We create chemistry

BASF Conference Call for Analysts and Investors: Q3 2026

Speech

October 28, 2026

Markus Kamieth

Chief Executive Officer

Dirk Elvermann

Chief Financial Officer

The spoken word applies.

Markus Kamieth

Good morning, everyone!

Dirk and I are pleased to welcome you to today's conference call.

Before we start with the discussion of our Q3 results, I would like to address the possible combination of BASF and Evonik upfront.

With our Winning Ways strategy, we strive to maximize the value of our standalone businesses and at the same time strengthen and grow our core businesses – both organically as well as through value-accretive acquisitions. A potential combination with Evonik would be a logical and meaningful step in this direction.

The timing is right – not only for BASF, but also for the chemical industry. Consolidation in Europe is underway, and BASF is well positioned to drive and shape it.

From our perspective, the strategic and financial logic is compelling. The portfolios and strengths of both companies complement each other very well. A combination could create an even more competitive and more resilient global player, building on the world's most advanced Verbund platform of BASF.

But let me be very clear: Our commitment to financial discipline and our capital allocation framework remains unchanged. This includes shareholder distributions of at least 12 billion euros between 2025 and 2028. And let me underline again: Acquisitions are a "could do," not a "must do" in our strategy. We will only pursue a potential transaction if it is value-accretive for our shareholders. We will not overpay.

Please understand that beyond these general remarks, we will not comment further on this topic on today's call.

Let me now continue with three key takeaways regarding our third-quarter results.

First, BASF delivered another strong quarter, with considerable growth in EBITDA before special items driven by all core businesses. Second, disciplined capital allocation enabled us to further reduce net debt, strengthen our balance sheet, and continue our share buybacks. Third, the strong year-to-date performance of our core businesses gives us confidence to narrow our forecast range for EBITDA before special items upward.

Now, let me walk you through the developments in the third quarter in more detail.

[Slide 3: Q3 2026: BASF achieved strong price increases and solid volume growth in the core businesses]

I will first explain the key drivers of sales performance in our core businesses. We have included the past three quarters to illustrate how dynamics have evolved compared with the corresponding prior-year quarters.

In the second quarter of 2026, following the escalation of the conflict in the Middle East, we successfully increased prices, particularly in our upstream businesses. The positive momentum continued in the third quarter and was driven by price increases in all four core segments.

During the first nine months of 2026, we also delivered volume growth in all core segments. This was supported by the successful ramp-up of our new Verbund site in China and by our resilient integrated production network and local-for-local strategy.

Volume growth accelerated in the second quarter of 2026, in part due to customers securing supply in the midst of heightened geopolitical uncertainty. In the third quarter, we continued to capture solid volume growth across our core businesses, with the strongest contributions coming from the Chemicals and Nutrition & Care segments.

Currency headwinds eased over recent quarters and turned into slight tailwinds in the third quarter.

[Slide 4: Q3 2026: BASF's core businesses with sales growth across all regions]

Let's take a look at regional volume and price developments in our core businesses compared with the prior-year quarter.

Following the strong momentum since the first quarter of 2026, we continued to deliver considerable volume growth in Greater China, supported by our Zhanjiang Verbund site. Driven by the ongoing Middle East conflict, significantly higher prices in Greater China provided additional support, particularly in the upstream businesses.

In Asia Pacific excluding Greater China, we also delivered strong volume growth and achieved considerable price increases.

In Europe, sales grew considerably on account of significantly higher prices. We increased prices in all core segments, particularly in Chemicals and Materials. Volumes were broadly stable as higher volumes in Nutrition & Care partially offset slightly lower volumes in other core segments.

In North America, we achieved strong price increases and solid volume growth. Prices rose particularly in the upstream businesses, while volume growth was mainly driven by the Chemicals and Nutrition & Care segments.

[Slide 5: Q3 2026: Strength across all core businesses drove BASF Group's considerable EBITDA before special items growth]

Moving on to the earnings bridge, EBITDA before special items rose by 15 percent to 1.6 billion euros, driven by the strong performance across all core businesses. Higher specific margins, solid volume growth and lower cash fixed costs were the main drivers

for the earnings increase in the core. Our restructuring efforts are clearly visible in our P&L.

By contrast, EBITDA before special items in the Surface Technologies segment was considerably below the level of the prior-year quarter. This was primarily due to the earnings decline at Metivo, previously Environmental Catalyst and Metal Solutions (ECMS). The main reason was a positive one-off effect resulting from government grants in the prior-year quarter, which were primarily related to prior periods.

I will provide more details on the earnings development in the Agricultural Solutions business on the next slide.

EBITDA before special items in Other declined compared with the prior-year period, among other things due to higher additions to bonus provisions.

[Slide 6: Agricultural Solutions earnings in Q3 2026 mainly reflect lower volumes]

Let’s turn to Agricultural Solutions. In Q3 2026, a quarter with typically low seasonal activity, sales declined by almost 20 percent to 1.4 billion euros. The main driver was considerably lower volumes, resulting in part from the challenging market environment in South America. Sales brought forward into the second quarter ahead of the ERP migration in South America also contributed to the decline. The rollout in the region has now been completed. Pricing was mainly affected by high competitive pressure in South America.

As a result, EBITDA before special items declined compared with the prior-year quarter. Lower fixed costs partially offset the decline. For the fourth quarter of 2026, we expect the usual seasonal strengthening compared with the third quarter.

[Slide 7: BASF drives portfolio measures, leading to considerable cash inflows]

Portfolio management plays a significant role in the execution of our Winning Ways strategy. In line with our capital allocation framework, we continue to generate considerable cash inflows from portfolio measures. At the same time, we are sharpening the focus of our core portfolio and strengthening its strategic coherence.

