Reporting Factsheet

Q4 2012

BASF
The Chemical Company

BASF Group (Million €)	**Q4 2012**	Q4 2011	Change (%)	*Q4 2012*	*Q3 2012*	*Change (%)*
Sales	**19,648**	18,068	8.7	*19,648*	*19,010*	*3.4*
Income from operations before depreciation and amortization (EBITDA)	**2,684**	2,904	(7.6)	*2,684*	*2,810*	*(4.5)*
Income from operations (EBIT) before special items	**1,789**	1,514	18.2	*1,789*	*2,070*	*(13.6)*
EBIT bef. SI adjusted for non-compensable oil taxes	**1,297**	1,355	(4.3)	*1,297*	*1,578*	*(17.8)*
Income from operations (EBIT)	**1,625**	1,937	(16.1)	*1,625*	*2,002*	*(18.8)*
Financial result	**(241)**	(164)	(47.0)	*(241)*	*(114)*	*(111.4)*
Income before taxes and minority interests	**1,384**	1,773	(21.9)	*1,384*	*1,888*	*(26.7)*
Net income	**980**	1,131	(13.4)	*980*	*946*	*3.6*
Earnings per share (€)	**1.06**	1.23	(13.8)	*1.06*	*1.03*	*2.9*
Adjusted earnings per share (€)*	**1.35**	1.05	28.6	*1.35*	*1.19*	*13.4*
EBITDA in % of sales	**13.7**	16.1	-	*13.7*	*14.8*	*-*
Cash provided by operating activities	**1,577**	2,077	(24.1)	*1,577*	*1,696*	*(7.0)*
Additions to long-term assets**	**2,465**	1,412	74.6	*2,465*	*1,022*	*141.2*
Amortization and depreciation**	**1,059**	967	9.5	*1,059*	*808*	*31.1*
Segment assets (end of period)***	**54,063**	51,204	5.6	*54,063*	*53,121*	*1.8*
Personnel costs	**2,149**	2,087	3.0	*2,149*	*2,432*	*(11.6)*
Number of employees (end of period)	**113,262**	111,141	1.9	*113,262*	*113,452*	*(0.2)*

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

Segments 4th **Quarter** (Million €)	**Sales 2012**	Sales 2011	Sales Change (%)	**EBIT bef. special items 2012**	EBIT bef. special items 2011	EBIT bef. special items Change (%)	**EBIT 2012**	EBIT 2011	EBIT Change (%)
Chemicals	**3,436**	3,122	10.1	**355**	381	(6.8)	**356**	379	(6.1)
Plastics	**2,877**	2,573	11.8	**180**	110	63.6	**170**	168	1.2
Performance Products	**3,735**	3,629	2.9	**183**	220	(16.8)	**150**	95	57.9
Functional Solutions	**2,794**	2,870	(2.6)	**141**	88	60.2	**(6)**	(41)	85.4
Agricultural Solutions	**877**	822	6.7	**33**	41	(19.5)	**24**	39	(38.5)
Oil & Gas	**4,768**	3,940	21.0	**999**	685	45.8	**879**	685	28.3
thereof Exploration & Production	***1,383***	*1,017*	36.0	***903***	*564*	60.1	***783***	*564*	38.8
Natural Gas trading	***3,385***	*2,923*	15.8	***96***	*121*	(20.7)	***96***	*121*	(20.7)
Other*	**1,161**	1,112	4.4	**(102)**	(11)	-	**52**	612	(91.5)
BASF Group	**19,648**	18,068	8.7	**1,789**	1,514	18.2	**1,625**	1,937	(16.1)

**) "Other" includes the sale of feedstock, engineering and other services, as well as rental income and leases. This item also includes foreign currency results from financial indebtedness and results from hedging for raw material prices that are not allocated to the segments. The Q4 2011 figures include the fertilizer activities, which have been divested thereafter.*

Factors influencing sales changes in % vs. Q4 2011	**Changes in sales Q4 2012**	**Thereof** Volumes	**Prices**	**Currencies**	**Acqu./Divest.**
Chemicals	10	2	3	2	3
Plastics	12	4	5	3	0
Performance Products	3	4	(2)	2	(1)
Functional Solutions	(3)	(5)	(1)	1	2
Agricultural Solutions	7	2	(1)	4	2
Oil & Gas	21	18	3*		0
BASF Group	**9**	**6**	**1**	**2**	**0**

**) mix of price and currency effects*

Segments Q4 2012 vs. Q4 2011

Chemicals: (sales: +10%; v:+2%; p:+3%; c:+2%; s:+3%)* Sales increased, equally driven by price and portfolio effects, the latter resulting from feedstock sales to the new owner of the divested fertilizer business. Volume growth and currency tailwinds also contributed to topline growth. EBIT before special items declined mainly due to lower margins and shutdowns.

- In *Inorganics*, sales increased. The main driver was feedstock sales to the new owner of the divested fertilizer business, which are now reported as third-party sales. EBIT before special items, however, was below Q4 2011, which had benefitted from the dissolution of provisions.
- Sales in *Petrochemicals* increased. Higher selling prices and a favorable exchange rate development more than offset a slight decrease in volumes due to weaker demand. Higher raw material costs could not be fully passed on and cracker margins came under pressure. Planned and unplanned shutdowns at our sites in Ludwigshafen and Port Arthur, Texas, also negatively impacted earnings. Thus, EBIT before special items was lower.
- Sales in *Intermediates* increased due to improved demand. EBIT before special items came in above previous year.

Plastics: (sales: +12%; v:+4%; p:+5%; c:+3%; s:0%)* Sales increased due to stronger volumes, higher prices and positive currency effects. EBIT before special items rose substantially due to a significant improvement in Polyurethanes.

