

# Capital Market Update Keynote

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Dirk Elvermann, CFO

Antwerp, October 2, 2025

A photograph of three female sprinters running on a track, captured with a motion blur effect to convey speed. The lead runner is wearing a pink and white uniform, the middle runner is in teal and white, and the third runner is in yellow and white. They are all in full stride, leaning forward.

**■ BASF**  
We create chemistry

# Cautionary note regarding forward-looking statements

*This presentation 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. BASF does not assume any obligation to update the forward-looking statements contained in this presentation above and beyond the legal requirements.*



# Why are we in Antwerp?

## Strategic relevance

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Second-largest Verbund site in the BASF Group, showcasing scale and integration

## Core business footprint

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All core segments have production assets on-site, including Europe's largest cracker

## Value chain strength

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PU and EO value chains exemplify BASF's operational excellence and competitive strengths

## Logistics advantage

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Excellent location enables reliable and cost-effective logistics with direct access to global trade routes

## Sustainability in action

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Site is driving net-zero initiatives – renewable energy, alternative feedstocks, e-boiler





# One year **Winning Ways** strategy

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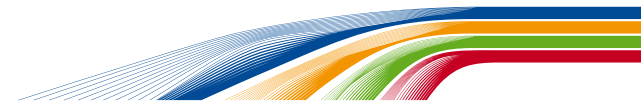
**New direction for portfolio steering, capital allocation and performance culture launched in September 2024**

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The past 12 months have shown that we are **focusing on the right topics with our strategy**

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**We are making significant progress** and are concentrating on those things that are in our control



# Our ambition: To be the preferred chemical company to enable our customers' green transformation

## Strategic levers



### Focus

- Strengthen the core and unlock the value of our standalone businesses
- Enhance our footprint in high-growth markets
- Allocate capital based on clear portfolio roles



### Accelerate

- Empower our businesses through streamlined and differentiated group steering
- Simplify our organizational structure
- Harness AI to advance productivity and accelerate innovation



### Transform

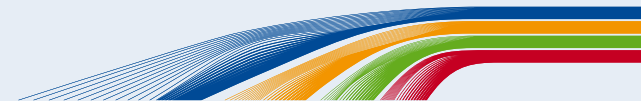
- Shape value-based transformation toward a sustainable product portfolio
- Drive sustainable-future solutions and net-zero measures at scale
- Make European operations more competitive



### Win

- Drive change toward a winning culture
- Step up accountability, speed and performance orientation
- Foster a mindset of continuous improvement

> **Delivering profitable growth and value creation**



# Core and standalone businesses have different value creation levers

## Core businesses

### Chemicals



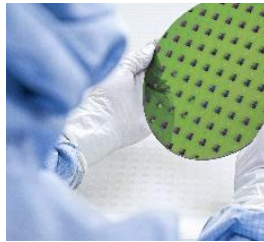
Petrochemicals  
Intermediates

### Materials



Performance Materials  
Monomers

### Industrial Solutions



Dispersions & Resins  
Performance Chemicals

### Nutrition & Care

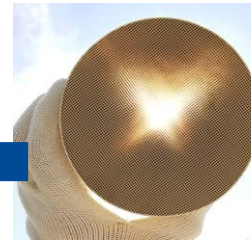


Care Chemicals  
Nutrition & Health



## Standalone businesses

### Surface Technologies



Environmental Catalyst and Metal Solutions



Battery Materials



Coatings



Agricultural Solutions

**EBITDA bsi**

**2024**

€5.4 billion

**2028 target<sup>1</sup>**

~€7 billion to ~€9 billion

**EBITDA bsi**

**2024**

€3.0 billion

**2028 target<sup>1</sup>**

~€3.5 billion to ~€4 billion

<sup>1</sup> Excluding negative result of Other; assuming mid to upcycle conditions in core businesses



## Sales 2024

# €7.0 billion

## Achievements in last 12 months

- Strong earnings and cash contributions delivered
- Successful carve-out and lean standalone execution model established

## Direction of travel

- Stronger for longer: cumulative cash flow of ~€4 billion between 2024 and 2030
- Keep ECMS for longer since BASF is the best owner to operate this business



# Battery Materials

**Sales 2024**

**€0.6 billion**

**Achievements in last 12 months**

- Fixed costs and capex significantly reduced
- Agreements signed with key customers, e.g., CATL, to fill existing capacities

**Direction of travel**

- Further de-risk path forward
- Explore opportunities for collaborations along the value chain



Sales 2024

**€4.3 billion**

**Achievements in last 12 months**

- Strong earnings and cash contributions delivered
- Legal entity and ERP separation almost completed
- Sale of Brazilian decorative paints business closed

