Reporting Factsheet

Q2 2013

BASF
The Chemical Company

BASF Group (Million €)	Q2 2013	Q2 2012	Change (%)	*Q2 2013*	*Q1 2013*	*Change (%)*
Sales	**18,353**	17,836	2.9	*18,353*	*19,738*	*(7.0)*
Income from operations before depreciation and amortization (EBITDA)	**2,489**	2,510	(0.8)	*2,489*	*2,854*	*(12.8)*
Income from operations (EBIT) before special items	**1,832**	1,937	(5.4)	*1,832*	*2,214*	*(17.3)*
Income from operations (EBIT)	**1,773**	1,676	5.8	*1,773*	*2,169*	*(18.3)*
Financial result	**(162)**	(145)	(11.7)	*(162)*	*(126)*	*(28.6)*
Income before taxes and minority interests	**1,611**	1,531	5.2	*1,611*	*2,043*	*(21.1)*
Net income	**1,157**	1,208	(4.2)	*1,157*	*1,446*	*(20.0)*
Earnings per share (€)	**1.26**	1.32	(4.2)	*1.26*	*1.57*	*(19.7)*
Adjusted earnings per share (€)*	**1.40**	1.59	(11.9)	*1.40*	*1.67*	*(16.2)*
EBITDA in % of sales	**13.6**	14.1	-	*13.6*	*14.5*	*-*
Cash provided by operating activities	**1,989**	1,872	6.3	*1,989*	*2,041*	*(2.5)*
Additions to long-term assets**	**1,119**	1,140	(1.8)	*1,119*	*1,566*	*(28.5)*
Amortization and depreciation**	**716**	834	(14.1)	*716*	*685*	*4.5*
Segment assets (end of period)***	**54,397**	52,932	2.8	*54,397*	*56,447*	*(3.6)*
Personnel costs	**2,356**	2,087	12.9	*2,356*	*2,279*	*3.4*
Number of employees (end of period)	**111,614**	109,614	1.8	*111,614*	*111,687*	*(0.1)*

*) Adjusted for special items and amortization of intangible assets **) Intangible assets and property, plant and equipment (including acquisitions)
***) Intangible assets, property, plant and equipment, inventories and business-related receivables

Segments 2nd Quarter (Million €)	Sales 2013	Sales 2012	Sales Change (%)	EBIT bef. special items 2013	EBIT bef. special items 2012	EBIT bef. special items Change (%)	EBIT 2013	EBIT 2012	EBIT Change (%)
Chemicals	**4,183**	4,343	(3.7)	**495**	601	(17.6)	**494**	601	(17.8)
Performance Products	**4,032**	4,079	(1.2)	**394**	442	(10.9)	**344**	379	(9.2)
Functional Solutions	**4,503**	4,412	2.1	**293**	216	35.6	**283**	215	31.6
Agricultural Solutions	**1,727**	1,467	17.7	**485**	414	17.2	**485**	414	17.1
Oil & Gas	**2,836**	2,567	10.5	**382**	330	15.8	**381**	250	52.4
thereof Exploration & Production	***525***	*584*	(10.1)	***323***	*242*	33.5	***322***	*162*	98.8
Natural Gas trading	***2,311***	*1,983*	16.5	***59***	*88*	(33.0)	***59***	*88*	(33.0)
Other*	**1,072**	968	10.7	**(217)**	(66)	(228.8)	**(214)**	(183)	(16.9)
BASF Group	**18,353**	17,836	2.9	**1,832**	1,937	(5.4)	**1,773**	1,676	5.8

**) "Other" includes the sale of feedstock, engineering and other services, as well as rental income and leases. This item also includes foreign currency results from financial indebtedness and results from hedging for raw material prices that are not allocated to the segments.*

Factors influencing sales changes in % vs. Q2 2012	Changes in sales Q2 2013	Thereof Volumes	Thereof Prices	Thereof Currencies	Thereof Acqu./Divest.
Chemicals	(4)	1	(4)	(1)	0
Performance Products	(1)	2	(2)	(2)	1
Functional Materials & Solutions	2	3	2	(2)	(1)
Agricultural Solutions	18	14	3	(2)	3
Oil & Gas	10	10	0*		0
BASF Group	**3**	**5**	**0**	**(2)**	**0**

**) mix of price and currency effects*

Segments Q2 2013 vs. Q2 2012

Chemicals: (sales: (4)%; v: +1%; pr: (4)%; c: (1)%; p: 0%)* Sales decreased. Reduced raw material costs led to lower sales prices. Weaker than expected demand, especially in Asia, allowed for only a small volume growth. Earnings came in significantly lower, mainly due to weaker caprolactam and polyamide margins.