- In *Performance Polymers*, sales increased due to slightly higher volumes, prices and currency effects. Demand for polyamide precursors remained weak and margins continued to be under pressure. Our engineering plastics business developed positively due to continuing strong demand from the automotive industry. EBIT before special items declined considerably, primarily as a result of weaker margins for polyamide precursors.
- Sales in *Polyurethanes* grew strongly driven by higher volumes and prices. Demand from the automotive industry was again on a high level, particularly in North America and Asia, while demand from the construction industry remained subdued. System houses and PU specialities continued to perform strongly. As a consequence, EBIT before special items rose sharply.

Performance Products: (sales +3%; v:+4%; p:(2)%; c:+2%; s:(1)%)* Sales came in above the prior-year quarter, mainly driven by higher volumes. Price declines were offset by positive currency effects. EBIT before special items decreased. We continued to optimize our asset base and business models, which resulted in special items of minus €33 million.

- Sales in *Dispersions & Pigments* were flat. Higher volumes and favorable currency effects compensated for lower prices. We were able to significantly grow volumes in additives. Demand across the other businesses remained stable. EBIT before special items declined significantly due to lower margins as a result of increased raw material costs.
- In *Care Chemicals*, sales rose slightly. Higher volumes more than offset lower prices. The hygiene business experienced strong volume growth, benefitting from product tightness. The market environment for formulation technologies as well as personal care, however, remained challenging and margins declined. Consequently, EBIT before special items was lower.
- In *Nutrition & Health*, sales grew compared to the weak prior-year level, primarily due to higher volumes in all businesses. Prices declined mainly as a result of lower vitamin prices in animal nutrition. Continuing margin pressure and higher fixed costs kept EBIT before special items below the level of last year's fourth quarter.
- In *Paper Chemicals*, sales almost reached the prior-year level. Favorable currency effects nearly compensated for lower volumes and prices. We continued to implement restructuring measures, which negatively affected volumes. Volumes of the continued business, however, rose slightly. EBIT before special items decreased due to lower margins and higher fixed costs, mainly as a result of the start-up of two new plants in China.
- In *Performance Chemicals*, sales increased thanks to higher volumes and a positive currency impact. While demand for fuel and lubricants was slightly lower, we were able to increase volumes for oilfield and mining chemicals as well as plastic additives. As a result, EBIT before special items went up.

Functional Solutions: (sales: (3)%; v:(5)%; p:(1)%; c:+1%; s:+2%)* Sales decreased slightly. Overall volumes were down, especially due to lower precious metals trading. Our strict fixed cost management led to a substantial increase in EBIT before special items. Special charges of 147 million euros mainly resulted from restructuring measures in the Construction Chemicals division.

- In *Catalysts*, sales were down. Precious metal trading decreased by €35 million to €640 million. We saw double-digit unit growth in mobile emission catalysts, driven by strong OEM business in Asia and North America. An improved product mix and lower manufacturing costs led to an increase of EBIT before special items.
- In *Construction Chemicals*, sales rose, driven by significantly improved demand in North America and Middle East. European sales were lower due to the continued weakness in the southern part of the region. EBIT before special items increased strongly because we were able to raise prices and improve margins. On top, we realized the first benefits from the implementation of restructuring measures.
- Sales in *Coatings* increased slightly. OEM coatings demand grew strongly in the Americas and with European premium manufacturers, while refinish coatings performed well in Asia. Due to better margins, EBIT before special items was up.

Agricultural Solutions: (sales: +7%; v:+2%; p:(1)%; c:+4%; s:+2%)* Sales were up in the fourth quarter. Growth was driven by higher volumes, the consolidation of the Becker Underwood acquisition, and a favorable foreign exchange impact. Prices were almost at the same level as in the prior year quarter.

Oil & Gas: (sales: +21%; v:+18%; p/c:+3%; s:0%)* Sales grew strongly mainly due to higher volumes in Exploration & Production as well as Natural Gas Trading. EBIT before special items grew substantially. Special charges amounted to 120 million euros and were related to an impairment of the Yme development project in Norway. Non-compensable taxes on oil production amounted to 492 million euros.

Other: Sales were slightly up.The allocation of special items to the operating divisions resulted in a positive contribution of approximately €150 million to Other. In the previous year's fourth quarter we reported special items of roughly plus €600 million, which primarily came from the disposal gain of Styrolution.

*v=volume; p=price; c=currency; s=structure

Financials

Q4 2012:

- Special items Q4 2012: -€164 million (Q4 2011: €423 million, mainly reflecting the disposal gain of Styrolution)
  - Performance Products: -€33 million special items due to the optimization of our asset base and business models
  - Functional Solutions: -€147 million special items mainly from restructuring measures in Construction Chemicals
  - Oil & Gas: -€120 million special items related to an impairment of the Yme development project
  - Other: €154 million positive special items
- Income taxes Q4 2012: €316 million (Q4 2011: €588 million).
  Non-compensable oil taxes Q4 2012: €492 million (Q4 2011: €159 million).
  Tax rate Q4 2012: 22.8% (Q4 2011: 33.2%, due to higher earnings in high-tax regions).
  Underlying tax rate Q4 2012: -19.7%, due to reversal of a tax provision (Q4 2011: 26.6%).
- Financial result Q4 2012: -€241 million (Q4 2011: -€164 million).

FY 2012:

- Cash provided by operating activities in 2012: €6,733 million (2011: €7,105 million). Increase in net working capital by €955 million in 2012 (2011: €906 million increase). Free cash flow in 2012: €2,584 million (2011: €3,695 million).
- Capex in 2012: €4,149 million (2011: €3,410 million).
- Equity ratio 40.1% (Dec. 31,2012); net debt: €11.6 billion (2011: €11.0 billion).

