

Reporting Factsheet Q4/FY 2019

BASF Group ¹ (million €)	Q4 2019 ²	Q4 2018 ²	Change (%)	FY 2019	FY 2018	Change (%)
Sales	14,686	14,985	(2)	59,316	60,220	(2)
EBITDA before special items	1,740	1,451	20	8,217	9,271	(11)
EBITDA	1,491	1,303	14	8,036	8,970	(10)
Depreciation and amortization ³	1,031	833	24	3,984	2,996	33
EBIT	460	470	(2)	4,052	5,974	(32)
Special items	(305)	(151)	.	(484)	(307)	(58)
EBIT before special items	765	621	23	4,536	6,281	(28)
Financial result	(184)	(232)	21	(750)	(741)	(1)
Income before income taxes	276	238	16	3,302	5,233	(37)
Income after taxes from continuing operations	223	186	20	2,546	4,116	(38)
Income after taxes from discontinued operations	(36)	245	.	5,945	863	.
Net income	150	348	(57)	8,421	4,707	79
Earnings per share (€)	0.16	0.37	(57)	9.17	5.12	79
Adjusted earnings per share (€)	0.63	0.72	(13)	4.00	5.87	(32)
Dividend per share (€)	-	-	-	3.30	3.20	3
Research and development expenses	605	641	(6)	2,158	1,994	8
Personnel expenses	2,572	2,719	(5)	10,924	10,659	2
Assets (end of period)	86,950	86,556	0	86,950	86,556	0
Investments including acquisitions ⁴	1,304	1,187	10	4,097	10,735	(62)
ROCE	-	-	-	7.7	12.0	-
Equity ratio (end of period, %)	48.7	41.7	-	48.7	41.7	-
Net debt (end of period)	15,506	18,197	(15)	15,506	18,197	(15)
Cash flows from operating activities	3,157	1,554	103	7,474	7,939	(6)
Free cash flow	1,981	88	.	3,650	4,045	(10)

¹ Restated figures due to reporting of construction chemicals as discontinued operation

² Quarterly results not audited

³ Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments) excluding depreciation and amortization attributable to the discontinued construction chemicals business

⁴ Additions to intangible assets and property, plant and equipment

Factors influencing sales (changes in %)	Sales		Volumes		Prices		Portfolio		Currencies	
	Q4 2019	FY 2019	Q4 2019	FY 2019	Q4 2019	FY 2019	Q4 2019	FY 2019	Q4 2019	FY 2019
Chemicals	(16)	(18)	(6)	(11)	(11)	(9)	0	0	1	2
Petrochemicals	(19)	(22)	(8)	(13)	(12)	(10)	0	0	1	1
Intermediates	(8)	(9)	0	(5)	(9)	(6)	0	0	1	2
Materials	(10)	(14)	(2)	(3)	(9)	(12)	0	0	1	1
Performance Materials	(7)	(7)	(4)	(6)	(4)	(3)	0	0	1	2
Monomers	(14)	(20)	0	0	(15)	(21)	0	0	1	1
Industrial Solutions	(12)	(8)	(2)	(1)	(3)	(1)	(9)	(8)	2	2
Dispersions & Pigments	(4)	(2)	(3)	(3)	(3)	(1)	1	0	1	2
Performance Chemicals	(23)	(16)	(1)	2	(2)	(1)	(21)	(19)	1	2
Surface Technologies	18	17	1	1	15	13	0	0	2	3
Catalysts	26	26	3	4	20	18	0	0	3	4
Coatings	0	0	(3)	(3)	2	2	0	0	1	1
Nutrition & Care	2	2	3	2	(2)	(2)	0	0	1	2
Care Chemicals	(2)	(3)	0	(3)	(3)	(2)	0	0	1	2
Nutrition & Health	12	15	9	16	2	(3)	0	0	1	2
Agricultural Solutions	7	27	1	(1)	6	3	0	24	0	1
Other	3	2	(3)	(3)	(4)	(9)	8	11	2	3
BASF Group	(2)	(2)	(1)	(3)	(1)	(3)	(1)	2	1	2

