



We create chemistry

# **BASF Conference Call for Analysts and Investors: Full Year 2025**

Speech

February 27, 2026

**Markus Kamieth**

Chief Executive Officer

**Dirk Elvermann**

Chief Financial Officer

The spoken word applies.

**Markus Kamieth**

Good morning, everyone!

Dirk and I welcome you to our first conference call in 2026.

Let me start by highlighting the important milestones we have achieved in implementing our “Winning Ways” strategy: In an uncertain and very volatile global market environment with strong headwinds for the chemical industry, we have focused on the things we can control. We successfully started up all major assets at our Zhanjiang Verbund site. We accelerated our cost savings programs and streamlined BASF’s organization significantly. We progressed swiftly and successfully with the announced portfolio measures. But let me also mention that the year 2025 and particularly the fourth quarter did not develop as we had anticipated. Our pre-release on January 22 already gave you an indication of this.

**[Slide 3: Q4 2025: Higher volumes but negative currency effects and lower prices]**

Let’s turn to the details of BASF’s financial performance in Q4 2025 compared with the prior-year quarter. Overall, sales declined considerably because of strong currency headwinds and slightly lower prices. We nevertheless achieved slightly higher volumes. All segments reported volume growth except for the Chemicals segment. Volumes rose particularly in the Surface Technologies, Agricultural Solutions and Nutrition & Care segments.

From a regional perspective, we achieved a remarkable volume increase of 13 percent in China and posted solid growth in North America. In Europe, we recorded slightly lower volumes.

Compared with Q4 2024, prices declined in five of our six segments, most notably in Chemicals and Materials due to ongoing competitive pressure. We could only increase prices in the Surface Technologies segment, primarily owing to higher precious metal prices.

Currency effects burdened sales in all divisions and were mainly caused by the strong depreciation of the U.S. dollar, the Chinese renminbi and Indian rupee. Portfolio effects slightly dampened sales growth; this was mostly related to the sale of our Brazilian decorative paints business.

Based on this underlying sales development, EBITDA before special items came in at 1 billion euros, compared with 1.4 billion euros in the prior-year quarter. Currency headwinds lowered EBITDA before special items in Q4 2025 by around 110 million euros.

**[Slide 4: Q4 2025 snapshot: Market development and BASF's performance]**

Here is a snapshot of how the markets and our segments' volumes and specific margins developed in Q4 2025. Due to the ongoing supply-demand imbalance and the resulting pressure on margins, the business environment remained challenging, particularly in our upstream segments.

Despite the strong market headwinds, the **Chemicals** segment recorded only slightly lower volumes. Prices declined considerably in the Petrochemicals division due to lower raw material prices and continued price pressure from global overcapacities. Specific margins in this segment decreased slightly, mainly driven by Petrochemicals.

The **Materials** segment achieved slight volume growth because of higher volumes in Monomers. Prices declined in both divisions, resulting in overall slightly lower margins.

The **Industrial Solutions** segment operated in a subdued market environment; electronic materials were a notable exception. Overall, the segment was able to increase volumes slightly, while prices and specific margins declined slightly.

For **Nutrition & Care**, market conditions remained challenging in the fourth quarter. Nevertheless, the segment posted slightly higher volumes because of strong growth in the Nutrition & Health division. The slight volume decline in Care Chemicals was driven by lower demand, especially in our home care, industrial and institutional cleaning as well as oleo surfactant businesses. In times of low confidence, consumers increasingly switch to white-label products, leading to lower demand from global brand owners – a stronghold of BASF. The segment recorded lower prices on account of the Nutrition & Health division, especially driven by lower vitamin prices. The Care Chemicals division almost maintained its Q4 2024 price levels. The segment reported considerably lower specific margins because of the challenging market dynamics and competitive pressure.

Let's move on to **Surface Technologies**. Please note that this segment no longer includes the automotive OEM coatings, automotive refinish coatings and surface treatment businesses. These businesses have been classified as discontinued operations following the signing of the transaction agreement with Carlyle. The Surface Technologies segment comprising ECMS and Battery Materials recorded considerably higher volumes and prices in both divisions. The segment accordingly delivered strong specific margin growth.

Finally, let's look at **Agricultural Solutions**. Crop commodity prices remained below historical averages, and financing costs for farmers were still elevated. Under these market conditions, the Agricultural

Solutions segment managed to increase volumes and keep prices almost at the level of Q4 2024. As a result, the segment's specific margins remained virtually stable.

**[Slide 5: FY 2025: EBITDA before special items declined, mainly due to pressure on upstream margins and negative currency effects]**

Let's move on to the development of EBITDA before special items in the full year 2025. Overall, EBITDA before special items of BASF Group reached 6.6 billion euros. The decline compared with 2024 was mainly due to lower margins and negative currency effects; the latter amounted to 235 million euros in the full year 2025.