Dividend

- We will propose a dividend of €2.60 at the Annual Meeting on April 26, 2013.
- We continue to aim to increase our dividend each year, or at least maintain it at the previous year's level.

Outlook

Underlying assumptions for 2013:

- Global GDP: **2.4%** (2012: 2.2%).
- Global industrial production: **3.4%** (2012: 2.4%).
- Global chemical production (excl. pharma): **3.6%** (2012: 2.6%).
- Average US$/€ exchange rate of US$1.30/€.
- Average oil price of US$110 per barrel.

Forecast 2013:**

- Excluding the effects of acquisitions and divestitures, we strive to increase our sales volumes in 2013.
- We want to exceed the 2012 levels in sales and EBIT before special items.
- The expected increase in demand, together with our measures to improve operational excellence and raise efficiency, will contribute to this.
- We aim to earn a high premium on cost of capital once again in 2013.

** In our forecast, we have applied the previous consolidation method in order to ensure comparability with the prior year. Changes due to IFRS 10 and 11 are not considered in the outlook statement. However, the qualitative statements made in our forecast remain valid.

BASF Group Q4 and full year 2012
(Million €)

Chemicals	Q4 2012	Q4 2011	Change (%)	FY 2012	FY 2011	Change (%)
Sales	**3,436**	3,122	10.1	**13,824**	12,958	6.7
thereof: Inorganics	**470**	355	32.4	**1,735**	1,415	22.6
Petrochemicals	**2,269**	2,136	6.2	**9,179**	8,839	3.8
Intermediates	**697**	631	10.5	**2,910**	2,704	7.6
EBITDA	**536**	567	(5.5)	**2,409**	3,188	(24.4)
EBIT before special items	**355**	381	(6.8)	**1,717**	2,441	(29.7)
EBIT	**356**	379	(6.1)	**1,718**	2,442	(29.6)

Plastics	Q4 2012	Q4 2011	Change (%)	FY 2012	FY 2011	Change (%)
Sales	**2,877**	2,573	11.8	**11,402**	10,990	3.7
thereof: Performance Polymers	**1,229**	1,178	4.3	**5,110**	5,138	(0.5)
Polyurethanes	**1,648**	1,395	18.1	**6,292**	5,852	7.5
EBITDA	**290**	280	3.6	**1,314**	1,678	(21.7)
EBIT before special items	**180**	110	63.6	**873**	1,203	(27.4)
EBIT	**170**	168	1.2	**874**	1,259	(30.6)

Performance Products	Q4 2012	Q4 2011	Change (%)	FY 2012	FY 2011	Change (%)
Sales	**3,735**	3,629	2.9	**15,871**	15,697	1.1
thereof: Dispersions & Pigments	**795**	795	0.0	**3,677**	3,509	4.8
Care Chemicals	**1,204**	1,180	2.0	**4,957**	5,174	(4.2)
Nutrition & Health	**482**	442	9.0	**1,959**	1,862	5.2
Paper Chemicals	**387**	390	(0.8)	**1,634**	1,623	0.7
Performance Chemicals	**867**	822	5.5	**3,644**	3,529	3.3
EBITDA	**360**	375	(4.0)	**2,113**	2,312	(8.6)
EBIT before special items	**183**	220	(16.8)	**1,428**	1,727	(17.3)
EBIT	**150**	95	57.9	**1,286**	1,361	(5.5)

Functional Solutions	Q4 2012	Q4 2011	Change (%)	FY 2012	FY 2011	Change (%)
Sales	**2,794**	2,870	(2.6)	**11,460**	11,361	0.9
thereof: Catalysts	**1,488**	1,595	(6.7)	**6,184**	6,380	(3.1)
Construction Chemicals	**558**	536	4.1	**2,315**	2,181	6.1
Coatings	**748**	739	1.2	**2,961**	2,800	5.8
EBITDA	**183**	167	9.6	**894**	921	(2.9)
EBIT before special items	**141**	88	60.2	**561**	559	0.4
EBIT	**-6**	-41	85.4	**435**	427	1.9

Agricultural Solutions	Q4 2012	Q4 2011	Change (%)	FY 2012	FY 2011	Change (%)
Sales	**877**	822	6.7	**4,679**	4,165	12.3
EBITDA	**70**	87	(19.5)	**1,182**	981	20.5
EBIT before special items	**33**	41	(19.5)	**1,037**	810	28.0
EBIT	**24**	39	(38.5)	**1,026**	808	27.0

Oil & Gas	Q4 2012	Q4 2011	Change (%)	FY 2012	FY 2011	Change (%)
Sales	**4,768**	3,940	21.0	**16,700**	12,051	38.6
thereof: Exploration & Production	**1,383**	1,017	36.0	**5,330**	3,182	67.5
Natural Gas Trading	**3,385**	2,923	15.8	**11,370**	8,869	28.2
EBITDA	**1.156**	832	38.9	**4,721**	2,616	80.5
thereof: Exploration & Production	**1.012**	664	52.4	**4,057**	2,042	98.7
Natural Gas Trading	**144**	168	(14.3)	**664**	574	15.7
EBIT before special items	**999**	685	45.8	**4,104**	2,111	94.4
thereof: Exploration & Production	**903**	564	60.1	**3,622**	1,686	114.8
Natural Gas Trading	**96**	121	(20.7)	**482**	425	13.4
EBIT	**879**	685	28.3	**3,904**	2,111	84.9
thereof: Exploration & Production	**783**	564	38.8	**3,422**	1,686	103.0
Natural Gas Trading	**96**	121	(20.7)	**482**	425	13.4
Non-compensable income taxes on oil-producing operations	**492**	159	209.4	**1,880**	439	328.2
Net income	**250**	276	(9.4)	**1,201**	1,064	12.9

