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Analyst Conference Call Q3 2018

Ludwigshafen, October 26, 2018

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. Such risk factors include those discussed in the Opportunities and Risks Report from page 111 to 118 of the BASF Report 2017. BASF does not assume any obligation to update the forward-looking statements contained in this presentation above and beyond the legal requirements.

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BASF Group Q3 2018

Higher sales, earnings declined mainly due to lower contribution from the Chemicals segment

Financial figures*	Q3 2018	Q3 2017	Change
	€	€	%
Sales	15,606 million	14,516 million	8
EBITDA before special items	2,263 million	2,517 million	(10)
EBITDA	2,190 million	2,655 million	(18)
EBIT before special items	1,470 million	1,702 million	(14)
EBIT	1,395 million	1,824 million	(24)
Net income	1,200 million	1,336 million	(10)
Reported EPS	1.31	1.45	(10)
Adjusted EPS	1.51	1.40	8
Cash flows from operating activities	2,930 million	3,795 million	(23)

Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2018 vs. Q3 2017	↑ 2%	↑ 6%	↑ 1%	↓ (1)%

* Restated figures due to reporting of oil and gas business as discontinued operation

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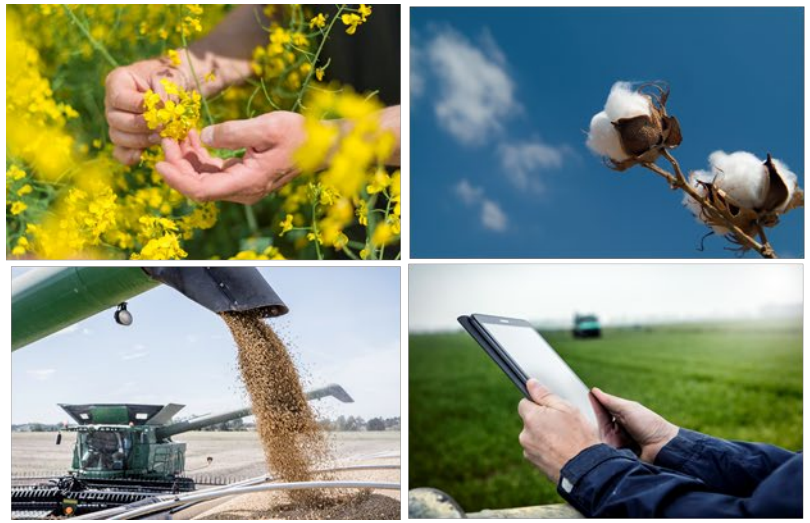
Update on recently announced acquisitions



BASF acquired agricultural solutions businesses and assets from Bayer

- Purchase price*: €7.6 billion
- Sales 2017: ~€2.2 billion
- Sales 2016: ~€2.0 billion
- EBITDA 2016**: ~€550 million
- Closing took place in August 2018

* Subject to certain adjustments

** On a pro-forma adjusted basis

BASF to acquire Solvay's integrated polyamide business

- Purchase price: ~€1.6 billion
- Sales 2016: ~€1.3 billion
- EBITDA 2016: ~€200 million
- On June 26, 2018 the EU Commission opened an in-depth investigation and will likely take a decision in Q1 2019

