BASF
We create chemistry

Half-Year Financial Report 2019

BASF Group sales at prior-year level in first half of 2019; EBIT before special items considerably below first half of 2018

- Sales of €31.3 billion
- EBIT before special items of €2.8 billion, down 35% from the prior-year period
- Net income of €7.9 billion includes earnings from the merger of Wintershall and DEA

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On the cover:
BASF researchers at our research laboratory for white biotechnology in Tarrytown, New York. Bio-based chemicals are produced under controlled microbial fermentation conditions. The researchers take samples to optimize these fermentation conditions.

Key Figures
BASF Group H1 2019

		Q2			H1		
		2019	2018	+/–	2019	2018	+/–
Sales	Million €	15,158	15,783	(4%)	31,335	31,483	0%
Income from operations before depreciation and amortization and special items	Million €	1,975	2,709	(27%)	4,638	5,722	(19%)
Income from operations before depreciation and amortization (EBITDA)	Million €	1,626	2,645	(39%)	4,415	5,640	(22%)
Depreciation and amortization[a]	Million €	1,078	739	46%	2,109	1,471	43%
Income from operations (EBIT)	Million €	548	1,906	(71%)	2,306	4,169	(45%)
Special items	Million €	(497)	(66)	.	(471)	(84)	.
EBIT before special items	Million €	1,045	1,972	(47%)	2,777	4,253	(35%)
Financial result	Million €	(204)	(192)	(6%)	(400)	(373)	(7%)
Income before income taxes	Million €	344	1,714	(80%)	1,906	3,796	(50%)
Income after taxes from continuing operations	Million €	282	1,361	(79%)	1,448	2,942	(51%)
Income after taxes from discontinued operations	Million €	6,153	162	.	6,427	339	.
Net income	Million €	6,460	1,480	336%	7,866	3,159	149%
Earnings per share	€	7.03	1.61	337%	8.56	3.44	149%
Adjusted earnings per share	€	0.82	1.77	(54%)	2.47	3.69	(33%)
Research and development expenses	Million €	526	444	18%	1,037	868	19%
Personnel expenses	Million €	2,865	2,691	6%	5,768	5,307	9%
Number of employees (June 30)		118,705	116,126	2%	118,705	116,126	2%
Assets (June 30)	Million €	88,759	81,857	8%	88,759	81,857	8%
Investments including acquisitions[b]	Million €	1,060	829	28%	1,775	1,495	19%
Equity ratio (June 30)	%	46.0	43.1	.	46.0	43.1	.
Net debt (June 30)	Million €	18,872	12,588	50%	18,872	12,588	50%
Cash flows from operating activities	Million €	1,946	2,224	(13%)	2,319	3,455	(33%)
Free cash flow	Million €	965	1,402	(31%)	597	2,006	(70%)

a Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)
b Additions to intangible assets and property, plant and equipment

Consolidated Interim Management's Report 2019

Significant Events

As of January 1, 2019, we have twelve divisions grouped into six segments as follows:

- **Chemicals:** Petrochemicals and Intermediates
- **Materials:** Performance Materials and Monomers
- **Industrial Solutions:** Dispersions & Pigments and Performance Chemicals
- **Surface Technologies:** Catalysts, Coatings and Construction Chemicals
- **Nutrition & Care:** Care Chemicals and Nutrition & Health
- **Agricultural Solutions:** Agricultural Solutions

The segment data for 2018 presented in this half-year financial report has been restated to reflect the new organizational structure. The areas of responsibility within the Board of Executive Directors were also reallocated with the reorganization.

For more information on the new organizational structure, see the Notes to the Consolidated Half-Year Financial Statements on page 38 of this half-year financial report

For more information on the restated segment data, see the brochure Restated Figures 2018 and 2017

For more information on the allocation of responsibilities within the Board of Executive Directors, see page 143 of the BASF Report 2018, Management and Supervisory Boards

Following the approval of all relevant authorities, BASF and LetterOne completed the merger of Wintershall and DEA effective May 1, 2019. In September 2018, BASF and LetterOne had signed a transaction agreement to merge their respective oil and gas businesses in a joint venture. Shareholder loans were replaced by bank loans in the course of the merger. BASF and LetterOne intend to list Wintershall Dea on the stock exchange by way of an initial public offering (IPO) in the second half of 2020, provided market conditions are suitable.

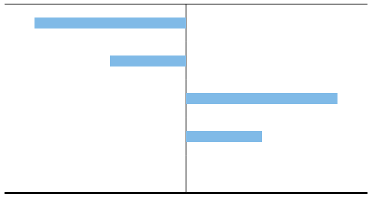
Since May 1, 2019, BASF's participating interest in Wintershall Dea has been reported in the consolidated financial statements of the BASF Group according to the equity method, with an initial valuation at fair value. The gain from the transition from full consolidation to the equity method is included in income after taxes from discontinued operations for the second quarter of 2019. Since May 1, 2019, BASF has reported its share of Wintershall Dea's net income in EBIT before special items and in EBIT of the BASF Group, presented under Other.

Results of Operations

At €31,335 million, **sales** were on a level with the first half of 2018. Portfolio effects in the Agricultural Solutions segment from the acquisition of significant businesses and assets from Bayer in August 2018 and slightly positive currency effects in all segments had a positive impact on sales. Sales were reduced by lower volumes, especially in the Chemicals and Materials segments as well as in the Agricultural Solutions segment's legacy business, and by lower prices, particularly in the Materials and Chemicals segments. By contrast, the Surface Technologies, Agricultural Solutions and Industrial Solutions segments were able to increase prices.

Factors influencing BASF Group sales in H1 2019

Volumes	(4%)
Prices	(2%)
Portfolio	4%
Currencies	2%
Sales	**0%**



Income from operations (EBIT) before special items[1] declined by €1,476 million compared with the first half of 2018 to €2,777 million. This was primarily due to significantly lower contributions from the Materials and Chemicals segments and Other. EBIT before special items was slightly lower in the Nutrition & Care segment. By contrast, the Agricultural Solutions and Industrial Solutions segments achieved considerable growth in EBIT before special items, while the Surface Technologies segment posted a slight increase.

Special items in EBIT totaled minus €471 million in the first half of 2019, compared with minus €84 million in the prior-year period. These mainly related to expenses for restructuring measures in connection with our excellence program and integration costs, primarily from the acquisition of significant businesses from Bayer in the third quarter of 2018. This was partially offset by special income from divestitures, especially in the Agricultural Solutions and Industrial Solutions segments.

For more information on the excellence program, see page 129 of the BASF Report 2018, Opportunities and Risks

EBIT[2] declined by €1,863 million compared with the first half of 2018 to €2,306 million. Of this figure, €94 million related to income from companies accounted for using the equity method, down from €109 million in the prior-year period. Since February 1, 2019, income from companies accounted for using the equity method has included BASF's share in Solenis' net income and since May 1, 2019, the corresponding figure for Wintershall Dea.

For more information on the transfer of the paper and water chemicals business to Solenis, see page 122 of the BASF Report 2018, Events After the Reporting Period

For more information on the merger of the oil and gas businesses of BASF and DEA, see Significant Events on page 4 of this consolidated interim management's report

Compared with the prior-year period, **income from operations before depreciation, amortization and special items (EBITDA before special items)**[3] decreased by €1,084 million to €4,638 million and **EBITDA**[3] by €1,225 million to €4,415 million.

The **financial result** deteriorated by €27 million to minus €400 million. This was primarily attributable to the €82 million decrease in the interest result, mainly owing to higher interest expenses for financial indebtedness. Another contributing factor was the €21 million decline in net income from shareholdings. The other financial result improved by €76 million as a result of lower expenses for hedging our bonds and U.S. dollar commercial paper against interest and currency risk.

H1 EBITDA before special items

Million €

	2019	2018
EBIT	2,306	4,169
– Special items	(471)	(84)
EBIT before special items	**2,777**	**4,253**
+ Depreciation and amortization	1,855	1,444
+ Impairments and reversals of impairments on intangible assets and property, plant and equipment before special items	6	25
Depreciation, amortization, impairments and reversals of impairments on intangible assets and property, plant and equipment before special items	**1,861**	**1,469**
EBITDA before special items	**4,638**	**5,722**

H1 EBITDA

Million €

	2019	2018
EBIT	2,306	4,169
+ Depreciation and amortization	1,855	1,444
+ Impairments and reversals of impairments on intangible assets and property, plant and equipment	254	27
Depreciation, amortization, impairments and reversals of impairments on intangible assets and property, plant and equipment	**2,109**	**1,471**
EBITDA	**4,415**	**5,640**

1 For an explanation of this indicator, see pages 29 to 30 of the BASF Report 2018, Value-Based Management
2 The calculation of income from operations (EBIT) is shown in the Statement of Income on page 23 of this half-year financial report
3 For an explanation of this indicator, see page 48 of the BASF Report 2018, Results of Operations

H1 adjusted earnings per share

Million €

		2019	2018
Income after taxes		**7,875**	**3,281**
– Special items		(471)	(84)
+ Amortization, impairments and reversals of impairments on intangible assets		363	240
– Amortization, impairments and reversals of impairments on intangible assets contained in special items		–	–
– Adjustments to income taxes		225	87
– Adjustments to income after taxes from discontinued operations		6,204	2
Adjusted income after taxes		**2,280**	**3,516**
– Adjusted noncontrolling interests		9	122
Adjusted net income		**2,271**	**3,394**
Weighted average number of outstanding shares	in thousands	918,479	918,479
Adjusted earnings per share	**€**	**2.47**	**3.70**

Income before income taxes decreased by €1,890 million to €1,906 million. The tax rate increased from 22.5% to 24.0%, mainly due to the release of tax provisions in the prior-year period.

Income after taxes from continuing operations decreased by €1,494 million to €1,448 million.

Income after taxes from discontinued operations, which comprised our oil and gas activities until the end of April 2019, rose by €6,088 million to €6,427 million. This was largely attributable to the book gain from the deconsolidation of the Wintershall companies as a result of the merger of the oil and gas activities of Wintershall and DEA on May 1, 2019.

Noncontrolling interests declined by €113 million to €9 million, due among other factors to the turnaround of the steam cracker in Port Arthur, Texas.

Net income increased by €4,707 million to €7,866 million, primarily as a result of the above book gain.

As a result, **earnings per share** rose to €8.56 in the first half of 2019, after €3.44 in the prior-year period. **Earnings per share adjusted**[1] for special items and amortization of intangible assets amounted to €2.47 (first half of 2018: €3.70).

Segment sales and EBIT before special items

In the **Chemicals** segment, sales were considerably lower than in the first half of 2018. This was attributable to lower volumes and prices in both divisions. The Petrochemicals division in particular saw a significant year-on-year decrease in sales volumes as a result of the scheduled turnarounds of our steam crackers in Antwerp, Belgium, and Port Arthur, Texas. Prices were also significantly lower due to higher product availability on the market. Currency effects had a positive impact on sales development. EBIT before special items declined considerably in both divisions, but especially in the Petrochemicals division due to lower volumes and margins as well as higher fixed costs.

Sales in the **Materials** segment declined considerably compared with the prior-year period. This was mainly the result of lower prices, especially for isocyanates in the Monomers division. Sales volumes were also lower in both divisions. Positive currency effects had an offsetting impact. EBIT before special items declined considerably compared with the first half of 2018, especially in the Monomers division. This was primarily due to lower isocyanate margins.

In the **Industrial Solutions** segment, sales were considerably below the first half of 2018, primarily due to the transfer of BASF's paper and water chemicals business, which was previously reported under Performance Chemicals, to the Solenis group. In addition, volumes declined in the Dispersions & Pigments division. Sales development was positively impacted by currency effects and slightly higher prices in both divisions. Overall, we considerably improved EBIT before special items, mainly due to higher margins in both divisions.

1 For an explanation of this indicator, see page 49 of the BASF Report 2018, Results of Operations

We considerably increased sales in the **Surface Technologies** segment, mainly as a result of higher precious metal prices in the Catalysts division. Currency effects also had a positive impact on sales. Volumes development in the Coatings division was weighed down by lower demand from the automotive industry. We slightly increased EBIT before special items. This was attributable to considerable growth in the Construction Chemicals division, mainly due to higher margins, as well as a slight increase in the Coatings divisions, primarily as a result of lower fixed costs. The considerable decline in EBIT before special items in the Catalysts division, largely due to lower volumes, had an offsetting effect.

We recorded slight sales growth in the **Nutrition & Care** segment. This was the result of significantly higher volumes in the Nutrition & Health division due to improved product availability in the animal nutrition and aroma ingredients businesses at our plants in Kuantan, Malaysia, and Ludwigshafen, Germany, as well as positive currency effects. In both divisions, prices were lower than in the prior-year period. EBIT before special items declined slightly due to a significantly lower contribution from the Nutrition & Health division. This was mainly attributable to higher fixed costs as a result of insurance refunds received in the first half of 2018 for production outages in 2017 and 2018. The Care Chemicals division considerably increased EBIT before special items with improved margins and lower fixed costs.

In the **Agricultural Solutions** segment, we were able to considerably increase sales compared with the prior-year period. This was mainly driven by portfolio effects from the acquisition of significant businesses and assets from Bayer in August 2018.[1] We also recorded a slightly higher price level and slightly positive currency effects in the legacy business. Sales volumes were significantly lower year on year, especially in North America. We considerably increased EBIT before special items, mainly thanks to the contribution of the acquired businesses.

Sales in **Other** rose considerably compared with the prior-year period. This was primarily attributable to the remaining activities of the paper and water chemicals business, which have been reported under Other since February 2019 following the divestiture. Lower sales in the raw materials trading business had an offsetting effect. EBIT before special items was considerably below the figure for the first half of 2018. In the previous year, we recorded positive foreign currency results and valuation effects from the long-term incentive program.

H1 sales

Million €, relative change

Chemicals	**2019**	**4,728**	**(18%)**
	2018	5,737	
Materials	**2019**	**5,892**	**(15%)**
	2018	6,966	
Industrial Solutions	**2019**	**4,327**	**(6%)**
	2018	4,588	
Surface Technologies	**2019**	**7,443**	**11%**
	2018	6,693	
Nutrition & Care	**2019**	**3,056**	**2%**
	2018	3,007	
Agricultural Solutions	**2019**	**4,445**	**38%**
	2018	3,229	
Other	**2019**	**1,444**	**14%**
	2018	1,263	

H1 EBIT before special items

Million €, absolute change

Chemicals	**2019**	**425**	**(507)**
	2018	932	
Materials	**2019**	**657**	**(924)**
	2018	1,581	
Industrial Solutions	**2019**	**507**	**64**
	2018	443	
Surface Technologies	**2019**	**349**	**12**
	2018	337	
Nutrition & Care	**2019**	**442**	**(26)**
	2018	468	
Agricultural Solutions	**2019**	**861**	**160**
	2018	701	
Other	**2019**	**(464)**	**(255)**
	2018	(209)	

1 In the first half of 2019, the sales contribution from the acquired businesses is still reported as a portfolio effect in our analysis of sales effects, as the acquisition of significant businesses and assets from Bayer was closed in August 2018. The volumes, price and currency effects thus relate to BASF operations excluding the acquired activities.

Net Assets and Financial Position

Net assets

Total assets rose from €86,556 million as of the end of 2018 to €88,759 million.

This was due to the €15,965 million increase in **noncurrent assets** to €59,300 million. All items except intangible assets contributed here. The main driver was investments accounted for using the equity method, which rose by €14,066 million to €16,269 million. This was primarily attributable to the addition of the interest in Wintershall Dea in the second quarter of 2019. The addition of our interest in Solenis was already included in the first-quarter figure following the transfer of our paper and water chemicals business to Solenis. Property, plant and equipment in particular also increased, mainly due to the capitalization of right-of-use assets arising from leases in the amount of €1.3 billion as a result of the initial application of IFRS 16.