**Direction of travel**

- Market approached in Q2 2025 to explore strategic options for remaining coatings activities
- Decision expected in Q4 2025



Sales 2024

**€9.8 billion**

**Achievements in last 12 months**

- Strong earnings and cash contributions delivered
- Good progress on legal entity and ERP separation
- IPO preparation team fully engaged

**Direction of travel**

- IPO readiness targeted by 2027 for minority share listing



# We confirm our financial targets and create the foundation for attractive shareholder distributions

## Corporate financial targets<sup>1</sup>

<sup>1</sup> Current portfolio, including Other

**€10bn-€12bn**

EBITDA before special items 2028

**>€12bn**

Free cash flow, cumul. 2025-2028

**~10%**

ROCE 2028

## Capital allocation framework

Maintain financial strength

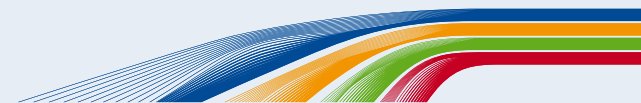
Grow with high capital efficiency

Sharpen the portfolio

Shareholder distributions via dividends and share buybacks 2025-2028:

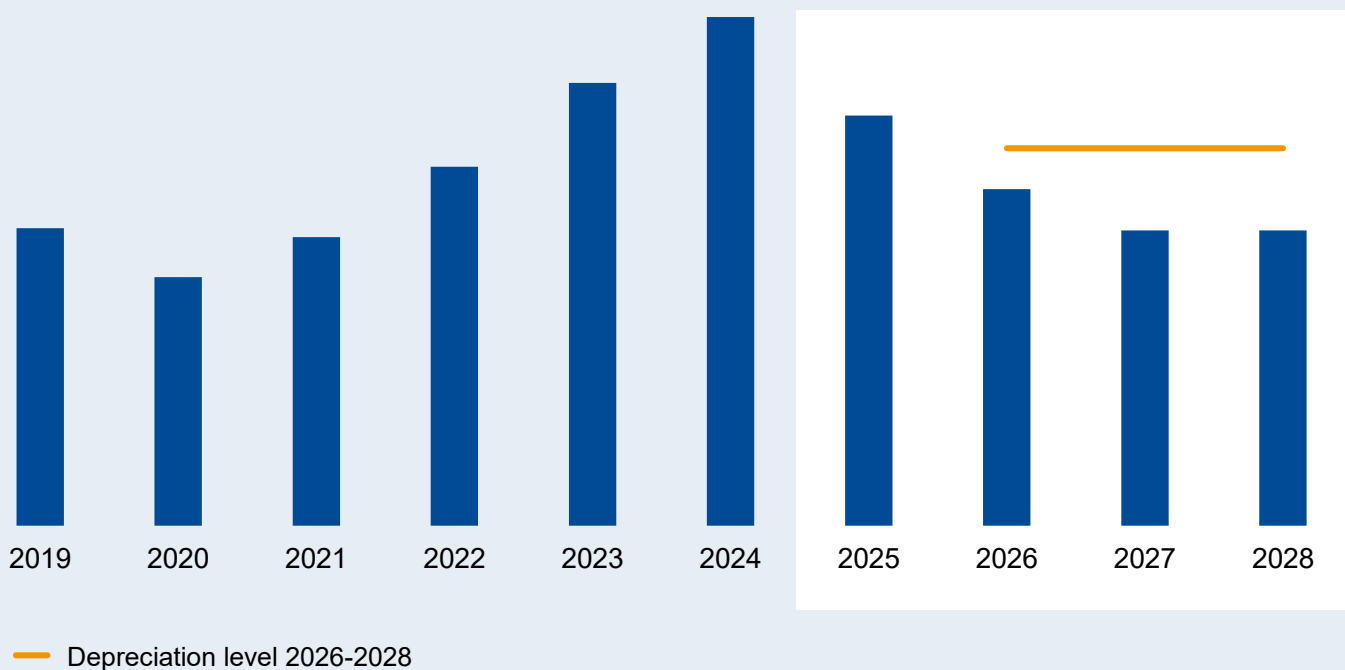


Overall distribution on the level of the last years

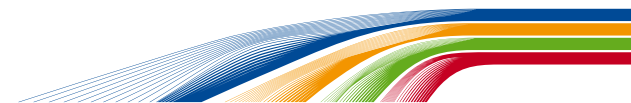


# We are realizing the benefits of earlier investments and bringing down capex below depreciation as of 2026

Payments made for property, plant and equipment and intangible assets (billion €)



- Following peak in 2024, **further reduce** capex (including intangibles) in 2025 to 2028 to **~€16 billion versus ~€17 billion** as announced in September 2024
- **Drive increased asset utilization of existing capacities** to support volume growth
- Going forward, **>50% of capex** to be allocated to **growth regions and businesses** and the green transformation





