We create chemistry for a sustainable future
Cautionary note regarding forward-looking statements

This presentation contains forward-looking statements. These forward-looking statements are based on current estimates and projections of the Board of Executive Directors and on currently available information. These forward-looking statements are not guarantees of the future developments and results outlined therein. Rather, they depend on a number of factors, involve various risks and uncertainties, and are based on assumptions that may not prove to be accurate. Such risk factors particularly include those discussed on pages 111 to 118 of the BASF Report 2016. The BASF Report is available online at basf.com/report. BASF does not assume any obligation to update the forward-looking statements contained in this presentation.
Agenda

1. At a glance
2. Strategic levers
3. Segments
## BASF shares – an attractive investment

- **Growth above chemical industry average** – driven by innovative and sustainable products and solutions

- **Broad and resilient portfolio** – with global market access and strong customer relationships

- **Unique Verbund concept** – competitive advantage based on integrated sites, operational excellence and best-in-class technologies

- **Earnings growth and strong cash flow generation** – based on operational and financial strength

- **Long-term value creation with progressive dividend policy** – grow or at least maintain dividend at the previous year’s level
Chemicals – a growth industry
Global annual growth rate of ~3.6%*

Agriculture  Health & Nutrition  Energy & Resources  Construction & Housing  Consumer products  Automotive & Transport  Electric & Electronics

Chemistry as enabler to meet current and future needs

~10 bn
...people by 2050

70%
...of the world population will live in cities by 2050

50%
...more primary energy consumption by 2050

30%
...more food needed by 2050

* Forecast average annual real change 2017 – 2019; BASF Report 2016, p.121
Broad and resilient portfolio

2016: Sales of €57.6 billion; EBITDA of €10.5 billion

Percentage of sales 2016*

- **Chemicals**
  - EBITDA €3.2 billion
  - Petrochemicals
  - Monomers
  - Intermediates
  - 23%

- **Performance Products**
  - EBITDA €2.5 billion
  - Dispersions & Pigments
  - Care Chemicals
  - Nutrition & Health
  - Performance Chemicals
  - 26%

- **Functional Materials & Solutions**
  - EBITDA €2.9 billion
  - Catalysts
  - Construction Chemicals
  - Coatings
  - Performance Materials
  - 33%

- **Agricultural Solutions**
  - EBITDA €1.3 billion
  - Crop Protection
  - 10%

- **Oil & Gas**
  - EBITDA €1.6 billion
  - Exploration & Production; Natural Gas Transport
  - 5%

* Not depicted here: ‘Other’ 3% of Group sales and EBITDA €(1.0) billion
Global market access through regional presence

**North America**
- Sales: €14,042 million
- EBIT: €1,113 million
- Employees: 17,583

**South America, Africa, Middle East**
- Sales: €5,304 million
- EBIT: €432 million
- Employees: 7,307

**Europe**
- Sales: €26,039 million
- EBIT: €3,632 million
- Employees: 70,784

**Asia Pacific**
- Sales: €12,165 million
- EBIT: €1,098 million
- Employees: 18,156

*2016: Sales by location of customer; EBIT by location of company*
Verbund – unique competitive advantage
Actively managed in line with market requirements

- Annual cost savings of more than €1 billion through integrated production
- Verbund concept supports sustainability, reduces waste and avoids CO₂ emissions of 6 million tons p.a.
## BASF Group Q2 2017
Considerably higher sales and earnings

<table>
<thead>
<tr>
<th>Financial figures</th>
<th>Q2 2017</th>
<th>Q2 2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>€16.3 billion</td>
<td>€14.5 billion</td>
<td>12%</td>
</tr>
<tr>
<td>EBITDA before special items</td>
<td>€3.3 billion</td>
<td>€2.7 billion</td>
<td>23%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>€3.2 billion</td>
<td>€2.8 billion</td>
<td>16%</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>€2.3 billion</td>
<td>€1.7 billion</td>
<td>32%</td>
</tr>
<tr>
<td>EBIT</td>
<td>€2.2 billion</td>
<td>€1.7 billion</td>
<td>27%</td>
</tr>
<tr>
<td>Net income</td>
<td>€1.5 billion</td>
<td>€1.1 billion</td>
<td>37%</td>
</tr>
<tr>
<td>Reported EPS</td>
<td>€1.63</td>
<td>€1.19</td>
<td>37%</td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>€1.78</td>
<td>€1.30</td>
<td>37%</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>€3.0 billion</td>
<td>€2.3 billion</td>
<td>29%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales development</th>
<th>Volumes</th>
<th>Prices</th>
<th>Portfolio</th>
<th>Currencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2017 vs. Q2 2016</td>
<td>↑ 3%</td>
<td>↑ 7%</td>
<td>↑ 1%</td>
<td>↑ 1%</td>
</tr>
</tbody>
</table>
Stepwise increase of earnings level