Other	Q4 2012	Q4 2011	Change (%)	FY 2012	FY 2011	Change (%)
Sales	**1,161**	1,112	4.4	**4,793**	6,275	(23.6)
EBITDA	**89**	596	(85.1)	**(117)**	297	-
EBIT before special items	**(102)**	(11)	-	**(839)**	(404)	(107.7)
EBIT	**52**	612	(91.5)	**(267)**	178	-

BASF Group	Q4 2012	Q4 2011	Change (%)	FY 2012	FY 2011	Change (%)
Sales	**19,648**	18,068	8.7	**78,729**	73,497	7.1
EBITDA	**2,684**	2,904	(7.6)	**12,516**	11,993	4.4
EBIT before special items	**1,789**	1,514	18.2	**8,881**	8,447	5.1
EBIT	**1,625**	1,937	(16.1)	**8,976**	8,586	4.5

Excerpt from the BASF Report 2012

BASF The Chemical Company

Page

Statement of income
BASF Group

Statement of income (million €)

	Explanations in note	2012	2011
Sales	[4]	78,729	73,497
Cost of sales	[6]	(58,022)	(53,986)
Gross profit on sales		**20,707**	**19,511**
Selling expenses	[6]	(7,644)	(7,323)
General and administrative expenses	[6]	(1,392)	(1,315)
Research and development expenses	[6]	(1,746)	(1,605)
Other operating income	[7]	1,722	2,008
Other operating expenses	[8]	(2,671)	(2,690)
Income from operations	**[4]**	**8,976**	**8,586**
Income from companies accounted for using the equity method		171	48
Other income from participations		75	966
Other expenses from participations		(43)	(30)
Interest income		179	189
Interest expense		(752)	(763)
Other financial income		930	909
Other financial expenses		(1,100)	(935)
Financial result	**[9]**	**(540)**	**384**
Income before taxes and minority interests		**8,436**	**8,970**
Income taxes	[10]	(3,214)	(2,367)
Income before minority interests		**5,222**	**6,603**
Minority interests	[11]	(343)	(415)
Net income		**4,879**	**6,188**
Earnings per share (€)	**[5]**	**5.31**	**6.74**
Dilution effect	[5]	–	(0.01)
Diluted earnings per share (€)	**[5]**	**5.31**	**6.73**

Balance sheet
BASF Group

Assets (million €)

	Explanations in note	December 31, 2012	December 31, 2011
Intangible assets	[13]	12,241	11,919
Property, plant and equipment	[14]	18,177	17,966
Investments accounted for using the equity method	[15]	2,045	1,852
Other financial assets	[15]	880	848
Deferred tax assets	[10]	1,545	941
Other receivables and miscellaneous long-term assets	[17]	650	561
Long-term assets		**35,538**	**34,087**
Inventories	[16]	9,930	10,059
Accounts receivable, trade	[17]	10,138	10,886
Other receivables and miscellaneous short-term assets	[17]	3,504	3,781
Marketable securities		23	19
Cash and cash equivalents		1,777	2,048
Assets of disposal groups	[2]	3,417	295
Short-term assets		**28,789**	**27,088**
Total assets		**64,327**	**61,175**

Equity and liabilities (million €)

	Explanations in note	December 31, 2012	December 31, 2011
Subscribed capital	[18]	1,176	1,176
Capital surplus	[18]	3,188	3,203
Retained earnings	[19]	20,106	19,446
Other comprehensive income	[19]	110	314
Equity of shareholders of BASF SE		**24,580**	**24,139**
Minority interests		1,224	1,246
Equity		**25,804**	**25,385**
Provisions for pensions and similar obligations	[21]	5,460	3,189
Other provisions	[22]	3,024	3,335
Deferred tax liabilities	[10]	2,511	2,628
Financial indebtedness	[23]	9,113	9,019
Other liabilities	[23]	1,083	1,142
Long-term liabilities		**21,191**	**19,313**
Accounts payable, trade		4,696	5,121
Provisions	[22]	2,687	3,210
Tax liabilities	[10]	1,080	1,038
Financial indebtedness	[23]	4,242	3,985
Other liabilities	[23]	2,395	3,036
Liabilities of disposal groups	[2]	2,232	87
Short-term liabilities		**17,332**	**16,477**
Total equity and liabilities		**64,327**	**61,175**

Statement of cash flows
BASF Group

Statement of cash flows[1] (million €)

	2012	2011
Net income	4,879	6,188
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	3,561	3,419
Changes in inventories	(640)	(1,239)
Changes in receivables	(1,122)	(45)
Changes in operating liabilities and other provisions	807	378
Changes in pension provisions, defined benefit assets and other non-cash items	(314)	(68)
Net gains from disposal of long-term assets and securities	(438)	(1,528)
Cash provided by operating activities	**6,733**	**7,105**
Payments related to intangible assets and property, plant and equipment	(4,149)	(3,410)
Payments related to financial assets and securities	(144)	(346)
Payments related to acquisitions	(1,043)	(148)
Proceeds from divestitures	724	665
Proceeds from the disposal of long-term assets and securities	524	1,501
Cash used in investing activities	**(4,088)**	**(1,738)**
Capital increases/repayments and other equity transactions	(1)	32
Proceeds from the addition of financial liabilities	5,005	2,306
Repayment of financial liabilities	(5,291)	(4,678)
Dividends paid		
To shareholders of BASF SE	(2,296)	(2,021)
To minority shareholders	(345)	(457)
Cash used in financing activities	**(2,928)**	**(4,818)**
Net changes in cash and cash equivalents	**(283)**	**549**
Effects on cash and cash equivalents		
From foreign exchange rates	10	9
From changes in scope of consolidation	2	(3)
Cash and cash equivalents at the beginning of the year	**2,048**	**1,493**
Cash and cash equivalents at the end of the year	**1,777**	**2,048**

[1] More information on the Statement of cash flows can be found in the Management's Analysis (Financial position) from page 54 onward. Other information on cash flows can be found in Note 28 on page 204.