# We are committed to strict capital discipline while pursuing selected investments in growth markets

Zhanjiang Verbund site on schedule and below budget

Tight budgetary discipline and scope changes led to capex reduction of €1.3 billion

Procurement savings due to subdued engineering market and competitive processes

Low-carbon ammonia project not pursued

Reduction of capex in companies accounted for at-equity

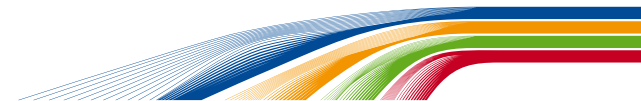
Decision reflects commitment to **focus on initiatives with the highest potential to create value**

Semiconductor-grade sulfuric acid plant planned

Investment in a high double-digit million-euro range

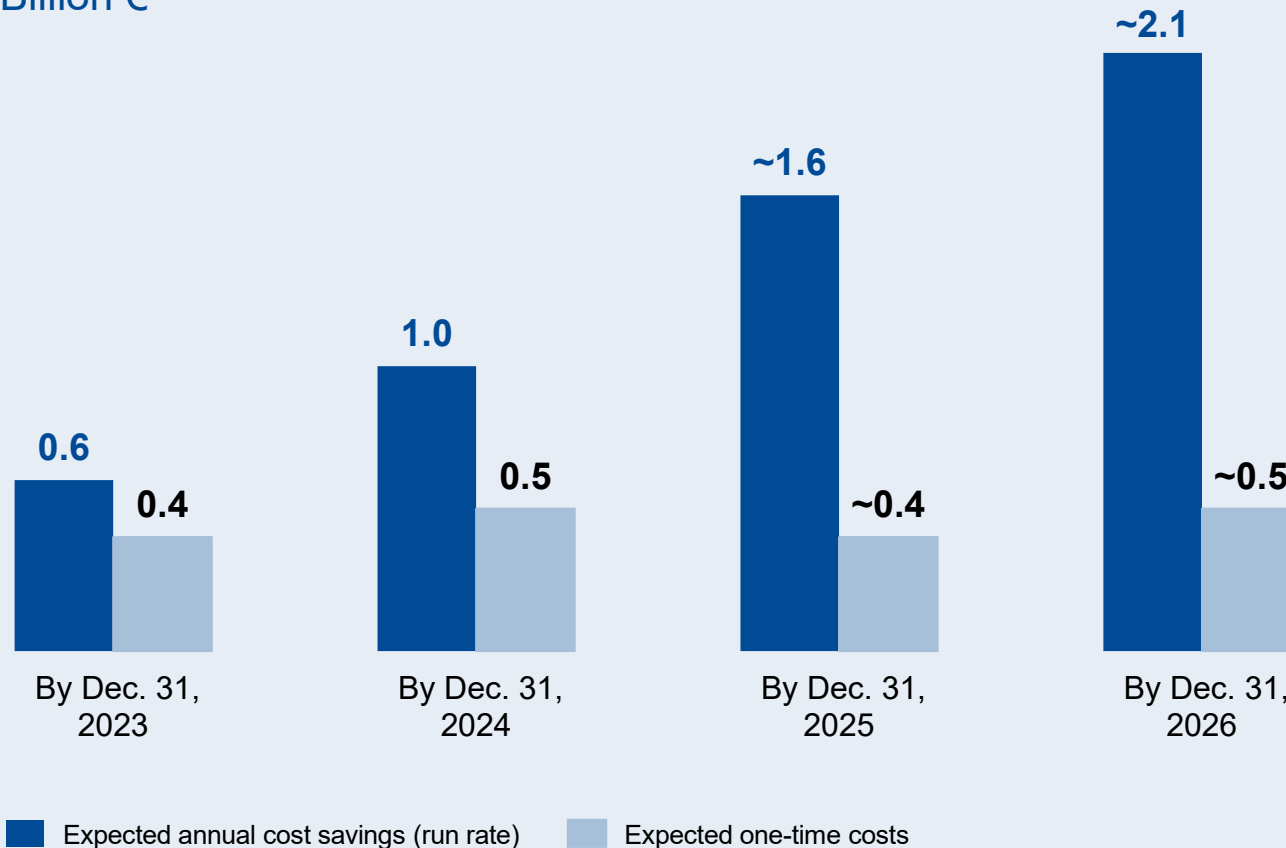
**Strong demand for high-quality and high-purity semiconductor-grade chemicals** justifies investment in new production facility in Ludwigshafen