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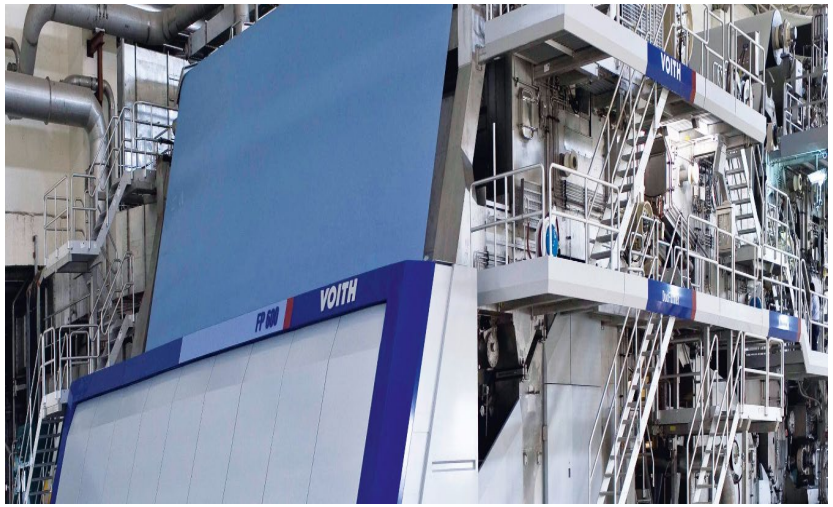
Update on recently announced mergers

BASF and LetterOne signed agreement to merge Wintershall and DEA

- Pro-forma sales 2017: ~€4.7 billion
- Pro-forma EBITDA 2017: ~€2.8 billion
- BASF to initially hold a 67% share of Wintershall DEA. BASF will receive additional preference shares. This will result in a total shareholding of 72.7%
- Closing expected in H1 2019, subject to regulatory approvals



BASF and Solenis to join forces by combining paper and water chemicals

- Pro-forma sales 2017: ~€2.4 billion
- BASF to hold a 49% share of the combined entity; funds managed by Clayton, Dubilier & Rice to hold 51%
- Closing is anticipated for the end of 2018 at the earliest, subject to regulatory approvals

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BASF evaluates strategic options for Construction Chemicals

Options include merger with a strong partner or a divestiture

Key facts

- Business focuses on advanced chemical solutions for the construction industry
- Strong emphasis on innovations to rapidly adopt sustainable construction practices
- Sales 2017: €2,412 million
  - Admixture systems: 48%
  - Construction systems: 52%
- Operations in more than 60 countries
- Number of employees: ~7,000
- Target is to reach an agreement on a transaction in the course of 2019

Reasons for evaluating strategic options

- Higher critical mass in construction systems needed to be successful in the long term
- Market continues to offer attractive consolidation opportunities

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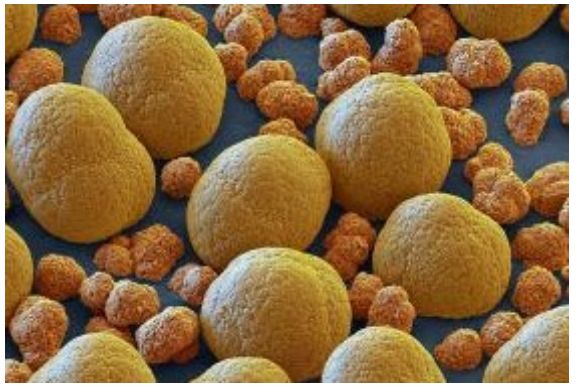
BASF selected Harjavalta in Finland as the first location for battery materials production serving the European automotive market

- Production plant will be constructed adjacent to the nickel and cobalt refinery owned by Norilsk Nickel
- Co-location of BASF's new plant will enable unparalleled access to a local nickel and cobalt supply
- Investment is part of BASF's €400 million multi-step investment plan
- BASF's high-nickel cathode materials are key to deliver enhanced energy density and vehicle range
- Start-up is planned for late 2020, enabling the supply of approximately 300,000 full electric vehicles per year with BASF battery materials
- BASF will be able to serve the European e-mobility growth strategies of key OEMs and cell suppliers