- In *Petrochemicals*, sales declined. Volumes were stable in most product lines. Prices fell driven by the decreasing oil price. Our business in Asia was negatively affected by lower demand and high product availability. By contrast, we were able to improve cracker margins in Europe and North America despite more intense pressure on prices. Earnings were above the level of the previous second quarter.
- Sales in *Monomers* decreased slightly. Caprolactam and polyamides suffered weak demand and oversupply, particularly in Asia, and prices came under pressure. However, this was more than offset by stable demand for TDI and MDI, as well as for ammonia, glues and impregnating resins. Earnings decreased substantially, mainly due to lower margins in caprolactam and polyamides.
- Sales in the *Intermediates* division were below the high level of the second quarter of 2012. Prices came under pressure due to lower raw material costs. Volumes were slightly up. Margins decreased due to a less favorable product mix. Earnings were lower than in the second quarter of 2012.

Performance Products: (sales: (1)%; v: +2%; pr: (2)%; c: (2)%; p: +1%)* Sales slightly decreased, largely caused by negative currency effects. Volumes were up, primarily driven by better demand in Care Chemicals. Prices were slightly down due to lower raw material costs. The consolidation of Pronova BioPharma positively contributed to sales. Earnings declined. Besides intense competition in some product lines this was due to the devaluation of the Japanese Yen. We continue to implement the restructuring measures already announced.

- Sales in *Dispersions & Pigments* declined, mostly due to price and currency effects. The divestiture of our IMEX printing inks business in the third quarter of 2012 also contributed to this sales decline. We were able to raise sales volumes, particularly for dispersions. Earnings were significantly down, due to lower product margins and a less favorable product mix.
- In *Care Chemicals*, sales grew. We raised sales volumes, particularly in ingredients for personal care and hygiene products. Prices of some bulk products decreased, mainly as a result of lower raw material costs. The weaker U.S. dollar also had a negative impact. Due to higher sales volumes and improved margins we were able to strongly increase our earnings.
- In *Nutrition & Health*, sales increased because of the consolidation of Pronova BioPharma. Negative currency effects reduced sales growth. Prices were lower due to intense competition, especially for vitamins. Higher sales volumes in the pharmaceutical and aroma chemicals businesses almost fully offset lower demand for human and animal nutrition products. Earnings decreased due to margin pressure and higher R&D costs.
- Sales in *Paper Chemicals* were down. Volumes and sales prices declined as competition intensified. Lower raw material costs increased the pressure on prices. Sales were also negatively impacted by currency effects. While paper chemicals demand for packaging products was stable, demand declined for graphic paper production. Earnings did not match the level of the second quarter of 2012.
- In *Performance Chemicals* sales were lower due to negative currency effects related to the weaker Japanese Yen. Volumes for fuel and lubricant solutions went up, as well as for water, oilfield and mining solutions. This was offset by weaker demand for plastic additives as well as leather and textile chemicals. Earnings decreased. This was particularly attributable to the insurance payments received in the previous second quarter for damage sustained from the earthquake and tsunami in Japan.

Functional Materials & Solutions: (sales: +2%; v: +3%; pr: +2%; c: (2)%; p: (1)%)* We increased sales as a result of higher volumes in Coatings and Performance Materials while prices were up in Catalysts and Coatings. Currency effects reduced sales growth. Earnings considerably exceeded the level of the previous second quarter in all divisions.