Due to continued low market demand and pressure on margins, earnings in BASF's core businesses, particularly in the Chemicals segment, declined considerably. Higher contributions from BASF's standalone businesses could only partially compensate for this.

**[Slide 6: Coatings / Agricultural Solutions]**

I would now like to turn to our portfolio measures and what we achieved in 2025.

Our agreement with Carlyle, signed shortly after we successfully divested our decorative paints business to Sherwin-Williams, marks an important milestone in unlocking the value of our coatings business. Under Carlyle's operational leadership, we want to create a leading coatings company and further upside potential for the 40 percent equity share we will continue to hold after closing. We are on track to close the transaction in Q2 2026, as previously announced.

On the basis of the two transactions, BASF's Coatings business is valued at an enterprise value of 8.7 billion euros. The implied 2024 EV/EBITDA multiple before special items of approximately 13 times is evidence that we are unlocking the value of the coatings businesses.

Let's move on to Agricultural Solutions.

Our Agricultural Solutions team once again delivered a very strong performance in 2025. With sales of 9.6 billion euros and EBITDA before special items of 2.1 billion euros, the business achieved an EBITDA margin before special items of 22 percent. The team also demonstrated its cash generation power and delivered a segment cash flow of 1.5 billion euros in 2025.

We are on track to achieve IPO readiness in 2027. During the last 12 months, excellent progress has been made on the legal-entity and ERP separation. By early 2027, the separation will be completed in all regions.

In November, we announced the Management Board for the business, which combines extensive industry expertise with the required capital market experience. This management team headed by Livio Tedeschi will drive the transformation of Agricultural Solutions into an independently steered pure-play company. We also announced that we are targeting the Frankfurt stock exchange as the listing location. The planned IPO of our Agricultural Solutions business will mark the next decisive step to unlock additional value for our shareholders.

**[Slide 7: BASF Agricultural Solutions to acquire biological insect control group AgBiTech]**

One more promising update on our agricultural business: In January, we agreed to acquire the biological insect control group AgBiTech. This company has pioneered the use of nucleopolyhedrovirus technology to develop insect control solutions based on naturally occurring viruses. With operations in Brazil, the United States and Australia, the company serves farmers growing soybean, corn and cotton as well as specialty crops.

This acquisition is an important step in the value creation journey of Agricultural Solutions. The new technology will complement our existing BioSolutions portfolio and underscores the commitment to a more sustainable, holistic approach to agriculture – in line with the business strategy of BASF Agricultural Solutions. The transaction is expected to close in the first half of 2026.

**[Slide 8: We successfully started up all major assets at our Zhanjiang Verbund site]**

From the standalone Ag business to the most upstream part of our portfolio.

On time and below budget, we successfully started up all 32 key production lines at our integrated Zhanjiang Verbund site – a remarkable achievement and a testament to the capabilities of our team. The startup includes a world-scale flex-feed steam cracker, which can use both naphtha and butanes as feedstocks.

According to Linde’s CEO, this was “one of the fastest cracker startups ever.” Linde supports us with their cracker technology and engineering expertise and contributed to this major achievement by our team in Zhanjiang. The team executed this complex task with outstanding dedication and success. We are confident that we will operate the site at high utilization rates even in the current market environment.

Nevertheless, we expect a slightly negative earnings contribution from the Zhanjiang Verbund site in its first year of operations, mainly due to startup-related costs. From 2027, we expect the site to contribute positive earnings.

**[Slide 9: MDI capacity expansion in Geismar nears completion]**

Moving on to our MDI expansion in Geismar, Louisiana. Also here we are on track to conclude the final phase and are planning to start up in the third quarter of 2026.

At 1 billion U.S. dollars in total, the project marks BASF's largest investment ever in the United States. Through this expansion, we are doubling our MDI capacity in Geismar to around 600,000 metric tons per year. This supports our growth in the profitable polyurethane value chain and the growth of our customers in MDI applications such as transportation, automotive, footwear and furniture. With this key project we are deploying our leading MDI technology for the growing U.S. market.

With that, I will hand over to Dirk.

**Dirk Elvermann**

Thank you, Markus. Good morning, everybody.

**[Slide 10: BASF Group FY 2025: Key financial figures]**

Let's now take a look at the financial figures of BASF Group for the full year 2025 compared with 2024.

At 6.6 billion euros, EBITDA before special items declined compared with the prior year. However, the EBITDA margin before special items excluding metals remained almost stable at 12.3 percent.

Net income improved by 25 percent to 1.6 billion euros. Net income from shareholdings amounted to 1.3 billion euros in 2025, compared with 602 million euros in the prior year. This increase mainly resulted from higher earnings contributions from the at-equity consolidated participation in Wintershall Dea.

Free cash flow increased by around 600 million euros compared with 2024. More information is provided on the next slide.