Results of operations

Sales and earnings (million €)

		2012	2011	Change in %
Sales		78,729	73,497	7.1
Income from operations before depreciation and amortization (EBITDA)		12,516	11,993	4.4
EBITDA margin	%	15.9	16.3	–
Income from operations (EBIT) before special items		8,881	8,447	5.1
Income from operations (EBIT)		8,976	8,586	4.5
Financial result		(540)	384	.
Income before taxes and minority interests		8,436	8,970	(6.0)
Income before minority interests		5,222	6,603	(20.9)
Net income		4,879	6,188	(21.2)
Earnings per share	€	5.31	6.74	(21.2)
Adjusted earnings per share	€	5.71	6.26	(8.8)

Sales and earnings by quarter 2012 (million €)[1]

		1st quarter	2nd quarter	3rd quarter	4th quarter	2012
Sales		20,590	19,481	19,010	19,648	78,729
Income from operations before depreciation and amortization (EBITDA)		3,890	3,132	2,810	2,684	12,516
Income from operations (EBIT) before special items		2,532	2,490	2,070	1,789	8,881
Income from operations (EBIT)		3,120	2,229	2,002	1,625	8,976
Financial result		(73)	(112)	(114)	(241)	(540)
Income before taxes and minority interests		3,047	2,117	1,888	1,384	8,436
Net income		1,724	1,229	946	980	4,879
Earnings per share	€	1.88	1.34	1.03	1.06	5.31
Adjusted earnings per share	€	1.57	1.60	1.19	1.35	5.71

Sales and earnings by quarter 2011 (million €)[1]

		1st quarter	2nd quarter	3rd quarter	4th quarter	2011
Sales		19,361	18,461	17,607	18,068	73,497
Income from operations before depreciation and amortization (EBITDA)		3,365	3,015	2,709	2,904	11,993
Income from operations (EBIT) before special items		2,732	2,237	1,964	1,514	8,447
Income from operations (EBIT)		2,550	2,217	1,882	1,937	8,586
Financial result		830	(121)	(161)	(164)	384
Income before taxes and minority interests		3,380	2,096	1,721	1,773	8,970
Net income		2,411	1,454	1,192	1,131	6,188
Earnings per share	€	2.62	1.59	1.30	1.23	6.74
Adjusted earnings per share	€	1.94	1.75	1.52	1.05	6.26

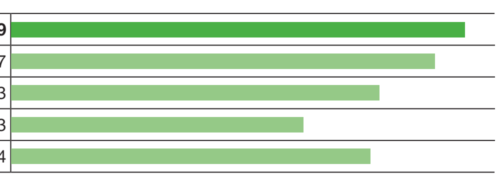
[1] Quarterly results not audited

Sales

Sales rise, thanks especially to good business development in Agricultural Solutions segment, higher sales volumes in Oil & Gas segment and positive currency effects

+7 %

Sales (million €)

2012	**78,729**	
2011	73,497	
2010	63,873	
2009	50,693	
2008	62,304	

We increased our sales and earnings in 2012. Sales rose by 7.1% to €78,729 million. This was primarily attributable to good business development in the Agricultural Solutions segment as well as to higher sales volumes in the Oil & Gas segment. Sales were additionally boosted by positive currency effects.

Income from operations improved by 4.5% and amounted to €8,976 million.

→ **For information on the economic environment in 2013, see page 116 onward**

Sales and income from operations

Economic development in 2012 was significantly weaker overall than in the previous year. Nevertheless, we increased our sales by 7.1%; significant contributing factors here were higher demand in the Agricultural Solutions segment and the Natural Gas Trading business sector as well as the continuous production of crude oil in Libya. By contrast, we posted a 3% decline in volumes in the chemicals business[1]. Currency effects led to sales increases in all operating divisions. The rise in income from operations was also primarily attributable to developments in the Agricultural Solutions and Oil & Gas segments. The divestiture of our fertilizer and styrenic plastics businesses led to a decline in sales in Other. Further acquisitions and divestitures had only a minor influence on the development of our sales and earnings.

Sales in the **Chemicals** segment increased mainly as a result of portfolio measures and positive currency effects. Lower volumes and sales prices reduced this increase. While sales volumes declined in the Petrochemicals division, the Inorganics and Intermediates divisions were able to raise volumes. Lower margins and plant shutdowns both led to a decline in income from operations.

Factors influencing sales BASF Group

	Change in million €	Change in %
Volumes	2,437	3
Prices	490	1
Currencies	2,751	4
Acquisitions and changes in the scope of consolidation	364	–
Divestitures	(810)	(1)
Total change in sales	**5,232**	**7**

We posted a sales increase in the **Plastics** segment. This was mainly the result of positive currency effects. Despite high demand from the automotive industry – especially in the first half of the year – sales volumes declined overall. We raised prices in some business areas, particularly in the Polyurethanes division; however, especially in polyamide precursors, we were not able to fully pass on increased raw material costs to the customer. This prevented income from operations in the Performance Polymers division from matching the level of the previous year. Significantly higher earnings in the Polyurethanes division were only partly able to compensate for this decline.

Sales in the **Performance Products** segment were above the level of 2011. With prices stable, positive currency effects more than offset reduced volumes. Income from operations did not match the level of the previous year, chiefly owing to lower plant capacity utilization and increased spending on research and development.