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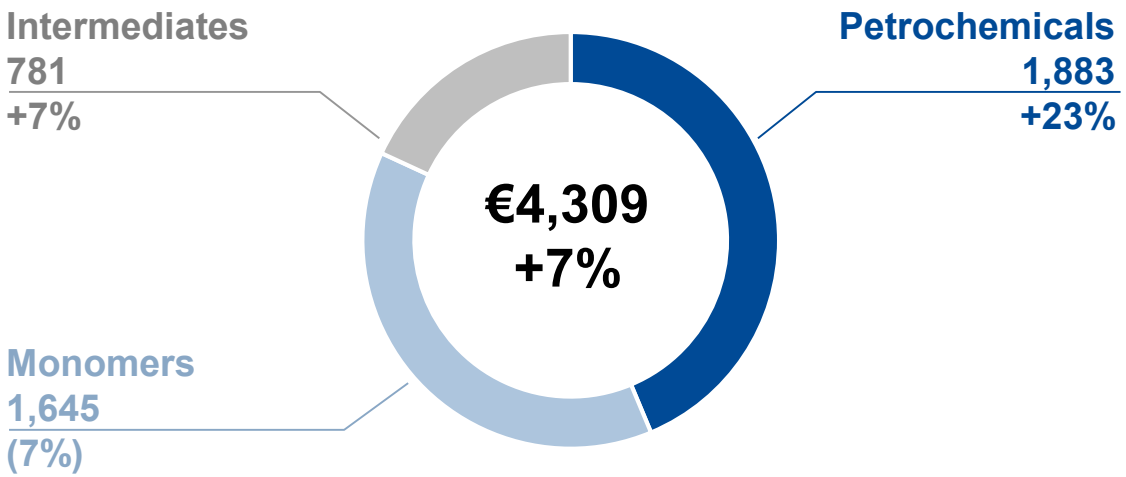
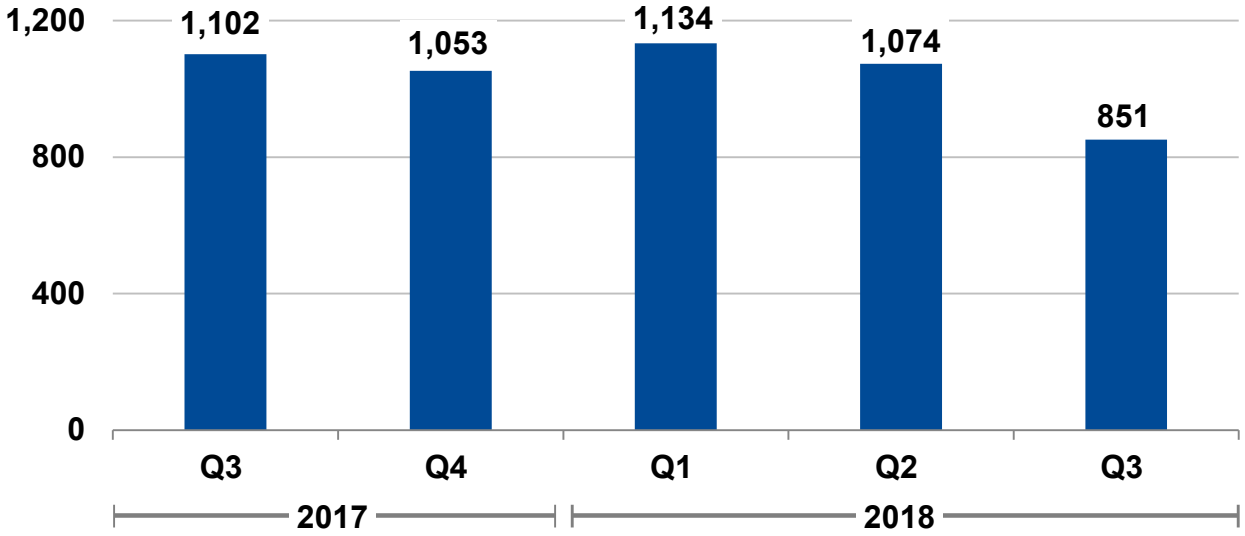
Chemicals

Earnings decreased due to normalizing isocyanate prices and lower cracker margins

