Enjoy sunny days without regrets thanks to UV filters from BASF. They absorb both UVA and UVB rays and turn them into harmless heat. Damage caused by short-wave UVB rays is quickly visible as a sunburn while long-wave UVA rays damage is not immediately noticeable. But these penetrate deeper into the skin and can cause premature skin aging.

BASF’s UV filters are very light-resistant, which helps to protect skin longer and more reliably.
Investment highlights

No. 1 chemical company – uniquely positioned with broad market access, portfolio of technologies and expertise

Superior growth opportunities: innovation, sustainability and emerging markets

Competitive advantage based on Verbund concept and operational excellence

Long-term value creation based on a sound balance sheet and financial strength

We create chemistry for a sustainable future

Forward-looking statements

This Factbook contains forward-looking statements. These statements are based on current estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict, and are based upon assumptions as to future events that may not be accurate. Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. BASF does not assume any obligation to update the forward-looking statements contained in this Factbook.

For further information on opportunities and risks, please refer to the BASF Report 2012 (Opportunities and risks report, pages 107-115).
Dear Investors and Analysts,

This is the seventh issue of our annual BASF Factbook. It has become a key part of our ongoing communications with you and represents our commitment to transparency and openness. We have further refined this document following the introduction of our new segment structure in January 2013 and a number of significant portfolio changes over the last 12 months. With this publication, we would like to enhance your understanding of BASF’s “We create chemistry” strategy and of our measures to improve our business performance.

BASF maintained its good performance in 2012 despite the challenging market environment for the chemical industry, with slowing growth in worldwide chemical production and weaker news from Asia. We exceeded the 2011 record levels in sales and income from operations. The Oil and Gas and Agricultural Solutions segments achieved new records, while the development in our chemicals business was weaker than we had anticipated.

We have continued to optimize our portfolio and streamlined our operations. We invested in high growth areas like crop protection and nutrition: With Becker Underwood in the United States, we acquired a leading provider of technologies for biological seed treatment and biological crop protection products. We also completed the acquisition of Pronova BioPharma earlier this year, expanding BASF’s position in the growing market of highly concentrated omega-3 fatty acids. In addition, we have set course for further growth in Oil & Gas. We have acquired assets in producing fields in the North Sea as part of an asset swap with Statoil and continue to expand our cooperation with Gazprom through the acquisition of a 25% interest in one of the most attractive fields for gas and condensate in Russia. In return, we plan to transfer to our long-time partner, Gazprom, our remaining 50% interest in the gas trading and storage business that is not already controlled by them. The transaction is expected to close by the end of 2013. These moves are helping to focus our activities in the Oil & Gas on exploration and production and ensure our ability to deliver long-term value.

We remain focused in the implementation of our “We create chemistry” strategy. We see the chemical industry as uniquely positioned to contribute solutions to the major challenges our societies face in the future. Innovations are at the core of our work at BASF and we continue to focus on our investments, both in emerging markets and in growth areas, to fuel our growth. This report provides numerous examples as to how we are implementing this strategy. Our goal is to create value for our shareholders based on our corporate purpose: “We create chemistry for a sustainable future.”

In order to seize these opportunities and to be more closely aligned with our customer industries while increasing our operational and technological excellence, we decided to adjust our organizational structure. As of January 1, 2013, BASF has been managing its business across five segments and 14 operating divisions. This shift supports BASF’s move from a more product-focused portfolio to a portfolio focused on functionalized materials and solutions to meet specific industry needs. The information presented in this year’s Factbook is based on this new structure.

Since the start of 2013, we have applied the new International Financial Reporting Standards 10 and 11. We therefore had to adjust our financial targets for reported sales and income from operations for 2015 and 2020. You will find a ten-year summary of financials including these changes in the Factbook.

The management team and I look forward to speaking with you as investors and analysts. We see significant opportunities ahead for BASF and we remain committed to delivering long-term sustainable value for all stakeholders.

Best regards,

Kurt Bock
Chairman of the Board of Executive Directors of BASF SE
Ludwigshafen, July 2013
BASF – The Chemical Company

Business segments

Financials
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### BASF – The Chemical Company

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   - Our purpose, strategic principles and economic goals  
   - Asia Pacific strategy  
   - grow smartly  
   - Portfolio management  
   - Market approach  
   - Innovation  
   - Investments  
   - Acquisitions and transactions  
   - Operational excellence

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   - New organization of divisional activities  
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   - **Chemicals**  
     - Petrochemicals  
     - Monomers  
     - Intermediates
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     - Care Chemicals  
     - Nutrition & Health  
     - Paper Chemicals  
     - Performance Chemicals
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     - Catalysts  
     - Construction Chemicals  
     - Coatings  
     - Performance Materials
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     - Crop Protection
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### Financials

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2. **Sustainability**

3. **Factors influencing sales**

4. **Financing**

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6. **Investor Relations Team**
1.1 At a glance
BASF today: We create chemistry for a sustainable future

BASF is the world’s leading chemical company. Our portfolio, which is arranged into five segments, ranges from Chemicals, Performance Products, Functional Materials & Solutions and Agricultural Solutions to Oil & Gas. As a reliable partner, we innovate for our customers to be more successful in virtually all industries. Our high-value products and sustainable solutions play an important role in finding answers to global challenges such as climate protection, energy efficiency, nutrition and quality of life.

**BASF key facts**
- More than 111,000 employees worldwide – thereof more than 10,500 in research and development (R&D)
- Customers in around 200 countries and in virtually all industries
- Within the top three market positions in about 75% of our businesses
- Unique Verbund concept: production plants linked intelligently to save resources and energy; six world-scale Verbund sites
- Know-how Verbund with around 70 major R&D centers and around 3,000 research projects with customers, science and partners
- Broadest portfolio of technologies in the industry

**BASF – Well-balanced portfolio: five strategic segments**
(percentage of sales 2012)

<table>
<thead>
<tr>
<th>Segment</th>
<th>2012 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>25%</td>
</tr>
<tr>
<td>Performance Products</td>
<td>22%</td>
</tr>
<tr>
<td>Functional Materials &amp; Solutions</td>
<td>24%</td>
</tr>
<tr>
<td>Agricultural Solutions</td>
<td>6%</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>18%</td>
</tr>
</tbody>
</table>

**Key figures**

<table>
<thead>
<tr>
<th>Key Figure</th>
<th>2012 Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>billion € 72.1</td>
</tr>
<tr>
<td>EBITDA</td>
<td>billion € 10.0</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>billion € 6.6</td>
</tr>
<tr>
<td>Net income</td>
<td>billion € 4.8</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>billion € 6.6</td>
</tr>
<tr>
<td>Earnings per share (EPS)</td>
<td>€ 5.25</td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>€ 5.84</td>
</tr>
<tr>
<td>Dividend</td>
<td>€ 2.60</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>% 3.7</td>
</tr>
</tbody>
</table>

1. Restated figures according to IFRS 10/11
2. Dividend yield based on share price at year-end

**BASF history: Successful tradition**
Since 1865, we have been shaping the future with chemistry and combining innovation with tradition. We are proud of who we are and what we do.

**BASF – The Chemical Company. Chemistry is our strength. It makes us and our customers successful, today and in the future.**

1865-1901 Friedrich Engelhorn founds Basische Anilin & Soda Fabrik to produce coal tar dyes. Soon thereafter, the company gains a leading position in the world dyes market with methylene blue, alizarin and indigo.

1901-1925 The synthesis of ammonia by the Haber-Bosch process paves the way for the production of synthetic nitrogen fertilizers. In 1919, the Nobel Prize in Chemistry is awarded to Fritz Haber.