Current assets declined by €13,762 million to €29,459 million. This was largely attributable to the derecognition of assets of disposal groups in the total amount of €14.6 billion for the paper and water chemicals business in the first quarter, and for the oil and gas business in the second quarter of 2019. Marketable securities and cash and cash equivalents also decreased. The main offsetting effects were higher trade accounts receivable and higher other receivables and miscellaneous assets. Inventories rose slightly.

Financial position

Equity rose from €36,109 million as of December 31, 2018, to €40,847 million. The equity ratio increased from 41.7% to 46.0%, mainly due to the book gain on the deconsolidation of the Wintershall companies.

Noncurrent liabilities grew by €3,309 million to €30,427 million. This was mainly due to provisions for pensions and similar obligations, which rose by €1,629 million as a result of lower discount rates in all relevant currency zones. In addition, other liabilities increased by €1,146 million, largely from the recognition of lease liabilities in connection with the initial application of IFRS 16. Noncurrent financial indebtedness rose by €628 million, primarily from the €653 million increase in liabilities to credit institutions and the issue of a 10-year eurobond with a carrying amount of €247 million. The reclassification of a eurobond with a carrying amount of €300 million from noncurrent to current financial indebtedness had an offsetting effect.

Current liabilities decreased by €5,844 million compared with December 31, 2018, to €17,485 million as of the end of the first half of 2019. This was primarily attributable to the derecognition of the liabilities of the disposal group for the oil and gas business in the amount of €5,753 million. Current financial indebtedness and trade accounts payable also contributed here. The €432 million decline in current financial indebtedness was mainly due to the scheduled repayment of a eurobond with a carrying amount of €750 million. The previously mentioned reclassification of a eurobond had an offsetting effect. Current provisions, tax liabilities and other liabilities rose compared with December 31, 2018. The increase in other liabilities was primarily due to the first-time recognition of lease liabilities.

Overall, **financial indebtedness** rose by €196 million to €21,037 million. **Net debt**[1] increased by €675 million compared with December 31, 2018, to €18,872 million. Both the increase in financial indebtedness and the decline in marketable securities and cash and cash equivalents contributed here.

Net debt

Million €

	June 30, 2019	Dec. 31, 2018
Noncurrent financial indebtedness	15,960	15,332
+ Current financial indebtedness	5,077	5,509
Financial indebtedness	**21,037**	**20,841**
– Marketable securities	47	344
– Cash and cash equivalents	2,118	2,300
Net debt	**18,872**	**18,197**

Cash flows from operating activities amounted to €2,319 million in the first half of 2019. €1,136 million below the figure for the prior-year period. The decrease was mainly due to lower net income after accounting for the reclassification of the disposal gain on the deconsolidation of the Wintershall companies (€6,190 million) to cash flows from investing activities. The lower level of cash tied up in net working capital compared with the previous year, especially in inventories, had an offsetting impact.

Cash flows from investing activities amounted to €452 million in the first half of 2019, compared with minus €1,735 million in the prior-year period. The increase was driven by net payments received from acquisitions and divestitures in the amount of €2,292 million, compared with €64 million in the first half of 2018. This was primarily attributable to the merger of the oil and gas businesses of Wintershall and DEA. The related outflow of cash and cash equivalents in the amount of €800 million from Wintershall was recognized in the statement of cash flows. This was offset by a cash inflow of €3.1 billion, as immediately following closing of the transaction, BASF SE's

1 For an explanation of this indicator, see page 54 of the BASF Report 2018, Financial Position

remaining open finance-related receivables to the Wintershall Dea group were settled and capital decreases were performed at Wintershall Dea GmbH. Payments made for intangible assets and property, plant and equipment amounted to €1,722 million, €273 million above the figure for the prior-year period. Changes in financial assets and miscellaneous items resulted in a €232 million decline in net cash outflow compared with the first half of 2018.

In the first half of 2019, **cash flows from financing activities** amounted to minus €3,227 million, compared with minus €518 million in the prior-year period. The decrease was primarily driven by changes in financial and similar liabilities. Repayments exceeded additions to financial and similar liabilities by €215 million in the first half of 2019, after net additions of €2,526 million in the prior-year period. Dividends of €2,939 million were paid to shareholders of BASF SE in the first half of 2019, €92 million more than in the prior-year period. Noncontrolling interests in Group companies received €74 million in dividends, compared with €197 million in the first half of 2018.

Free cash flow[1] declined from €2,006 million in the prior-year period to €597 million, mainly as a result of lower cash flows from operating activities. The decrease in free cash flow was more than offset by the settlement of BASF SE's open finance-related receivables to Wintershall Dea as described above.

H1 free cash flow

Million €

	2019	2018
Cash flows from operating activities	2,319	3,455
– Payments made for intangible assets and property, plant and equipment	1,722	1,449
Free cash flow	**597**	**2,006**

BASF enjoys good credit **ratings**, especially compared with competitors in the chemical industry. Our ratings have remained virtually unchanged since the publication of the BASF Report 2018. The ratings awarded by Standard & Poor's ("A/A-1/outlook stable") and Scope Ratings ("A/S-1/outlook stable") were most recently confirmed on July 11, 2019. Moody's revised its rating for BASF on July 12, 2019 (previously "A1/P-1/outlook stable"). The short-term rating of "P-1" was confirmed, the long-term rating of "A1" was placed on a watchlist for possible downgrade and the outlook was changed to "rating under review."

1 For an explanation of this indicator, see page 56 of the BASF Report 2018, Financial Position

Economic Environment and Outlook

In the first half of 2019, **global gross domestic product** rose by around 2.7% year on year and was thus largely in line with our expectations. However, growth was mainly driven by the services sector. **Global industrial production** grew by around 1.5%, much slower compared with the first half of 2018 and well below our expectations. Industrial growth in the United States and Asia became increasingly weaker. In the European Union (E.U.), growth in the manufacturing industry was largely flat. Germany's export-oriented industry even recorded a significant decline in production. The downturn in growth in the global automotive industry was particularly strong: Globally, production declined by around 6% in the first half of 2019. In China, the world's largest automotive market, the decrease was more than twice as high, at around 13%.

At $66 per barrel of Brent crude, the **price of oil** in the first half of 2019 was below the average for the prior-year period ($71 per barrel). Growth in both demand and supply was weaker than in the first half of 2018. Declining production volumes from Saudi Arabia, Iran and Venezuela were offset by a growing oil supply from the United States.

Early indicators do not currently show any signs of a widespread recovery in industrial growth for the second half of 2019. In all industries, our customers are being very cautious with projections. Accordingly, our visibility on demand development is currently very low. This is significantly influenced by the development of the global economic environment. The trade conflicts between the United States and its trading partners have not eased to date, contrary to our forecast in the BASF Report 2018. In fact, the trade conflict between the United States and China in particular has since escalated to a new level. In Europe, uncertainty remains surrounding the conditions and timing of the United Kingdom's departure from the E.U. The global business climate is also being overshadowed by geopolitical tensions between the United States and Iran. We are monitoring these developments and the potential effects on our business very closely.

We have adjusted our assessment of the **global economic environment in 2019** as follows (previous forecast from the BASF Report 2018 in parentheses):

- Growth in gross domestic product: around 2.5% (2.8%)
- Growth in industrial production: around 1.5% (2.7%)
- Growth in chemical production: around 1.5% (2.7%)
- Average euro/dollar exchange rate of $1.15 per euro
- Average Brent blend oil price for the year of $70 per barrel

Risks relating to market growth, margins and regulation/policy in the form of trade conflicts discussed in the BASF Report 2018 materialized and led to a decline in earnings. For the second half of 2019, we anticipate a high level of uncertainty due to the above developments. For the remaining risk factors, the **statements on opportunities and risks** made in the BASF Report 2018 continue to apply overall. According to our assessment, there continue to be no individual risks that pose a threat to the continued existence of the BASF Group. The same applies to the sum of individual risks, even in the case of another global economic crisis.

For more detailed information, see pages 123 to 130 of the BASF Report 2018, Opportunities and Risks

As a consequence of the considerably weaker-than-expected business development in the second quarter of 2019 and the slowdown in global economic growth and industrial production, mainly due to the trade conflicts, on July 8, 2019, we adjusted the **sales and earnings forecast**[1] for the BASF Group made in the BASF Report 2018 as follows (previous forecast from the BASF Report 2018 in parentheses):

- Slight decline in sales (slight growth)
- Considerable decline in EBIT before special items of up to 30% (slight increase)
- Considerable decline in return on capital employed (ROCE) compared with the previous year (ROCE slightly higher than the cost of capital percentage, with ROCE slightly lower than in 2018)

The sales and earnings forecast for the BASF Group can be found on page 120 of the BASF Report 2018, Outlook 2019

1 For sales, "slight" represents a change of 1–5%, while "considerable" applies to changes of 6% and higher. "At prior-year level" indicates no change (+/–0%). For earnings, "slight" means a change of 1–10%, while "considerable" is used for changes of 11% and higher. "At prior-year level" indicates no change (+/–0%). At a cost of capital percentage of 10% for 2018 and 2019, we define a change in ROCE of 0.1 to 1.0 percentage points as "slight," a change of more than 1.0 percentage points as "considerable" and no change (+/–0 percentage points) as "at prior-year level."

Information on Q2 2019

BASF Group

Compared with the second quarter of 2018, **sales** declined by €625 million to €15,158 million. This was mainly due to lower volumes, particularly in the Chemicals segment as a result of the scheduled turnarounds of our steam crackers in Antwerp, Belgium, and Port Arthur, Texas. Sales volumes decreased in the Agricultural Solutions, Materials and Surface Technologies segments as well. Lower prices also contributed to the sales decrease, especially in the Materials and Chemicals segments. We achieved significant price increases in the Surface Technologies segment. Portfolio effects in the Agricultural Solutions segment and slightly positive currency effects in all segments had an offsetting impact.

Factors influencing BASF Group sales in Q2 2019

Volumes	(6%)
Prices	(2%)
Portfolio	2%
Currencies	2%
Sales	**(4%)**

Income from operations (EBIT) before special items[1] declined by €927 million compared with the second quarter of 2018 to €1,045 million. This was primarily the result of significantly lower contributions from the Materials, Chemicals and Agricultural Solutions segments. By contrast, the Industrial Solutions segment considerably increased EBIT before special items. EBIT before special items rose slightly in the Surface Technologies and Nutrition & Care segments.

Q2 sales

Million €, relative change

Chemicals	**2019**	**2,180**	**(22%)**
	2018	2,792	
Materials	**2019**	**2,961**	**(16%)**
	2018	3,506	
Industrial Solutions	**2019**	**2,141**	**(9%)**
	2018	2,348	
Surface Technologies	**2019**	**3,841**	**9%**
	2018	3,508	
Nutrition & Care	**2019**	**1,495**	**4%**
	2018	1,439	
Agricultural Solutions	**2019**	**1,796**	**20%**
	2018	1,501	
Other	**2019**	**744**	**8%**
	2018	689	

Special items in EBIT totaled minus €497 million in the second quarter of 2019, compared with minus €66 million in the prior-year quarter. This was mainly due to expenses for restructuring measures in connection with our excellence program. Other special charges primarily arose from the impairment of a natural gas-based investment on the U.S. Gulf Coast, which BASF is no longer pursuing, and from the integration of the significant businesses acquired from Bayer in the third quarter of 2018.

For more information on the excellence program, see page 129 of the BASF Report 2018, Opportunities and Risks

Q2 EBIT before special items

Million €, absolute change

Chemicals	**2019**	**119**	**(338)**
	2018	457	
Materials	**2019**	**334**	**(431)**
	2018	765	
Industrial Solutions	**2019**	**243**	**30**
	2018	213	
Surface Technologies	**2019**	**190**	**12**
	2018	178	
Nutrition & Care	**2019**	**220**	**6**
	2018	214	
Agricultural Solutions	**2019**	**121**	**(157)**
	2018	278	
Other	**2019**	**(182)**	**(49)**
	2018	(133)	

EBIT[2] declined by €1,358 million compared with the second quarter of 2018 to €548 million. This figure includes income from companies accounted for using the equity method, including BASF's share in Solenis' net income (since February 1, 2019) and the corresponding figure for Wintershall Dea (since May 1, 2019). Income from companies accounted for using the equity method declined from €59 million in the prior-year quarter to €45 million.

For more information on the transfer of the paper and water chemicals business to Solenis, see page 122 of the BASF Report 2018, Events After the Reporting Period

For more information on the merger of the oil and gas businesses of BASF and DEA, see Significant Events on page 4 of this consolidated interim management's report

1 For an explanation of this indicator, see pages 29 to 30 of the BASF Report 2018, Value-Based Management
2 The calculation of income from operations (EBIT) is shown in the Statement of Income on page 23 of this half-year financial report.

Q2 EBITDA before special items

Million €

	2019	2018
EBIT	548	1,906
– Special items	(497)	(66)
EBIT before special items	**1,045**	**1,972**
+ Depreciation and amortization	934	726
+ Impairments and reversals of impairments on intangible assets and property, plant and equipment before special items	(4)	11
Depreciation, amortization, impairments and reversals of impairments on intangible assets and property, plant and equipment before special items	**930**	**737**
EBITDA before special items	**1,975**	**2,709**

Q2 EBITDA

Million €

	2019	2018
EBIT	548	1,906
+ Depreciation and amortization	934	726
+ Impairments and reversals of impairments on intangible assets and property, plant and equipment	144	13
Depreciation, amortization, impairments and reversals of impairments on intangible assets and property, plant and equipment	**1,078**	**739**
EBITDA	**1,626**	**2,645**

Compared with the second quarter of 2018, **income from operations before depreciation, amortization and special items (EBITDA before special items)**[1] decreased by €734 million to €1,975 million and **EBITDA**[1] by €1,019 million to €1,626 million.

The **financial result** deteriorated by €12 million to minus €204 million. This was primarily attributable to the €31 million decrease in the interest result, mainly as a result of higher interest expenses for financial indebtedness. Another contributing factor was the €2 million decline in net income from shareholdings, while the other financial result improved by €21 million as a result of lower expenses for hedging our bonds and U.S. dollar commercial paper against interest and currency risk.

Income before income taxes decreased by €1,370 million to €344 million. The tax rate declined from 20.6% to 18.0%, mainly as a result of lower earnings, especially in countries with higher tax rates.

Income after taxes from continuing operations decreased by €1,079 million to €282 million.

Income after taxes from discontinued operations, which comprised our oil and gas activities until the end of April 2019, rose by €5,991 million to €6,153 million. This was largely due to the book gain recorded in this item from the deconsolidation of the Wintershall companies as a result of the merger of the oil and gas activities of Wintershall and DEA on May 1, 2019.

Noncontrolling interests declined by €68 million to minus €25 million, mainly due to the turnaround of the steam cracker in Port Arthur, Texas.

Net income increased by €4,980 million to €6,460 million, primarily as a result of the above book gain.