Segments¹

Q4 (million €)

	Sales			EBITDA before special items			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2019	2018	+/-	2019	2018	+/-	2019	2018	+/-	2019	2018	+/-
	Chemicals	2,375	2,828	(16%)	336	432	(22%)	115	257	(55%)	109	255
Materials	2,680	2,983	(10%)	268	316	(15%)	80	155	(48%)	71	147	(52%)
Industrial Solutions	1,932	2,207	(12%)	213	170	25%	108	61	77%	47	42	12%
Surface Technologies	3,634	3,085	18%	359	299	20%	236	200	18%	202	174	16%
Nutrition & Care	1,500	1,464	2%	238	183	30%	126	79	59%	89	69	29%
Agricultural Solutions	1,808	1,684	7%	351	188	87%	161	38	324%	84	(46)	.
Other	757	734	3%	(25)	(137)	82%	(61)	(169)	64%	(142)	(171)	17%
BASF Group	14,686	14,985	(2%)	1,740	1,451	20%	765	621	23%	460	470	(2%)

Full year (million €)

	Sales			EBITDA before special items			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2019	2018	+/-	2019	2018	+/-	2019	2018	+/-	2019	2018	+/-
	Chemicals	9,532	11,694	(18%)	1,574	2,245	(30%)	791	1,587	(50%)	622	1,573
Materials	11,466	13,270	(14%)	1,719	3,020	(43%)	1,003	2,400	(58%)	973	2,374	(59%)
Industrial Solutions	8,389	9,120	(8%)	1,249	1,090	15%	820	668	23%	889	653	36%
Surface Technologies	13,142	11,199	17%	1,173	995	18%	722	617	17%	663	574	16%
Nutrition & Care	6,075	5,940	2%	1,214	1,128	8%	793	736	8%	644	715	(10%)
Agricultural Solutions	7,814	6,156	27%	1,809	1,128	60%	1,095	734	49%	928	591	57%
Other	2,898	2,841	2%	(521)	(335)	(56%)	(688)	(461)	(49%)	(667)	(506)	(32%)
BASF Group	59,316	60,220	(2%)	8,217	9,271	(11%)	4,536	6,281	(28%)	4,052	5,974	(32%)

¹ The segment data for 2018 has been restated to reflect the new segment structure. Figures do not include the construction chemicals activities presented as discontinued operations.

Regions

Million €

Q4	Sales Location of company			Sales Location of customer			EBIT Location of company		
	2019	2018	+/-	2019	2018	+/-	2019	2018	+/-
	Europe	5,866	6,329	(7%)	5,490	5,870	(6%)	(25)	23
of which Germany	3,158	3,984	(21%)	1,384	1,381	0%	(236)	(216)	(9%)
North America	4,135	4,211	(2%)	3,946	4,079	(3%)	206	60	243%
Asia Pacific	3,547	3,337	6%	3,781	3,552	6%	194	214	(9%)
South America, Africa, Middle East	1,138	1,108	3%	1,469	1,484	(1%)	85	173	(51%)
BASF Group	14,686	14,985	(2%)	14,686	14,985	(2%)	460	470	(2%)
Full year									
Europe	25,706	27,526	(7%)	23,827	25,589	(7%)	1,976	3,210	(38%)
of which Germany	14,049	17,767	(21%)	6,123	6,687	(8%)	418	1,146	(64%)
North America	16,420	15,900	3%	15,948	15,388	4%	692	794	(13%)
Asia Pacific	13,384	13,454	(1%)	14,203	14,210	0%	1,082	1,793	(40%)
South America, Africa, Middle East	3,806	3,340	14%	5,338	5,033	6%	302	177	71%
BASF Group	59,316	60,220	(2%)	59,316	60,220	(2%)	4,052	5,974	(32%)

Segments Q4 2019 vs. Q4 2018

Chemicals

In the Chemicals segment, sales in both divisions were considerably lower than in the prior-year quarter, especially in the Petrochemicals division. The sales decline was mainly due to lower prices in both divisions driven by increased supply demand imbalances in an overall weak demand environment. In Petrochemicals, volumes declined as well, primarily due to significantly lower capacity utilization of the condensate splitter in Port Arthur, Texas. Volumes in the Intermediates division were stable. Positive currency effects had a slightly offsetting effect in both divisions.