1925-1945 BASF becomes part of IG Farbenindustrie AG. Advances in high-pressure technology enable the production of synthetic gasoline and rubber and products from acetylene. In 1931, the Nobel Prize in Chemistry is awarded to Carl Bosch.

1945-1953 Reconstruction of BASF factory after severe damage during the Second World War. BASF re-established as an independent company in 1952.
1953-1965 Germany’s economic miracle paves the way for the plastics era. BASF expands into new markets with products such as polystyrene, Styropor®, nylon and polyethylene.

1965-2004 BASF develops into a global company with production sites in Europe, North and South America and Asia.

Since 2004 BASF is the world’s leading chemical company. In 2005, the new Verbund site in Nanjing, China, begins operation. It represents the largest single investment project in BASF’s history. In 2006, BASF buys the U.S.-based Engelhard Corporation, its biggest-ever acquisition. In 2008, BASF is converted into a European Company (SE).

2009-2010 BASF acquires Ciba and Cognis to further expand its leading position in specialty chemicals.

2012-2013 A series of expertise-driven acquisitions in batteries, omega-3 fatty acids and seed treatment strengthens BASF’s position in important growth fields (page 26-27).

1 By location of customer

BASF sales by industry
(Direct customers, percentage of sales 2012)

- >15% Chemicals and plastics, Energy and resources
- 10-15% Consumer goods, Transportation
- 5-10% Agriculture, Construction
- <5% Health and nutrition, Electronics

Restated figures according to IFRS 10/11
1.2 Management Board
The Executive Board of BASF SE comprises eight members

Dr. Kurt Bock
Chairman of the Board of Executive Directors; 55, with BASF for 22 years
Responsibilities: Legal; Taxes & Insurance; Strategic Planning & Controlling; Communications & Government Relations; Global Executive Human Resources; Investor Relations; Compliance

Dr. Martin Brudermüller
Vice Chairman; 52, with BASF for 25 years, based in Asia
Responsibilities: Performance Materials; Market & Business Development Asia Pacific; Regional Functions & Country Management Asia Pacific; Corporate Technology & Operational Excellence

Dr. Hans-Ulrich Engel
Chief Financial Officer; 54, with BASF for 25 years, based in the United States
Responsibilities: Finance; Catalysts; Corporate Controlling; Corporate Audit; Information Services & Supply Chain Management; Market & Business Development North America; Regional Functions North America

Dr. Andreas Kreimeyer
Research Executive Director; 58, with BASF for 27 years
Responsibilities: Crop Protection; Coatings; Biological & Effect Systems Research; Plant Science; BASF New Business; Region South America

Dr. Harald Schwager
53, with BASF for 25 years
Responsibilities: Oil & Gas; Construction Chemicals; Procurement; Region Europe

Wayne T. Smith
53, with BASF for 9 years
Responsibilities: Petrochemicals; Monomers; Intermediates; Process Research & Chemical Engineering

Michael Heinz
49, with BASF for 26 years
Responsibilities: Dispersions & Pigments; Care Chemicals; Nutrition & Health; Paper Chemicals; Performance Chemicals; Advanced Materials & Systems Research; Perspectives

Margret Suckale
Industrial Relations Director; 57, with BASF for 4 years
Responsibilities: Human Resources; Engineering & Maintenance; Environment, Health & Safety; Verbund Site Management Europe

The Supervisory Board of BASF SE comprises twelve members
Principle of parity between shareholder representatives and employee representatives.
- The six shareholder representatives are elected by the Annual Shareholders’ Meeting for a term of four years.
- The six employee representatives are appointed directly by the representative body of the employees, the BASF Europa Betriebsrat, also for a term of four years.
BASF’s Supervisory Board

Shareholder representatives

Dr. h.c. Eggert Voscherau
Wachenheim, Germany
Chairman of the Supervisory Board of BASF SE.
Former Vice Chairman of the Board of Executive Directors of BASF SE

Prof. Dr. François Diederich
Zurich, Switzerland
Professor at the Swiss Federal Institute of Technology (ETH) Zurich

Max Dietrich Kley
Heidelberg, Germany
Lawyer

Employee representatives

Michael Diekmann
Munich, Germany
Vice Chairman of the Supervisory Board of BASF SE.
Chairman of the Board of Management of Allianz SE

Franz Fehrenbach
Stuttgart, Germany
Chairman of the Supervisory Board of Robert Bosch GmbH

Anke Schäferkordt
Cologne, Germany
Member of the Executive Board of Bertelsmann SE & Co. KGaA.
Chief Executive Officer of RTL Television GmbH

Robert Oswald
Altrip, Germany
Vice Chairman of the Supervisory Board of BASF SE.
Chairman of the Works Council of the Ludwigshafen site of BASF SE and chairman of the Joint Works Council of BASF Group

Wolfgang Daniel
Heidelberg, Germany
Vice Chairman of the Works Council of the Ludwigshafen site of BASF SE

Denise Schellemans
Kalmthout, Belgium
Full-time trade union delegate

Ralf-Gerd Bastian
Neuhofen, Germany
Member of the Works Council of the Ludwigshafen site of BASF SE

Ralf Sikorski
Wiesbaden, Germany
Regional manager of the Rhineland-Palatinate/Saarland branch of the Mining, Chemical and Energy Industries Union (IG BCE)

Michael Vassiliadis
Hanover, Germany
Chairman of the Mining, Chemical and Energy Industries Union (IG BCE)

Transparent corporate management
Effective and transparent corporate governance guarantees that BASF is managed and monitored in a responsible manner focused on value creation. This fosters the confidence of our domestic and international investors, the financial markets, our customers and other business partners, employees and the public in the company.

Code of Conduct and compliance
Binding standards of conduct ensure that our values are firmly established in day-to-day business activities. The framework for this is our corporate governance system, which encompasses the management and monitoring of the company. The system includes organizations, commercial principles, and guidelines, as well as internal and external control and monitoring mechanisms. The value “responsible” is the foundation of our Compliance Program.
1.3 Strategy – Global trends

Innovations based on chemistry will play a key role in addressing global challenges

In 2050, around 9 billion people will live on this planet. This population growth is associated with enormous global challenges, but also with many opportunities, especially for the chemical industry. We expect the chemical industry to see particularly strong growth in the emerging economies. These markets will account for around 60% of global chemical production by 2020. Innovations based on chemistry will play a key role in three areas in particular:

Resources, Environment & Climate

Dramatically rising energy demand is one of the world’s most pressing challenges. In addition, access to clean water and efficient use of resources are becoming increasingly important.

Food & Nutrition

A growing world population needs more food and it will be necessary to enhance nutrition quality.

Quality of Life

Population growth and globalization present further challenges. Aspirations differ greatly from region to region and among different social groups, but there is a common ambition: people want to improve their individual quality of life.