Q2 adjusted earnings per share

Million €

		2019	2018
Income after taxes		**6,435**	**1,523**
– Special items		(497)	(66)
+ Amortization, impairments and reversals of impairments on intangible assets		181	119
– Amortization, impairments and reversals of impairments on intangible assets contained in special items		–	–
– Adjustments to income taxes		183	49
– Adjustments to income after taxes from discontinued operations		6,194	(6)
Adjusted income after taxes		**736**	**1,665**
– Adjusted noncontrolling interests		(23)	43
Adjusted net income		**759**	**1,622**
Weighted average number of outstanding shares	in thousands	918,479	918,479
Adjusted earnings per share	**€**	**0.82**	**1.77**

1 For an explanation of this indicator, see page 48 of the BASF Report 2018, Results of Operations

As a result, **earnings per share** rose to €7.03 in the second quarter of 2019, after €1.61 in the prior-year period. **Earnings per share adjusted**[1] for special items and amortization of intangible assets amounted to €0.82 (second quarter of 2018: €1.77).

Cash flows from operating activities amounted to €1,946 million in the second quarter of 2019, €278 million below the figure for the prior-year quarter. The decrease was mainly due to lower net income after accounting for the reclassification of the disposal gain on the deconsolidation of the Wintershall companies (€6,190 million) to cash flows from investing activities. The main offsetting effect was higher cash inflows from trade accounts receivable compared with the second quarter of 2018, as well as cash released from inventories.

Cash flows from investing activities amounted to €1,289 million in the second quarter of 2019, compared with minus €1,101 million in the prior-year period. The increase was driven by net payments received from acquisitions and divestitures in the amount of €2,174 million, compared with €30 million in the second quarter of 2018. BASF recorded net cash inflows in the total amount of €2.3 billion in the second quarter in connection with the merger of Wintershall and DEA. Payments made for intangible assets and property, plant and equipment amounted to €981 million, €159 million above the figure for the prior-year period. Changes in financial assets and miscellaneous items led to a net cash inflow of €96 million in the second quarter of 2019, after a net cash outflow of €309 million in the prior-year quarter.

For more information, see the disclosures on the Statement of Cash Flows for the first half of 2019 on page 9 of this consolidated interim management's report

Cash flows from financing activities amounted to minus €3,847 million in the second quarter of 2019, compared with minus €719 million in the prior-year period. The decrease was primarily driven by changes in financial and similar liabilities. Repayments exceeded additions to financial and similar liabilities by €835 million in the second quarter of 2019, after net additions of €2,306 million in the prior-year period. Dividends of €2,939 million were paid to shareholders of BASF SE in the second quarter of 2019, €92 million more than in the prior-year quarter. Noncontrolling interests in Group companies received €74 million in dividends, compared with €178 million in the second quarter of 2018.

Free cash flow[2] declined from €1,402 million in the prior-year quarter to €965 million. This was due to both lower cash flows from operating activities and higher payments made for intangible assets and property, plant and equipment.

Q2 free cash flow

Million €

	2019	2018
Cash flows from operating activities	1,946	2,224
– Payments made for intangible assets and property, plant and equipment	981	822
Free cash flow	**965**	**1,402**

1 For an explanation of this indicator, see page 49 of the BASF Report 2018, Results of Operations
2 For an explanation of this indicator, see page 56 of the BASF Report 2018, Financial Position

Chemicals

Q2 2019

In the Chemicals segment, sales were considerably lower than in the second quarter of 2018, especially in the Petrochemicals division. Sales also declined considerably in the Intermediates division.

Factors influencing sales in Q2 2019 – Chemicals

	Chemicals	Petrochemicals	Intermediates
Volumes	(17%)	(21%)	(6%)
Prices	(6%)	(6%)	(7%)
Portfolio	0%	0%	0%
Currencies	1%	1%	2%
Sales	**(22%)**	**(26%)**	**(11%)**

Sales development was mainly driven by significantly lower volumes in the Petrochemicals division as a result of the scheduled turnarounds of our steam crackers in Antwerp, Belgium, and Port Arthur, Texas. Sales volumes also declined considerably in the Intermediates division, especially in the businesses serving the automotive, coatings, textile and wind turbine industries. Price levels in both divisions were likewise significantly lower than in the prior-year quarter. In the Petrochemicals division, prices declined for styrene monomers, ethylene glycols and steam cracker products in particular. In the Intermediates division, prices were considerably lower for acids and polyalcohols, among other products. Positive currency effects had a slight offsetting effect in both divisions.

Segment data – Chemicals

Million €

	Q2			H1		
	2019	2018	+/–	2019	2018	+/–
Sales to third parties	2,180	2,792	(22%)	4,728	5,737	(18%)
of which Petrochemicals	1,463	1,984	(26%)	3,266	4,145	(21%)
Intermediates	717	808	(11%)	1,462	1,592	(8%)
Income from operations before depreciation, amortization and special items	302	621	(51%)	791	1,255	(37%)
Income from operations before depreciation and amortization (EBITDA)	286	616	(54%)	771	1,245	(38%)
Depreciation and amortization[a]	323	166	95%	506	325	56%
Income from operations (EBIT)	(37)	450	.	265	920	(71%)
Special items	(156)	(7)	.	(160)	(12)	.
EBIT before special items	119	457	(74%)	425	932	(54%)
Assets (June 30)	9,058	8,813	3%	9,058	8,813	3%
Investments including acquisitions[b]	337	218	55%	572	353	62%
Research and development expenses	26	28	(7%)	53	56	(5%)

a Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)
b Additions to intangible assets and property, plant and equipment

Income from operations (EBIT) before special items decreased considerably compared with the second quarter of 2018 in both divisions, but especially in the Petrochemicals division. Contributing factors included the turnarounds of our steam crackers. Margins also declined, in particular for steam cracker products in North America as well as for ethylene glycols in Europe and Asia Pacific due to high product availability on the market. In addition, we had received an insurance refund in the prior-year quarter. Fixed costs were negatively impacted by currency effects. EBIT before special items in the Intermediates division declined as a result of lower margins and volumes.

EBIT includes a special charge from the impairment of a natural gas-based investment on the U.S. Gulf Coast, which BASF is no longer pursuing.

Materials

Q2 2019

Sales in the Materials segment were considerably below the level of the second quarter of 2018, especially in the Monomers division. The Performance Materials division also recorded a considerable sales decrease.

Factors influencing sales in Q2 2019 – Materials

	Materials	Performance Materials	Monomers
Volumes	(5%)	(7%)	(2%)
Prices	(12%)	(3%)	(21%)
Portfolio	0%	0%	0%
Currencies	1%	2%	1%
Sales	**(16%)**	**(8%)**	**(22%)**

Sales development was primarily driven by significantly lower isocyanate prices in the Monomers division as a result of higher market supply. Prices in the Performance Materials division declined slightly overall, especially for polyurethane systems, where price levels declined on the back of lower raw materials prices. Slightly lower volumes also dampened sales development at segment level. The significant decrease in sales volumes in the Performance Materials division was mainly due to weaker demand for engineering plastics from the automotive and industrial segments in Europe and Asia. Volumes declined slightly in the Monomers division. Currency effects had a slightly positive impact in both divisions.

Segment data – Materials

Million €

	Q2			H1		
	2019	2018	+/–	2019	2018	+/–
Sales to third parties	2,961	3,506	(16%)	5,892	6,966	(15%)
of which Performance Materials	1,562	1,702	(8%)	3,109	3,359	(7%)
Monomers	1,399	1,804	(22%)	2,783	3,607	(23%)
Income from operations before depreciation, amortization and special items	506	916	(45%)	999	1,884	(47%)
Income from operations before depreciation and amortization (EBITDA)	495	909	(46%)	986	1,873	(47%)
Depreciation and amortization[a]	176	152	16%	346	305	13%
Income from operations (EBIT)	319	757	(58%)	640	1,568	(59%)
Special items	(15)	(8)	(88%)	(17)	(13)	(31%)
EBIT before special items	334	765	(56%)	657	1,581	(58%)
Assets (June 30)	9,174	9,153	0%	9,174	9,153	0%
Investments including acquisitions[b]	187	118	58%	321	212	51%
Research and development expenses	47	48	(2%)	95	94	1%

a Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)
b Additions to intangible assets and property, plant and equipment

Income from operations (EBIT) before special items decreased considerably compared with the prior-year quarter. This was primarily attributable to the lower isocyanate margins, which considerably reduced EBIT before special items in the Monomers division. In the Performance Materials division, EBIT before special items was slightly below the level of the prior-year quarter due to lower volumes.

Industrial Solutions

Q2 2019

Sales in the Industrial Solutions segment declined considerably compared with the second quarter of 2018, especially in the Performance Chemicals division. We recorded a slight decrease in sales in the Dispersions & Pigments division.

Factors influencing sales in Q2 2019 – Industrial Solutions

	Industrial Solutions	Dispersions & Pigments	Performance Chemicals
Volumes	(2%)	(5%)	4%
Prices	0%	0%	0%
Portfolio	(8%)	0%	(21%)
Currencies	1%	1%	2%
Sales	**(9%)**	**(4%)**	**(15%)**

Sales development largely reflected the transfer of BASF's paper and water chemicals business, which was previously reported under Performance Chemicals, to the Solenis group. Volumes were slightly below the level of the prior-year quarter. Slightly higher sales volumes in the Performance Chemicals division, especially for fuel and lubricant solutions, were offset by slightly lower volumes in the Dispersions & Pigments division. Prices were on a level with the second quarter of 2018. Positive currency effects in both divisions, mainly relating to the U.S. dollar, had a positive impact on sales.

Segment data – Industrial Solutions

Million €

	Q2			H1		
	2019	2018	+/–	2019	2018	+/–
Sales to third parties	2,141	2,348	(9%)	4,327	4,588	(6%)
of which Dispersions & Pigments	1,336	1,396	(4%)	2,656	2,720	(2%)
Performance Chemicals	805	952	(15%)	1,671	1,868	(11%)
Income from operations before depreciation, amortization and special items	342	316	8%	720	653	10%
Income from operations before depreciation and amortization (EBITDA)	329	310	6%	853	665	28%
Depreciation and amortization[a]	101	103	(2%)	218	210	4%
Income from operations (EBIT)	228	207	10%	635	455	40%
Special items	(15)	(6)	.	128	12	.
EBIT before special items	243	213	14%	507	443	14%
Assets (June 30)	7,193	7,610	(5%)	7,193	7,610	(5%)
Investments including acquisitions[b]	98	104	(6%)	182	182	–
Research and development expenses	47	54	(13%)	96	107	(10%)

a Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)
b Additions to intangible assets and property, plant and equipment

We considerably increased income from operations (EBIT) before special items in both divisions compared with the second quarter of 2018, primarily as a result of improved margins and lower fixed costs. In the Dispersions & Pigments division, margins rose due to lower raw materials prices and positive currency effects amid stable sales prices. Lower fixed costs also contributed to the improvement in earnings. Driving factors in the Performance Chemicals division were lower fixed costs due to the transfer of our paper and water chemicals business to the Solenis group and in the remaining business, as well as higher volumes.

Surface Technologies

Q2 2019

We considerably increased sales in the Surface Technologies segment compared with the second quarter of 2018. This was mainly attributable to considerably higher sales in the Catalysts division. Sales rose slightly in the Construction Chemicals division and were slightly below the level of the prior-year quarter in the Coatings division.

Factors influencing sales in Q2 2019 – Surface Technologies

	Surface Technologies	Catalysts	Coatings	Construction Chemicals
Volumes	(4%)	(4%)	(5%)	(2%)
Prices	11%	18%	3%	2%
Portfolio	0%	0%	0%	0%
Currencies	2%	4%	0%	2%
Sales	**9%**	**18%**	**(2%)**	**2%**

The sales growth was attributable to higher prices in all divisions, especially in the Catalysts division, as well as positive currency effects in the Catalysts and Construction Chemicals divisions. Sales volumes declined slightly in all divisions. Demand was weaker from the automotive industry in particular. The Catalysts division recorded lower volumes, particularly for chemical catalysts and in precious metal trading, while volumes development for refining catalysts was slightly positive. In precious metal trading, sales rose to €1,065 million (second quarter of 2018: €801 million) as higher prices more than compensated for the decline in volumes. In the Coatings division, sales volumes declined significantly for automotive OEM coatings and surface treatments, and were slightly lower for automotive refinish coatings. By contrast, we recorded considerable volumes growth for decorative paints.

Segment data – Surface Technologies

Million €

	Q2			H1		
	2019	2018	+/–	2019	2018	+/–
Sales to third parties	3,841	3,508	9%	7,443	6,693	11%
of which Catalysts	2,222	1,884	18%	4,340	3,620	20%
Coatings	939	960	(2%)	1,843	1,865	(1%)
Construction Chemicals	680	664	2%	1,260	1,208	4%
Income from operations before depreciation, amortization and special items	341	306	11%	643	591	9%
Income from operations before depreciation and amortization (EBITDA)	325	299	9%	622	579	7%
Depreciation and amortization[a]	150	129	16%	297	255	16%
Income from operations (EBIT)	175	170	3%	325	324	0%
Special items	(15)	(8)	(88%)	(24)	(13)	(85%)
EBIT before special items	190	178	7%	349	337	4%
Assets (June 30)	14,251	13,665	4%	14,251	13,665	4%
Investments including acquisitions[b]	148	111	33%	261	204	28%
Research and development expenses	60	65	(8%)	118	130	(9%)

a Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)
b Additions to intangible assets and property, plant and equipment

The Construction Chemicals division considerably improved sales in North America with better prices and positive currency effects. Sales rose slightly in the region South America, Africa, Middle East due to higher prices and positive currency effects. In Europe, sales remained on a level with the prior-year quarter, with higher prices offsetting lower volumes and negative currency effects. Sales in Asia were likewise flat year on year; negative portfolio effects were offset by positive currency effects.

Income from operations (EBIT) before special items was slightly higher than in the second quarter of 2018. This was attributable to a significant improvement in EBIT before special items in the Construction Chemicals and Coatings divisions, mainly as a result of lower fixed costs and higher margins. Considerably lower EBIT before special items in the Catalysts division, mainly due to lower volumes, had an offsetting effect.

Nutrition & Care

Q2 2019

We slightly increased sales in the Nutrition & Care segment. This was driven by considerable sales growth in the Nutrition & Health division, while sales in the Care Chemicals division declined slightly.

Factors influencing sales in Q2 2019 – Nutrition & Care

	Nutrition & Care	Care Chemicals	Nutrition & Health
Volumes	5%	(4%)	30%
Prices	(3%)	(1%)	(7%)
Portfolio	0%	0%	0%
Currencies	2%	1%	3%
Sales	**4%**	**(4%)**	**26%**

The sales increase was primarily attributable to significantly higher volumes in the Nutrition & Health division as a result of improved product availability in the animal nutrition and aroma ingredients businesses at our plants in Kuantan, Malaysia, and Ludwigshafen, Germany. By contrast, sales in the Care Chemicals division declined slightly due to lower volumes. Sales in both divisions were lifted by slightly positive currency effects. Overall, prices were slightly below the prior-year level, mainly from significantly lower prices for vitamins in the Nutrition & Health division's animal nutrition business. Prices declined slightly in the Care Chemicals division: Significantly lower sales prices in the oleo surfactants and alcohols business could only be partially offset by higher prices in the home care, industrial and institutional cleaning, and industrial formulators business.