EBIT before special items in Chemicals decreased considerably compared with Q4 2018 due to a considerable decline in Petrochemicals. This decline was attributable to lower margins for monoethylene glycols and styrene monomers in Europe as well as for steam cracker products and acrylics in Asia. In addition, fixed costs increased in absence of an insurance payment received in Q4 2018. In Intermediates, margins for butanediol & derivatives and acids & polyalcohols remained weak, but EBIT before special items improved on lower fixed costs.

Materials

Sales in the Materials segment declined considerably compared with Q4 2018, both in the Monomers division and in the Performance Materials division. The sales development was mainly driven by lower prices in both divisions, especially in the Monomers division from lower isocyanate and polyamide prices as a result of higher market supply. In the Performance Materials division, sales were reduced by lower prices for polyurethane systems due to the decline in raw materials prices. Volumes in the Materials segment declined slightly. Volumes in the Monomers division were stable, while volumes in the Performance Materials division declined slightly. This was largely due to the continued weak demand for engineering plastics in the automotive industry. Currency effects had a slightly positive impact in both divisions.

EBIT before special items in Materials was considerably below the level of the prior-year quarter due to a considerable decline in Monomers. In the Monomers division, lower fixed costs were more than offset by weaker margins for isocyanates and polyamides. EBIT before special items in the Performance Materials division increased considerably driven by higher margins for polyurethane systems and engineering plastics as well as lower fixed costs.

Industrial Solutions

In the Industrial Solutions segment, sales were considerably below the figure for the prior-year quarter, mainly driven by the Performance Chemicals division. The decline in sales largely reflected the transfer of BASF's paper and water chemicals business, which was previously reported under Performance Chemicals, to Solenis as of January 31, 2019. Sales were also reduced by slightly lower prices in both divisions, mainly triggered by lower raw material prices. Volumes in Performance Chemicals declined slightly, mainly driven by the overall weak demand from the automotive and mining industries. The slight decline in volumes in Dispersions & Pigments was mainly related to a weak demand for pigments and dispersions in an overall weak economic environment; this could not be offset by higher volumes in resins and additives. Slightly positive currency effects in both divisions, mainly from the U.S. dollar, had an offsetting effect.

We considerably increased EBIT before special items compared with Q4 2018. This was driven by considerably lower fixed costs and slightly higher margins in both divisions, which could offset the negative impact from lower sales.

Surface Technologies

Sales in Surface Technologies increased considerably compared with Q4 2018 due to higher sales in the Catalysts division. Positive price effects, slightly higher volumes and positive currency effects contributed to the sales increase. Price increases were most pronounced in precious metal trading and in mobile emission catalysts. In precious metal trading, sales rose to €1,302 million (Q4 2018: €986 million). Sales in the Coatings division were stable. Higher prices and positive currency effects were offset by lower sales volumes.

EBIT before special items in Surface Technologies increased considerably, mainly due to higher contributions from the Coatings division as a result of lower fixed costs and higher margins. In Catalysts, earnings increased slightly, mainly on account of higher contributions from mobile emission catalysts and precious metal trading.

Nutrition & Care

The Nutrition & Care segment recorded slight sales growth compared with Q4 2018. Considerably higher sales in the Nutrition & Health division more than offset slightly lower sales in the Care Chemicals division. The positive sales development was attributable to higher volumes and slightly higher prices in the Nutrition & Health division as a result of improved product availability in the aroma and pharma businesses. Prices improved in the animal nutrition business. Sales volumes in the Care Chemicals division were on prior year level. We recorded higher volumes in the home care, industrial and institutional cleaning, and formulation technologies businesses, while volumes in the oleochemical surfactants and alcohols business as well as in personal care specialties declined. Slightly lower prices in the Care Chemicals division, mainly in the oleo surfactants and alcohols business, had an offsetting effect. Currency effects had a slightly positive impact in both divisions.