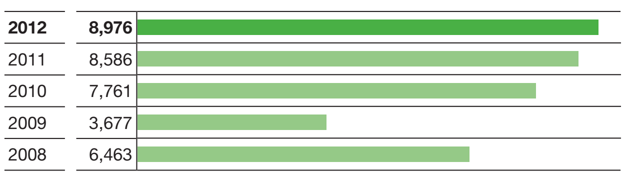
Sales rose in the **Functional Solutions** segment, predominantly as a result of positive currency effects and portfolio effects. While sales volumes fell overall, demand was high for our automotive coatings and mobile emissions catalysts. The sales contribution from precious metal trading declined. Income from operations for the segment rose, due in part to slightly decreased special charges.

Income from operations

- Earnings improve compared with previous year
- Significant increase, particularly in Agricultural Solutions and Oil & Gas segments

+5%

Income from operations (million €)



[1] Our chemicals business includes the Chemicals, Plastics, Performance Products and Functional Solutions segments.

Business was very successful in the **Agricultural Solutions** segment. We raised our sales and earnings once again compared with the record levels of the previous year. This considerable sales growth is especially attributable to increased sales volumes in all regions and indications (fungicides, herbicides, insecticides and other). Positive currency effects and price increases also boosted sales. Despite the worldwide expansion of our business activities and the costs associated with it, we significantly improved income from operations.

Sales in the **Oil & Gas** segment increased significantly, driven by volumes and prices. Sales rose in the Exploration and Production business sector mainly as a result of the continuous production of crude oil in Libya. Volumes and sales prices also increased in the Natural Gas Trading business sector. Income from operations for the segment considerably exceeded the level of the previous year.

Sales in **Other** declined by €1,482 million to €4,793 million. This was primarily attributable to the contribution of the styrenic plastics business to the Styrolution joint venture, which is accounted for using the equity method, as well as to the divestiture of our fertilizer business. Income from operations in Other amounted to minus €267 million compared with €178 million in 2011. A lower currency result and the missing earnings contribution from the styrenic plastics business both contributed to this decline, along with the €174 million increase in expenses for the long-term incentive program. A positive earnings contribution of €645 million resulted from disposal gains on our fertilizer business, which were reported as a special item; in 2011, the contribution of our styrenic plastics business to the Styrolution joint venture resulted in disposal gains of €593 million.

EBIT after cost of capital amounted to €1,534 million. This means we once again earned a significant premium on our cost of capital.

Special items in income from operations

The positive balance of special items in income from operations fell from €139 million in 2011 to €95 million in 2012. In both years, disposal gains had a positive effect: In 2012, this resulted from the divestiture of our fertilizer business, and in the previous year from the transfer of our styrenic plastics business to the Styrolution joint venture. The divestiture of various other businesses led to special charges totaling €40 million in 2012 (2011: €86 million).

Special charges for various restructuring measures amounted to €273 million in 2012, representing an increase of €92 million compared with the previous year.

In 2012, special charges of €2 million arose from the integration of newly acquired businesses, after special charges of €240 million had been incurred in 2011, primarily for the Cognis integration.

Furthermore, other special charges totaling €235 million mainly include impairment charges on an oil field development project in Norway. In the previous year, special income of €53 million had resulted in particular from the settlement of legal disputes.

Financial result and net income

The financial result was minus €540 million, significantly below the previous year's value of €384 million. This was predominantly the result of special income of €887 million in income from participations that resulted from the sale of our stake in K+S Aktiengesellschaft in 2011. In the previous year, special items had improved the financial result by a total of €829 million. In 2012, a special charge of €88 million in the financial result arose from the market valuation of options for the disposal of our participation in the Styrolution joint venture. Income before taxes and minority interests therefore included special items totaling €7 million, compared with €968 million in the previous year.

At minus €573 million, the interest result matched the previous year's level. Income from participations accounted for using the equity method improved to €171 million. Other financial expenses and income fell to minus €170 million.

Income from operations

– Special income from divestiture of fertilizer business
– Lower special charges for integration costs
– Significant premium earned once again on cost of capital

Special items (million €)

	2012	2011
Integration costs	(2)	(240)
Restructuring measures	(273)	(181)
Divestitures	605	507
Other charges and income	(235)	53
Total reported in EBIT	**95**	**139**
Special items reported in financial result	(88)	829
Total reported in income before taxes	**7**	**968**

Income before taxes and minority interests declined from €8,970 million to €8,436 million. Return on assets therefore amounted to 14.6%, compared with 16.1% in the previous year.

Despite decreased income before taxes and minority interests, income taxes rose by €847 million to €3,214 million. The tax rate increased significantly, from 26.4% to 38.1%, as a result of the continuous production of oil in Libya. In 2011, non-compensable income taxes on oil production totaled €439 million due to the suspension of oil production in Libya; these taxes amounted to €1,880 million in 2012. Furthermore, gains from the 2011 sale of our shares in K+S Aktiengesellschaft were predominantly tax-free.

Income before minority interests fell by €1,381 million to €5,222 million. Minority interests declined from €415 million to €343 million. The sharpest decline was posted at BASF TOTAL Petrochemicals LLC in Port Arthur, Texas, due to the temporary shutdown and maintenance of the steam cracker.

Net income amounted to €4,879 million – a decline of €1,309 million. Earnings per share thus fell from €6.74 to €5.31.

→ **For more on the tax rate, see the Notes on page 176**

→ **For more on the accounting methods, see the Notes from page 151 onward**

Cash flow

At €6,733 million, cash flow from operating activities once again reached a high level. The decline of €372 million compared with 2011 was primarily the result of lower net income. The increase in capital tied up in higher inventories and receivables matched the level of the previous year.

Payments related to property, plant and equipment and intangible assets exceeded the previous year's level by €739 million. At €2,584 million, free cash flow was therefore €1,111 million lower than in the previous year.

Adjusted earnings per share

Earnings per share adjusted for special items and the amortization of intangible assets is a key ratio that offers long-term comparability and is more suitable for predicting the company's future profitability.