Segment data – Nutrition & Care

Million €

	Q2			H1		
	2019	2018	+/–	2019	2018	+/–
Sales to third parties	1,495	1,439	4%	3,056	3,007	2%
of which Care Chemicals	1,004	1,048	(4%)	2,099	2,192	(4%)
Nutrition & Health	491	391	26%	957	815	17%
Income from operations before depreciation, amortization and special items	318	309	3%	645	655	(2%)
Income from operations before depreciation and amortization (EBITDA)	306	307	0%	626	647	(3%)
Depreciation and amortization[a]	99	95	4%	295	187	58%
Income from operations (EBIT)	207	212	(2%)	331	460	(28%)
Special items	(13)	(2)	.	(111)	(8)	.
EBIT before special items	220	214	3%	442	468	(6%)
Assets (June 30)	6,386	6,048	6%	6,386	6,048	6%
Investments including acquisitions[b]	110	69	59%	209	111	88%
Research and development expenses	38	35	9%	73	68	7%

a Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)
b Additions to intangible assets and property, plant and equipment

Income from operations (EBIT) before special items rose slightly compared with the second quarter of 2018 due to a considerable increase in the Care Chemicals division. The main driver was lower fixed costs, mostly owing to a contractual one-off payment in the personal care solutions business. We also achieved higher margins, primarily as a result of lower raw materials prices. EBIT before special items declined considerably in the Nutrition & Health division. Fixed costs rose as a result of an insurance refund received in the prior-year quarter for production outages in 2017 and 2018. This could not be completely offset by the positive earnings contribution from the increase in sales volumes.

Agricultural Solutions

Q2 2019

The Agricultural Solutions segment recorded considerable sales growth compared with the second quarter of 2018. This was primarily attributable to portfolio effects from the acquisition of significant businesses and assets from Bayer in August 2018.[1] In addition, we achieved a slightly higher price level in the legacy business. Sales were also lifted by positive currency effects. Sales volumes were well below the prior-year quarter, mainly due to significantly lower volumes in North America.

Factors influencing sales in Q2 2019 – Agricultural Solutions

Volumes	(12%)
Prices	3%
Portfolio	28%
Currencies	1%
Sales	**20%**

Segment data – Agricultural Solutions

Million €

	Q2			H1		
	2019	2018	+/–	2019	2018	+/–
Sales to third parties	1,796	1,501	20%	4,445	3,229	38%
Income from operations before depreciation, amortization and special items	298	340	(12%)	1,208	827	46%
Income from operations before depreciation and amortization (EBITDA)	205	321	(36%)	1,148	802	43%
Depreciation and amortization[a]	176	62	184%	347	126	175%
Income from operations (EBIT)	29	259	(89%)	801	676	18%
Special items	(92)	(19)	.	(60)	(25)	.
EBIT before special items	121	278	(56%)	861	701	23%
Assets (June 30)	17,348	8,074	115%	17,348	8,074	115%
Investments including acquisitions[b]	148	43	244%	116	77	51%
Research and development expenses	205	126	63%	398	243	64%

a Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)
b Additions to intangible assets and property, plant and equipment

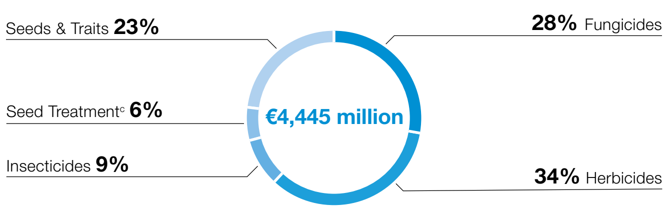
In **Europe**, we considerably increased sales compared with the prior-year quarter. This was due to portfolio effects, which more than compensated for the significant decline in fungicide, seed treatment and herbicide volumes in northern and eastern Europe.

Sales in **North America** were considerably higher than in the second quarter of 2018, mainly as a result of portfolio effects. Positive currency effects and a slightly higher price level also contributed to the sales increase. This was partially offset by lower fungicide and herbicide volumes, especially in the United States and Canada due to distributor destocking and challenges relating to weather conditions and the trade conflicts.

We considerably improved sales in **Asia**, mainly due to portfolio effects. Slightly positive currency effects also had a positive impact. Sales were reduced by lower fungicide volumes.

Sales in the region **South America, Africa, Middle East** rose considerably. We significantly increased sales volumes, especially in Brazil for seed treatment and fungicides. A significantly higher price level and portfolio effects also contributed to the positive sales development. Negative currency effects had an offsetting impact.

H1 2019 sales by indication and sector



c Functional Crop Care has been renamed Seed Treatment.

1 In the second quarter of 2019, the sales contribution from the acquired businesses is still reported as a portfolio effect in our analysis of sales effects as the acquisition of significant businesses and assets from Bayer was closed in August 2018. The volumes, price and currency effects thus relate to BASF operations excluding the acquired activities.

Income from operations (EBIT) before special items was considerably weaker than in the prior-year quarter. Negative earnings from the acquired businesses due to their seasonality contributed to this development. Moreover, earnings in the legacy business were lower due to distributor destocking and challenges relating to weather conditions and the trade conflicts in North America.

EBIT includes special charges, primarily for the integration of the acquired businesses.

Other

Q2 2019

Sales in Other rose considerably compared with the prior-year quarter. This was primarily attributable to the remaining activities of the paper and water chemicals business, which have been reported under Other since February 2019 following the divestiture. Lower sales in the raw materials trading business had an offsetting effect. Income from operations before special items was considerably below the figure for the prior-year quarter. This was largely due to foreign currency results and valuation effects for our long-term incentive program. Special items mainly related to one-time costs for the excellence program announced in November 2018.

For more information on the excellence program, see page 129 of the BASF Report 2018, Opportunities and Risks

Financial data – Other

Million €

	Q2			H1		
	2019	**2018**	**+/–**	**2019**	**2018**	**+/–**
Sales	744	689	8%	1,444	1,263	14%
Income from operations before depreciation and amortization and special items	(132)	(99)	(33%)	(368)	(143)	.
Income from operations before depreciation and amortization (EBITDA)	(320)	(117)	.	(591)	(171)	.
Depreciation and amortization[a]	53	32	66%	100	63	59%
Income from operations (EBIT)	(373)	(149)	.	(691)	(234)	.
Special items	(191)	(16)	.	(227)	(25)	.
EBIT before special items	(182)	(133)	(37%)	(464)	(209)	.
of which Costs for cross-divisional corporate research	(100)	(90)	(11%)	(198)	(170)	(16%)
Costs of corporate headquarters	(66)	(66)	–	(124)	(119)	(4%)
Other businesses	39	17	129%	50	9	456%
Foreign currency results, hedging and other measurement effects	(13)	32	.	(38)	209	.
Miscellaneous income and expenses	(42)	(26)	(62%)	(154)	(138)	(12%)
Assets (June 30)[b]	25,349	28,494	(11%)	25,349	28,494	(11%)
Investments including acquisitions[c]	32	166	(81%)	114	356	(68%)
Research and development expenses	103	88	17%	204	170	20%

a Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)
b Contains assets of businesses recognized under Other as well as reconciliation to assets of the BASF Group including the disposal group for the oil and gas business.
c Additions to intangible assets and property, plant and equipment

Regions

Q2 2019

Sales at companies located in **Europe** declined by 9% compared with the second quarter of 2018. This was mainly due to lower volumes in virtually all segments, but especially in the Chemicals segment. Lower prices, particularly in the Materials and Chemicals segments, also weighed on sales. Portfolio effects in the Agricultural Solutions segment had an offsetting impact. At €404 million, income from operations (EBIT) was down €745 million from the figure in the prior-year quarter. This was largely attributable to significantly lower contributions from the Chemicals segment, Other and the Materials segment. The Industrial Solutions segment recorded slight earnings growth.

In **North America**, sales in euros were up 2% from the prior-year quarter, primarily due to portfolio effects in the Agricultural Solutions segment and positive currency effects in all segments. Sales were reduced by lower volumes, especially in the Chemicals and Agricultural Solutions segments. Prices also declined slightly overall. In local currency terms, sales decreased by 3%. EBIT declined by €456 million to minus €190 million. The main contributing factors here were the costs for the scheduled turnaround of the steam cracker in Port Arthur, Texas, the special charge from the impairment of a natural gas-based investment on the U.S. Gulf Coast, which BASF is no longer pursuing, and lower earnings in the Agricultural Solutions segment.

Sales in **Asia Pacific** decreased by 7% in local currency terms and 5% in euros. This was attributable to lower prices and volumes, mainly in the Materials segment. Positive currency effects had an offsetting impact. EBIT declined by €209 million compared with the second quarter of 2018 to €314 million. This was mainly due to considerably lower EBIT in the Materials segment. The contribution from the Chemicals segment was also significantly lower. EBIT rose considerably in the Industrial Solutions, Surface Technologies and Nutrition & Care segments; Agricultural Solutions remained on a level with the prior year.

In the region **South America, Africa, Middle East**, we improved sales by 21% in local currency terms and 15% in euros as against the prior-year quarter. Sales growth was primarily driven by higher volumes in all segments and higher prices, especially in the Agricultural Solutions and Surface Technologies segments. Portfolio effects in the Agricultural Solutions segment also had a positive impact on sales development. Sales were dampened by currency effects. At €20 million, EBIT exceeded the figure for the second quarter of 2018 by €52 million. This was the result of higher contributions from all segments except Materials.

Regions

Million €

	Sales Location of company			Sales Location of customer			Income from operations Location of company		
Q2	**2019**	**2018**	**+/–**	**2019**	**2018**	**+/–**	**2019**	**2018**	**+/–**
Europe	6,731	7,359	(9%)	6,288	6,879	(9%)	404	1,149	(65%)
of which Germany	3,591	4,628	(22%)	1,658	1,790	(7%)	120	512	(77%)
North America	4,163	4,079	2%	4,039	3,957	2%	(190)	266	.
Asia Pacific	3,453	3,641	(5%)	3,636	3,794	(4%)	314	523	(40%)
South America, Africa, Middle East	811	704	15%	1,195	1,153	4%	20	(32)	.
BASF Group	**15,158**	**15,783**	**(4%)**	**15,158**	**15,783**	**(4%)**	**548**	**1,906**	**(71%)**
H1									
Europe	14,149	15,072	(6%)	13,185	14,117	(7%)	1,223	2,546	(52%)
of which Germany	7,662	9,630	(20%)	3,327	3,700	(10%)	526	1,143	(54%)
North America	8,978	8,042	12%	8,756	7,790	12%	455	583	(22%)
Asia Pacific	6,652	6,997	(5%)	7,059	7,360	(4%)	597	1,111	(46%)
South America, Africa, Middle East	1,556	1,372	13%	2,335	2,216	5%	31	(71)	.
BASF Group	**31,335**	**31,483**	**0%**	**31,335**	**31,483**	**0%**	**2,306**	**4,169**	**(45%)**

Condensed Consolidated Half-Year Financial Statements 2019

Statement of Income

Statement of income

Million €

		Q2			H1		
	Explanations in note	2019	2018	+/–	2019	2018	+/–
Sales revenue		**15,158**	**15,783**	**(4%)**	**31,335**	**31,483**	**0%**
Cost of sales		(10,907)	(10,906)	(0%)	(22,161)	(21,620)	(3%)
Gross profit on sales		**4,251**	**4,877**	**(13%)**	**9,174**	**9,863**	**(7%)**
Selling expenses		(2,195)	(2,133)	(3%)	(4,397)	(4,102)	(7%)
General administrative expenses		(365)	(354)	(3%)	(718)	(676)	(6%)
Research and development expenses		(526)	(444)	(18%)	(1,037)	(868)	(19%)
Other operating income	[5]	149	527	(72%)	710	1,198	(41%)
Other operating expenses	[5]	(811)	(626)	(30%)	(1,520)	(1,355)	(12%)
Income from companies accounted for using the equity method	[6]	45	59	(24%)	94	109	(14%)
Income from operations (EBIT)		**548**	**1,906**	**(71%)**	**2,306**	**4,169**	**(45%)**
Income from other shareholdings		22	15	47%	26	27	(4%)
Expenses from other shareholdings		(15)	(6)	.	(31)	(11)	.
Net income from shareholdings		**7**	**9**	**(22%)**	**(5)**	**16**	**.**
Interest income		45	41	10%	92	78	18%
Interest expenses		(166)	(131)	(27%)	(334)	(238)	(40%)
Interest result		**(121)**	**(90)**	**(34%)**	**(242)**	**(160)**	**(51%)**
Other financial income		8	8	–	16	15	7%
Other financial expenses		(98)	(119)	18%	(169)	(244)	31%
Other financial result		**(90)**	**(111)**	**19%**	**(153)**	**(229)**	**33%**
Financial result	**[7]**	**(204)**	**(192)**	**(6%)**	**(400)**	**(373)**	**(7%)**
Income before income taxes		**344**	**1,714**	**(80%)**	**1,906**	**3,796**	**(50%)**
Income taxes	[8]	(62)	(353)	82%	(458)	(854)	46%
Income after taxes from continuing operations		**282**	**1,361**	**(79%)**	**1,448**	**2,942**	**(51%)**
Income after taxes from discontinued operations		**6,153**	**162**	**.**	**6,427**	**339**	**.**
Income after taxes		**6,435**	**1,523**	**323%**	**7,875**	**3,281**	**140%**
Noncontrolling interests	[9]	25	(43)	.	(9)	(122)	93%
Net income		**6,460**	**1,480**	**336%**	**7,866**	**3,159**	**149%**
Earnings per share from continuing operations	**[10] €**	**0.35**	**1.44**	**(76%)**	**1.59**	**3.09**	**(49%)**
Earnings per share from discontinued operations	**[10] €**	**6.68**	**0.17**	**.**	**6.97**	**0.35**	**.**
Basic earnings per share	**[10] €**	**7.03**	**1.61**	**337%**	**8.56**	**3.44**	**149%**
Diluted earnings per share	[10] €	7.03	1.61	337%	8.56	3.44	149%

Statement of Income and Expense Recognized in Equity

Statement of comprehensive income

Million €

	H1 2019			H1 2018		
	BASF Group	Shareholders of BASF SE	Noncontrolling interests	BASF Group	Shareholders of BASF SE	Noncontrolling interests
Income after taxes	**7,875**	**7,866**	**9**	**3,281**	**3,159**	**122**
Remeasurement of defined benefit plans	(1,820)	(1,820)	–	237	237	–
Deferred taxes on nonreclassifiable gains/losses	614	614	–	(81)	(81)	–
Nonreclassifiable gains/losses after taxes from equity-accounted investments	–	–	–	–	–	–
Nonreclassifiable gains/losses	**(1,206)**	**(1,206)**	**–**	**156**	**156**	**–**
Unrealized gains/losses from fair value changes in securities measured at FVOCI[a]	–	–	–	1	1	–
Reclassification of realized gains/losses recognized in the statement of income	–	–	–	–	–	–
Fair value changes in securities measured through other comprehensive income, net	**–**	**–**	**–**	**1**	**1**	**–**
Unrealized gains/losses in connection with cash flow hedges	1	1	–	(13)	(13)	–
Reclassification of realized gains/losses recognized in the statement of income	9	9	–	(44)	(44)	–
Fair value changes in options designated as cash flow hedges, net	**10**	**10**	**–**	**(57)**	**(57)**	**–**
Unrealized gains/losses from currency translation	894	883	11	153	137	16
Deferred taxes on reclassifiable gains/losses	(16)	(16)	–	19	19	–
Reclassifiable gains/losses after taxes from equity-accounted investments	344	344	–	32	32	–
Reclassifiable gains/losses	**1,232**	**1,221**	**11**	**148**	**132**	**16**
Other comprehensive income after taxes	**26**	**15**	**11**	**304**	**288**	**16**
Comprehensive income	**7,901**	**7,881**	**20**	**3,585**	**3,447**	**138**

a FVOCI: fair value through other comprehensive income

Development of income and expense recognized in equity attributable to shareholders of BASF SE

Million €

	Other comprehensive income				
	Remeasurement of defined benefit plans	Unrealized gains/losses from currency translation	Measurement of securities at fair value	Cash flow hedges	Total income and expense recognized in equity
As of January 1, 2019	**(5,365)**	**(466)**	**5**	**(113)**	**(5,939)**
Changes	(1,820)	1,191	2	44	(583)
Transfers[a]	140	–	–	–	140
Deferred taxes	614	(13)	–	(3)	598
As of June 30, 2019	**(6,431)**	**712**	**7**	**(72)**	**(5,784)**
As of January 1, 2018	**(4,620)**	**(605)**	**4**	**(110)**	**(5,331)**
Changes	237	164	1	(52)	350
Transfers	–	–	–	–	–
Deferred taxes	(81)	(2)	–	21	(62)
As of June 30, 2018	**(4,464)**	**(443)**	**5**	**(141)**	**(5,043)**

a Reclassifications to retained earnings in accordance with IAS 19.122; for more information, see Note 13 on page 46

Balance Sheet

Assets

Million €

	Explanations in note	June 30, 2019	June 30, 2018	+/–	December 31, 2018	+/–
Intangible assets		16,328	13,446	21%	16,554	(1%)
Property, plant and equipment[a]		22,118	25,044	(12%)	20,780	6%
Investments accounted for using the equity method		16,269	4,764	241%	2,203	.
Other financial assets		638	549	16%	570	12%
Deferred tax assets		2,973	1,967	51%	2,342	27%
Other receivables and miscellaneous assets		974	1,564	(38%)	886	10%
Noncurrent assets	**[11]**	**59,300**	**47,334**	**25%**	**43,335**	**37%**
Inventories		12,356	10,697	16%	12,166	2%
Accounts receivable, trade		11,233	11,429	(2%)	10,665	5%
Other receivables and miscellaneous assets		3,705	4,215	(12%)	3,139	18%
Marketable securities		47	38	24%	344	(86%)
Cash and cash equivalents[b]		2,118	7,663	(72%)	2,300	(8%)
Assets of disposal groups		–	481	–	14,607	–
Current assets	**[12]**	**29,459**	**34,523**	**(15%)**	**43,221**	**(32%)**
Total assets		**88,759**	**81,857**	**8%**	**86,556**	**3%**

a The figures in the item property, plant and equipment were adjusted as of January 1, 2019, to reflect right-of-use assets following the initial application of IFRS 16. For more information, see Note 1 from page 31 onward.
b For a reconciliation of the amounts in the statement of cash flows with the balance sheet item cash and cash equivalents, see page 28 of these consolidated half-year financial statements.