- In *Catalysts*, sales remained stable. The sales contribution from precious metal trading fell from €631 million in the previous second quarter to €588 million. Sales volumes of chemical catalysts declined, but we increased volumes of automotive and refinery catalysts. Earnings grew strongly due to the good performance of refinery and mobile emission catalysts.
- In *Construction Chemicals*, sales declined due to lower sales volumes, portfolio effects and negative currency effects. The ongoing difficult market situation in Southern Europe was detrimental to our business. In the Middle East, however, we posted a considerable increase in sales. We significantly raised our earnings, thanks to better margins as well as lower fixed costs resulting from our efficiency programs.
- Sales in *Coatings* were up year-on-year as a result of increased volumes and sales prices. Negative currency effects weakened sales growth. We were able to raise sales volumes of our automotive OEM coatings in all regions. The automotive refinish coatings business developed positively, particularly in North America, South America and Asia. Business in decorative paints was weaker due to lower demand in South American premium markets and the divestment of the Relius business in Europe. Earnings rose strongly due to higher volumes and better margins.
- Sales in *Performance Materials* were up, due to higher volumes in engineering plastics and PU systems. Demand was driven by automotive, appliances as well as electrical & electronic equipment customers. We enjoyed good business growth with European OEMs in engineering plastics due to new projects. Sales to the construction industry improved both in North America and Asia. Earnings increased strongly.

Agricultural Solutions: (sales: +18%; v: +14%; pr: +3%; c: (2)%; p: +3%)* Our business continued to develop very successfully: Sales and earnings significantly surpassed the level of the previous second quarter. We raised sales volumes in all regions and indications. Furthermore, higher prices and the acquisition of Becker Underwood contributed to sales and earnings growth.

Oil & Gas: (sales: +10%; v: +10%; pr/c: 0%; p: 0%)* Sales grew, driven by expanded production of our Achimgaz joint venture and increased volumes in natural gas trading. The average price for Brent crude oil was $102 per barrel in the second quarter 2013 compared to $108 in the second quarter of 2012. Earnings significantly exceeded the level of the previous second quarter, as a higher contribution from the Exploration & Production business more than offset lower earnings in Natural Gas Trading.

Other: Sales were above the level of the same quarter of the previous year mainly due to higher styrenics sales of the ELLBA joint venture and higher raw material costs. Earnings declined, mainly caused by a large swing in provisions for the long-term incentive program. While the second quarter of 2013 included expenses for recognizing provisions, provisions had been reversed in the second quarter of 2012.

*v=volume; pr=price; c=currency; p=portfolio

Financials

- Special items in EBIT of minus €59 million in Q2 2013, thereof €15 million due to the depreciation of the inventory step-up of the acquired Pronova business (Q2 2012: €261 million, primarily due to impairments on a Norwegian oilfield). Special items for restructuring measures matched the level of the previous second quarter.
- Income taxes Q2 2013: €383 million (Q2 2012: €283 million)
  Tax rate Q2 2013: 23.8% (Q2 2012: 18.5%)
- Minority interests Q2 2013: €71 million (Q2 2012: €40 million)
- Cash provided by operating activities in the first half 2013: €4,030 million (1st Half 2012: €3,411 million).
  Cash provided by operating activities in Q2 2013: €1,989 million (Q2 2012: €1,872 million).
- Free cash flow in the first half 2013: €2,146 million (1st Half 2012: €1,795 million)
  Free cash flow in Q2 2013: €936 million (Q2 2012: €953 million)
- Capex in the first half 2013: €1,884 million (1st Half 2012: €1,616 million)
  Capex in Q2 2013: €1,053 million (Q2 2012: €919 million)
- Equity ratio 40.6% (June 30, 2013). Net debt: €12.5 billion (Q2 2012: €11.1 billion)
  .

Outlook

Assumptions for 2013:

- Global GDP: **2.0%** (reduced from 2.4%)
- Global industrial production: **2.7%** (reduced from 3.4%)
- Global chemical production (excl. pharma): **3.1%** (reduced from 3.6%)
- Average US$/€ exchange rate of **US$1.30/€** (2012: US$1.28)
- Average oil price of **US$105** per barrel Brent (reduced from US$110)

Outlook 2013:

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