EBIT and EBITDA* billion €, 2001–2016

* 2010, 2011 indicative, adjusted for IFRS 10 & 11; 2001–2009 as reported, without non-compensable foreign income taxes on oil production
Strong cash flow development

billion €, 2001–2016

Operating cash flow
Free cash flow
Attractive dividend
We want to grow or at least maintain dividend at the previous year’s level

Dividend per share
€

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per share</th>
<th>Yield*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>0.65</td>
<td>3.1%</td>
</tr>
<tr>
<td>2002</td>
<td>0.70</td>
<td>3.9%</td>
</tr>
<tr>
<td>2003</td>
<td>0.70</td>
<td>3.1%</td>
</tr>
<tr>
<td>2004</td>
<td>0.85</td>
<td>3.2%</td>
</tr>
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<td>2005</td>
<td>1.00</td>
<td>3.1%</td>
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<tr>
<td>2006</td>
<td>1.50</td>
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<td>2007</td>
<td>1.95</td>
<td>3.8%</td>
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<tr>
<td>2008</td>
<td>1.95</td>
<td>7.0%</td>
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<tr>
<td>2009</td>
<td>1.70</td>
<td>3.9%</td>
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<tr>
<td>2010</td>
<td>2.20</td>
<td>3.7%</td>
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<tr>
<td>2011</td>
<td>2.50</td>
<td>4.6%</td>
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<tr>
<td>2012</td>
<td>2.60</td>
<td>3.7%</td>
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<tr>
<td>2013</td>
<td>2.70</td>
<td>3.5%</td>
</tr>
<tr>
<td>2014</td>
<td>2.80</td>
<td>4.0%</td>
</tr>
<tr>
<td>2015</td>
<td>2.90</td>
<td>4.1%</td>
</tr>
<tr>
<td>2016</td>
<td>3.00</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

* Dividend yield based on share price at year-end
Delivering consistent, long-term value
Current market capitalization: €74 billion*

Average annual performance
(with dividends reinvested)

Last 10 years
July 2007 – June 2017

- BASF: +9.4%
- Euro Stoxx 50: +4.4%
- DAX 30: +6.2%
- MSCI World Chemicals: +0.4%

Last 5 years
July 2012 – June 2017

- BASF: +12.0%
- Euro Stoxx 50: +11.8%
- DAX 30: +13.9%
- MSCI World Chemicals: +11.7%

* As of June 30, 2017
### Financial targets for the coming years

- **Sales growth** – slightly faster than global chemical production
- **EBITDA growth** – well above global chemical production
- **Deliver attractive returns** – earn a significant premium on cost of capital
- **Remain a strong cash provider** – continuously generate high levels of free cash flow
- **Progressive dividend policy** – grow or at least maintain dividend at previous year’s level
Our priorities

We aim to grow sales and earnings faster than global chemical production in the coming years, driven by

- **Innovations** for a **sustainable future**
- **Investments** in organic growth
- **M&A** opportunities and **portfolio pruning** measures
- **Operational excellence** and **cost discipline**
## Outlook 2017 for BASF Group raised

### Assumptions 2017

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Forecast 2017</th>
<th>Forecast 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth</td>
<td>+2.5% (+2.3%)</td>
<td></td>
</tr>
<tr>
<td>Growth in industrial production</td>
<td>+2.5% (+2.3%)</td>
<td></td>
</tr>
<tr>
<td>Growth in chemical production*</td>
<td>+3.4% (+3.4%)</td>
<td></td>
</tr>
<tr>
<td>Exchange rate</td>
<td>US$1.10 per euro (US$1.05 per euro)</td>
<td></td>
</tr>
<tr>
<td>Oil price (Brent)</td>
<td>US$50 per barrel (US$55 per barrel)</td>
<td></td>
</tr>
</tbody>
</table>

### Outlook 2017

We have raised our 2017 forecast as follows (previous forecast in parentheses):

- Considerable **sales** increase (considerable increase)
- Considerable increase in **EBIT before special items** and in **EBIT** (slight increase)
- Significant premium on cost of capital with slight increase in **EBIT after cost of capital** (considerable decline in EBIT after cost of capital)
Agenda

1  At a glance

2  Strategic levers
   ► Portfolio development
   ► Investments
   ► Innovation
   ► Sustainability
   ► Operational excellence

3  Segments
Continuous global portfolio development

Specialties and solutions
- Attractive markets
- Differentiation by customer proximity and innovations