Equity and liabilities

Million €

	Explanations in note	June 30, 2019	June 30, 2018	+/–	December 31, 2018	+/–
Subscribed capital		1,176	1,176	–	1,176	–
Capital reserves		3,118	3,117	0%	3,118	–
Retained earnings		41,497	35,156	18%	36,699	13%
Other comprehensive income		(5,784)	(5,043)	(15%)	(5,939)	3%
Equity attributable to shareholders of BASF SE		**40,007**	**34,406**	**16%**	**35,054**	**14%**
Noncontrolling interests		840	895	(6%)	1,055	(20%)
Equity	**[13]**	**40,847**	**35,301**	**16%**	**36,109**	**13%**
Provisions for pensions and similar obligations	[14]	9,063	6,076	49%	7,434	22%
Other provisions	[15]	1,946	3,364	(42%)	1,860	5%
Deferred tax liabilities		1,607	2,713	(41%)	1,787	(10%)
Financial indebtedness	[16]	15,960	16,639	(4%)	15,332	4%
Other liabilities[a]	[16]	1,851	1,091	70%	705	163%
Noncurrent liabilities		**30,427**	**29,883**	**2%**	**27,118**	**12%**
Accounts payable, trade		4,835	5,032	(4%)	5,122	(6%)
Provisions		3,576	3,111	15%	3,252	10%
Tax liabilities		763	1,217	(37%)	695	10%
Financial indebtedness		5,077	3,650	39%	5,509	(8%)
Other liabilities[a]		3,234	3,660	(12%)	2,998	8%
Liabilities of disposal groups		–	3	–	5,753	–
Current liabilities		**17,485**	**16,673**	**5%**	**23,329**	**(25%)**
Total equity and liabilities		**88,759**	**81,857**	**8%**	**86,556**	**3%**

a Other liabilities were adjusted as of January 1, 2019, to reflect lease liabilities for right-of-use assets following the initial application of IFRS 16. For more information, see Note 1 from page 31 onward.

Statement of Cash Flows

Statement of cash flows

Million €

	Q2		H1	
	2019	**2018**	**2019**	**2018**
Net income	6,460	1,480	7,866	3,159
Depreciation and amortization of intangible assets and property, plant and equipment	1,078	941	2,109	1,868
Changes in net working capital	854	124	(904)	(1,221)
Miscellaneous items	(6,446)	(321)	(6,752)	(351)
Cash flows from operating activities	**1,946**	**2,224**	**2,319**	**3,455**
Payments made for intangible assets and property, plant and equipment	(981)	(822)	(1,722)	(1,449)
Acquisitions/divestitures[a]	2,174	30	2,292	64
Changes in financial assets and miscellaneous items	96	(309)	(118)	(350)
Cash flows from investing activities	**1,289**	**(1,101)**	**452**	**(1,735)**
Capital increases/repayments and other equity transactions	1	–	1	–
Changes in financial and similar liabilities	(835)	2,306	(215)	2,526
Dividends	(3,013)	(3,025)	(3,013)	(3,044)
Cash flows from financing activities	**(3,847)**	**(719)**	**(3,227)**	**(518)**
Changes in cash and cash equivalents affecting liquidity[b]	(612)	404	(456)	1,202
Cash and cash equivalents at the beginning of the period and other changes[c]	2,730	7,259	2,574	6,461
Cash and cash equivalents at the end of the period	**2,118**	**7,663**	**2,118**	**7,663**

a Mainly relates to the merger of the oil and gas businesses of Wintershall and DEA in the second quarter of 2019. The effects of the deconsolidation of the Wintershall companies and the simultaneous inclusion of the equity-accounted interest in Wintershall Dea GmbH offset each other. The only effect on cash was the outflow of cash and cash equivalents in the amount of €800 million, as well as the repayment of BASF SE's open finance-related receivables by the Wintershall Dea group and capital decreases at Wintershall Dea GmbH in the total amount of €3.1 billion. In connection with the transfer of the paper and water chemicals business to the Solenis group in the first quarter of 2019, the majority of the purchase price was settled with the contribution of the interest in Solenis UK International Limited (€590 million). The rest of the purchase price (€181 million) was recognized in cash.

b In the first quarter of 2019, BASF SE transferred securities in the amount of €300 million to BASF Pensionstreuhand e.V., Ludwigshafen am Rhein, Germany. This transfer was not cash effective and therefore had no effect on the statement of cash flows.

c At the beginning of 2019, the balances of cash and cash equivalents presented in the statement of cash flows have deviated from the figures in the balance sheet, as cash and cash equivalents of the oil and gas business in the balance sheet (€219 million) were reclassified to the disposal group.

Statement of Changes in Equity

H1 2019

Million €

	Number of shares outstanding	Subscribed capital	Capital reserves	Retained earnings	Other comprehensive income[a]	Equity attributable to shareholders of BASF SE	Noncontrolling interests	Equity
As of January 1, 2019	**918,478,694**	**1,176**	**3,118**	**36,699**	**(5,939)**	**35,054**	**1,055**	**36,109**
Effects of acquisitions achieved in stages	–	–	–	–	–	**–**	–	**–**
Dividends paid	–	–	–	(2,939)	–	**(2,939)**	(75) [b]	**(3,014)**
Income after taxes	–	–	–	7,866	–	**7,866**	9	**7,875**
Changes to income and expense recognized directly in equity	–	–	–	–	15	**15**	11	**26**
Changes in scope of consolidation and other changes	–	–	–	(129)	140	**11**	(160)	**(149)**
As of June 30, 2019	**918,478,694**	**1,176**	**3,118**	**41,497**	**(5,784)**	**40,007**	**840**	**40,847**

H1 2018

Million €

	Number of shares outstanding	Subscribed capital	Capital reserves	Retained earnings	Other comprehensive income[a]	Equity attributable to shareholders of BASF SE	Noncontrolling interests	Equity
As of January 1, 2018	**918,478,694**	**1,176**	**3,117**	**34,847**	**(5,331)**	**33,809**	**917**	**34,726**
Effects of acquisitions achieved in stages	–	–	–	–	–	**–**	–	**–**
Dividends paid	–	–	–	(2,847)	–	**(2,847)**	(170) [b]	**(3,017)**
Income after taxes	–	–	–	3,159	–	**3,159**	122	**3,281**
Changes to income and expense recognized directly in equity	–	–	–	–	288	**288**	16	**304**
Changes in scope of consolidation and other changes	–	–	–	(3)	–	**(3)**	10	**7**
As of June 30, 2018	**918,478,694**	**1,176**	**3,117**	**35,156**	**(5,043)**	**34,406**	**895**	**35,301**

a For a breakdown, see the table "Development of income and expense recognized in equity attributable to shareholders of BASF SE" on page 25
b Including profit and loss transfers

Segment Reporting

H1

Million €

	Sales			EBITDA before special items[a]			EBITDA[a]			Income from operations (EBIT) before special items[b]		
	2019	2018	+/–	2019	2018	+/–	2019	2018	+/–	2019	2018	+/–
Chemicals	4,728	5,737	(18%)	791	1,255	(37%)	771	1,245	(38%)	425	932	(54%)
Materials	5,892	6,966	(15%)	999	1,884	(47%)	986	1,873	(47%)	657	1,581	(58%)
Industrial Solutions	4,327	4,588	(6%)	720	653	10%	853	665	28%	507	443	14%
Surface Technologies	7,443	6,693	11%	643	591	9%	622	579	7%	349	337	4%
Nutrition & Care	3,056	3,007	2%	645	655	(2%)	626	647	(3%)	442	468	(6%)
Agricultural Solutions	4,445	3,229	38%	1,208	827	46%	1,148	802	43%	861	701	23%
Total segments	**29,891**	**30,220**	**(1%)**	**5,006**	**5,865**	**(15%)**	**5,006**	**5,811**	**(14%)**	**3,241**	**4,462**	**(27%)**
Other	1,444	1,263	14%	(368)	(143)	.	(591)	(171)	.	(464)	(209)	.
of which other businesses	1,464	1,279	14%	127	61	108%	119	58	105%	50	9	456%
BASF Group	**31,335**	**31,483**	**0%**	**4,638**	**5,722**	**(19%)**	**4,415**	**5,640**	**(22%)**	**2,777**	**4,253**	**(35%)**

H1

Million €

	Income from operations (EBIT)			Research and development expenses			Assets			Investments including acquisitions[c]		
	2019	2018	+/–	2019	2018	+/–	2019	2018	+/–	2019	2018	+/–
Chemicals	265	920	(71%)	53	56	(5%)	9,058	8,813	3%	572	353	62%
Materials	640	1,568	(59%)	95	94	1%	9,174	9,153	0%	321	212	51%
Industrial Solutions	635	455	40%	96	107	(10%)	7,193	7,610	(5%)	182	182	–
Surface Technologies	325	324	0%	118	130	(9%)	14,251	13,665	4%	261	204	28%
Nutrition & Care	331	460	(28%)	73	68	7%	6,386	6,048	6%	209	111	88%
Agricultural Solutions	801	676	18%	398	243	64%	17,348	8,074	115%	116	77	51%
Total segments	**2,997**	**4,403**	**(32%)**	**833**	**698**	**19%**	**63,410**	**53,363**	**19%**	**1,661**	**1,139**	**46%**
Other	(691)	(234)	.	204	170	20%	25,349	28,494	(11%)	114	356	(68%)
of which other businesses	40	5	.	7	1	.	16,193	13,823	17%	94	347	(73%)
BASF Group	**2,306**	**4,169**	**(45%)**	**1,037**	**868**	**19%**	**88,759**	**81,857**	**8%**	**1,775**	**1,495**	**19%**

a For an explanation of this indicator, see page 48 of the BASF Report 2018, Results of Operations
b For an explanation of this indicator, see pages 29 to 30 of the BASF Report 2018, Value-Based Management
c Additions to intangible assets and property, plant and equipment

Other in H1[d]

Million €

	2019	2018	+/–
Sales	**1,444**	**1,263**	**14%**
Income from operations (EBIT) before special items	**(464)**	**(209)**	**.**
of which Costs for cross-divisional corporate research	(198)	(170)	(16%)
Costs of corporate headquarters	(124)	(119)	(4%)
Other businesses	50	9	456%
Foreign currency results, hedging and other measurement effects	(38)	209	.
Miscellaneous income and expenses	(154)	(138)	(12%)
Special items	(227)	(25)	.
Income from operations (EBIT)	**(691)**	**(234)**	**.**

d For more information on Other, see Note 4 from page 38 onward.

Notes to the Consolidated Half-Year Financial Statements

1 Basis of presentation

The Consolidated Financial Statements of the BASF Group for the year ending December 31, 2018, were prepared in accordance with the International Financial Reporting Standards (IFRS) in effect as of the balance sheet date. The Consolidated Half-Year Financial Statements as of June 30, 2019, have been prepared – in line with the rules of International Accounting Standard 34 – in abbreviated form and largely continuing the same accounting policies, with the exception of the accounting rules presented in the following.

The Condensed Consolidated Half-Year Financial Statements and the Consolidated Interim Management's Report have not been audited, nor have they undergone an auditor's review.

The BASF Report 2018 containing the Consolidated Financial Statements as of December 31, 2018, can be found online at basf.com/report

Selected exchange rates

EUR 1 equals

	Closing rates		Average rates H1	
	June 30, 2019	December 31, 2018	2019	2018
Brazil (BRL)	4.35	4.44	4.34	4.14
China (CNY)	7.82	7.88	7.67	7.71
United Kingdom (GBP)	0.90	0.89	0.87	0.88
Japan (JPY)	122.60	125.85	124.28	131.61
Malaysia (MYR)	4.71	4.73	4.65	4.77
Mexico (MXN)	21.82	22.49	21.65	23.09
Norway (NOK)	9.69	9.95	9.73	9.59
Russian Federation (RUB)	71.60	79.72	73.74	71.96
Switzerland (CHF)	1.11	1.13	1.13	1.17
South Korea (KRW)	1,315.35	1,277.93	1,295.20	1,302.37
United States (USD)	1.14	1.15	1.13	1.21

Accounting policies applied for the first time in 2019

IFRS 16 – Leases

IFRS 16 – Leases was endorsed by the European Union on October 31, 2017, and applied by BASF for the first time as of January 1, 2019. IFRS 16 requires an accounting model for a lessee that recognizes all right-of-use assets and liabilities from lease agreements in the balance sheet. As for the lessor, the new standard substantially carries forward the accounting requirements of IAS 17 – Leases. This means that lessors will continue to classify leases as either finance or operating leases.

The first-time adoption of IFRS 16 at BASF followed the modified retrospective method. Comparative prior-period information is not restated; this continues to be presented in accordance with IAS 17. BASF measures lease liabilities arising from operating leases with a remaining term of more than 12 months at the present value of the remaining lease payments, taking into account the incremental borrowing rate (as of January 1, 2019). The right-of-use asset is generally recognized at the same amount as the lease liability. Differences between the value in use and the lease liability mainly arose from the lease payments made prior to the provision of the leased asset, less any lease incentives received. This did not have any effect on equity. BASF exercised the exemption for lease agreements of up to 12 months and low-value assets. As a general rule, low-value assets are defined as leased assets worth a maximum of €5,000. Lease agreements that were already in place as of December 31, 2018, were not reassessed. Existing finance leases are not affected.