**Illustrations** of our more disciplined approach to capex

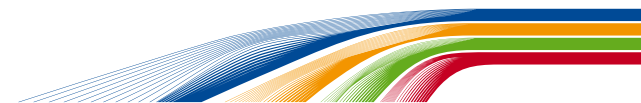


# We are on an accelerated path to achieve our targeted ~€2.1 billion cost savings by the end of 2026

Billion €



- **Implementation** of the cost savings programs **in full swing**
- **We accelerated the cost savings programs** and expect **€1.6 billion** in annual cost savings **by year-end 2025** (previously: €1.5 billion)
- **Cumulative one-time costs of ~€1.8 billion**, of which ~€1.0 billion incurred as of June 30, 2025
- **Continuous cost reduction measures** beyond 2026 in view of cost inflation by ~2% per year





# We are decisively executing the €1 billion Ludwigshafen Cost Improvement Program by 2026

## Project examples

Measures for selected **production assets** to improve site profitability

**Structural adjustments** in non-operations and site services

Savings in **site procurement**

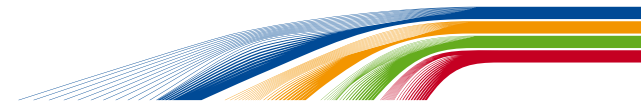
**Continuous productivity gains pursued** after successful program completion

### Selected plant closures

- Earlier measures: adipic acid, cyclo-dodecanone and cyclopentanone
- New measure: hydrosulfite

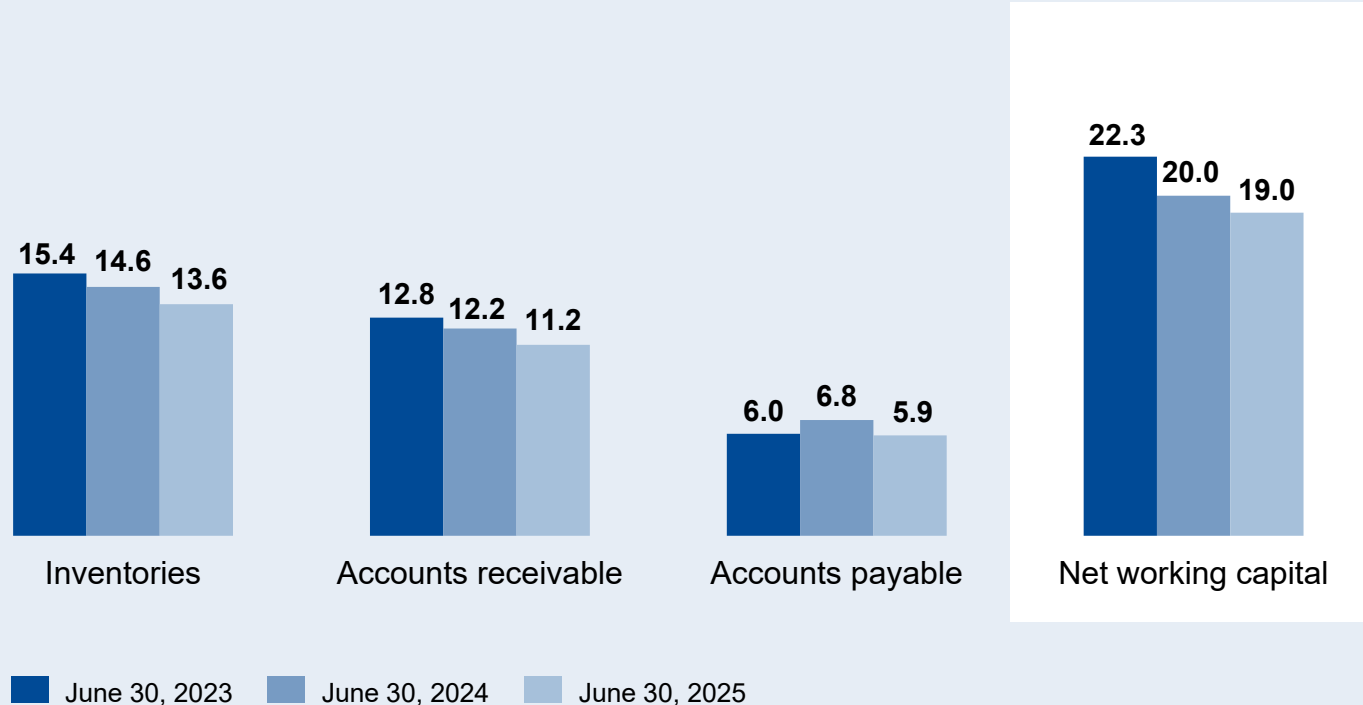
**Consolidation of central maintenance into one lean unit;** process optimization and reduction of interfaces along the entire process

