts to €7.7 billion. If we achieve regulatory approvals within the typical timeframes, which we anticipate, the transaction is expected to close in the second quarter of 2026. At closing, BASF will remain invested in the coatings entity with a 40 percent stake and will receive pre-tax cash proceeds of approximately €5.8 billion. We believe in the future value creation and potential of the coatings business and want to continue to participate in its success.

Together with the divestiture of BASF's decorative paints business to Sherwin-Williams, which closed on October 1, BASF's entire Coatings division is valued at an enterprise value of €8.7 billion. The implied 2024 EV/EBITDA multiple before special items of approximately 13 clearly demonstrates that we are unlocking the value of this division.

With that, I will hand over to Dirk.

[Dirk Elvermann]

Thank you, Markus. Good morning!

[Slide 8: Implications of the coatings transaction agreed with Carlyle on BASF's statement of income and statement of cash flows]

What are the implications of the coatings transaction agreed with Carlyle in terms of BASF's financial information being presented today?

As of September 30, 2025, and until closing of the transaction, we will report Coatings in the P&L as discontinued operations. Therefore, sales and earnings of the business are no longer included in sales, EBITDA and EBIT of BASF Group – with retroactive effect as of January 1, 2025. The prior-year figures have been restated accordingly. The results of this business are presented as "income after taxes from discontinued operations."

Between September 30, 2025, and closing of the transaction, there is no impact or change on BASF's statement of cash flows. The business will be considered – as before – in the respective line items of BASF's cash flow statement.

As of closing, BASF's minority stake of 40 percent will be accounted for as a financial investment using the equity method and will be reported in EBITDA and EBIT before special items of Other.

The cash inflow from the transaction will be reported in cash flows from investing activities in the line item "payments received from divestitures." After closing of the transaction, dividend payments from the business to BASF Group will be reported in BASF's cash flows from operating activities.

[Slide 9: Figures including and excluding discontinued operations]

This table provides a comprehensive overview of the major changes in BASF's reporting following the classification of the automotive OEM coatings, automotive refinish coatings and surface treatment businesses as discontinued operations. In the Quarterly Statement published today, for ease of comparison, we provide all relevant financial figures on both a pro forma basis, i.e., with Coatings still fully included in the segment result of Surface Technologies, as well as excluding the discontinued coatings operations.

The decorative paints business sold to Sherwin-Williams is not affected by the retroactive restatement. It remained part of the Surface Technologies segment until its divestment on October 1, 2025. This means that the figures for the Coatings division in the third-quarter segment reporting refer exclusively to the decorative paints business, which was already classified as a disposal group in the first quarter of this year.

[Slide 10: Our successful portfolio measures enable us to strengthen our balance sheet and bring forward share buybacks]

Now, I would like to explain the capital allocation framework and how BASF will use the considerable cash proceeds from the portfolio measures that have already been completed or will be completed.

As you know, we closed the sale of BASF's food and health performance ingredients business to Louis Dreyfus Company on September 30, 2025. This is reflected in the Quarterly Statement for the third quarter of 2025. The sale of BASF's Brazilian

decorative paints business to Sherwin-Williams was closed on October 1, 2025. The purchase price amounted to $1.15 billion on a cash and debt-free basis. For our coatings transaction with Carlyle, which is expected to close in the second quarter of 2026, we will receive pre-tax cash proceeds of around €5.8 billion. At maximum, we assume taxes to be in a mid-triple-digit million-euro range.

We are also making further progress with the monetization of our oil and gas assets. In 2025, we will receive around €200 million from our participation in Harbour Energy – from dividends and Harbour Energy's ongoing share buyback program. I would like to stress yet again: We consider our participation in Harbour Energy to be a financial investment, and our strategy remains to exit at the right time to realize the value of this participation.

There is also good momentum on the topic of federal investment guarantees. Wintershall Dea received a first installment from the German federal government in the third quarter, and we expect a final decision soon. Proceeds will be distributed by Wintershall Dea via dividends and will contribute to BASF Group's operating cash flow in 2025 and 2026.

As we previously announced and recently confirmed, we are targeting IPO readiness of BASF's Agricultural Solutions division by 2027, with a potential listing of a minority share as the next step. In other words: Cash proceeds from this event would be beyond the 2025/2026 window.