At BASF, leases mainly relate to real estate and transportation and technical equipment. Extension and termination options were taken into account on recognition of the lease liability if BASF was reasonably certain that these options will be exercised in the future. As a general rule, BASF recognizes non-lease components such as services separately to lease payments.

The application of IFRS 16 increased total assets by around €1.3 billion as of January 1, 2019, due to the addition of right-of-use assets and lease liabilities.

Adjusted opening balances as of January 1, 2019

Million €

	Dec. 31, 2018	Adjustments due to IFRS 16: Addition	Adjustments due to IFRS 16: Reclassification	Jan. 1, 2019
Assets				
Right-of-use land	–	132	184	316
Right-of-use buildings	–	699	74	773
Right-of-use machinery and technical equipment	–	192	50	242
Right-of-use miscellaneous equipment and fixtures	–	272	46	318
Right-of-use advance payments and construction in progress	–	–	–	–
Other property, plant and equipment	20,780	–	(354)	20,426
Total	**20,780**	**1,295**	**–**	**22,075**
Equity and liabilities				
Equity	36,109	–	–	36,109
Lease liabilities	134	1,295	–	1,429
Total	**36,243**	**1,295**	**–**	**37,538**

Lease liabilities as of December 31, 2018, included liabilities from finance leases in accordance with IAS 17, which did not change as of January 1, 2019. Assets previously capitalized through finance leases were reclassified to the new balance sheet item "Right-of-use assets."

Based on the operating lease commitments as of December 31, 2018, the reconciliation to the opening balance for lease liabilities as of January 1, 2019, was as follows:

Reconciliation of lease liabilities

Million €

Operating lease commitments as of December 31, 2018[a]	1,470
– Practical expedients for short-term leases	(78)
– Practical expedients for leases for low-value assets	(5)
– Payments for service components of operating lease commitments	(124)
+ Adjustments due to the lease extension option under IFRS 16 (not yet included in operating lease commitments as of December 31, 2018)	196
+/– Other adjustments that increase/decrease lease liabilities	4
Gross lease liabilities as of January 1, 2019 excluding finance leases	**1,463**
– Discounting	(168)
Present value of lease liabilities as of January 1, 2019 excluding finance leases	**1,295**
+ Present value of liabilities from finance leases as of December 31, 2018	134
Total present value of lease liabilities as of January 1, 2019	**1,429**

a Adjusted mainly for discontinued operations and the seed and non-selective herbicide businesses acquired from Bayer

The weighted average incremental borrowing rate used to discount gross lease liabilities was 2.3% as of January 1, 2019.

Other effects on the depreciation charge, the interest result, the statement of cash flows and other indicators such as earnings per share are explained in the relevant notes, provided the effects are material.

BASF presents the interest component of lease payments in cash flows from operating activities and the repayment portion in cash flows from financing activities. Lease payments under short-term agreements, agreements with low-value assets or variable payments are presented in cash flows from operating activities.

Amendments to IFRS 9 – Financial Assets with a Prepayment Feature with Negative Compensation

The amendments pertain to the relevant criteria for the classification of financial assets. Financial assets with a prepayment feature with negative compensation may be recognized under certain conditions at amortized cost or at fair value through other comprehensive income instead of at fair value through profit and loss. They have no effect on BASF.

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23 expands on the requirements in IAS 12 on how to account for uncertainties surrounding the income tax treatment of circumstances and transactions with respect to both actual and deferred taxes. The amendments have no material effect on BASF.

Amendments to IAS 28 – Long-Term Interests in Associates and Joint Ventures

On October 12, 2017, the IASB published amendments with respect to the accounting treatment of long-term interests in associated companies and joint ventures. These amendments were endorsed by the European Union on February 8, 2019. They clarify that IFRS 9 is to be applied to long-term interests in associated companies or joint ventures that are not accounted for using the equity method. The amendments have no material effect on BASF.

Annual Improvements to IFRSs (2015–2017)

Four IFRSs were amended in the Annual Improvements to IFRSs (2015–2017). The amendments were endorsed by the European Union on March 14, 2019. They did not have any material effect on BASF.

In IFRS 3 – Business Combinations, it was clarified that when a party to a joint arrangement obtains control of a business that is a joint operation and had rights to the assets and obligations for the liabilities relating to that joint operation immediately before the acquisition date, the transaction is a business combination achieved in stages. The acquirer shall therefore remeasure its previously held interest in the joint operation.

In IFRS 11 – Joint Arrangements, it was clarified that if an entity obtains joint control of a business that is a joint operation and had rights to the assets and obligations for the liabilities relating to that joint operation immediately before the acquisition date, the previously held interest in that business is not remeasured (IFRS 11.B33CA).

IAS 12 – Income Taxes was amended to the extent that all income tax effects of dividend payments must be considered in the same way as the income on which the dividends are based.

In IAS 23 – Borrowing Costs, it was determined that when entities borrow funds in general for the acquisition of qualifying assets that those costs for capital borrowed specifically for the acquisition of qualifying assets should not be considered in the determination of the financing rate until their completion.

Improvements to IAS 19 – Plan Amendment, Curtailment or Settlement

The amendments relate to the measurement of pension obligations based on updated assumptions if plan amendment, curtailment or settlement occurs. After such an event, the past service cost as well as any gains or losses on the basis of current actuarial assumptions and a comparison of the resulting pension benefits must be calculated before and after the change. The periods before and after the plan amendment, curtailment or settlement are treated separately in subsequent measurement. The improvements were endorsed by the European Union on March 13, 2019. BASF does not anticipate any effects from the improvements to IAS 19 in 2019.

2 Scope of consolidation

In addition to BASF SE, all material subsidiaries are included in the BASF Group Financial Statements on a fully consolidated basis. Joint arrangements that are classified as joint operations according to IFRS 11 are proportionally consolidated. Changes in the number of fully and proportionally consolidated companies are shown in the table.

Since the beginning of 2019, four companies have been included in the scope of consolidation for the first time: three due to their increased significance and one newly established company. The deconsolidations resulted from one liquidation, two mergers and 18 companies that were no longer included in the scope of consolidation following the merger of Wintershall and DEA.

Scope of consolidation

	2019	2018
As of January 1	331	294
of which proportionally consolidated	8	8
First-time consolidations	4	4
of which proportionally consolidated	–	–
Deconsolidations	21	2
of which proportionally consolidated	1	–
As of June 30	**314**	**296**
of which proportionally consolidated	7	8

Companies accounted for using the equity method

	2019	2018
As of January 1	35	35
As of June 30	**26**	**35**

3 Acquisitions and divestitures

Acquisitions

In August 2018, BASF acquired a range of businesses for seeds, non-selective herbicides, seed treatments and the global vegetable seed business from Bayer. The adjustment of the preliminary purchase price allocation for this acquisition gave rise to the effects presented in the table.

In accordance with IFRS 3, additional adjustments will be made to the purchase price allocation if further relevant facts and circumstances become known within the 12-month measurement period ending in August 2019.

Divestitures

On January 31, 2019, following the approval of all relevant authorities, BASF and Solenis concluded the transfer of BASF's paper and water chemicals business to Solenis. Since February 1, 2019, the combined company has operated under the name Solenis UK International Ltd., London, England, and offers bundled sales, service and production capabilities across the globe. BASF holds a 49% share in the combined entity; 51% of the shares are held by funds managed by Clayton, Dubilier & Rice, and by Solenis management. The transaction included production sites and plants of BASF's paper and water chemicals business in Bradford and Grimsby, England; Suffolk, Virginia; Altamira, Mexico; Ankleshwar, India; and Kwinana, Australia. BASF reports its share of Solenis' income after taxes using the equity method in income from operations before special items and in income from operations of the BASF Group.

The effects of the disposal are disclosed in the Notes under "Groups of assets and liabilities held for sale"

Adjustment of the preliminary purchase price allocation for the acquisition of assets and liabilities from Bayer

Million €

	Fair values as of date of acquisition	Adjustments H1 2019	As of June 30, 2019
Goodwill	1,253	(59)	1,194
Other intangible assets	4,285	(28)	4,257
Property, plant and equipment	1,404	–	1,404
Investments accounted for using the equity method	–	–	–
Other financial assets	–	–	–
Deferred taxes	65	–	65
Other receivables and miscellaneous assets	2	–	2
Noncurrent assets	**7,009**	**(87)**	**6,922**
Inventories	887	61	948
Accounts receivable, trade	61	–	61
Other receivables and miscellaneous assets	169	25	194
Marketable securities	–	–	–
Cash and cash equivalents	69	1	70
Current assets	**1,186**	**87**	**1,273**
Total assets	**8,195**	**–**	**8,195**
Provisions for pensions and similar obligations	34	–	34
Other provisions	240	13	253
Deferred taxes	353	(45)	308
Financial indebtedness	–	–	–
Other liabilities	9	–	9
Noncurrent liabilities	**636**	**(32)**	**604**
Accounts payable, trade	18	–	18
Provisions	58	–	58
Tax liabilities	5	–	5
Financial indebtedness	–	–	–
Other liabilities	57	(22)	35
Current liabilities	**138**	**(22)**	**116**
Total liabilities	**774**	**(54)**	**720**
Total purchase price	**7,421**	**54**	**7,475**

BASF and LetterOne completed the merger of Wintershall and DEA on April 30, 2019. On September 27, 2018, BASF and LetterOne had signed a transaction agreement to merge their respective oil and gas businesses in a joint venture, creating a leading independent European exploration and production company with international operations in core regions. LetterOne contributed all shares in DEA Deutsche Erdoel AG to Wintershall Holding GmbH and received new shares in the latter. The company was renamed Wintershall Dea GmbH. Including preference shares, BASF has a total shareholding of 72.7% in Wintershall Dea GmbH. No later than 36 months after closing but in all cases before an IPO, these preference shares will be converted into ordinary shares in Wintershall Dea GmbH. From the signing of the agreement in September 2018 until the closing of the merger, BASF's oil and gas business was reported as a discontinued operation. Since the merger, BASF's interest in Wintershall Dea GmbH has been accounted for using the equity method. The gain from the transition from full consolidation to the equity method is shown in income after taxes from discontinued operations as of April 30, 2019. Since May 1, 2019, BASF has reported its share of Wintershall Dea GmbH's net income in income from operations before special items and in income from operations of Other.

The effects of the disposal are disclosed in the Notes under "Discontinued operations"

Agreed transactions

On September 18, 2017, BASF signed an agreement with the Solvay group on the acquisition of Solvay's global polyamide business, subject to the approval of the relevant antitrust authorities. The E.U. Commission approved the acquisition of the polyamide business, subject to certain conditions, on January 18, 2019. These conditions require the sale of parts of the original transaction volume to a third party. Specifically, this refers to Solvay's production plants and innovation competencies in the engineering plastics field in Europe. The sale process has already begun. The approval process is pending in China. The transaction is expected to close in the second half of 2019, as soon as all remaining conditions are met, including the divestiture of businesses and assets to a third party. BASF plans to integrate the polyamide business into the Performance Materials and Monomers divisions. Before being adjusted to reflect the antitrust-related changes to the scope of the transaction, the purchase price on a cash and debt-free basis and excluding other adjustments would have been €1.6 billion.

Discontinued operations

The oil and gas business was presented as a discontinued operation following the signing of the binding agreement between BASF and LetterOne to merge their respective activities on September 27, 2018. The disposal group was derecognized on closing of the transaction on April 30, 2019.

Earnings from discontinued operations until April 30, 2019, were as follows:

Statement of income from discontinued operations

Million €		Jan. 1–April 30, 2019	2018
Sales revenue		**1,318**	**4,094**
Cost of sales		(433)	(2,024)
Gross profit on sales		**885**	**2,070**
Selling expenses		(60)	(94)
General administrative expenses		(33)	(68)
Research and development expenses		(8)	(26)
Other operating income and expenses		5,917	(248)
Income from companies accounted for using the equity method		–	99
EBIT		**6,701**	**1,733**
Financial result		(37)	(19)
Income before income taxes		**6,664**	**1,714**
Income taxes		(237)	(885)
Income after income taxes		**6,427**	**829**
of which attributable to noncontrolling interests		(18)	(61)
Net income		**6,409**	**768**
Earnings per share from discontinued operations	**€**	**6.97**	**0.83**

The gain on the disposal of the discontinued oil and gas business is reported under other operating income and expenses.

The effects of the disposal of the discontinued operation are presented in the following table:

Calculation of disposal gain on the discontinued oil and gas business

Million €

	April 30, 2019
Fair value 72.7% Wintershall Dea GmbH	14,440
Disposed net assets	(7,540)
Assets of the disposal group	(15,597)
Reinstated receivables	2,246
Liabilities of the disposal group	6,447
Reinstated liabilities	(636)
Recycling of income and expenses previously recognized directly in equity (recognized in income on disposal)	(870)
Noncontrolling interests	160
Disposal gain before/after taxes	**6,190**

Discontinued operations accounted for the following amounts in BASF's statement of cash flows:

Cash flows from the discontinued oil and gas business (excluding effects from the divestiture)

Million €

	Jan. 1–April 30, 2019	2018
Cash flows from operating activities	456	1,554
Cash flows from investing activities	(263)	(1,011)
Cash flows from financing activities	(50)	(346)
Total	**143**	**197**

The shares held in Wintershall Dea GmbH were initially measured at fair value as of the date of deconsolidation on April 30, 2019, using the discounted cash flow method on the basis of the income approach according to IFRS 13.62. Fair value is calculated as the present value of future cash inflows and outflows on the basis of unobservable inputs (Level 3). Significant inputs are assumptions on the long-term development of oil and gas prices, which were based, among other things, on market values and expert assessments. The valuation of Wintershall Dea GmbH assumes an oil price of $66 per bbl (Brent) and a gas price of approximately €16 per MWh (roughly $6 per mmBtu) for 2020.

The estimation of cash flows and the assumptions used consider all information on the future development of the operating business available on the measurement date.

A model based on a field-related valuation approach was used for the exploration and production business. This took into account the expected cash flows as well as the tax payments in the individual countries. The period under consideration includes the planned license terms and the production profiles of the included oil and gas fields. A significant factor here is the cost of capital rate, which takes into consideration the country risk for the country concerned and the applicable tax rate. Other components are a risk-free interest rate, a market risk premium and a spread for credit risk based on the respective industry-specific peer group. Taking into account these parameters, a cost of capital rate after tax of between 6.17% and 11.49% was used.

Where relevant, regulated gas transportation rates and specific average cost of capital rates were used for the transportation business. The cost of capital rate after tax was between 5.52% and 5.91%.

The valuation also took into account expected synergy effects from the merger due to lower ongoing operating costs or investment measures.

Initial recognition at fair value (€14.4 billion) uncovered hidden reserves and liabilities. In line with the purchase price allocation, the hidden reserves and liabilities were mainly attributable to exploration and production assets.

Groups of assets and liabilities held for sale (disposal groups)

On January 31, 2019, following the approval of all relevant authorities, BASF and Solenis concluded the transfer of BASF's paper and water chemicals business to Solenis. The disposal group was derecognized on divestiture of the paper and water chemicals business.