**[Slide 11: Free cash flow exceeded prior-year figure considerably, supported by lower capex]**

Cash flows from operating activities amounted to 5.6 billion euros compared with 6.9 billion euros in the same period of last year. The decline was primarily driven by changes in other operating assets caused by an increase in precious metal trading positions. Furthermore, net income included higher non-cash items and reclassifications than in the prior year.

In 2025, cash flows from operating activities included a substantial dividend from Wintershall Dea. Reimbursements that Wintershall Dea received under the federal investment guarantees were distributed to its shareholders as dividends. BASF, which holds 72.7 percent in Wintershall Dea, received around 900 million euros after tax in 2025. In the first half of 2026, we expect to receive almost 800 million euros after tax through the same mechanism, of which around 500 million euros was already received in January.

Let me further explain this: Federal investment guarantees are insurance against political risks such as expropriation or war. As with any insurance policy, coverage does not come for free: The guarantee beneficiary, Wintershall Dea, had paid insurance premiums for many years – a triple-digit million-euro amount in total. Now, Wintershall Dea is entitled to and has asserted its claim to insurance coverage.

I will now turn to payments made for property, plant and equipment and intangible assets. These decreased by almost 2 billion euros to 4.3 billion euros in 2025, which demonstrates that we have passed the peak investment phase for the South China Verbund site. Overall, free cash flow improved strongly and amounted to 1.3 billion euros.

**[Slide 12: We will strengthen our balance sheet by further reducing net debt in 2026]**

Let's move on to our balance sheet.

Compared with year end 2024, total assets decreased by 4.2 billion euros to 76.2 billion euros at the end of 2025. The decline was caused by lower noncurrent assets, mainly on account of currency effects.

At 45.1 percent, BASF's equity ratio remained stable and very solid. By year end 2025, we reduced our net debt to 18.3 billion euros.

In 2026, we will use a substantial part of the cash proceeds from our portfolio measures to further strengthen our balance sheet. The maturity profile of outstanding bonds will allow us to further reduce net debt considerably this year, hereby underpinning our current single A credit rating.

**[Slide 13: Capex to come down significantly and stay below depreciation in 2026 and beyond]**

Let's turn to BASF's capital expenditures between 2026 and 2029.

We aim to grow with high capital efficiency by reducing capital expenditures, increasing the utilization of existing assets and optimizing our net working capital. After the successful startup of our Zhanjiang Verbund site, we are now bringing down capex below the level of depreciation.

For BASF Group, we plan capital expenditures of 13 billion euros between 2026 and 2029. This is 20 percent lower than the four-year forecast we gave you last year and more than 30 percent lower than our planning for 2024 to 2027.

In 2026, we plan total capital expenditures of 3.3 billion euros compared with 4.0 billion euros in 2025. The reduction reflects

lower capex for the Zhanjiang investment: We now expect only a further 600 million euros in 2026, after 1.6 billion euros in 2025.

With our current site and plant setup, we have sufficient own capacities in key markets to support our volume growth without requiring major new investments.

**[Slide 14: We accelerated our cost savings and now expect ~€2.3 billion by end of 2026]**

In the following, I will give you an update on the implementation of BASF's cost savings programs.

We are on an accelerated path: By the end of 2025, we already achieved a total annual cost reduction run rate of around 1.7 billion euros. This represents an increase of 100 million euros compared with our original year-end target. In 2025, the associated one-time costs amounted to 700 million euros. The increase in one-time costs in 2025 of around 300 million euros was caused by higher provisions for severance payments. In contrast, the planned one-time costs for 2026 will be reduced from 500 million euros to 300 million euros.

By the end of 2026, we now expect annual cost savings of 2.3 billion euros instead of 2.1 billion euros. The cumulative one-time costs are now expected to amount to 1.9 billion euros in total. This shows the positive momentum in bringing down our cost base and the ongoing focus of management on this crucial topic.

On the right-hand side of the slide, you can see that between December 2023 and December 2025 we reduced the number of senior executives by 11 percent and the number of employees by around 4,800 if we exclude the around 1,000 employees who were recruited at the Verbund site in China in the same period.

This demonstrates that we are actively streamlining our global organization at all levels. In 2026, we will further advance in this direction.

**[Slide 15: Next value-creation step in BASF's service organizations – streamlining units to meet needs of the core businesses]**

Let's switch to our next value-creation step in BASF's service organizations. Against the backdrop of our successful portfolio measures and the differentiation between core and standalone businesses, we are now streamlining Global Digital Services and Global Business Services to meet the needs of our core businesses.

In Global Digital Services, we are rationalizing and harmonizing BASF's IT application landscape and sharpening the digital service portfolio through consolidation and standardization. In this context, we plan to open a cost-efficient digital hub in Hyderabad, India. We will streamline our existing location footprint and take out significant costs. Building on competitive service levels and focused digitalization, these measures allow us to capture efficiency gains and achieve a significant workforce reduction.