Sales Q3 2018 vs. Q3 2017
million €



EBIT before special items
million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2018 vs. Q3 2017	0%	↑ 7%	0%	0%

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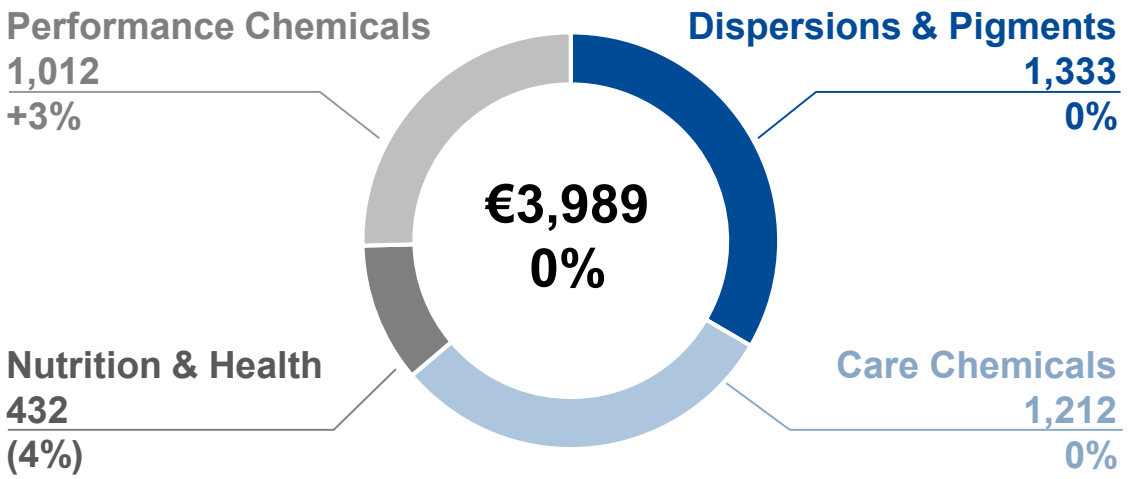
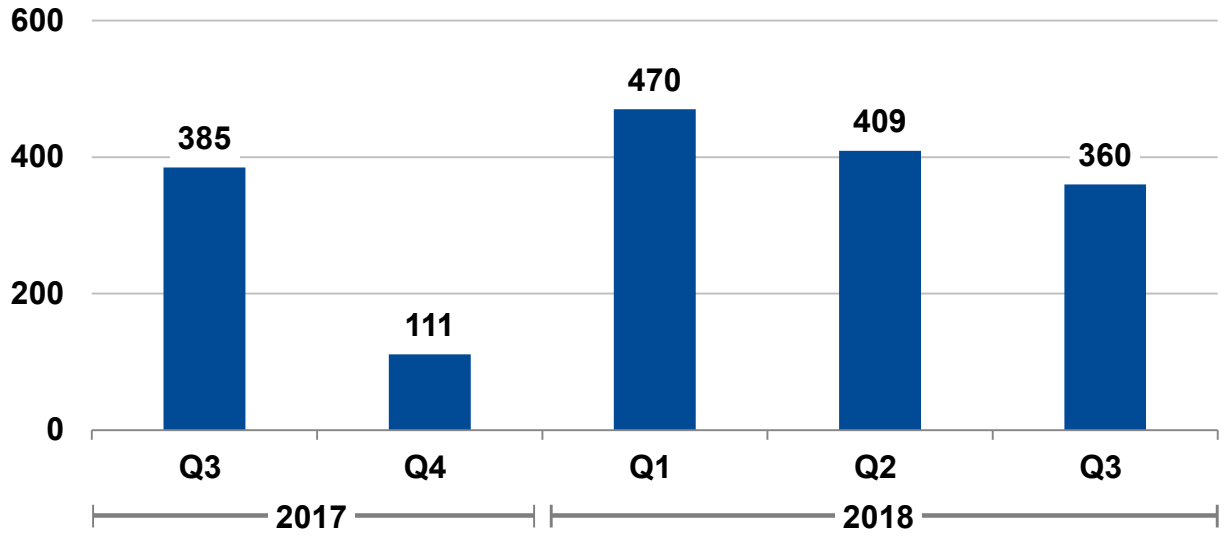
Performance Products