- Humans are already consuming more resources than our earth can sustainably regenerate
- By 2050, more than nine billion people will live on our planet. If we do not change our habits, the current over-consumption of resources will further accelerate to almost three times as much as our earth can sustainably supply
- The demand for sustainable solutions will grow significantly. BASF can help to meet this demand with its innovative chemistry

> 2010
Over-consumption of earth’s resources

>> 2050
Over-consumption of earth’s resources
Key trends for the chemical industry

<table>
<thead>
<tr>
<th>Growth will accelerate</th>
<th>Innovation gains in importance</th>
<th>Sustainability as strategic driver</th>
<th>Competitive landscape will change</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Industrial production &gt; GDP</td>
<td>• Chemistry as enabler</td>
<td>• Use opportunities</td>
<td>• Integrated chemical companies remain cornerstone</td>
</tr>
<tr>
<td>• Chemical production &gt; GDP</td>
<td>• Chemical products replace traditional materials</td>
<td>• Increase resource efficiency</td>
<td>• Emerging market players grow quickly</td>
</tr>
<tr>
<td>• Emerging markets will outgrow developed markets</td>
<td>• Need for innovative sustainable solutions</td>
<td>• Renewables as raw materials</td>
<td>• Raw material suppliers invest further downstream</td>
</tr>
</tbody>
</table>

Chemical industry remains an attractive growth industry

**Challenges**
Population growth to 9 billion by 2050 poses enormous global challenges:
- Rising energy demand
- Access to clean water and efficient use of resources
- Nutrition quantity and nutrition quality
- Aspiration to improve overall quality of individual life

**Opportunities**
We see many opportunities, especially for the chemical industry as an enabler to overcome those challenges:
- Innovative sustainable solutions will replace traditional materials
- With increasing resource efficiency, sustainability will be a strategic driver
- Chemical production growth will accelerate and exceed GDP. Emerging markets will outgrow developed markets
Our purpose, strategic principles and economic goals

Our purpose

We create chemistry for a sustainable future. We combine economic success, social responsibility and environmental protection. Through science and innovation, we enable our customers to meet the current and future needs of society.

BASF’s strategic principles

Our unique position as an integrated global chemical company opens up opportunities related to all three of the areas of global challenges outlined earlier.

We do this by focusing on four strategic principles:

- We add value as one company
- We innovate to make our customers more successful
- We drive sustainable solutions
- We form the best team

Key economic goals 2015 / 2020

Growth targets

Grow at least two percentage points above global chemical production

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>~€80 billion</td>
<td>~€14 billion</td>
</tr>
<tr>
<td>2020</td>
<td>~€110 billion</td>
<td>~€22 billion</td>
</tr>
</tbody>
</table>

Sustainability

We combine economic success, social responsibility and environmental protection. Through science and innovation, we enable our customers in almost all industries to meet the current and future needs of society. Sustainability is becoming increasingly important as a key factor for growth and value creation. Customers want products and system solutions contributing to sustainable development, and BASF’s employees expect the company to integrate sustainability firmly into its day-to-day activities.

1 Adjusted figures according to IFRS 10 and 11
1.3 Strategy
Our purpose, strategic principles and economic goals

Profitability targets\(^1\)
Earn a premium on cost of capital of at least €2.0 billion on average each year

2015
EBITDA
\(~€14\text{ billion}\)
EPS
\(~€7.50\)

2020
EBITDA
\(~€22\text{ billion}\)

Verbund
Our Verbund system is unique in the industry. It extends from the Production Verbund and Technology Verbund to the Know-How Verbund, and provides access to all relevant customer industries worldwide. In production, six Verbund sites in three regions are the foundation of our global competitiveness and innovativeness. Thanks to its highly efficient setup of site logistics, energy and infrastructure, the Production Verbund helps save an estimated €1 billion globally in costs per year.

Our strategic levers to achieve our key financial targets

- Portfolio development
- Market approach
- Innovations for a sustainable future
- Investments
- Acquisitions
- Operational excellence

For further information, see pages 12-27

\(^1\text{ Adjusted figures according to IFRS 10 and 11}\)
Asia Pacific strategy – grow smartly
BASF – well positioned to participate in fast-growing Asia Pacific markets

Asia Pacific will account for ~50% of global chemical production by 2020
In the next decade, Asia Pacific will remain the fastest growing market globally. Chemical production in Asia Pacific will continue to outgrow GDP, mainly driven by further industrialization as well as increased local consumption due to higher disposable income and better living conditions.

With an annual growth rate of 6.2%, Asia Pacific is expected to account for half of global chemical production by 2020. The Chinese chemical market will dominate, with nearly two-thirds of the region’s chemical production in 2020. Other countries, in particular in emerging Asia, offer further interesting growth opportunities as well.

BASF well established in Asia Pacific
BASF has been active in Asia Pacific for more than 100 years. We are very well established in the region in terms of our customer base, our people, and our manufacturing footprint. The region has been a solid contributor to BASF’s growth. Since 2004, our sales to customers in Asia Pacific have grown at a rate of 14% each year to €14.9 billion in 2012 (reported; restated according to IFRS 10 and 11: €12.5 billion). At the same time, EBITDA has increased at a rate of 11% annually, contributing €1.4 billion in 2012 (reported; restated according to IFRS 10 and 11: €1.2 billion) to the Group’s EBITDA.

Grow smartly in Asia Pacific
To participate in the fast-growing Asian markets and to further increase the profit contribution of the region, we have developed a dedicated growth strategy for Asia Pacific, based on the principles of our “We create chemistry” strategy. BASF intends to grow profitably at least two percentage points above regional chemical production to achieve sales of €25 billion in Asia Pacific by 2020. Our growth target is based on the following six levers.

We create chemistry in Asia Pacific: 2020 targets

<table>
<thead>
<tr>
<th>Market</th>
<th>Innovation</th>
<th>Portfolio¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>€25 billion sales</td>
<td>~3,500 R&amp;D staff</td>
<td>&gt;€2 billion sales from new businesses and acquisitions</td>
</tr>
</tbody>
</table>

Grow smartly
Asia Pacific Strategy

<table>
<thead>
<tr>
<th>Investment</th>
<th>People¹</th>
<th>Excellence¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase regional production to 75%</td>
<td>~9,000 new jobs</td>
<td>~€1 billion annual cost savings</td>
</tr>
</tbody>
</table>

¹ Compared to year 2012

BASF in Asia Pacific (December 31, 2012)
- Customers from 17 countries
- More than 100 production sites
- 148 sales offices
- ~16,400 employees, thereof 800 R&D staff
- Sales in 2012: ~€12.5 billion¹
- EBITDA in 2012: ~€1.2 billion²

¹ Sales by location of customer
² EBITDA by location of company
Restated figures according to IFRS 10 and 11
Market and portfolio
BASF aims to grow by 9% per year until 2020, and thus double sales in Asia Pacific to €25 billion. Organic growth will be the main driver of our sales growth. We can build on our strong local presence and our portfolio, working even closer with our customers and business partners. Cross-business growth initiatives, exploration of untapped markets, investments, and innovations will contribute to this strong growth. Our goal is to generate more than €2 billion in regional sales through new businesses and acquisitions.

Innovation
Based on our strong global R&D network, we will considerably strengthen our innovation capabilities in Asia Pacific, enabling us to better serve our customers in this region. Our objective is to create innovation from Asia Pacific for Asia Pacific, and increasingly also for the world. By 2020, we plan to have approximately 3,500 employees in R&D in Asia Pacific, conducting around one-quarter of our global R&D activities.

Overview of regional R&D centers:
- R&D Center Korea (2013) Focus: electronics
- R&D Center Japan (2013) Focus: battery materials
- Innovation Campus Asia Pacific, Shanghai (2013) Focus: polymers & materials
- R&D Center Singapore (2007) Focus: water, membrane, offshore
- R&D Center Australia (2012) Focus: mining
- Innovation Campus Asia Pacific, India (planning) Focus: life science, agro

Investment
We aim to further expand our local production network. By 2020, we strive for regional production of approximately 75% of the products we sell in Asia Pacific. To achieve this, BASF plans to invest ~€10 billion together with its partners by 2020 to further develop its local production footprint in Asia Pacific.