Overall, EBIT before special items rose considerably year on year. This was attributable to a considerable increase in EBIT before special items in the Nutrition & Health division due to higher margins and slightly lower fixed costs. By contrast, EBIT before special items declined slightly in the Care Chemicals division. This was due to higher fixed costs which could not be compensated by higher margins.

Agricultural Solutions

The Agricultural Solutions segment recorded considerable sales growth compared with Q4 2018. This was primarily attributable to higher price levels, especially for herbicides and seeds. Sales volumes increased slightly, mainly due to higher volumes in seeds and traits, insecticides and seed treatment products. Volumes in herbicides and fungicides declined and partially offset the overall increase. Portfolio and currency effects had no impact on sales.

- In Europe, sales were significantly below the prior-year quarter, primarily due to lower volumes. Prices increased and had a slightly offsetting effect.
- Sales in North America increased considerably driven by higher price levels, product mix effects and positive currency effects. Volumes were stable.
- Sales in Asia Pacific went up considerably as a result of higher volumes, especially in India, Japan and Indonesia as well as positive currency effects. Prices decreased and negatively impacted sales growth.
- Sales in the region South America, Africa, Middle East rose considerably on account of higher volumes and higher prices. Negative currency effects were mainly related to the Brazilian Real and the Argentinian Peso.

EBIT before special items increased considerably compared with Q4 2018, mainly driven by increased sales and higher margins.

Other

Sales in Other increased slightly. This was mainly driven by portfolio effects attributable to the remaining activities of the paper and water chemicals business, which have been reported under Other since February 2019 following the divestiture.

EBIT before special items improved considerably compared to Q4 2018 as a result of higher margins and lower fixed costs. EBIT included special charges for the implementation of the Excellence Program and restructuring measures.

Outlook 2020

Underlying assumptions for 2020 (prior year figures in parentheses)

- GDP growth: +2.0% (+2.6%)
- Growth in global industrial production: +1.2% (+1.5%)
- Growth in global chemical production: +1.2% (+1.8%)
- Average exchange rate: US\$1.15 per € (US\$1.12 per €)
- Average oil price (Brent): US\$60 per barrel (US\$64 per barrel)
- Annual impact of US\$ change (€ depreciation) -1 US\$-Cent per €: sales: +€215 million; EBIT: +€40 million

Outlook 2020 BASF Group (prior year figures in parentheses)

- Sales: €60 billion – €63 billion (€59.3 billion)
- EBIT before special items: €4.2 billion – €4.8 billion (€4.5 billion)
- ROCE: 6.7% – 7.7% (7.7%)

Outlook 2020 by segment¹

million €	Sales		EBIT before special items		ROCE	
	2019	Forecast 2020	2019	Forecast 2020	2019	Forecast 2020
Chemical	9,532	slight increase	791	considerable decline	6.8%	slight increase
Materials	11,466	considerable increase	1,003	considerable decline	10.7%	considerable decline
Industrial Solutions	8,389	slight increase	820	considerable increase	12.5%	considerable decline
Surface Technologies	13,142	slight increase	722	slight increase	5.7%	at prior-year level
Nutrition & Care	6,075	considerable increase	793	slight increase	10.0%	considerable increase
Agricultural Solutions	7,814	considerable increase	1,095	slight increase	5.3%	slight increase
Other	2,898	at prior-year level	(688)	considerable increase	-	-
BASF Group	59,316	€60 billion – €63 billion	4,536	€4.2 billion – €4.8 billion	7.7%	6.7% – 7.7%

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 9% for 2020, 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."

Forward-looking statements

This factsheet 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 139 to 147 of the BASF Report 2019. BASF does not assume any obligation to update the forward-looking statements contained in this factsheet above and beyond the legal requirements.