In 2012, adjusted earnings per share amounted to €5.71 compared with €6.26 in the previous year.

Adjusted earnings per share (million €)

	2012	2011
Income before taxes and minority interests	8,436	8,970
Special items	(7)	(968)
Amortization of intangible assets	690	789
Amortization of intangible assets contained in the special items	(75)	(97)
Adjusted income before taxes and minority interests	**9,044**	**8,694**
Adjusted income taxes	(3,440)	(2,513)
Adjusted income before minority interests	**5,604**	**6,181**
Adjusted minority interests	(356)	(432)
Adjusted net income	**5,248**	**5,749**
Weighted average number of outstanding shares (in thousands)	918,479	918,479
Adjusted earnings per share (€)	**5.71**	**6.26**

Adjusted income before taxes and minority interests, adjusted net income and adjusted earnings per share are key ratios that are not defined under International Financial Reporting Standards (IFRS). They should therefore be viewed as supplementary information.

→ **For more information on the earnings per share according to IFRS, see the Notes on page 171**

Financial result and net income

- Financial result significantly below level of 2011: previous year had included special income from sale of our shares in K+S Aktiengesellschaft
- Tax rate increases considerably, mostly due to continuous oil production in Libya
- Net income declines

Earnings per share and cash flow

- Earnings per share decrease by €1.43 to €5.31
- Adjusted earnings per share decline by €0.55 to €5.71
- At €6,733 million, high level of cash provided by operating activities; year-on-year decline mainly due to lower net income
- Free cash flow of €2.6 billion below previous year's level as a result of higher expenditures for property, plant and equipment and intangible assets

Total assets amounted to €64,327 million, exceeding the previous year's level by €3,152 million.

Assets

Long-term assets grew by €1,451 million to €35,538 million. Intangible assets, including goodwill, rose by €322 million primarily as a result of acquisitions in 2012. Due to the higher amount of total assets, the proportion of intangible assets contained in total assets decreased from 19.5% at the end of 2011 to 19.0% as of December 31, 2012.

The value of tangible fixed assets rose by €211 million. At €4,215 million, additions to property, plant and equipment considerably exceeded depreciation. The creation of a disposal group for the natural gas trading business led to the reclassification of its tangible fixed assets, with a net value of €983 million, to short-term assets. With the increase in total assets, the percentage of total assets represented by property, plant and equipment decreased from 29.4% to 28.3%.

Higher provisions for pension obligations were primarily responsible for an increase of €604 million in deferred tax assets.

At €28,789 million, short-term assets exceeded the previous year's level by €1,701 million. This increase is mainly due to the reclassification of €1,081 million from long-term assets to assets of the disposal group formed in 2012. Reclassifications totaling €2,336 million from short-term assets to assets of the disposal group led to declines in inventories and trade accounts receivable as well as other receivables.

At €1,777 million, cash and cash equivalents were €271 million below the level of December 31, 2011.

Equity and liabilities

Equity grew by €419 million compared with the previous year. Net income amounted to €4,879 million, which exceeded dividend payments by €2,583 million. Equity was reduced by the recognition of €1,939 million in actuarial losses from pension obligations. The equity ratio declined to 40.1% (2011: 41.5%).

Long-term liabilities rose by €1,878 million compared with the end of 2011. This was mainly due to the increase of €2,271 million in provisions for pension obligations, which mainly resulted from reduced discount rates. Long-term financial indebtedness increased slightly to €9,113 million. With a total volume of around €1,450 million, three bonds due in 2013 were reclassified to short-term financial indebtedness. This was countered primarily by the issue of a €1 billion bond with a ten-year maturity, as well as the issue of a €750 million bond with a six-year maturity.

The rise in short-term liabilities is particularly attributable to the reclassification of €422 million from long-term liabilities to liabilities of disposal groups. Short-term financial indebtedness rose by €257 million; the increase, which resulted from the reclassification of bonds due in 2013 from long-term financial indebtedness as well as to greater use of the commercial paper program, was countered by the repayment of €2.8 billion in bonds due in 2012.

Liabilities of the disposal group for the natural gas trading business amounted to €2,232 million. The creation of the disposal group is mainly responsible for the decline in trade accounts payable and other short-term liabilities, as well as in short-term provisions.

Long and short-term financial indebtedness increased by a total of €351 million. Net debt rose to €11,578 million.

→ **For more on the composition and development of individual balance sheet items, see the Notes from page 178 onward**

→ **For more on the development of the balance sheet, see the Ten-Year Summary from page 227 onward**

→ **For more on the disposal group for the natural gas trading business, see the Notes on page 165**

Balance sheet

- Total assets exceed previous year's level by €3,152 million
- Long-term assets rise mainly as a result of acquisitions
- Creation of disposal group for natural gas trading business leads to decline in inventories, receivables and payables as well as short-term provisions
- Higher pension provisions due to lower discount rates

Net debt (million €)

	Dec. 31, 2012	Dec. 31, 2011
Cash and cash equivalents	1,777	2,048
Financial indebtedness	13,355	13,004
Net debt	**11,578**	**10,956**

Financial position

Our value-based financing principles are aimed at securing liquidity at all times, limiting the risks associated with financing and optimizing our cost of capital. We preferably meet our external financing needs on international capital markets.

Financing policy and credit ratings

We aim for at least a solid A rating, which allows us unrestricted access to money and capital markets. Our financing measures are aligned with our operative business planning as well as the company's strategic direction and also ensure the financial flexibility to take advantage of strategic options.

Corporate bonds form the basis of our medium to long-term debt financing. These are issued in euros and other currencies with different maturities to ensure a balanced maturity profile and diverse range of investors, and to optimize our debt capital financing conditions.