Differentiated commodities
- Attractive markets
- Differentiation by process technologies and integration

Growth fields

Innovation pipeline

Acquisitions

Divestment of businesses, e.g., due to lower market attractiveness

Commoditization leads to restructuring

Divestment of businesses, e.g., due to loss of differentiation

Maintaining a balanced portfolio

target (in % of sales*)

~50%  ~50%

* Excluding Oil & Gas sales
Portfolio development towards more market-driven and innovative businesses

**Acquisitions**
- Functional crop care
- Personal care & food
- Omega-3 fatty acids
- Enzymes
- Battery materials
- Specialty plastics
- Selected assets in Oil & Gas
- Refinish coatings
- Surface treatment

~€5.5 billion sales in emerging and innovation-driven businesses

**BASF core business**

Selected transactions 2010–today

**Strong Partnerships**
- Gazprom
- PETRONAS
- Sinopec
- Total

**Divestitures**
- Styrenics
- Fertilizers
- Selected assets in Oil & Gas
- Natural gas trading & storage
- Custom synthesis business
- Textile chemicals
- Polyolefin catalysts
- Industrial coatings
- Leather chemicals

~€21.0 billion sales in businesses with limited fit and differentiation potential
Clear acquisition criteria

**Strategic acquisition criteria**

- generate profitable growth above the industry average
- are innovation-driven
- offer a special value proposition to customers
- reduce earnings cyclicality

**Financial acquisition criteria**

- provide a return on investment above the WACC
- are EPS accretive by year three at the latest
Chemetall – a global leader in surface treatment products and services

Key facts

- One of the strongest globally managed brands in the sector
- Proprietary manufacturing technologies, rigorous product quality and performance standards
- Leading market positions in the automotive, aerospace and cold forming segments
- Long-standing, service-intensive customer relationships
- Track record of strong growth and high profitability

Significant global presence and record of accelerated expansion in emerging markets

An excellent strategic fit for BASF Coatings
Investments in organic growth
Investments of ~€3.9 billion planned for 2017

Capex budget 2017–2021 (by segment)

- Other: 13%
- Oil & Gas: 23%
- Agricultural Solutions: 4%

€19.0 billion

- Chemicals: 24%
- Performance Products: 21%
- Functional Materials & Solutions: 15%

Capex budget 2017–2021 (by region)

- Europe: 49%
- Oil & Gas Europe
- Asia Pacific: 16%
- North America: 22%
- South America*: 10%
- Other**: 3%

* Including Africa and Middle East, ** Alternative sites currently being investigated
Investment projects with startup in 2017

Aroma ingredients complex
Kuantan, Malaysia
- BASF and PETRONAS further expand joint activities in Malaysia
- Investment: around €500 million

Ammonia plant
Freeport, Texas
- BASF and Yara are building world-scale ammonia plant in the U.S.
- 750,000 tons per year; hydrogen-based process

Engineering plastics
Schwarzheide, Germany
- Expansion of annual capacity by 70,000 tons
- Increasing BASF’s global compounding capacity to more than 700,000 tons
Innovation will drive future growth

**R&D expenditures 2016**

- **Corporate Research** 21%
- **Oil & Gas** 2%
- **Agricultural Solutions** 26%
- **Performance Products** 20%
- **Functional Materials & Solutions** 21%
- **Chemicals** 10%

**Key facts**

- €1.86 billion R&D expenditures in 2016
- R&D expense to sales ratio ~3%
- ~10,000 employees in R&D
- ~3,000 projects
- ~850 new patents in 2016
- Research Verbund: Cooperations with more than 600 excellent partners from universities, startups and industry
- In 2016, sales of >€10 billion from innovations on the market since 2011
Corporate Research: BASF’s key technology capabilities are bundled in seven focus areas

Selected key technology capabilities reflect where BASF requires continued effort and resources to safeguard today’s and tomorrow’s excellence in innovation.
Global R&D presence in key markets

BASF R&D sites – regional hubs and sites with specific customer know-how and proximity

- San Diego: Enzymes
- Wyandotte: Materials
- Iselin: Catalysts
- Research Triangle Park: Bioscience Research
- Lemförde: Polyurethanes
- Muenster: Coatings
- Frankfurt: Surface Treatment
- Ludwigshafen: Process Research & Chemical Engineering
- Amagasaki: Batteries
- Suwon: Electronic Materials
- Shanghai: Advanced Materials & Systems Research
- Mumbai: Crop protection
- Shanghai: Advanced Materials & Systems Research

Around 70 BASF R&D sites globally
Sustainable Solution Steering®
Novel methodology to screen and steer our portfolio