Slightly lower earnings driven by lower volumes and higher costs; stronger margins with offsetting effect

Sales Q3 2018 vs. Q3 2017
million €



EBIT before special items
million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2018 vs. Q3 2017	↓ (3%)	↑ 5%	↓ (1%)	↓ (1%)

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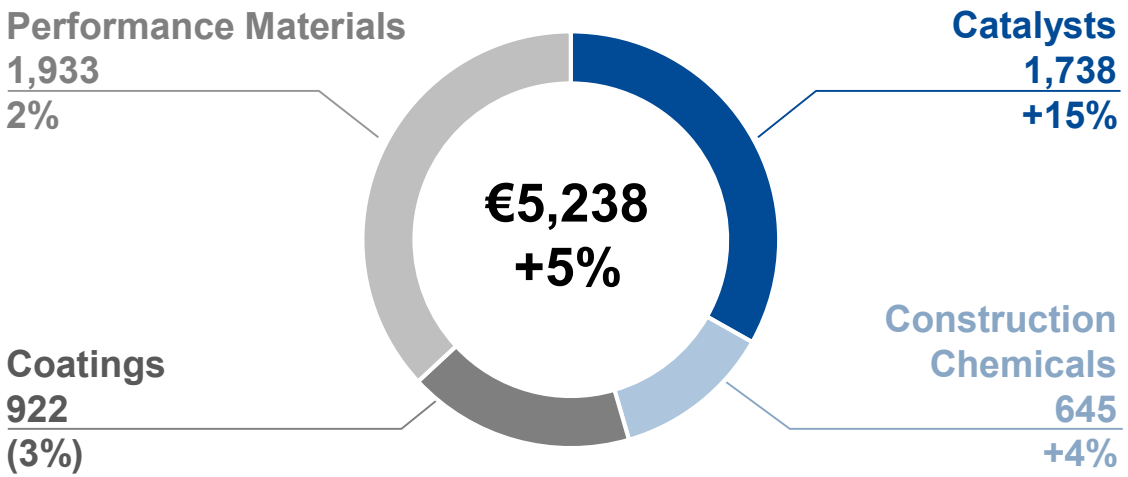
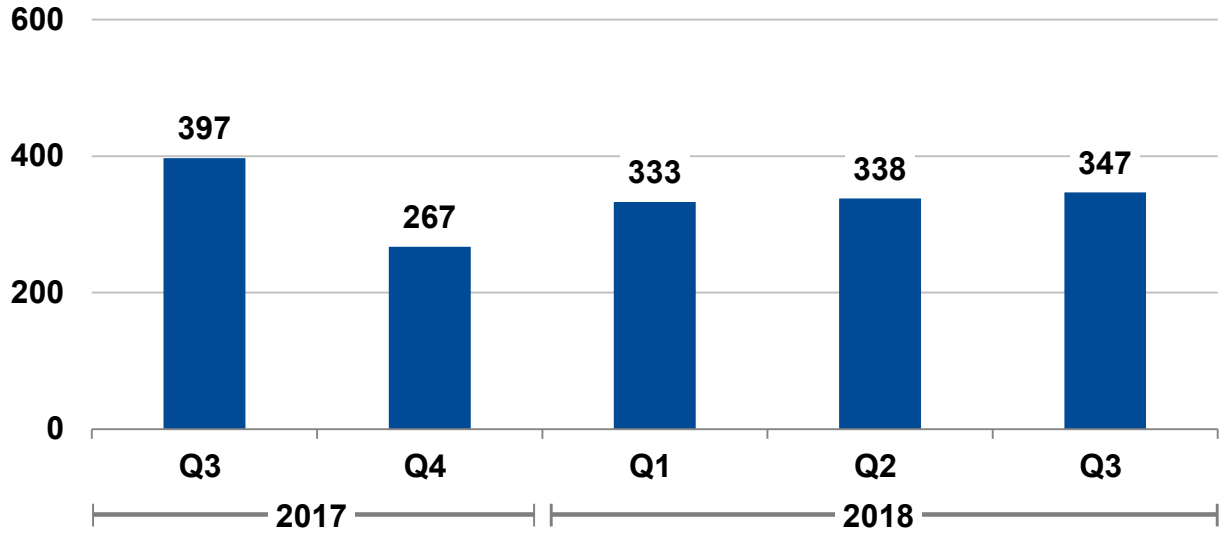
Functional Materials & Solutions