**Highly competitive processes for awarding contracts** powered by game theory, enhancing cost efficiency in our collaboration with suppliers



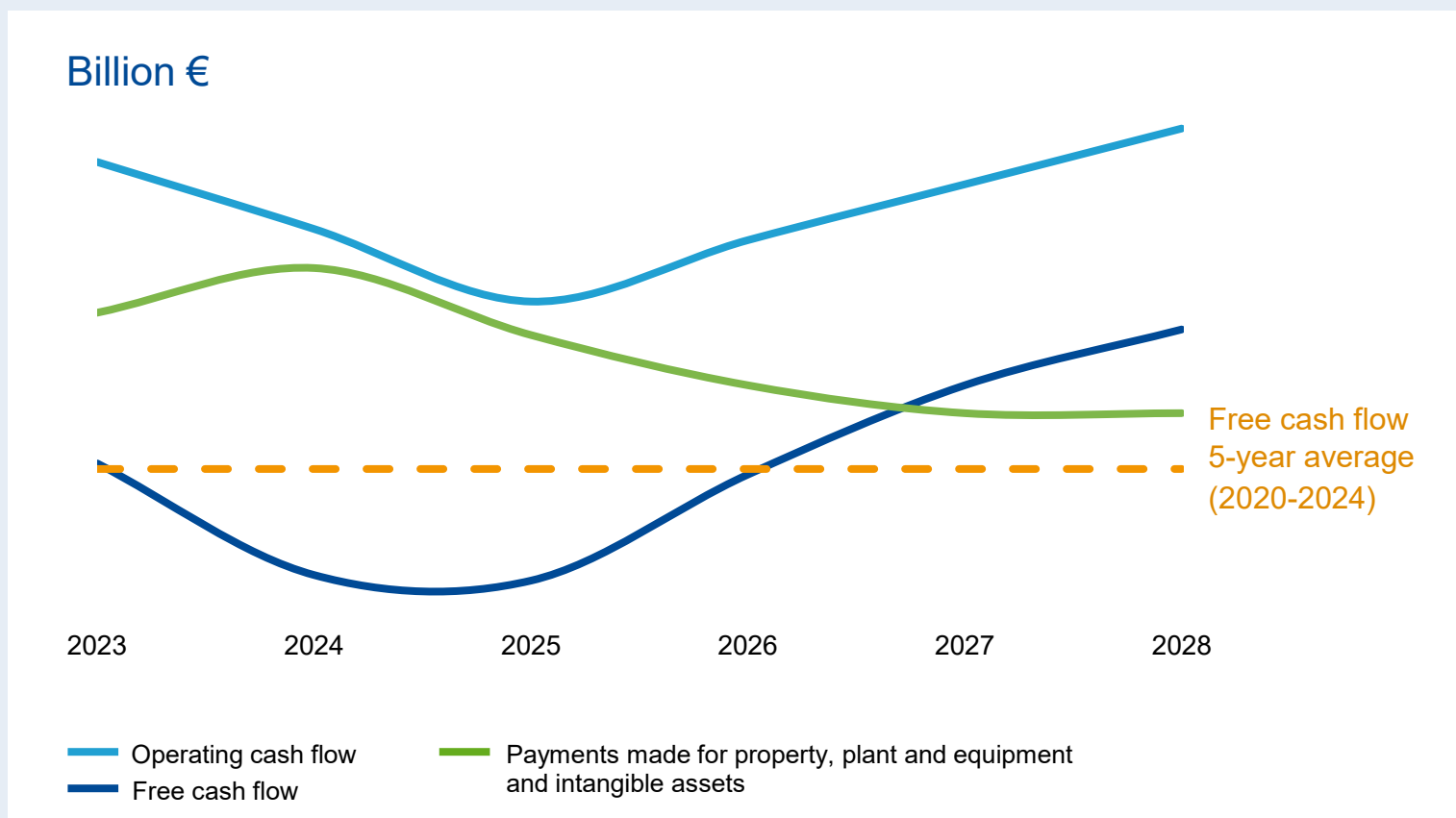
# We have stepped up our operational focus on optimizing net working capital

## Balance sheet (billion €)



- **Streamline net working capital** by setting cash flow targets per business
- **Continuous reduction of net working capital since 2023**, partially benefitting from lower prices and favorable FX
- Even with the startup of the new Verbund site, we **expect a significant net working capital reduction at year-end 2025** versus June 30, 2025

# We aim to achieve our €12 billion free cash flow target by reducing capex, realizing cost savings and optimizing working capital