- >60,000 product applications analyzed
- 27.2% Accelerators
  - outgrow their markets
  - deliver margins above the average
  - represent majority of BASF’s R&D pipeline
- 68.3% Performers
- <1% Challenged products

Increase the share of Accelerators from 23% in 2014 to 28% by 2020
Innovations for a sustainable future
Examples with significant contributions to sustainability

- SLENTITE® high-performance insulation material
- Trilon M® phosphate alternative for dishwashing detergents
- Acronal® MB – from biomass to dispersions
- ecovio® biodegradable polymer solution
- Green Sense® resource-efficient concrete production
- FWC™ Four-Way Conversion catalyst removes particulates
Automotive is a growth business for BASF

BASF sales to Automotive vs. global vehicle production
(indexed)

* Excl. precious metals, coatings refinish business; CAGR shown for 2007 – 2015
Carbon efficiency
Responsible use of raw materials by the chemical industry

- Growing world population needs access to energy, housing, healthcare and food
- Consumption of resources has to be reduced in order to limit global warming to <2°C
- Chemistry as enabler for low-carbon technologies (e.g., lightweight parts, battery materials, insulation, etc.)

- BASF uses raw materials responsibly: ~80% of carbon converted to products, ~20% needed for processes*
- Continuous efficiency improvements
- 22 million tons CO₂ emissions by BASF in 2016 compared to 10–30 million tons p.a. for one coal-fired power plant
- Chemical industry: only ~10% of global consumption of fossil resources**
Operational excellence
DrivE with ~€1 billion targeted earnings contribution

Annual earnings contribution DrivE
million €

DrivE program

- Targeted annual earnings contribution of €1 billion from end of 2018 on
- Optimization of processes and structures in all regions, including
  - manufacturing
  - incremental capacities
  - productivity increase
- Project timeline: 2016–2018
Strong track record in operational excellence

BASF Group* 2001–2016
indexed; CAGR 2001–2016

* Excl. companies with major IFRS 10/11 restatements, i.e. BASF YPC Nanjing, Libya onshore, other Oil & Gas and Catalysts companies
Digitalization will support BASF’s growth and efficiency

**Growth**
- Digital business models
- Customer connectivity
- Digitalization in R&D

→ New revenue streams
→ Increased supply share
→ Higher innovation output

**Efficiency**
- Predictive maintenance
- Augmented reality in production
- Smart supply chain

→ Increased capacity
→ Increased work efficiency
→ Reduced working capital
Agenda

1 At a glance

2 Strategic levers

3 Segments
   ► Chemicals
   ► Performance Products
   ► Functional Materials & Solutions
   ► Agricultural Solutions
   ► Oil & Gas
Chemicals
Higher earnings driven by increased margins

Sales Q2 2017 vs. Q2 2016*

<table>
<thead>
<tr>
<th>Intermediates</th>
<th>Petrochemicals</th>
<th>Monomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>757</td>
<td>1,580</td>
<td>1,708</td>
</tr>
<tr>
<td>+11%</td>
<td>+20%</td>
<td>+38%</td>
</tr>
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</table>

€4,045 +25%

EBIT before special items*

<table>
<thead>
<tr>
<th>Q2 2017 vs. Q2 2016</th>
<th>Prices</th>
<th>Portfolio</th>
<th>Currencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2017</td>
<td>458</td>
<td>488</td>
<td>958</td>
</tr>
<tr>
<td>Q3 2017</td>
<td>488</td>
<td>629</td>
<td>1,120</td>
</tr>
<tr>
<td>Q4 2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1 2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2 2017</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Effective January 1, 2017, the Monomers and Dispersions & Pigments divisions’ activities for the electronics industry were merged into the global Electronic Materials business unit and allocated to the Dispersions & Pigments division in the Performance Products segment. The 2016 figures have been adjusted accordingly.
Performance Products
Sales increased, earnings declined due to lower margins

Sales Q2 2017 vs. Q2 2016*

- Performance Chemicals: €980 million (+2%)
- Nutrition & Health: €464 million (-7%)
- Care Chemicals: €1,263 million (+7%)
- Dispersions & Pigments: €1,435 million (+6%)

EBIT before special items*

- Q2 2017: €512 million
- Q3 2017: €473 million
- Q4 2016: €237 million
- Q1 2017: €515 million
- Q2 2017: €405 million

Sales development Volumes Prices Portfolio Currencies

- Q2 2017 vs. Q2 2016: +2%
- Prices: +2%
- Portfolio: -1%
- Currencies: +1%

* Effective January 1, 2017, the Monomers and Dispersions & Pigments divisions' activities for the electronics industry were merged into the global Electronic Materials business unit and allocated to the Dispersions & Pigments division in the Performance Products segment. The 2016 figures have been adjusted accordingly.
Functional Materials & Solutions
Sales growth on good demand, earnings affected by lower margins overall and higher fixed costs