The calculation of the disposal gain is presented in the following table:

Calculation of disposal gain on the paper and water chemicals business

Million €

	January 31, 2019
Sales price	771
Disposed net assets	(610)
Assets of the disposal group	(503)
Reinstated receivables	43
Liabilities of the disposal group	–
Reinstated liabilities	(150)
Disposal gain before taxes	**161**
Tax expense	(44)
Disposal gain after taxes	**117**

4 Segment reporting

As of January 1, 2019, we have twelve divisions grouped into six segments as follows:

- **Chemicals:** Petrochemicals and Intermediates
- **Materials:** Performance Materials and Monomers
- **Industrial Solutions:** Dispersions & Pigments and Performance Chemicals
- **Surface Technologies:** Catalysts, Coatings and Construction Chemicals
- **Nutrition & Care:** Care Chemicals and Nutrition & Health
- **Agricultural Solutions:** Agricultural Solutions

The composition of a number of divisions also changed at the beginning of 2019. The propylene oxide and propylene glycol business was transferred from the Petrochemicals division to the Monomers division. The superabsorbents business is allocated to the Petrochemicals division rather than the Care Chemicals division. The styrene, polystyrene and styrene-based foams business, which previously mainly fell under the Performance Materials division and a small part under Other, is bundled in the Petrochemicals division.

The prior-year figures have been restated accordingly.

The divisions are allocated to the segments based on their business models and according to their focal points, customer groups, the focus of their innovations, their investment relevance and sustainability aspects.

The **Chemicals** segment comprises the Petrochemicals and Intermediates divisions and is the cornerstone of BASF's Verbund structure. It supplies the other segments with basic chemicals and intermediates, contributing to the organic growth of our key value chains. Alongside internal accounts, customers include the chemical and plastics industries. The segment's competitiveness is augmented through technological leadership and operational excellence.

The **Materials** segment is composed of the Performance Materials division and the Monomers division. It offers advanced materials and their precursors for new applications and systems. Its product portfolio includes isocyanates and polyamides as well as inorganic basic products and specialties for plastics and plastics processing in various industries.

The **Industrial Solutions** segment comprises the Dispersions & Pigments division and the Performance Chemicals division. It develops and markets ingredients and additives for industrial applications such as polymer dispersions, pigments, resins, electronic materials, antioxidants and admixtures. Its customers come from key industries such as automotive, plastics and electronics.

The **Surface Technologies** segment bundles chemical solutions for surfaces with the Catalysts, Coatings, and Construction Chemicals divisions. Its product spectrum includes catalysts and battery materials for the automotive and chemical industries, surface treatments, colors and coatings as well as cement modifications and construction materials.

The **Nutrition & Care** segment comprises the Care Chemicals division and the Nutrition & Health division. This segment produces ingredients for consumer products in the area of nutrition, cleaners and personal care. Its customers include food and feed producers as well as the pharmaceutical, cosmetics, and the detergent and cleaner industries.

The **Agricultural Solutions** segment consists of the division of the same name. As an integrated provider, its product portfolio comprises fungicides, herbicides, insecticides and biological crop protection products, as well as seeds and seed treatment products. Furthermore, Agricultural Solutions offers farmers innovative solutions, including those based on digital technologies, combined with practical advice.

Activities that are not allocated to any of the continued operating divisions are recorded under **Other**.

These include other businesses, which comprise commodity trading, engineering and other services, rental income and leases. Discontinued operations and all remaining activities after divestitures not previously reported under Other have also been reported here since January 1, 2019. These remaining activities include, for example, equity-accounted participating interests assumed in the context of divestitures or supply obligations. The remaining activities for the leather and textile chemicals businesses, previously recorded in the Performance Products segment, and the remaining activities for the industrial coatings business, previously recorded in the Functional Materials & Solutions segment, were reclassified to Other.

As a consequence of the merger of the oil and gas businesses of Wintershall and DEA, the equity-accounted interest in Wintershall Dea GmbH, Kassel, Germany, and its contribution to earnings have also been reported under other businesses since May 1, 2019. The assets and liabilities of the oil and gas business were already presented under Other following the signing of the binding agreement between BASF and LetterOne to merge their oil and gas activities in the third quarter of 2018.

The following activities are also presented under Other:

- The steering of the BASF Group by corporate headquarters
- Cross-divisional corporate research, which includes plant biotechnology research. This works on long-term topics of strategic importance to the BASF Group. Furthermore, it focuses on the development of specific key technologies, which are of central importance for the divisions.
- Earnings from currency translation that are not allocated to the segments; earnings from the hedging of raw materials prices and foreign currency exchange risks; and gains and losses from the long-term incentive (LTI) program
- Since the beginning of 2019: remanent fixed costs resulting from organizational changes or restructuring; function and region-related restructuring costs not allocated to a division; idle capacity costs from internal human resource platforms

Reconciliation of segment income to income before income taxes

Million €

	H1	
	2019	**2018**
EBIT before special items of the segments	3,241	4,462
EBIT before special items of Other	(464)	(209)
EBIT before special items	**2,777**	**4,253**
Special items of the segments	(244)	(59)
Special items of Other	(227)	(25)
Special items	**(471)**	**(84)**
EBIT of the segments	2,997	4,403
EBIT of Other	(691)	(234)
EBIT	**2,306**	**4,169**
Financial result	(400)	(373)
Income before income taxes	**1,906**	**3,796**

Reconciliation of segment assets to the assets of the BASF Group

Million €

	June 30, 2019	**June 30, 2018**
Segment assets	**63,410**	**53,363**
Assets of businesses included in Other	17,040	14,436
Other financial assets	638	549
Deferred tax assets	2,973	1,967
Cash and cash equivalents / marketable securities	2,165	7,701
Defined benefit assets	199	74
Other receivables / prepaid expenses	2,334	3,767
Assets of Other	**25,349**	**28,494**
Assets of the BASF Group	**88,759**	**81,857**

The same accounting rules are used for segment reporting as those used for the Group. Transfers between the segments are generally executed at adjusted market-based prices, taking into account the higher cost efficiency and lower risk of intragroup transactions. Assets, as well as their depreciation and amortization, are allocated to the segments based on economic control. Assets used by more than one segment are allocated based on the percentage of usage.

The relevant measure used for the internal steering of the segments is income from operations (EBIT) before special items. It is based on EBIT, which is calculated from gross profit on sales, selling expenses, general administrative expenses, research and development expenses, other operating income and expenses, and income from companies accounted for using the equity method. EBIT is adjusted for special items. Special items arise from the integration of acquired businesses, restructuring costs, certain impairments, gains or losses resulting from divestitures and sales of shareholdings accounted for using the equity method, and other expenses and income that arise outside of ordinary business activities. EBIT and EBIT before special items are alternative performance measures that are not defined under IFRS and are to be considered as being complementary to the indicators defined by IFRS.

5 Other operating income and expenses

Other operating income

Million €

	H1 2019	H1 2018
Income from the adjustment and release of provisions recognized in other operating expenses	22	26
Revenue from miscellaneous activities	86	79
Income from foreign currency and hedging transactions as well as from the measurement of LTI options	26	250
Income from the translation of financial statements in foreign currencies	4	5
Gains on divestitures and the disposal of noncurrent assets	359	40
Income from the reversal of valuation allowances for business-related receivables	12	26
Other	201	772
Other operating income	**710**	**1,198**

Other operating expenses

Million €

	H1 2019	H1 2018
Restructuring and integration measures	423	173
Environmental protection and safety measures, costs of demolition and removal, and project costs not subject to mandatory capitalization	139	167
Amortization, depreciation and impairments of noncurrent assets	272	27
Costs from miscellaneous revenue-generating activities	70	73
Expenses from foreign-currency and hedging transactions as well as from the measurement of LTI options	119	452
Losses from the translation of financial statements in foreign currencies	9	22
Losses from divestitures and the disposal of noncurrent assets	5	10
Expenses from the addition of valuation allowances for business-related receivables	38	33
Expenses for derecognition of obsolete inventory	93	91
Other	352	307
Other operating expenses	**1,520**	**1,355**

Income from foreign currency and hedging transactions and from the valuation of LTI options declined from €250 million in the first half of 2018 to €26 million in the first half of 2019. This was mainly the result of lower income from foreign currency transactions and from the release of LTI provisions.

The increase in gains on divestitures and the disposal of noncurrent assets in the first half of 2019 was primarily attributable to the merger of the paper and water chemicals business with Solenis and the sale of a development project for seed treatment. In the prior-year period, gains on divestitures related to the sale of the production site for styrene butadiene-based paper dispersions in Pischelsdorf, Austria.

Other income decreased to €201 million (H1 2018: €772 million), mainly as a result of lower positive measurement effects from current assets as well as lower insurance refunds.

In the first half of 2019, expenses arose from restructuring measures, primarily for the implementation of the new strategy and costs for the integration of the seed and non-selective herbicide businesses acquired from Bayer.

The increase in depreciation, amortization and impairments on noncurrent assets was due to the impairment of a natural gas-based investment on the U.S. Gulf Coast, which BASF is no longer pursuing, as well as the optimization of production sites within the Nutrition & Health division in Europe.

The decrease in expenses from foreign currency and hedging transactions was primarily attributable to lower measurement effects from current assets.

6 Income from companies accounted for using the equity method

The decrease in income from companies accounted for using the equity method in the first half of 2019 was primarily due to lower margins at BASF-YPC Company Ltd., Nanjing, China, and to the net loss from Solenis UK International Limited, London, England, which was included for the first time. The decline was partially offset by the income of Wintershall Dea GmbH, Kassel, Germany, which was likewise included for the first time.

7 Financial result

Financial result

Million €

	H1 2019	H1 2018
Dividends and similar income	21	14
Income from the disposal of shareholdings	4	12
Income from profit transfer agreements	1	1
Income from tax allocation to shareholdings	0	0
Income from other shareholdings	**26**	**27**
Expenses from loss transfer agreements	(30)	(11)
Write-downs on / losses from the sale of shareholdings	(1)	–
Expenses from other shareholdings	**(31)**	**(11)**
Net income from shareholdings	**(5)**	**16**
Interest income from cash and cash equivalents	85	70
Interest and dividend income from securities and loans	7	8
Interest income	**92**	**78**
Interest expenses	**(334)**	**(238)**
Interest result	**(242)**	**(160)**
Net interest income from overfunded pension plans and similar obligations	–	1
Income from the capitalization of borrowing costs	16	14
Miscellaneous financial income	–	–
Other financial income	**16**	**15**
Write-downs on / losses from securities and loans	(4)	(12)
Net interest expense from underfunded pension plans and similar obligations	(77)	(66)
Net interest expense from other long-term personnel obligations	(1)	(1)
Unwinding the discount on other noncurrent liabilities	(2)	(4)
Miscellaneous financial expenses	(85)	(161)
Other financial expenses	**(169)**	**(244)**
Other financial result	**(153)**	**(229)**
Financial result	**(400)**	**(373)**

Net income from shareholdings decreased from €16 million to minus €5 million, primarily due to higher expenses from loss transfer agreements.

The interest result declined by €82 million in the first half of 2019, from minus €160 million to minus €242 million. This was mainly attributable to higher interest expenses.

The net interest expense from underfunded pension plans and similar obligations rose year on year as a result of the higher net defined benefit liability as of January 1, 2019.

The decline in other financial expenses was primarily due to lower expenses for hedging bonds and U.S. dollar commercial paper against interest and currency risk.

8 Income taxes

Income before income taxes

Million €

	H1 2019	H1 2018
Germany	424	945
Foreign	1,482	2,851
Income before income taxes	**1,906**	**3,796**

Income taxes

		H1 2019	H1 2018
Germany	Million €	130	231
Foreign	Million €	328	623
Income taxes	**Million €**	**458**	**854**
Tax rate	%	24.0	22.5

The increase in the tax rate from 22.5% to 24.0% was mainly due to the release of tax provisions in the prior-year period.

9 Noncontrolling interests

Noncontrolling interests

Million €

	H1 2019	H1 2018
Noncontrolling interests in profits	44	139
Noncontrolling interests in losses	(35)	(17)
Noncontrolling interests	**9**	**122**

Noncontrolling interests in profits declined year on year in the first half of 2019, especially at BASF TOTAL Petrochemicals LLC, Port Arthur, Texas, mainly due to the scheduled turnaround of the steam cracker, and at Shanghai BASF Polyurethane Company Ltd., Shanghai, China, primarily as a result of lower TDI and MDI sales prices and margins.

10 Earnings per share

Earnings per share

		H1 2019	H1 2018
Net income	Million €	7,866	3,159
Number of outstanding shares (weighted average)	1,000	918,479	918,479
Earnings per share	**€**	**8.56**	**3.44**

Earnings per share is calculated based on the weighted average number of common shares outstanding. The calculation of diluted earnings per common share reflects all possible outstanding common shares and the resulting effect on income of BASF's "plus" employee incentive share program.

In the first half of 2019, and in the prior-year period, there was no dilutive effect; basic earnings per share were the same as the diluted value per share.

11 Noncurrent assets

Development of intangible assets and property, plant and equipment H1

Million €

	Intangible assets		Property, plant and equipment	
	2019	**2018**	**2019**	**2018**
Cost				
As of January 1	20,364	17,755	64,303	70,913
Additions	59	48	1,716	1,447
Disposals	(122)	(91)	(297)	(282)
Transfers	(1)	(124)	12	(392)
Currency effects	104	155	175	509
As of June 30	**20,404**	**17,743**	**65,909**	**72,195**
Accumulated depreciation and amortization				
As of January 1	3,813	4,161	42,228	45,655
Additions	363	264	1,746	1,604
Disposals	(120)	(78)	(273)	(255)
Transfers	–	(68)	6	(184)
Currency effects	20	18	84	331
As of June 30	**4,076**	**4,297**	**43,791**	**47,151**
Net carrying amount as of June 30	**16,328**	**13,446**	**22,118**	**25,044**

Material investments in the first half of 2019 largely concerned the acetylene plant currently under construction and the expansion of the vitamin A plant in Ludwigshafen, Germany. Additions to property, plant and equipment also included investments at the following sites in particular: Ludwigshafen, Germany; Antwerp, Belgium; Shanghai, China; Geismar, Louisiana; Freeport, Texas; and Port Arthur, Texas.

As well as depreciation, the item additions to depreciation and amortization of property, plant and equipment included, in particular, impairment losses on discontinued investments in North America.

Currency effects largely arose from the appreciation of the U.S. dollar relative to the euro.

Development of investments accounted for using the equity method

Million €

	H1	
	2019	**2018**
As of January 1	**2,203**	**4,715**
Additions	15,040	55
Disposals	(897)	–
Transfers	(96)	(33)
Currency effects	19	27
Net carrying amount as of June 30	**16,269**	**4,764**

Additions in 2019 resulted from the merger of the oil and gas businesses of Wintershall and DEA, as well as the merger of the paper and water chemicals business with Solenis. In this connection, BASF received a 72.7% share in Wintershall Dea GmbH, Kassel, Germany (€14,440 million), and a 49% share in Solenis UK International Limited, London, England (€590 million).

Disposals in 2019 related to a capital decrease in the amount of €871 million at Wintershall Dea GmbH and the sale of Synvina C.V., Amsterdam, Netherlands.

The difference between the net carrying amount at the end of June 2018 and the figure as of June 30, 2019, was mainly due to the transfer in 2018 of €2,552 million from investments accounted for using the equity method to assets of the disposal group for the oil and gas business.

Other financial assets

Million €

	June 30, 2019	**Dec. 31, 2018**	**June 30, 2018**
Other shareholdings	511	453	429
Long-term securities	127	117	120
Other financial assets	**638**	**570**	**549**

12 Current assets

Current assets

Million €	June 30, 2019	December 31, 2018	June 30, 2018
Raw materials and factory supplies	3,659	3,541	3,411
Work in progress, finished goods and merchandise	8,580	8,507	7,192
Advance payments and services in progress	117	118	94
Inventories	**12,356**	**12,166**	**10,697**
Accounts receivable, trade	**11,233**	**10,665**	**11,429**
Other receivables and miscellaneous assets	3,705	3,139	4,215
Marketable securities	47	344	38
Cash and cash equivalents	2,118	2,300	7,663
Assets of disposal groups	–	14,607	481
Other current assets	**5,870**	**20,390**	**12,397**
Current assets	**29,459**	**43,221**	**34,523**

Work in progress, finished goods and merchandise are combined into one item due to production conditions in the chemical industry. Services in progress mainly relate to services not invoiced as of the balance sheet date. Inventories are valued using the weighted average cost method.