2020 targets for Asia Pacific
- Increase sales to €25 billion
- Enhance portfolio: more than €2 billion sales from new businesses and acquisitions
- Increase regional production to 75% of regional sales
- Innovate from Asia Pacific for Asia Pacific, expand local R&D staff to around 3,500
- Create in total approximately 9,000 new jobs
- Achieve €1 billion annual cost savings by 2020

People
Our employees are key to our long-term success in Asia Pacific. Until 2020, we plan to create around 9,000 new jobs in the region. We focus on attracting and developing the most qualified talent and making BASF a great place to work by implementing the following measures:
- Differentiated recruitment and employer branding
- All training opportunities under one roof via the BASF Learning Campus, with Asia Pacific being the pilot region
- Develop competencies to increase understanding of customers’ needs and requirements
- Adapt our performance management system

Excellence
A key driver in achieving our ambitious goals is excellence. We aim to continuously improve our operational efficiency and our organizational effectiveness. By 2020, we plan to achieve annual cost savings of €1 billion through:
- Functional excellence
- Structural excellence
- Investment process excellence
- Operational excellence

Sales target for Asia Pacific in 2020:
€25 billion
**Portfolio management**

BASF’s successful portfolio optimization

BASF pursues active portfolio management. In recent years, we have continuously optimized our portfolio through acquisitions, divestitures and partnerships.

**Proactive portfolio management from 2001 to June 2013**

### Acquisitions

- Engineering plastics
- Electronic chemicals
- Catalysts
- Construction chemicals
- Water-based resins
- Pigments
- Plastic additives
- Oil & Gas
- Personal care & food
- Battery materials
- Functional crop care
- Omega-3 fatty acids

~€15 billion (sales)

### BASF core businesses

**Selected transactions**

### Major divestitures

- Pharmaceuticals
- Fibers
- Printing systems
- Polyolefins
- Polystyrene Americas
- Agro generics
- Vitamin premixes
- Styrenics
- Fertilizers

~€10 billion (sales)

1 Without Styrenics (Styrenics transferred to Styrolution joint venture October 1, 2011)

### Partnerships

Strategic partnerships with leading companies are an important pillar in BASF’s active portfolio management. These partnerships improve the profitability of the overall portfolio. Among the most important partnerships are:

<table>
<thead>
<tr>
<th>Company</th>
<th>Description</th>
<th>Sector</th>
<th>Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gazprom</td>
<td>Joint ventures for Natural Gas Trading (e.g., WINGAS)</td>
<td>Oil &amp; Gas</td>
<td>1990</td>
</tr>
<tr>
<td></td>
<td>Partner in Exploration &amp; Production (e.g., Achimgaz, Yuzhno Russkoye)</td>
<td>Chemicals</td>
<td></td>
</tr>
<tr>
<td>PETRONAS</td>
<td>Joint venture partner in Verbund site Kuantan, Malaysia</td>
<td>Chemicals</td>
<td>1997</td>
</tr>
<tr>
<td>Total</td>
<td>Partner in steam cracker in Port Arthur, Texas</td>
<td>Chemicals</td>
<td>1998</td>
</tr>
<tr>
<td></td>
<td>Partner in world-scale C4 olefins complex in Port Arthur, Texas</td>
<td>Chemicals</td>
<td></td>
</tr>
<tr>
<td>Shell</td>
<td>Joint venture for SMPO production (ELLBA) in Singapore and the Netherlands</td>
<td>Chemicals</td>
<td>1999</td>
</tr>
<tr>
<td>Sinopec</td>
<td>Joint venture partner in Verbund site Nanjing, China</td>
<td>BASF Plant Science (in Others)</td>
<td>2000</td>
</tr>
<tr>
<td>Monsanto</td>
<td>Collaboration in plant biotechnology focusing on development of high-yielding and stress-tolerant crops</td>
<td></td>
<td>2007</td>
</tr>
</tbody>
</table>

### Our goal is to acquire businesses that

1. Generate profitable growth above the industry average
2. Are innovation-driven
3. Offer a special value proposition to customers
4. Reduce cyclicality of earnings

### Financial acquisition criteria

1. Positive contribution to EPS by year three at the latest
2. Minimum return on investment of 8% annually
3. Additional return requirements depending on country risk
Active portfolio management pays off

Balanced portfolio – strength through diversification
We make acquisitions to build on our strengths and make BASF even more competitive. In recent years, we acquired a number of specialized, close-to-end-user businesses (such as Cognis). In turn, we divested more commoditized and cyclical businesses (such as fertilizers). Thanks to our active portfolio management BASF has become significantly more resilient against economic downturns.

This is illustrated by the EBITDA development over the last ten-year period. Since 2003, we have more than doubled our EBITDA (excluding ‘Other’) to almost €12.5 billion reported in 2012 (restated according to IFRS 10 & 11: €10 billion).

We achieved this excellent result due to the continuous optimization of our portfolio as well as our sustained and strong efforts to increase operational excellence and reduce costs. Today, BASF is on a new level of performance with substantially reduced earnings volatility. Our well-balanced and diversified portfolio is a key strength.

Portfolio development

Moving downstream towards customer industries
Chemistry will play an increasingly important role in tackling the challenges of the future. The innovation power of a company is becoming one of the most important key success factors. Today, innovation is less about the discovery of new molecules, but rather about the improvement of applications and the development of customer solutions.

BASF will cater to this and will continue to develop its portfolio towards downstream industries. By 2020, we aim to generate about 70% of sales with ‘customized products’ and ‘functionalized materials & solutions’. We expect to grow, however, in all our businesses including the ‘classical chemicals’, which will remain an important cornerstone.

Active portfolio management pays off

• BASF actively manages its portfolio: acquisitions of specialized, close-to-end-user businesses and divestment of commoditized, cyclical businesses
• Thanks to its well balanced and diversified portfolio, BASF has become more resilient against economic downturns
• EBITDA more than doubled over the last 10 years and reached –€12.5 billion reported in 2012 (restated according to IFRS 10 & 11: –€10 billion)

Customized products, functionalized materials & solutions

Increase to 70%
(sales share by 2020)
Market approach
Business excellence through alignment of business models and cross-divisional customer approach based on strong industry experience

We align our business models and sales channels to customer groups and market segments. In line with our strategic principle, “We add value as one company,” we aim to pool our products and services to even better meet the needs of customers from different industries.

In the classical chemicals business, our priority is on supplying customers reliably and cost-effectively. In the Performance Products segment, we manufacture a broad range of customized products. In joint projects, we work closely together with our customers to develop new products or formulations for a specific industry. In the Functional Materials & Solutions segment we often enter into partnerships with customers to develop innovations together which help them optimize their processes and applications.

Building on our cross-divisional customer industry approach

We serve customers from many different sectors with a broad portfolio of diverse competencies, processes, technologies and products. Where possible, we group activities together in business units, bundling expertise and know-how. However, not all units can be arranged purely according to an industry. To pool expertise, knowledge and contacts across different units, sharpen our understanding of the value chains and work on industry-specific solutions that could not be developed within one operating division alone, BASF created specific “industry teams”. Such close alignment of our business to customers’ needs is an important component of our “We create chemistry” strategy.

Customer relations
- Classical chemicals business: reliable and cost-efficient supply
- Customized products: joint projects to develop products or formulations for a specific industry
- Functionalized materials and solutions: close partnerships to jointly develop innovations for better customer processes and applications

Industry orientation
- Enhanced bundling of our products and services to better address the specific needs of customer industries
- Industry teams pool skills, knowledge and customer contacts across units

Bubble size: BASF divisional sales by first customer industry (2012).^2

^1 Excluding Oil & Gas, Crop Protection and Other Nutrition & Health sales predominantly into Health & Nutrition market

Restated figures according to IFRS 10 and 11
Solutions for wind energy

The wind energy market is highly attractive for BASF as it shows above-average growth rates and an increasing demand for innovation. Chemistry addresses the industry’s needs for more cost-efficient, higher-performing and more sustainable material systems.