Similarly, in Global Business Services, we intend to streamline the service portfolio, drive automation and establish cost-efficient global hubs. We aim to bundle a significant portion of our business services in two global hubs in Asia. At a new global hub in India, we intend to bundle services with a focus on finance and HR. The established hub in Kuala Lumpur, Malaysia, is foreseen to focus on global supply chain services in the future. Existing regional hubs will complement this setup. With these decisive steps, we aim to harvest synergies and secure structural cost advantages.

With that back to you, Markus.

**[Slide 16: We deliver on our attractive shareholder distribution policy]**

The Board of Executive Directors of BASF SE is fully committed to attractive shareholder distributions via dividends and share buybacks as part of our “Winning Ways” strategy.

In line with our shareholder distribution policy, we will propose a dividend of 2 euros and 25 cents per share for the business year 2025 to the Annual Shareholders’ Meeting. Based on the year-end share price, this offers an attractive dividend yield of 5.1 percent. In total, we will pay out dividends of around 2 billion euros to our shareholders.

The second pillar of BASF’s attractive shareholder distribution policy is our buyback program. In view of cash proceeds already received and further proceeds expected, particularly from portfolio measures, we started buying back shares in November 2025. By year end 2025, we repurchased shares for around 355 million euros. The program, which has a volume of up to 1.5 billion euros, is scheduled to be concluded by the end of June 2026. It is part of the share buyback announced at the Capital Markets Day in September 2024, with a total volume of at least 4 billion euros until the end of 2028. The earlier start of the program demonstrates our confidence in the financial strength of BASF. From 2025 to 2028, BASF aims to distribute at least 12 billion euros to shareholders via dividends and share buybacks.

**[Slide 17: Outlook 2026 for BASF Group]**

Moving on to our outlook for 2026.

From today’s perspective, we do not expect a meaningful market upswing or a significant easing of geopolitical tensions in the near term.

Our forecast for the BASF Group assumes that GDP growth will be slightly lower and that global industrial production growth will be significantly lower than the 2025 level. We expect a further decline in chemical production in the mature economies and weaker growth in the emerging markets. Our planning is based on an average oil price of 65 U.S. dollars per barrel of Brent crude and an exchange rate of 1.20 U.S. dollars per euro.

Based on these assumptions, we expect EBITDA before special items to be between 6.2 billion euros and 7.0 billion euros in 2026. The Nutrition & Care and Chemicals segments are likely to increase their earnings significantly, while Industrial Solutions expects a slight increase in earnings. In the Materials and Agricultural Solutions segments, we forecast slightly lower earnings due to currency effects. EBITDA before special items in the Surface Technologies segment is expected to decrease significantly in 2026, mainly due to positive one-time effects in the ECMS division in 2025.

The BASF Group's free cash flow is expected to be between 1.5 billion euros and 2.3 billion euros. Payments made for property, plant and equipment and intangible assets are estimated to be reduced to 3.4 billion euros, of which roughly 0.6 billion euros stem from our Zhanjiang Verbund site investment.

Let me add that from a market perspective, the start to the first quarter has been as challenging as expected. In January, volumes continued to develop very positively in China, which is partly related to the timing of Chinese New Year. In the remaining regions, however, volume development has been weak. Given the considerably stronger U.S. dollar in the prior-year quarter, currency headwinds on EBITDA before special items could amount to up to 200 million euros in the first quarter of 2026 alone.

**[Slide 18: Priorities for 2026]**

As I just outlined, 2026 is likely to be another transitional year with significant headwinds for our industry. Most of the improvements we aim to achieve will need to be driven by our own efforts. We expect a gradual recovery of market conditions in the later part of this year and in 2027 and see promising early indications. However, we are also mindful of short-term demand constraints due to geopolitical and trade-related effects.

Let me highlight three topics that we will continue to prioritize in 2026.

First: We will continue to actively drive measures to structurally reduce costs by rigorously implementing our cost savings programs, and we will bring down capex significantly below the level of depreciation. In parallel, we will hunt for volumes to increase the utilization rates of our plants.

Second: After the successful startup of our new Verbund site, it's now all about filling the assets and increasing utilization rates. Based on our highly competitive cost position, we are confident that we will achieve this goal fairly quickly. Furthermore, we will focus on the completion of the final phase of the MDI capacity expansion in Geismar to capture further profitable growth in North America.

Third: We will build on our successful portfolio measures to crystallize and unlock the value of our standalone businesses. We will stay on course to further strengthen our core businesses by implementing the necessary measures.

In summary, delivering on our "Winning Ways" strategy means combining active portfolio steering with capital discipline and strong operational execution when it comes to capex and costs. Coupled with a winning culture, this will create value for BASF and our shareholders.