Sales up on higher prices and volumes, earnings declined mainly due to higher fixed costs

Sales Q3 2018 vs. Q3 2017
million €



EBIT before special items
million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2018 vs. Q3 2017	↑ 2%	↑ 4%	0%	↓ (1%)

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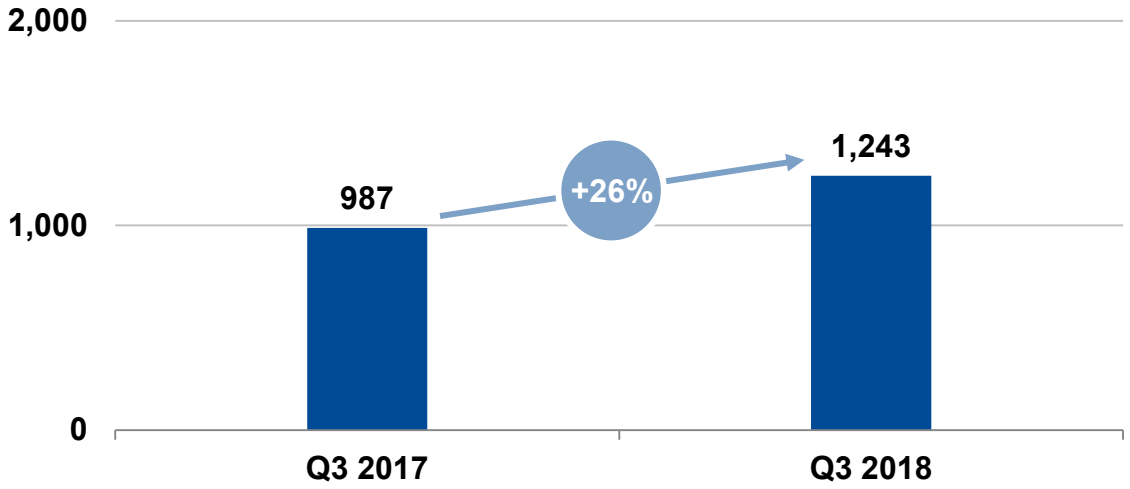
Agricultural Solutions