Let me briefly highlight our achievements: In 2026, we have sold Harbour Energy shares and generated cash inflows of around 1.3 billion euros to date. We still hold around 16 percent of the outstanding Harbour Energy shares with voting rights and will sell them over time, always being mindful of value.

We divested the decorative paints business in 2025 and completed the transaction with Carlyle in 2026 at a combined multiple of 13 times, resulting in net cash inflows of more than 6 billion euros. By holding a 40 percent equity stake in Surventis, we will continue to participate in the future value creation of the coatings business.

We are also working on further portfolio measures. In early October, the divestment of Stahl Group’s specialty coatings business to Henkel led to a cash inflow of more than 250 million euros via our indirect participation in Stahl Group. This amount will be recognized in BASF Group’s financial statements in Q4 2026.

The preparations for the planned IPO of Agricultural Solutions are on track, giving us confidence that the business will be IPO-ready by mid-2027. The transition of the global business into separate legal entities with an industry-specific ERP system is already largely completed.

With that, I hand over to Dirk.

Dirk Elvermann

Thank you, Markus. Good morning, everybody.

[Slide 8: BASF Group: Key financial figures]

Let’s now take a look at the key financial figures of BASF Group in the first nine months of 2026 compared with the prior-year period.

At 6.4 billion euros, EBITDA before special items increased by more than 900 million euros compared with the prior-year period. All core businesses contributed, with the highest contributions coming from Materials and Industrial Solutions.

Cash fixed costs of BASF Group declined by around 3 percent to 11.8 billion euros. This is the result of the ongoing restructuring efforts, particularly in our core businesses.

Net income came in at 5.2 billion euros, including the disposal gain of 3.5 billion euros after tax from the Coatings transaction with Carlyle.

Free cash flow was minus 1.0 billion euros. Considerably lower payments made for property, plant and equipment and intangible assets partly offset the decline in cash flows from operating activities.

[Slide 9: Strong momentum in streamlining our global organization]

We are making great progress streamlining our global organization. As you can see on this chart, in the first nine months of 2026, we reduced more than twice as many positions as in all of 2025.

Since January 2024, we have reduced the number of employees by around 8,600. Please note that this figure excludes both the reductions resulting from divestitures and the workforce build-up associated with our Zhanjiang Verbund site.

[Slide 10: Cash flows from operating activities reflect €1.5 billion higher net working capital; free cash flow supported by lower capex]

I will now explain the cash flow development in the first nine months of 2026 in more detail.

Cash flows from operating activities declined to 823 million euros, mainly due to the 1.5 billion euros higher net working capital requirements. This resulted primarily from two effects: On the one hand, higher sales led to higher trade accounts receivable. On the other hand, capital tied up in inventories increased as a result of higher raw material prices.

In addition, cash flows from operating activities were burdened by spending of around 570 million euros related to the ongoing transformation of BASF Group. In particular, this related to cash-effective restructuring measures and the introduction of the new ERP systems needed in Agricultural Solutions and the core businesses.

We continue to maintain a strict focus on net working capital management, as reflected in the two KPIs for our core businesses. Compared with the prior-year period, average days of inventories valued declined by 6 percent, and average days of sales outstanding decreased by 3 percent. This demonstrates our continued discipline in managing working capital efficiently.

Payments made for property, plant and equipment and intangible assets decreased by around 980 million euros to 1.9 billion euros. Free cash flow thus came in at minus 1.0 billion euros compared with around minus 870 million euros in the prior-year period.

Our full-year free cash flow forecast is unchanged. In Q4, our operating divisions are expected to collect more cash from outstanding receivables than last year. However, the inventory reduction will largely depend on price levels.

For the full year 2026, we now expect payments made for property, plant and equipment and intangible assets to come in clearly below 3.0 billion euros compared with the forecast of 3.4 billion euros provided in February 2026.

[Slide 11: Continued deleveraging, committed to shareholder distributions]

In line with the priorities of our capital allocation framework, we continue to deleverage and further strengthen our balance sheet. Compared with the end of September 2025, we have reduced net debt by 20 percent. We have used a significant portion of portfolio proceeds to repay maturing financial debt and to redeem bonds and loans ahead of their maturities. We expect net debt to reach around 15 billion euros by year-end 2026. The strengthening of our balance sheet supports our single A credit rating. This Monday, Fitch confirmed our single A credit rating with a stable outlook.

We also remain fully committed to attractive shareholder distributions via dividends and share buybacks. For 2024 and 2025, we paid total dividends of around 4 billion euros to shareholders of BASF SE. Between November 2025 and October 23, 2026, we bought back shares for around 1.9 billion euros; this amount is part of the overall program of at least 4 billion euros that we announced in September 2024.

Despite the continued execution of our share buyback program, our equity ratio increased by almost 3 percentage points to 47.2 percent.

This underscores our commitment to maintaining a strong financial profile.

With that back to you, Markus.

Markus Kamieth

[Slide 12: Outlook 2026 for BASF Group]

As we now have greater visibility regarding the expected earnings development, we are able to provide a more specific forecast range for BASF Group's EBITDA before special items for 2026. We expect EBITDA before special items of between 7.4 billion euros and 7.8 billion euros. Compared with our previous forecast, we have raised the lower end of the range and slightly increased the upper end.

Given the continuing uncertainty surrounding further geopolitical and global economic developments and their impact on oil and gas prices in particular, we maintain the forecast range for the free cash flow of between 1.5 billion euros and 2.3 billion euros.

In view of this uncertainty, we are also leaving the macroeconomic assumptions published in July unchanged.

And now, Dirk and I are glad to answer your questions.