Operating cash flow<sup>1</sup>

~€29 billion

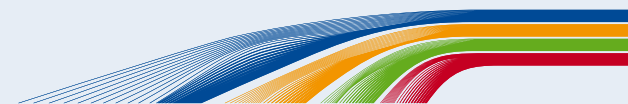
Payments made for property, plant and equipment and intangible assets<sup>1</sup>

~€16 billion

Free cash flow<sup>1</sup>

>€12 billion

<sup>1</sup> Cumulative 2025–2028



# Our successful portfolio measures enable us to strengthen our balance sheet and potentially accelerate share buybacks

## Cash contributions

- **Sale of food and health performance ingredients business** (Sept. 30, 2025) and of **Brazilian decorative paints business** (Oct. 1, 2025)
- **Further monetization of oil and gas:** Proceeds from divestment of Harbour Energy shares over time; we expect to receive first payments from Wintershall Dea related to federal investment guarantees already in 2025
- Proceeds from **potential Coatings transaction**
- Cash inflow from **potential IPO of minority share in Agricultural Solutions**

## Cash allocations

- **Confirmed ordinary dividend** of at least €2.25 per share annually
- **Deleveraging** to support balance sheet and single A credit rating
- **Share buyback program may start earlier** than announced at the Capital Markets Day in 2024,<sup>1</sup> depending on Coatings transaction
- **Large acquisitions currently not in focus**, small to mid-sized M&A possible
- **Capex** (including intangibles) **below depreciation** as of 2026

<sup>1</sup> Announcement at CMD in September 2024: Share buybacks of at least €4 billion between 2027 and 2028



# We are taking decisive steps to increase earnings in our core businesses

## Core businesses

### Chemicals



Petrochemicals

Intermediates

### Materials



Performance Materials

Monomers

### Industrial Solutions



Dispersions & Resins

Performance Chemicals

### Nutrition & Care



Care Chemicals

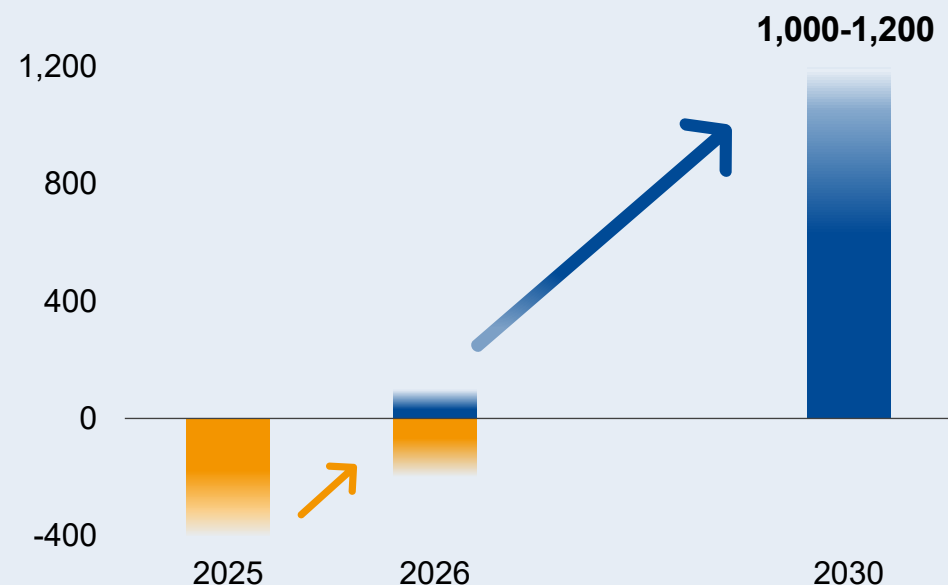
Nutrition & Health

- Building on **leading positions in key value chains** and acting as **best owner and operator**
- **Filling existing capacities and starting up new assets** in Zhanjiang and Geismar to **strengthen local market positions**
- Making **targeted investments in growth markets**, such as electronic chemicals, despite bringing down capex overall
- Driving innovation and **enabling our customers' green transformation**



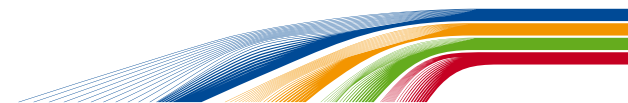
# Our Zhanjiang Verbund site is on schedule and below budget and will strengthen our core businesses

Expected EBITDA before special items (million €)



**Total capex budget of €8.7 billion** for entire project from 2019–2028

- Most plants will have started up as of the end of 2025; **quick ramp-up of utilization rates** anticipated due to **favorable cost positions**
- Due to currently long markets, **increase in earnings contribution will be slower** than initially assumed
- In parallel to the startup and stabilization of operations, we are **already implementing cost efficiency measures**