Sales increased, earnings declined due to acquisition-related effects

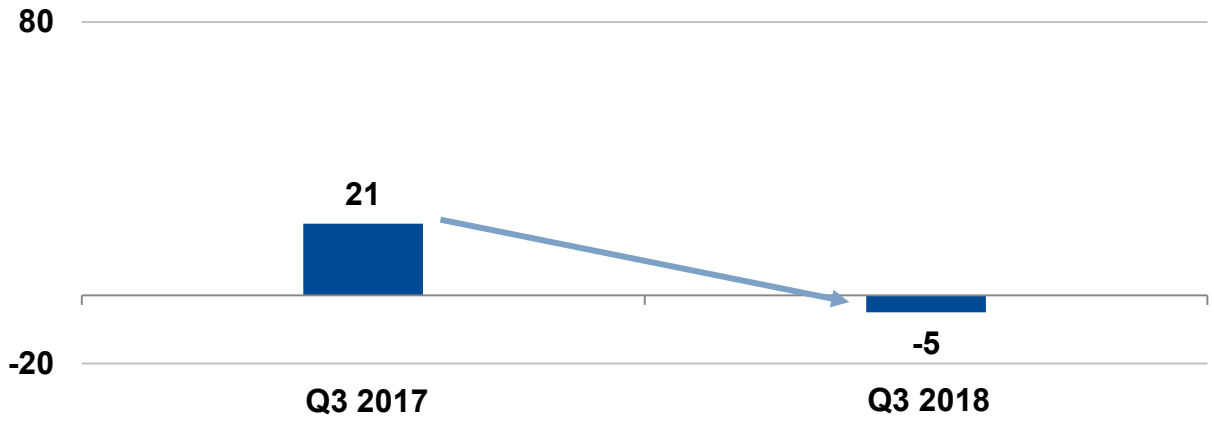
Sales Q3 2018 vs. Q3 2017

million €



EBIT before special items

million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2018 vs. Q3 2017	↑ 1%	↑ 17%	↑ 18%	↓ (10%)

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Review of “Other”

Financial figures		Q3 2018	Q3 2017*
		million €	million €
Sales		**827**	**548**
EBIT before special items		**(83)**	**(203)**
Thereof	Costs of corporate research	(96)	(93)
	Costs of corporate headquarters	(64)	(57)
	Foreign currency results, hedging and other measurement effects	31	6
	Other businesses	26	13
Special items		(14)	(6)
EBIT		**(97)**	**(209)**

* Restated figures due to reporting of oil and gas business as discontinued operation

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Cash flow development Q1 – Q3 2018

Cash flow development		Q1 – Q3 2018	Q1 – Q3 2017
		million €	million €
Cash flows from operating activities		**6,385**	**7,597**
Thereof	Changes in net working capital	(653)	94
	Miscellaneous items	(204)	(190)
Cash flows from investing activities		**(10,036)**	**(3,413)**
Thereof	Payments made for tangible / intangible assets	(2,428)	(2,606)
	Acquisitions / divestitures	(7,120)	(44)
Cash flows from financing activities		**(127)**	**(1,546)**
Thereof	Changes in financial liabilities	2,926	1,276
	Dividends	(3,057)	(2,841)
Free cash flow		**3,957**	**4,991**