Now, let's move on to the use of cash with a focus on the rest of this year and next year.

We are clearly committed to paying an annual dividend of at least €2.25 per share, subject to approval by the Annual Shareholders' Meeting. Furthermore, we will use a substantial part of cash proceeds to deleverage the balance sheet and secure our financial strength. The maturity profile of outstanding bonds will allow us considerable deleveraging in 2026.

As announced yesterday, we will start buying back shares as of November 2025. This is a considerable acceleration compared with our initial plan to buy back shares from 2027 onwards. More details on that in a minute.

Larger acquisitions are currently not in focus, while smaller to mid-sized acquisitions remain possible. Capital expenditures will be significantly reduced in 2026 and beyond. They will consistently stay below depreciation level until at least 2028.

[Slide 11: BASF to begin share buyback in November 2025]

Ladies and gentlemen,

we are swiftly delivering on our “Winning Ways” strategy, and we are fully committed to attractive shareholder distributions. Therefore, and in view of our quick progress on the portfolio side, we have announced that we will start a share buyback program with a volume of up to €1.5 billion in November that is scheduled to be executed by the end of June 2026. This is part of the share buyback announced in September 2024, with a total volume of €4 billion until the end of 2028.

The earlier start of the program demonstrates management’s confidence in the underlying financial strength and true value of our company, which in our view is not fully reflected in the current share price. Now is the right time to return capital to our shareholders and reduce the number of shares while bringing down debt.

[Slide 12: BASF Group Q1-Q3 2025: Key financial figures]

Let’s now take a look at the financial details of BASF Group for the first nine months of 2025 compared with the same period of last year. All these figures still include the discontinued operations.

At €5.9 billion, EBITDA before special items declined slightly compared with the first nine months of 2024. The EBITDA margin before special items excluding metals remained almost stable at 13.6 percent. EBIT before special items reached €3.1 billion, compared with €3.4 billion in the same period last year. Special charges resulted primarily from restructuring measures as well as the sale of BASF’s share in the Nordlicht 1 and 2 wind farms back to Vattenfall in the first quarter of 2025. Special income from the sale of BASF’s food and health performance ingredients business had a partially compensating effect.

Net income declined by €1 billion and amounted to €1.1 billion. In the prior-year period, net income from shareholdings included special income in connection with the transfer of Wintershall Dea assets to Harbour Energy.

Cash flows from operating activities amounted to €2.0 billion, compared with €3.5 billion in the same period last year. The decline was primarily driven by changes in other operating assets, lower net income and higher cash outflows from changes in net working capital. Compared with the first nine months of 2024, payments made for property, plant and equipment and intangible assets decreased by €1.1 billion to €2.8 billion. This clearly indicates that we have passed the peak investment phase for our South China Verbund site. Free cash flow was minus €868 million in the first nine months of 2025.

[Slide 13: Cash flow development in Q1-Q3 2025 and Q3 2025]

Here you can see some more details on our cash flows; I will focus on the development in the third quarter, shown on the right-hand side.

In the third quarter of 2025, cash flows from operating activities came in at €1.4 billion. The decline compared with the prior-year quarter was mainly due to changes in other operating assets. Payments made for property, plant and equipment and intangible assets decreased by €510 million compared with the third quarter of 2024. Free cash flow amounted to around €400 million.

With that back to you, Markus.

[Slide 14: Outlook 2025 for BASF Group – confirmed but technically adjusted]

Our assumptions regarding the global economic environment in 2025 remain unchanged. Likewise, our outlook for 2025 remains unchanged content-wise. As a result of the reclassification of the automotive OEM coatings, automotive refinish coatings and surface treatment businesses, we have made a necessary technical adjustment to our outlook. The adjusted outlook range for EBITDA before special items is now between €6.7 billion and €7.1 billion. The difference compared with the previous outlook range of between €7.3 billion and €7.7 billion reflects the expected full-year contribution of the coatings businesses that are part of the transaction with Carlyle. This business is retroactively reported as discontinued operations as of January 1, 2025.

The forecasts for free cash flow and for CO_2 emissions are unaffected by the restatement and thus remain unchanged.

And now we will be happy to answer your questions.