# We generate around 15% of sales in core businesses from innovative products



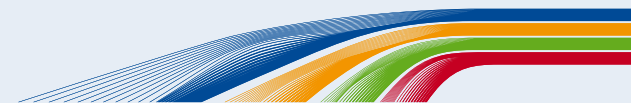
R&D generates **steady output of innovations** in core businesses

**Innovative products consistently deliver higher margins** than the existing portfolio (+3-4pp on average)

**Process R&D is particularly profitable**, with payback time of around 6 to 9 months

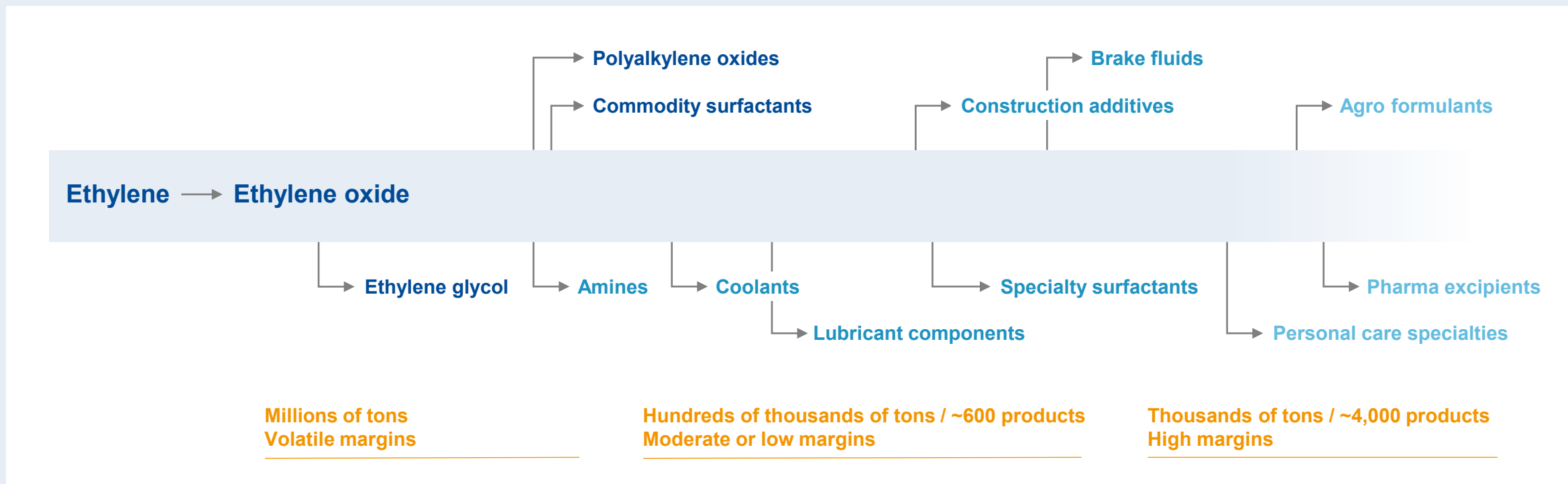
**~80% of R&D activities in scope support BASF's target for sales of Sustainable-Future Solutions**

<sup>1</sup> Innovative products launched in the past five years



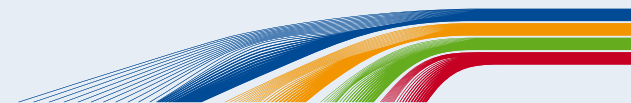
# We operate long and multiple-step value chains and sell products at every step in the value chain

## EO value chain as an example



> **Margins per C2 equivalent increase on average around 10-fold along the EO value chain**

Simplified diagram for illustrative purposes only



# 80% of our core businesses are deeply integrated in key value chains, giving us a competitive edge

We operate long and multiple-step value chains serving different markets with various technologies



We sell products at every step in the value chain with our leading local-for-local market presence

## Selected value chains

### C2 – ethylene oxide

Lowest cost through the chain; over-proportional share of high-value downstream products

### C3 – acrylics

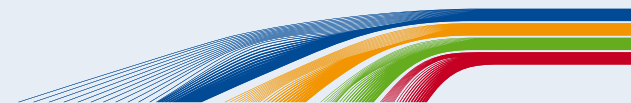
Fully integrated setup from propylene to acrylics, superabsorbents and dispersions