The increase in trade accounts receivable since December 31, 2018, was primarily attributable to seasonal sales volumes growth in the Agricultural Solutions and Industrial Solutions segments.

The rise in the item "Other receivables and miscellaneous assets" was largely due to current assets held for arbitrage purposes and personnel and tax receivables.

13 Equity

Authorized capital

BASF SE has only issued fully paid-up registered shares with no par value. There are no preferential voting rights or other restrictions. BASF SE does not hold any treasury shares.

In accordance with the resolution of the Annual Shareholders' Meeting on May 3, 2019, the Board of Executive Directors was authorized, with the consent of the Supervisory Board, to increase, until May 2, 2024, on a one-off basis or in portions on a number of occasions, the company's share capital by a total of up to €470 million by issuing new shares against contributions in cash or in kind. In principle, shareholders are entitled to a subscription right. However, the Board of Executive Directors is authorized, with the approval of the Supervisory Board, to exclude shareholders' statutory subscription rights in the cases specified in the authorizing resolution. The Board of Executive Directors is authorized, with the consent of the Supervisory Board, to lay down the further contents of the share rights and the details of the execution of the capital increase. The total shares issued on the basis of the above authorization with the exclusion of the shareholders' subscription right in the case of capital increases in return for contributions in cash or in kind must not exceed 10% of the share capital at the time that this authorization comes into effect or – if this value is lower – at the time of its exercise. The proportionate amount of the share capital of those shares that are to be issued on the basis of conversion or option bonds granted during the term of this authorization under the exclusion of the subscription right, must be credited against the aforementioned ceiling of 10%. This authorization has not been exercised to date.

Conditional capital

By way of a resolution of the Annual Shareholders' Meeting of May 12, 2017, the Board of Executive Directors was authorized, with the approval of the Supervisory Board, to issue, on a one-off basis or in portions on more than one occasion, bearer or registered convertible bonds and/or bonds with warrants, or combinations of these instruments, with or without maturity limitations up to a nominal value of €10.0 billion until May 11, 2022. The notional interest in the share capital attributable to the BASF shares to be issued in connection with the debt instruments issued under this authorization may not exceed 10% of the share capital.

In this connection, the share capital was increased conditionally by up to €117,565,184 by issuing a maximum of 91,847,800 new registered BASF shares. The conditional capital increase will only be carried out to the extent to which holders of convertible bonds, or warrants attached to bonds with warrants issued, exercise their conversion or option rights. This authorization has not been exercised to date.

Authorization of share buybacks

By way of a resolution of the Annual Shareholders' Meeting of May 12, 2017, the Board of Executive Directors was authorized to buy back shares until May 11, 2022, in accordance with section 71(1) no. 8 of the German Stock Corporation Act (AktG). The buyback cannot exceed 10% of the company's share capital at the time the resolution was passed and can take place via the stock exchange, a public purchase offer addressed to all shareholders, or a public invitation to the shareholders to submit sales offers. This authorization has not been exercised to date.

Retained earnings

Transfers from other retained earnings increased legal reserves by €34 million in the first half of 2019.

BASF and LetterOne completed the merger of Wintershall and DEA on April 30, 2019. In this connection, €140 million from the remeasurement of defined benefit plans was reclassified from other comprehensive income to retained earnings.

Reserves and retained earnings

Million €

	June 30, 2019	Dec. 31, 2018
Legal reserves	798	767
Other retained earnings	40,699	35,932
Retained earnings	**41,497**	**36,699**

Payment of dividends

In accordance with the resolution of the Annual Shareholders' Meeting on May 3, 2019, BASF SE paid a dividend of €3.20 per share from the retained profit of the 2018 fiscal year. With 918,478,694 qualifying shares, this represented total dividends of €2,939,131,820.80. The remaining €43,303,300.12 in retained profits was allocated to retained earnings.

14 Provisions for pensions

Assumptions used to determine the defined benefit obligation

%	Germany		United States		Switzerland		United Kingdom	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Discount rate	1.00	1.70	3.30	4.10	0.20	0.90	2.40	2.90
Projected pension increase	1.50	1.50	–	–	–	–	3.10	3.10

Assumptions used to determine expenses for pension benefits

From January 1 to June 30 of the respective year in %	Germany		United States		Switzerland		United Kingdom	
	2019	2018	2019	2018	2019	2018	2019	2018
Discount rate	1.70	1.90	4.10	3.60	0.90	0.50	2.90	2.60
Projected pension increase	1.50	1.50	–	–	–	–	3.10	3.10

The assumptions used to determine the defined benefit obligation as of December 31, 2018, are used in the 2019 fiscal year to determine the expenses for pension plans.

The standardized return on plan assets is calculated by multiplying plan assets at the beginning of the year with the discount rate used for existing defined benefit obligations at the beginning of the year, taking into account benefit and contribution payments to be made during the year.

Actuarial losses of €2,855 million in the defined benefit obligation were mainly attributable to the decrease in the discount rate in all currency zones due to capital market developments in the first half of 2019. Including the deviation between the actual return on plan assets and the standardized return on plan assets, negative remeasurement effects totaled €1,820 million. These were recognized in other comprehensive income (OCI), taking into account deferred taxes of €614 million. Overall, pension provisions rose by €1,629 million compared with December 31, 2018.

15 Other provisions

Development in H1 2019

Million €

	January 1, 2019	Additions	Unwinding of discount	Utilization	Releases	Other changes	June 30, 2019
Restoration obligations	86	–	1	–	(1)	–	86
Environmental protection and remediation costs	638	18	1	(37)	(1)	4	623
Employee obligations	1,817	833	1	(1,300)	(25)	20	1,346
Obligations from sales and purchase contracts	1,261	1,216	–	(331)	(44)	3	2,105
Restructuring measures	121	42	–	(34)	(2)	(1)	126
Litigation, damage claims, warranties and similar obligations	140	16	–	(17)	(3)	–	136
Other	1,049	135	–	(75)	(11)	2	1,100
Total	**5,112**	**2,260**	**3**	**(1,794)**	**(87)**	**28**	**5,522**

On June 30, 2019, other provisions were €410 million above the year-end 2018 figure.

Provisions for personnel obligations declined significantly following the payout of the 2018 bonus to employees of the BASF Group.

Current accruals for discounts significantly exceeded the utilization of provisions from the previous year for seasonal reasons. This led to an increase in provisions for obligations from sales contracts.

Other changes include currency effects and the reclassification of obligations to liabilities when the amount and timing of these obligations became known.

16 Liabilities

Liabilities

Million €	June 30, 2019		December 31, 2018		June 30, 2018	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Accounts payable, trade	**4,835**	**–**	**5,122**	**–**	**5,032**	**–**
Bonds and other liabilities to the capital market	4,091	13,816	4,603	13,841	2,875	14,883
Liabilities to credit institutions	986	2,144	906	1,491	775	1,756
Financial indebtedness	**5,077**	**15,960**	**5,509**	**15,332**	**3,650**	**16,639**
Tax liabilities	**763**	**–**	**695**	**–**	**1,217**	**–**
Advances received on orders	207	–	903	–	100	–
Negative fair values from derivatives and liabilities for precious metal obligations	419	240	342	230	937	273
Liabilities related to social security	88	57	85	58	106	72
Miscellaneous liabilities	2,461	1,529	1,633	394	2,459	724
Deferred income	59	25	35	23	58	22
Other liabilities	**3,234**	**1,851**	**2,998**	**705**	**3,660**	**1,091**
Liabilities	**13,909**	**17,811**	**14,324**	**16,037**	**13,559**	**17,730**

The increase in miscellaneous liabilities compared with December 31, 2018, and as of June 30, 2018, was mainly attributable to the initial application of IFRS 16.

Financial indebtedness

Million €

		Currency	Nominal value[a]	Effective interest rate	Carrying amounts based on effective interest method: June 30, 2019	December 31, 2018	June 30, 2018
BASF SE							
Commercial paper		USD	2,836		2,488	2,549	1,094
1.500%	Bond 2012/2018	EUR	1,000	1.51%	–	–	999
1.375%	Bond 2014/2019	EUR	750	1.44%	–	750	750
variable	Bond 2017/2019	EUR	1,250	variable	1,251	1,252	1,258
variable	Bond 2013/2020	EUR	300	variable	300	300	300
1.875%	Bond 2013/2021	EUR	1,000	1.47%	1,006	1,008	1,008
2.500%	Bond 2017/2022	USD	500	2.65%	438	435	427
1.375%	Bond 2018/2022	GBP	250	1.52%	278	278	281
2.000%	Bond 2012/2022	EUR	1,250	1.93%	1,253	1,254	1,252
0.925%	Bond 2017/2023	USD	850	0.83%	713	703	688
0.875%	Bond 2016/2023	GBP	250	1.06%	277	277	279
2.500%	Bond 2014/2024	EUR	500	2.60%	498	498	498
1.750%	Bond 2017/2025	GBP	300	1.87%	332	333	336
0.875%	Bond 2018/2025	EUR	750	0.97%	746	745	745
3.675%	Bond 2013/2025	NOK	1,450	3.70%	149	146	152
0.875%	Bond 2017/2027	EUR	1,000	1.04%	987	986	985
2.670%	Bond 2017/2029	NOK	1,600	2.69%	165	161	168
0.875%	Bond 2019/2029	EUR	250	1.01%	247	–	–
1.500%	Bond 2018/2030	EUR	500	1.63%	494	494	493
1.500%	Bond 2016/2031	EUR	200	1.58%	198	198	198
0.875%	Bond 2016/2031	EUR	500	1.01%	493	492	492
2.370%	Bond 2016/2031	HKD	1,300	2.37%	146	145	142
1.450%	Bond 2017/2032	EUR	300	1.57%	296	296	296
3.000%	Bond 2013/2033	EUR	500	3.15%	492	492	491
2.875%	Bond 2013/2033	EUR	200	3.09%	198	198	198

a Million in issuing currency as of the balance sheet date

Continued on next page

Continued from previous page

Financial indebtedness

Million €

		Currency	Nominal value[a]	Effective interest rate	Carrying amounts based on effective interest method June 30, 2019	December 31, 2018	June 30, 2018
4.000%	Bond 2018/2033	AUD	160	4.24%	96	96	–
1.625%	Bond 2017/2037	EUR	750	1.73%	737	737	737
3.250%	Bond 2013/2043	EUR	200	3.27%	200	199	199
1.025%	Bond 2018/2048	JPY	10,000	1.03%	81	79	–
3.890%	U.S. private placement series A 2013/2025	USD	250	3.92%	219	218	214
4.090%	U.S. private placement series B 2013/2028	USD	700	4.11%	614	610	599
4.430%	U.S. private placement series C 2013/2034	USD	300	4.45%	263	261	257
BASF Finance Europe N.V.							
0.000%	Bond 2016/2020	EUR	1,000	0.14%	998	997	997
3.625%	Bond 2018/2025	USD	200	3.69%	175	174	171
0.750%	Bond 2016/2026	EUR	500	0.88%	495	495	495
Other bonds					**584**	**588**	**559**
Bonds and other liabilities to the capital market					**17,907**	**18,444**	**17,758**
Liabilities to credit institutions					3,130	2,397	2,531
Financial indebtedness					**21,037**	**20,841**	**20,289**

a Million in issuing currency as of the balance sheet date

17 Related party transactions

The BASF Group maintains relationships with several related parties that can exert influence on the BASF Group or over which the BASF Group exercises control or joint control, or a significant influence. The following tables show the scope of the Group's transactions with related parties.

Sales to related parties include contributions from the discontinued oil and gas business for the period from January 2018 to April 2019.

Sales from joint ventures with BASF Group companies amounted to €326 million in the first half of 2019, and €253 million in the first half of 2018. Sales from associated companies with companies in the BASF Group amounted to €319 million in the first half of 2019, and €254 million in the first half of 2018.

Sales and trade accounts receivable from and trade accounts payable to related parties mainly included business with own products, merchandise, agency and licensing businesses, and other operating businesses.

Other receivables and liabilities primarily arose from financing activities, from accounts used for cash pooling, outstanding dividend payments, profit and loss transfer agreements, and other finance-related and operating activities and transactions.

In the first half of 2019, valuation allowances of €1 million were expensed for trade accounts receivable from associated companies. There were no valuation allowances recognized as an expense in the prior-year period.

The balance of valuation allowances for trade accounts receivable from related parties amounted to €5 million as of June 30, 2019, compared with €13 million as of December 31, 2018. Valuation allowances for other receivables from related parties declined from €77 million as of December 31, 2018, to €22 million as of June 30, 2019. In both cases, the decrease was attributable to the deconsolidation of the Wintershall companies on April 30, 2019.

Since the merger of the paper and water chemicals business with Solenis as of February 1, 2019, the sales, receivables and trade accounts payable as well as other liabilities to the Solenis group have been included in associated companies in the tables below.

Since May 1, 2019, following the merger of the oil and gas businesses of Wintershall and DEA, the sales, receivables and trade accounts payable to Wintershall Dea have been included in joint ventures in the tables below.

There were no reportable related-party transactions with members of the Board of Executive Directors or the Supervisory Board and their related parties during the reporting period.

Sales to related parties

Million €

	H1	
	2019	2018
Nonconsolidated subsidiaries	327	288
Joint ventures	332	284
Associated companies	319	190

Trade accounts receivable from / trade accounts payable to related parties

Million €

	Accounts receivable, trade		
	June 30, 2019	Dec. 31, 2018	June 30, 2018
Nonconsolidated subsidiaries	186	175	202
Joint ventures	84	91	80
Associated companies	163	78	76

	Accounts payable, trade		
	June 30, 2019	Dec. 31, 2018	June 30, 2018
Nonconsolidated subsidiaries	68	101	66
Joint ventures	103	75	86
Associated companies	42	42	33

Other receivables from / liabilities to related parties

Million €

	Other receivables		
	June 30, 2019	Dec. 31, 2018	June 30, 2018
Nonconsolidated subsidiaries	251	247	152
Joint ventures	96	284	352
Associated companies	72	70	84

	Other liabilities		
	June 30, 2019	Dec. 31, 2018	June 30, 2018
Nonconsolidated subsidiaries	205	190	134
Joint ventures	675	432	664
Associated companies	232	271	369

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the Condensed Consolidated Half-Year Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Consolidated Interim Management's Report includes a fair review of the development and performance of the business as well as the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining fiscal year.

Ludwigshafen, July 22, 2019

BASF SE
The Board of Executive Directors

Quarterly Statement Q3 2019

October 24, 2019

BASF Report 2019

February 28, 2020

Quarterly Statement Q1 2020 / Annual Shareholders' Meeting 2020

April 30, 2020

Half-Year Financial Report 2020

July 29, 2020

Quarterly Statement Q3 2020

October 28, 2020

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Further information

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Forward-looking statements and forecasts

This half-year financial report contains forward-looking statements. These statements are based on current estimates and projections of the Board of Executive Directors and currently available information. Forward-looking statements are not guarantees of the future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. Such risk factors include those discussed in Opportunities and Risks on pages 123 to 130 of the BASF Report 2018. The BASF Report is available online at basf.com/report. We do not assume any obligation to update the forward-looking statements contained in this half-year financial report above and beyond the legal requirements.

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