For general corporate financing, we issued a six-year, €750 million bond in October 2012 with a fixed coupon of 1.5%, as well as a ten-year, €1 billion bond in December 2012 with a fixed coupon of 2%. With these transactions, which took place under our €15 billion Debt Issuance Program, BASF has secured itself long-term financing at attractive interest rates and extended the maturity profile of its financial indebtedness.

For short-term financing, we use our well-established commercial paper program, which has an issuing volume of up to $12.5 billion. On December 31, 2012, €1.29 billion worth of commercial paper was outstanding under this program. Firmly committed, syndicated credit facilities of $2.25 billion and €3 billion serve to cover the repayment of outstanding commercial paper, and can also be used for general company purposes. These credit lines were not used in the course of 2012. Our external financing is therefore largely independent of short-term fluctuations in the credit markets.

Off-balance-sheet financing tools, such as leasing, are of minimal importance for us. BASF Group's most important financial contracts contain no side agreements with regard to specific financial ratios (financial covenants) or compliance with a specific rating (rating trigger).

→ **For more on the financing tools used, see the Notes from page 197 onward**

With "A+/A-1/outlook stable" from rating agency Standard & Poor's and "A1/P-1/outlook stable" from Moody's, we have good credit ratings, also compared with competitors in the chemical industry. Standard & Poor's last confirmed our long-term rating on July 24, 2012; Moody's last confirmed our long-term rating on October 12, 2012, and pronounced the outlook stable. Both agencies maintained BASF's short-term ratings.

Financial management in the BASF Group is centralized and supported by regional finance units. To minimize risks and exploit internal optimization potential within the Group, we bundle the financing, financial investments and foreign currency hedging of BASF SE's subsidiaries. When possible, this occurs within the BASF Group. Foreign currency risks are primarily hedged centrally by means of derivative financial instruments in the market.

Cash flow statement

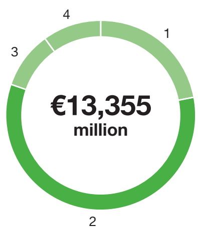
At €6,733 million, we once again attained a high level of **cash provided by operating activities** in 2012. The decline of €372 million compared with 2011 was primarily attributable to the lower net income. Additional capital tied down in net working capital matched the level of the previous year. Other items in 2012 predominantly comprised the reclassification of disposal gains from our fertilizer business, while in 2011, gains from the sale of our shares in K+S Aktiengesellschaft and on the disposal of our styrenic plastics business were reclassified to cash flow from investing activities.

Maturities of financial indebtedness (million €)

2018 and beyond	2,727
2017	829
2016	905
2015	3,299
2014	1,353
2013	4,242

Financing instruments (million €)

1	Bank loans[1]	2,961
2	Eurobonds	7,795
3	Commercial paper	1,288
4	Other bonds	1,311



[1] Including promissory notes

Cash used in investing activities amounted to €4,088 million. At €4,149 million, payments for property, plant and equipment and intangible assets were higher than both the level of depreciation and the level of 2011. In 2012, we received proceeds of €724 million from divestitures, compared with €665 million in the previous year. Expenses for acquisitions increased by €895 million compared with the previous year to €1,043 million. The higher cash inflow in financial investments and other items in 2011 was mainly attributable to cash received of €972 million from the sale of our shares in K+S Aktiengesellschaft.

→ **For more on investments and acquisitions, see page 36 onward**

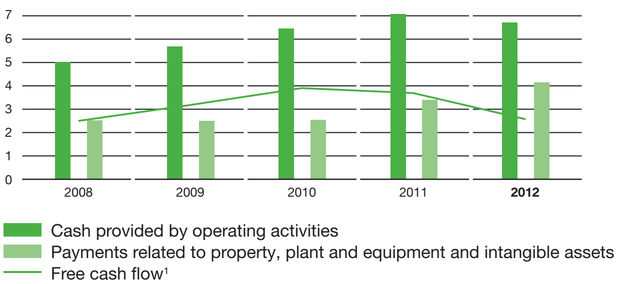
Cash used in financing activities amounted to €2,928 million, compared with €4,818 million in the previous year. This cash outflow resulted in particular from the payment of dividends in the amount of €2,296 million to shareholders of BASF SE and €345 million to minority shareholders in Group companies. The repayment of two bonds totaling €2,934 million and other financial liabilities was offset by the issue of three new bonds with a total volume of €1,750 million. We used an additional €1,288 million from BASF SE's commercial paper program.

Overall, cash and cash equivalents declined by €271 million compared with the previous year and amounted to €1,777 million as of December 31, 2012.

Statement of cash flows (million €)

	2012	2011
Net income	4,879	6,188
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	3,561	3,419
Changes in working capital	(955)	(906)
Miscellaneous items	(752)	(1,596)
Cash provided by operating activities	**6,733**	**7,105**
Payments related to property, plant and equipment and intangible assets	(4,149)	(3,410)
Acquisitions/divestitures	(319)	517
Financial investments and other items	380	1,155
Cash used in investing activities	**(4,088)**	**(1,738)**
Capital increases/repayments, share repurchases	(1)	32
Changes in financial liabilities	(286)	(2,372)
Dividends	(2,641)	(2,478)
Cash used in financing activities	**(2,928)**	**(4,818)**
Net changes in cash and cash equivalents	(283)	549
Cash and cash equivalents as of beginning of year and other changes	2,060	1,499
Cash and cash equivalents as of end of year	**1,777**	**2,048**

Cash flow (billion €)



[1] Cash provided by operating activities less payments related to property, plant and equipment and intangible assets

Financing and cash flows

– Financing principles remain unchanged
– "A" ratings confirmed
– High cash flow from operating activities once again in 2012
– Expenses increase for investments and acquisitions