Sales Q2 2017 vs. Q2 2016
million €

- Performance Materials: 1,943 (+10%)
- Catalysts: 1,674 (+11%)
- Coatings: 998 (+25%)
- Construction Chemicals: 646 (+3%)

Total: €5,261 (+12%)

EBIT before special items
million €

- Q2 2016: 535
- Q3 2016: 497
- Q4 2016: 458
- Q1 2017: 531
- Q2 2017: 422

Sales development
Q2 2017 vs. Q2 2016:

- Volumes: ↑ 4%
- Prices: ↑ 3%
- Portfolio: ↑ 3%
- Currencies: ↑ 2%
Agricultural Solutions
Sales increased, earnings impacted by lower average margins due to different product mix

Sales Q2 2017 vs. Q2 2016 and H1 2017 vs. H1 2016, million €

EBIT before special items Q2 2017 vs. Q2 2016 and H1 2017 vs. H1 2016, million €

Sales development

<table>
<thead>
<tr>
<th></th>
<th>Q2 2017 vs. Q2 2016</th>
<th>Volumes</th>
<th>Prices</th>
<th>Portfolio</th>
<th>Currencies</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>+5%</td>
<td>(2%)</td>
<td>0%</td>
<td>+2%</td>
</tr>
</tbody>
</table>

Q2 2017 vs. Q2 2016
Oil & Gas
Sales and earnings up, mainly due to higher volumes and prices

Sales Q2 2017 vs. Q2 2016

<table>
<thead>
<tr>
<th>Sales development Q2 2017 vs. Q2 2016</th>
<th>Volumes</th>
<th>Prices/Currencies</th>
<th>Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>↑ 22%</td>
<td>↑ 10%</td>
<td>0%</td>
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</table>

EBIT before special items, net income

<table>
<thead>
<tr>
<th>EBIT before special items, net income Q2 2016 vs. Q2 2017</th>
<th>Sales Q2 2016</th>
<th>Net Income Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>94</td>
<td>100</td>
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<tr>
<td></td>
<td>183</td>
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## Review of “Other”

<table>
<thead>
<tr>
<th>million €</th>
<th>Q2 2017</th>
<th>Q2 2016</th>
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<tbody>
<tr>
<td>Sales</td>
<td>476</td>
<td>485</td>
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<tr>
<td>EBIT before special items</td>
<td>(151)</td>
<td>(212)</td>
</tr>
<tr>
<td>Thereof</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs for cross-divisional corporate research</td>
<td>(93)</td>
<td>(88)</td>
</tr>
<tr>
<td>Costs of corporate headquarters</td>
<td>(58)</td>
<td>(56)</td>
</tr>
<tr>
<td>Foreign currency results, hedging and other measurement effects</td>
<td>142</td>
<td>(116)</td>
</tr>
<tr>
<td>Other businesses</td>
<td>(12)</td>
<td>33</td>
</tr>
<tr>
<td>Special items</td>
<td>(30)</td>
<td>65</td>
</tr>
<tr>
<td>EBIT</td>
<td>(181)</td>
<td>(147)</td>
</tr>
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</table>
Cash flow development in 1st half 2017

<table>
<thead>
<tr>
<th>million €</th>
<th>H1 2017</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by operating activities</td>
<td>3,802</td>
<td>3,339</td>
</tr>
<tr>
<td>Thereof Changes in net working capital</td>
<td>(1,684)</td>
<td>(1,045)</td>
</tr>
<tr>
<td>Miscellaneous items</td>
<td>178</td>
<td>(122)</td>
</tr>
<tr>
<td>Cash used in investing activities</td>
<td>(2,365)</td>
<td>(1,988)</td>
</tr>
<tr>
<td>Thereof Payments made for tangible / intangible assets</td>
<td>(1,642)</td>
<td>(1,979)</td>
</tr>
<tr>
<td>Acquisitions / divestitures</td>
<td>(65)</td>
<td>51</td>
</tr>
<tr>
<td>Cash used in financing activities</td>
<td>(886)</td>
<td>(1,814)</td>
</tr>
<tr>
<td>Thereof Changes in financial liabilities</td>
<td>1,932</td>
<td>944</td>
</tr>
<tr>
<td>Dividends</td>
<td>(2,837)</td>
<td>(2,768)</td>
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<tr>
<td>Free cash flow</td>
<td>2,160</td>
<td>1,360</td>
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