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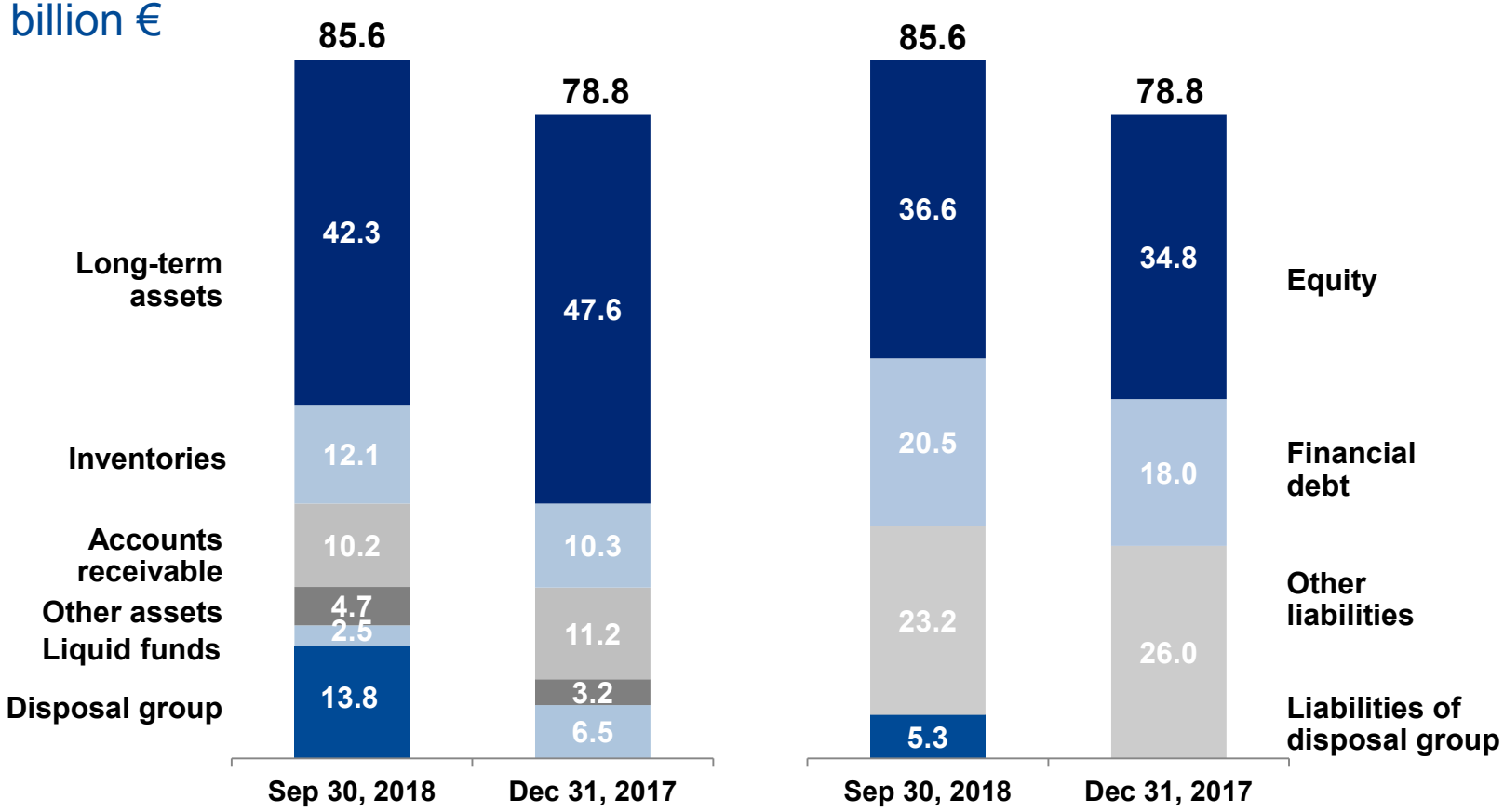
Balance sheet remains strong

Balance sheet September 30, 2018 vs. December 31, 2017

billion €



- Total assets increased by €6.8 billion, mainly as a result of the acquisition of agricultural solutions businesses and assets from Bayer
- Current assets increased following the signing of the agreement to merge Wintershall and DEA and the establishment of a disposal group
- Net debt up by €6.5 billion to €18.0 billion due to purchase price payment to Bayer
- Equity ratio at 43% as of September 30, 2018

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Outlook 2018 for BASF Group*

Outlook 2018	Since September 27, 2018	Previous
Sales	Slight increase	Slight increase
EBIT before special items	Slight decline	Slight increase
EBIT	Considerable decline	Slight decline

Underlying economic assumptions for 2018

- GDP growth: +3.0% (unchanged)
- Growth in global industrial production: +3.1% (previous assumption: +3.2%)
- Growth in global chemical production: +3.1% (previous assumption: +3.4%)
- Exchange rate: US$1.20 per € (unchanged)
- Oil price (Brent): US$70 per barrel (unchanged)

* Following the changed reporting of Wintershall Group after the signing of the definitive transaction agreement between BASF and LetterOne on September 27, 2018.
For sales, “slight” represents a change of 1–5%, while “considerable” applies to changes of 6% and higher.
For earnings, “slight” means a change of 1–10%, while “considerable” is used for changes of 11% and higher.

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