### C4 – isobutene

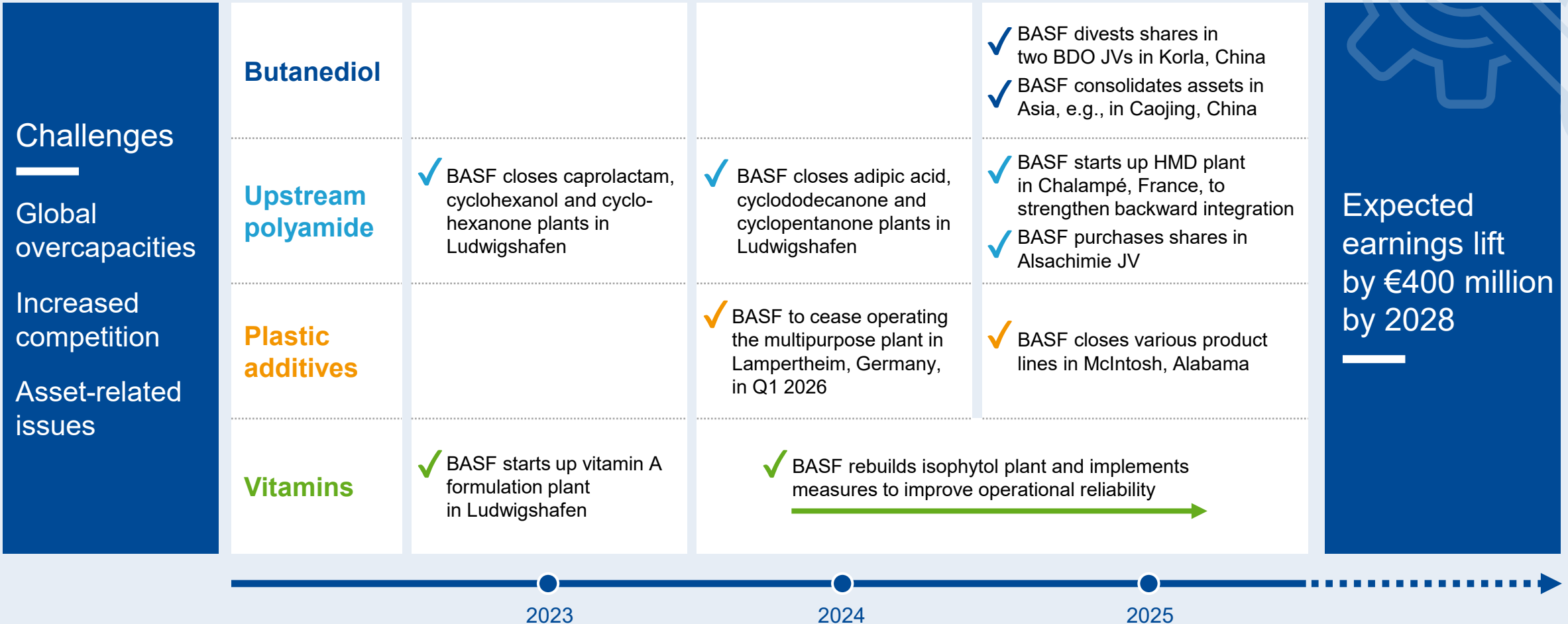
Long value chain with highest value-add to cracker; strong market position for fuel additives, vitamins, fragrances

### Polyurethanes

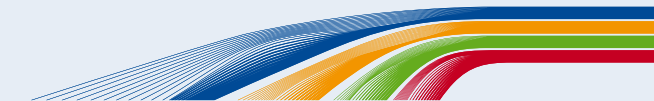
Highly competitive asset base in every region; downstream assets close to customers, creating resilient supply chains and enabling innovation



# We are taking decisive action by addressing the main performance gaps in our core businesses



**Expected earnings lift by €400 million by 2028**





## We are actively streamlining our global organization

We have dissolved the regional divisions and changed our local setup at the country level



We are structurally reducing our headcount, particularly in Europe, to strengthen our competitiveness

In BASF Group, since 2024 we have reduced

the number of **senior executives**<sup>1</sup> by

**-10%**

the number of **employees**<sup>2</sup> by

**-3,000**

<sup>1</sup> The term senior executives refers to leadership levels 1 to 4 in BASF Group.  
<sup>2</sup> The figure excludes the build-up of employees at the new Zhanjiang Verbund site since January 2024 by ~1,000 employees.



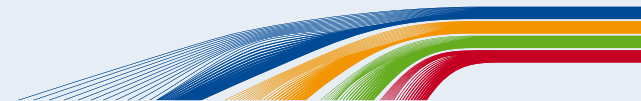
# BASF's core businesses will ...

... have an even more  
**regionally balanced  
footprint with local-for-  
local production**

... return to a **lower capex level** of around  
€3 billion per year for the core businesses

... continue to be based on  
**deeply integrated chemical  
value chains and leading in  
their markets**

... be well prepared  
to **enable our  
customers' green  
transformation**  
from existing assets





The **key**  
to success:  
**execution**

**Winning Culture + Value Creation**

 **BASF**

We create chemistry