Wind turbines have to run efficiently and safely under harsh conditions for lengthy periods of time, withstanding the sun, rain, hail, snow, and of course, wind. Working as one company, BASF helps to achieve this by offering products that are used from the base to the blades of the turbines. BASF’s innovative solutions facilitate more efficient manufacturing, coating and maintenance of wind turbine systems.

Moving towards a customers’ needs and industry oriented market approach, BASF established a cross-divisional global wind energy industry team involving five operating divisions.

Comprehensive portfolio for consumer goods

Consumer goods is a key market for BASF, which is served by several divisions. For example, our Care Chemicals division specifically focuses on the needs of the personal and home care as well as hygiene industry inspired by consumers’ actual needs. We offer a wide range of consumer-driven concepts and innovative, high-performance ingredients. For example, our extensive portfolio ranges from superabsorbents for baby care, detergents for laundry to ingredients for home cleaners as well as hair care, and skin protection.
Innovation based on research and development is the foundation of BASF’s strategy for profitable growth and long-term business success. Highly qualified employees are working in international and interdisciplinary teams to find answers to the challenges of the future. With our innovative products and processes based on intelligent chemistry, we secure BASF’s organic and profitable long-term growth.

As part of the “We create chemistry” strategy, we have set ourselves ambitious sales and EBITDA targets as key performance indicators for our research and development (R&D) activities. To achieve these, we will focus even more on the market and our customers’ needs to further improve time-to-market of innovations. In addition, we are broadening our long-term research activities to encompass the development of new business areas. We are currently pursuing 11 growth fields – such as batteries, enzymes and lightweight composites – that represent attractive business opportunities in our target industries.

In addition, we are focusing on three pioneering technology areas that provide the technological basis for the development of future-oriented solutions: materials, systems & nanotechnology; raw material change; and white biotechnology.

Our knowledge and competence centers are the central technology platforms: Advanced Materials & Systems Research, Biological & Effect Systems Research, and Process Research & Chemical Engineering, as well as BASF Plant Science. Together with the development units in our operating divisions, the regional research facilities, BASF New Business – focused primarily on identifying new business areas – and BASF Venture Capital, these platforms form the core of our global Know-How Verbund.

The global reach of our R&D network will substantially increase in the future. We continue to expand our R&D presence globally. In Shanghai, China, we opened the Innovation Campus Asia Pacific in 2012, where around 450 employees are mainly working on innovations for the construction, cosmetics and shoe industries. We are evaluating a comparable campus in India, with focus on agrochemicals and life sciences. In a new research laboratory for white biotechnology and microbiology in Tarrytown, New York, we develop efficient biotechnological production processes.

Our global network with more than 600 excellent partners in universities, research institutes and companies, is essential for our Know-How Verbund. We cooperate with them in many different disciplines in order to achieve our ambitious growth targets. For example, in 2012, we opened the first joint research laboratory with a scientific partner at a BASF site: At the Carbon Materials Innovation Center in Ludwigshafen, a team of scientists from the Max Planck Institute for Polymer Research and from BASF is exploring innovative carbon-based materials.

One way in which a company can measure its innovative power is by the number and quality of its patents. In 2012, BASF filed for 1,170 new patents worldwide. We were once again a leader in the Patent Asset Index™. This method, which compares patent portfolios industry-wide, found BASF to be the world’s most innovative company in the chemical industry.

BASF had sales of around €8.5 billion in 2012 from new products that have been launched to the market within the last five years.

**Strategic focus of research and development at BASF**
- Stronger focus on customer and market needs
- Future-oriented product portfolio
- Worldwide expansion of research and development centers, especially in Asia and North America
- More efficient innovation management

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**Research at Carbon Materials Innovation Center**

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- Future-oriented product portfolio
- Worldwide expansion of research and development centers, especially in Asia and North America
- More efficient innovation management

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**Research and development expenditures**

(Million €)

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,732(^1)</td>
</tr>
<tr>
<td>2011</td>
<td>1,605</td>
</tr>
<tr>
<td>2010</td>
<td>1,482</td>
</tr>
<tr>
<td>2009</td>
<td>1,398</td>
</tr>
<tr>
<td>2008</td>
<td>1,355</td>
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</tbody>
</table>

\(^1\) Restated figure according to IFRS 10 and 11

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**R&D expenditures as percentage of sales**

(2012; excluding Oil & Gas)

2.9%
PhaseGate process
All innovation projects throughout BASF are managed in the PhaseGate process. This helps to guarantee high R&D output through project management and controlling. PhaseGate consists of defined phases for the entire innovation process: opportunity fields for open idea finding, business cases with consistent project assessment, and focused project work in the lab phase, pilot phase and launch.

Transparent stop/go decisions are made at each gate, based on predefined deliverables, defined success criteria and net present value calculations. This process provides numerous benefits: it reduces the time to market, increases the transparency of decision-making at the gates and makes project data instantly available.

Total R&D expenditures 2012

R&D facts and figures 2012
- Around 70 R&D centers with 10,500 employees worldwide
- Pipeline with around 3,000 projects
- Global Know-How Verbund with 600 excellent partners
- 1,170 new patents filed
- Ranked No. 1 in Patent Asset Index™ for fourth time in succession
Innovations for a sustainable future

Chemistry as an enabler for key customer industries

Key customer industries

- Transportation
- Construction
- Consumer Goods
- Health & Nutrition
- Electronics
- Agriculture
- Energy & Resources

Growth fields

- Batteries for Mobility
- Heat Management
- Enzymes
- Medical Solutions
- Organic Electronics
- Plant Biotechnology
- E-Power Management
- Lightweight Composites
- Functional Crop Care
- Wind Energy
- Water Solutions

Sustainability in key customer industries will drive our innovative growth fields

1 Including growth fields still under evaluation

Key customer industries

We have analyzed growth scenarios and trends in our customer industries and focused on seven key customer industries. These industries represent around 30% of the global chemical market and they are markets of major strategic relevance for BASF. All these chemical markets have an attractive size and the majority will grow faster than overall chemical production.

Growth fields

Based on future trends, we currently pursue innovation topics – we call them ‘growth fields’ – for various industry sectors. We utilize our strength as an integrated, global chemical company to enhance our growth fields and to tap into growth markets. Our research and development competence is closely meshed with our operational excellence, our knowledge of the markets and our customer relations. Growth fields are being permanently reviewed. Fields with insufficient potential will be discarded. New fields with high potential will be added.
1.3 Strategy
Innovations for a sustainable future

Growth field examples

<table>
<thead>
<tr>
<th>E-Power Management</th>
<th>Water Solutions</th>
<th>Enzymes</th>
</tr>
</thead>
</table>

Business potential 2020
- Market size: ~€6 billion
- BASF sales potential: >€300 million

Existing activities
- Solid state materials for efficient cooling
- High temperature superconductors for efficient current conduction
- Stationary power storage in the grid
- BASF expertise and portfolio (high-performance flocculants, desalination and antifouling chemicals…)
- Acquired inge watertechnologies AG (membranes) to offer module systems
- Established portfolio of enzymes for animal nutrition
- Acquisition of Henkel’s detergent enzyme technology
- Research and license agreement for C1 host technology with Dyadic International Inc.
- R&D collaboration with Direvo Industrial Biotechnology to develop highly efficient feed enzyme

Goals
- Development of material-based breakthrough technologies for use in the power value chain
- Development of new markets in power generation, power transmission, stationary storage and power usage (cooling and heating, electric motors)
- Become the leading supplier of innovative water solutions
- Forward integration into membrane technologies
- Enzymes are enablers for the development of sustainable solutions in consumer-driven industries
- Become a leading integrated enzyme player
- Focus on detergents, animal feed, bakery industry, water treatment and oilfield solutions

Sales and EBITDA targets from innovations

<table>
<thead>
<tr>
<th>(Billion €)</th>
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<tbody>
<tr>
<td>Sales from innovations launched within last 5 years</td>
</tr>
<tr>
<td>EBITDA from innovations launched within last 5 years</td>
</tr>
<tr>
<td>Sales from innovations launched within last 10 years</td>
</tr>
<tr>
<td>EBITDA from innovations launched within last 10 years</td>
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2015 | 2020
By 2020, there will be 1.2 billion cars in the world, an increase of nearly 300 million vehicles compared to today. At the same time, there will be a significant and ongoing focus on air quality, supported by increasingly stringent emissions regulations in both developed and emerging markets. Furthermore, renewable energies, such as wind energy, will gain in importance.

Addressing these challenges will require a multi-layered approach. For BASF, this will mean leveraging innovative new emissions control technologies while also supporting and enabling an increased reliance on electric vehicles using renewable energy, helping “drive the future of electromobility”. To deliver on this promise, BASF understands that new battery technologies need to be developed.

Future adoption rates of electric vehicles will depend on batteries that can provide higher energy density and greater power at lower cost. These are areas where the chemical industry can play a significant role in determining the future performance and safety of batteries for electromobility.

While fully electric vehicles have not yet experienced high rates of adoption, hybrid sales have accelerated. Electromobility is here to stay and will remain a vital part of the overall automotive powertrain mix.

Batteries are the key enablers for electromobility

- Electromobility supports global sustainable transportation needs and reduced emissions targets
- Innovative solutions from the chemical industry will determine the future performance of batteries
- Battery materials such as cathodes and electrolytes are vital to the performance, cost and safety of batteries

BASF is a frontrunner in developing innovative solutions for lithium-ion batteries

BASF is committed to serving the automotive industry with materials, innovations and technologies that can bring battery performance to the next level. Our long-term objective is to become a leading provider of functional materials to serve cell and battery manufacturers worldwide.

By 2020, BASF expects its strategically relevant market for battery materials to reach at least €5 billion. To participate in this market, BASF has committed to invest a triple-digit million euro sum to develop its global Battery Materials business. By 2020, the company expects sales of at least €500 million in this area, thereof approximately €350 million in Asia.

The major R&D objective is to significantly increase energy density per kilogram in batteries for electromobility. Higher energy density in a battery leads to a reduction in weight and materials and thus supports a lower price.
BASF targets cathode materials and electrolytes to increase energy density

There are two crucial components within the battery framework: cathodes and electrolytes, which are the principal targets of BASF’s ongoing research and developmental activities in the battery materials space. Cathodes and electrolytes are a system. An improvement in one will require changes to the other. Understanding this interdependence allows BASF to design systems with new performance requirements faster and more effectively.

Chemistry is at the heart of the electric car – materials for batteries not only make motoring more sustainable, but will be crucial for market success of electromobility.

BASF’s technology roadmap aims to increase driving range and to lower costs

- BASF licenses nickel-metal hydride (NiMH) technology, which is mainly used in hybrid cars today. However, it only has about half the energy density of lithium-ion batteries
- BASF focuses its research activities for next-generation batteries on two complementing families of cathode materials: NCM (nickel-cobalt manganese) and LFP (lithium iron phosphate)
- In the long term, BASF expects that lithium-sulfur batteries have the potential to further increase energy density, extending the driving range
- BASF also develops a comprehensive portfolio of electrolytes customized to the respective cathodes

BASF has significantly expanded the scope of its battery materials technologies

- Investment in Sion Power, global leader in development of lithium-sulfur batteries
- Acquisition of Ovonic Battery Company, global leader in nickel-metal hydride battery technology
- Acquisition of Merck’s electrolytes business
- Licensing agreement: global rights for production and sale of lithium iron phosphate battery materials technology
- Acquisition of Novolyte Technologies, a manufacturer of electrolyte formulations for lithium-ion batteries
- Licensing agreement: Vinylene Carbonate
- Startup of cathode materials production in Elyria, Ohio
- Opening of battery materials R&D lab and application center in Amagasaki, Japan

In-house R&D as well as strategic partnerships support BASF’s growth in battery materials

- Cooperation with Batteries and Electrochemistry Laboratory (BELLA) at Karlsruhe Institute of Technology
- Global Research Network Electrochemistry – joint research with leading research centers
- Participation in Alpha-Laion project to develop high-energy traction batteries for electric vehicles supported by Germany’s National Platform for Electromobility
- Development partnership with Sion Power
- Membership in Lithium-ion Battery Competence Network (KLiB)
- Joint sponsor of Science Award Electrochemistry

Global research network

- Research Network Electrochemistry: joint research with leading research centers
- Alpha-Laion project to develop high-energy traction batteries for electric vehicles supported by Germany’s National Platform for Electromobility
- Cooperation with Batteries and Electrochemistry Laboratory (BELLA) at Karlsruhe Institute of Technology

Expected BASF sales of battery materials and technologies in 2020

>€500 million
BASF has set itself the goal to grow two percentage points faster than global chemical production. We aim to increase sales until 2020 to €110 billion. Investments will make an important contribution to our future growth.

From baseline 2010, global chemical production is estimated to grow on average by around 4% per year. The importance of emerging markets for the chemical industry will further increase. By 2020, we expect that the region Asia Pacific will account for approximately 50% of the global market, outpacing the global chemical production by at least 2%, while China will continue to play a major role in the region.

BASF’s sales to customers in emerging markets have almost tripled (before IFRS 10 & 11) in the past ten years. By 2020, we aim to significantly increase sales to customers in emerging markets to around 45% of total sales (excluding Oil & Gas).

Investments will make an important contribution to our future growth. We will, therefore, significantly increase our capital expenditures in the coming years. From 2013 to 2017, we plan to invest €16.8 billion, thereof 18% in Asia Pacific.

Key projects are the expansion of our Verbund sites in Asia with particular focus on the downstream area. Here we build on our successful partnerships with Sinopec in China and PETRONAS in Malaysia. In addition, we invest in a new world-scale production plant for MDI in Chongqing, Western China. In South America, we undertake the biggest investment in our century-long history for the construction of a world-scale production site for acrylic acid and superabsorbents. We will also strengthen our European activities by building a new world-scale TDI plant at our Verbund site in Ludwigshafen. In Oil & Gas, we have announced two major transactions with Statoil and Gazprom, which will focus on the exploration and production of new oil and gas fields.

In 2013, we plan to increase investments up to €4.5 billion.

Increase sales share of emerging markets

<table>
<thead>
<tr>
<th>Developed markets(^1)</th>
<th>Emerging markets</th>
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</thead>
<tbody>
<tr>
<td>~78%</td>
<td>~22%</td>
</tr>
<tr>
<td>2001 in % of sales (€28bn(^1))</td>
<td></td>
</tr>
</tbody>
</table>

| ~65%                    | ~35%             |
| 2012 in % of sales (€62bn\(^2\)) |

| ~55%                    | ~45%             |
| 2020 in % of sales\(^2\) |

\(^1\) BASF definition: Developed markets include EU15, Norway, Switzerland, North America, Japan, Australia and New Zealand

\(^2\) Sales excluding Oil & Gas

Future investments (Billion €)

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<tbody>
<tr>
<td>~10.9</td>
<td>~15</td>
<td>15-20</td>
</tr>
</tbody>
</table>

- Total investments
- Thereof investments in emerging markets

Investments

- Investments will make an important contribution to our growth
- In 2013, we plan investments of €4.5 billion
- Share of sales in emerging markets will increase significantly
- Capital expenditures of €30 billion to €35 billion planned between 2011 and 2020

Planned capital expenditures 2011-2020

€30-35 billion
Major investment projects

- **Integrated MDI complex Chongqing, China**
  - World-scale MDI plant (400,000 t/a)
  - One of the main anchor activities in growth region Western China
  - Investment: ~€860 million
  - Startup: First units end of 2014

- **Expansion Verbund site Nanjing, China**
  - BASF and Sinopec consider further expansion of Nanjing JV
  - Extension of existing ethylene oxide (EO) production, and a new plant for neopentylglycol (NPG)
  - Superabsorbent polymer (SAP) plant under construction
  - Total investment: ~€770 million
  - Startup: planned for 2014

- **Acrylic acid complex Camaçari, Brazil**
  - World-scale production site for acrylic acid, butyl acrylate and superabsorbent polymers
  - Investment: >€500 million
  - Startup: planned for end of 2014

- **Integrated TDI plant Ludwigshafen, Germany**
  - World-scale TDI plant (300,000 t/a)
  - Investment: ~€1 billion including the expansion of precursor plants and infrastructure
  - Startup: planned for end of 2014

- **Aroma ingredients Kuantan, Malaysia**
  - BASF and PETRONAS intend to further expand its activities in Malaysia
  - Aroma ingredients
  - Investment: ~$500 million
  - Startup: First plants 2016

- **Expansion of Oil & Gas activities in Russia**
  - Wintershall and Gazprom intend to expand gas production of Achimov deposits of the Urengoy field to Blocks IV and V
  - Wintershall to hold 25% plus one share

**Planned capital expenditures by segment 2013-2017**

1. Chemicals 29
2. Performance Products 17
3. Functional Materials & Solutions 9
4. Agricultural Solutions 6
5. Oil & Gas 20
6. Other 14

Total: €16.8 billion

**Planned capital expenditures by region 2013-2017**

1. Europe 60
2. North America 18
3. Asia Pacific 16
4. South America, Africa, Middle East 4
5. Alternative sites under review 2

Total: €16.8 billion

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1 According to the new segment structure and the adoption of IFRS 10 & 11
2 According to the new segment structure and the adoption of IFRS 10 & 11
Acquisitions and transactions

Acquisition of Becker Underwood

BASF acquired the U.S.-based company Becker Underwood for a purchase price of €785 million. Becker Underwood is a global market leader in biological seed treatment-products with an attractive portfolio of biological foliar crop protection products. At the time of the acquisition, Becker Underwood had annual sales of €189 million. The deal was closed in November 2012.

The transaction strengthens BASF’s position as a solution provider for agriculture. Becker Underwood adds further momentum to BASF’s fast-growing seed solutions business and is delivering innovative solutions. With its seed protection products, inoculants and polymer coatings portfolio, it strengthens BASF’s Functional Crop Care unit. Thus, BASF will enhance its offer to key seed companies and growers.

The transaction also complements BASF’s portfolio with biological crop protection products. Biological crop protection is growing in importance, especially in high-value crops, such as fruits or vegetables. Becker Underwood’s portfolio of biological fungicides and insecticides complements BASF’s offering of chemical crop protection products.

BASF’s strong presence in the agricultural market ensures a broad market reach, while Becker Underwood’s R&D activities complement BASF’s Functional Crop Care R&D platform.

Acquisition of Pronova BioPharma

By acquiring Pronova BioPharma, BASF has achieved a leading position in the global market for omega-3 fatty acids. Pronova had sales of €214 million (2011). The purchase price was €526 million. The deal was closed in January 2013.

Omega-3 fatty acids are a globally growing market, driven by an increasing consumer awareness of their respective health benefits. The acquisition allows BASF to respond to this demand and to expand its position in the research and development, as well as the manufacturing of omega-3 fatty acids for consumer health and pharmaceutical products.

The transaction complements the acquisition of Equateq, today BASF Pharma (Callanish), in May 2012 and former Cognis sites, as the newly created portfolio now covers the full range from low, medium to high-concentrate omega-3 fatty acids. Furthermore, the acquisitions created numerous synergies by combining BASF’s global customer reach and experience, with the solid know-how and scientific expertise in the production of omega-3 fatty acids of Pronova (now part of BASF) and the technology portfolio of BASF Pharma (Callanish).

With this acquisition, BASF leverages its newly formed omega-3 Verbund and its global market presence in dietary supplements, pharmaceuticals and clinical nutrition.
Transaction with Statoil

BASF, through its affiliate Wintershall, is entering into a cooperation with the leading Norwegian oil and gas major Statoil. With this cooperation, BASF substantially expands production and reserves of oil and gas in the North Sea. The transaction is expected to close in the middle of 2013 but will be financially retroactive to January 1, 2013.

Wintershall will acquire shares in three producing fields, Brage (32.7%), Gjøa (15%) and Vega (30%) from Statoil, containing 2P reserves of ~100 million BOE. In return, Statoil receives 15% share in the development project Edvard Grieg and a financial compensation of $1.35 billion. Additional volumes can be realized in the case of the successful further development of Vega concurrent with a contingent payment of up to ~$100 million. The transaction will strengthen BASF’s position in Norway and significantly increase its daily production from around 3,000 BOE to almost 40,000 BOE.

Statoil and BASF will also work on joint research into innovative technologies for enhanced oil recovery (EOR) and possible application of the biopolymer Schizophyllan, developed by BASF. The joint research activities will also include research into unconventional hydrocarbon resources starting with Statoil’s 49% farm-in to the Wintershall Rheinland and Ruhr concessions in Germany. The intention is to expand these joint activities into other countries as well.

Asset swap with Gazprom

BASF aims to further expand its production of oil and gas and to exit the gas trading and storage business. Subject to the approval by the relevant authorities, the transaction is expected to be completed by the end of 2013 and financially retroactive to April 1, 2013.

Through the agreement, two additional blocks of the Achimov formation of the Urengoi natural gas and condensate field in Western Siberia will be jointly developed. BASF, through its affiliate Wintershall, will receive 25% plus one share of the Blocks IV and V in the Achimov formation together with the option to further increase the share at a later point. According to the development plan confirmed by the Russian mining authority, Blocks IV and V have total hydrocarbon resources of 274 billion cubic meters of natural gas and 74 million metric tons of condensate. This is equivalent to a total of 2.4 billion BOE. A total annual plateau production of at least 8 billion cubic meters of natural gas is expected from the two blocks. Start of production is planned for 2016.

In return, BASF will completely transfer the currently jointly operated natural gas trading and storage business to Gazprom. This includes the 50% shares in the gas trading companies WINGAS, WIEH and WIEE including shares in the natural gas storage facilities in Rehden and Jermgum, Germany, as well as Haidach, Austria and the gas storage operator astora GmbH & Co. KG. Gazprom will also receive a 50% share in the activities of Wintershall Noordzee B.V. Together the activities to be divested contributed about €8.6 billion to sales and €350 million to income from operations of the BASF Group in 2011.
Operational excellence
We continuously improve our productivity and efficiency

In order to remain competitive, we continuously improve our operational excellence. We constantly work on improving our sites, plants and production processes and are continuing with our restructuring and cost-cutting measures. At the same time, we are increasing our operational excellence through ongoing improvements by harmonizing our business processes worldwide and improving their efficiency. Our successfully concluded excellence program NEXT improves earnings by more than €1 billion from 2012 onwards.

Our current strategic excellence program STEP will further strengthen our competitiveness and profitability. By the end of 2015, STEP is expected to contribute around €1 billion to earnings each year. This program includes measures in the areas of production, engineering, maintenance, logistics, procurement and administration. STEP comprises more than 100 projects that are expected to lower fixed costs and raise profit margins.

Operational excellence
- Our programs to improve operational excellence will continue to contribute to cost reduction and greater efficiency
- The successfully concluded excellence program NEXT will improve earnings by >€1 billion annually from 2012 onward
- New excellence program STEP expected to contribute around €1 billion each year by the end of 2015

STEP case study: Port Arthur site

In Port Arthur, Texas, our joint venture BASF Total Petrochemicals LLC (BTP) produces basic petrochemicals. We jointly operate one of the world’s largest flexible feed steam crackers as well as the world’s largest butadiene extraction facility.

Employees in Port Arthur have embraced the operational excellence culture to achieve major improvements in process optimization and asset reliability.

- The feed flex project completed in the 2nd quarter of 2013 enables the steam cracker to operate on a flexible feed slate and capitalize on advantaged feedstock. With the completion of this project, BASF now takes advantage of the natural gas environment in the US.
- The 10th furnace project currently in progress will provide sustained rates of production at capacity and improve furnace reliability at the site.

In addition to the ongoing improvements at the Port Arthur cracker, BASF launched an operational excellence program in North America region in 2011 to further enhance productivity and efficiency in our manufacturing sites. More than 40 sites are implementing the operational excellence program in North America and we expect to realize around €300 million in cost savings by 2015 as part of STEP.

STEP – Targeted annual earnings contribution (by 2015)

~€1 billion
(per year)
1.4 Verbund
Unique Verbund concept – a competitive advantage for BASF

Verbund site Ludwigshafen, Germany

With around 160 world-scale production plants and roughly 38,800 employees the Verbund site Ludwigshafen, Germany is the biggest chemical site in the world.
1.4 Verbund
Unique Verbund concept – a competitive advantage for BASF

Our unique Verbund concept is one of BASF’s greatest assets. The Verbund principle enables us to add value as one company through the efficient use of resources. At our Verbund sites, production plants, energy and waste flows, logistics, and site infrastructure are all integrated. BASF operates six Verbund sites worldwide: two in Europe, two in North America and two in Asia.

The Verbund system creates efficient value chains that extend from basic chemicals right through to consumer products and system solutions. In this system, chemical processes consume less energy, produce higher product yields and conserve resources. Thus, we save on raw materials and energy, minimize emissions, cut logistics costs and exploit synergies.

On a global scale, BASF realizes annual savings of around €1 billion through its Verbund concept.

Production Verbund
The Production Verbund is BASF’s traditional core competency and starting point for multiple value chains. By linking plants, we can create efficient value chains from basic chemicals right through to high-value-added products such as aroma chemicals or crop protection products. In addition, by-products from one plant can be used as raw materials elsewhere. With our closely interlinked production system, we reduce our raw material and energy use and cut costs.

Energy Verbund
The Verbund principle also applies to energy. Our Verbund system links our production and energy demands, thus making a major contribution to energy efficiency. Heat from production processes is not discharged into the environment, but is captured to be used as an energy source at other production plants. Thanks to the Verbund system, BASF saves up to 1.5 million metric tons of oil equivalent per year, equal to an annual reduction in carbon emissions of 3.4 million metric tons.

Logistics Verbund
The Verbund principle also applies to logistics. Production plants are connected by an extensive network of pipes, which provides an environmentally friendly method of transporting raw materials and energy quickly and safely. As a result, BASF significantly reduces its need to use transport on road, rail and sea. This provides not only a significant cost saving for BASF but also reduces our fuel consumption and carbon emissions. In addition, the associated costs of handling and storage are eliminated.

Infrastructure Verbund
At our Verbund sites, we also benefit from shared use of on-site facilities such as fire department, security, waste water treatment and analytics.
Major production sites
Verbund sites
Freeport Geismar
Antwerp
Ludwigshafen
Nanjing
Kuantan
Six Verbund sites worldwide

Ludwigshafen
- The world’s largest integrated chemical complex
- BASF’s largest Verbund site with a total site area of 10 km²
- Around 160 production plants including two steam crackers
- BASF Verbund site Ludwigshafen with around 38,800 employees

Antwerp
- BASF’s second largest Verbund site
- 6 km² of site area
- Around 50 production plants including steam cracker
- Around 3,000 employees

Nanjing
- 50-50 joint venture between BASF and Sinopec
- 2.4 km² site area
- Around 20 production plants including steam cracker
- Approximately 2,000 employees

Kuantan
- 60-40 joint venture between BASF and PETRONAS
- 1.35 km² at Gebeng site, 0.15 km² at Port Tank Farm
- 13 production plants
- Around 700 employees

Freeport
- 1.6 km² site area
- 24 production plants
- More than 700 employees

Geismar
- 9.3 km² of site area
- 22 production plants
- More than 900 employees

Size, scale and global positioning
- Cost-efficient production through six world-scale Verbund sites in all major regions
- Focus on proximity to customers
- Know-How Verbund with 70 major or strategic R&D sites

Sustainability through the Verbund
The Verbund also provides new opportunities for a more flexible response to economic fluctuations. Networks enable speedy and universal implementation of decision-making processes. Moreover, the Verbund opens up ways of reducing emissions and waste and lowering resource consumption. It also minimizes transport distances. The Verbund is therefore not just an important economic asset but also generates environmental benefits.
1.4 Verbund
Unique Verbund concept – a competitive advantage for BASF

Operating the Verbund
In order to maximize the value of having a number of Verbund sites, we also need to apply best-in-class knowledge to operate them. In the Coordination Circle Verbund, we do just this by bringing together the marketing and operations expertise of the BASF network. We thus ensure the smooth and profitable operation of our Verbund network, even in challenging and volatile economic environments.

We start by developing demand forecasts for major value chains based on a sound understanding of business sentiment through our close dialog with customers in many industries. We then use the Verbund Simulator, a proprietary planning tool, to establish a production plan for the Verbund value chains, taking into account product demand, chemical recipes, energy demand and inventory levels. Finally, our experienced personnel further ensures the optimal operation of our production assets.

Energy Verbund
• Heat from production processes is not discharged but captured and used as energy source for other processes
• Verbund concept leads to a reduction in carbon emissions of 3.4 million metric tons per year
• Approximately €300 million annual cost savings through Energy Verbund

Example: Energy Verbund in Ludwigshafen, Germany

Our Verbund system links our production and energy demands, thus making a major contribution to energy efficiency. Heat from production processes is not discharged into the environment, but is captured to be used as an energy source at other production plants.

A perfect example to illustrate this is acrylic acid production at our Ludwigshafen Verbund site. The main raw material for acrylic acid is propylene, which is supplied via pipeline from the steam cracker. The reaction of propylene to acrylic acid generates heat. In order to capture this energy, the heat is converted into steam. The majority of the steam is fed into the pipeline network of the Verbund site, where it serves as an important energy source for other production plants.

At our Ludwigshafen site, we operate two acrylic acid plants, which cover around 10% of the steam requirements of the entire Ludwigshafen Verbund site. Thus, acrylic acid production is not only an important supplier to various downstream facilities (such as superabsorbents) but also contributes significantly to the savings of the Energy Verbund.
Steering the Verbund through the crisis

Due to its high degree of integration and complexity, the Verbund could possibly be seen as rigid. However, our experience and track record show a different story.

During the last economic trough in 2008/09, for example, we took drastic measures to react flexibly to severe demand swings while constantly keeping our steam crackers in operation at our two Verbund sites in Europe.

First of all, an olefin (such as ethylene, propylene, and butadiene) consumption roadmap was established, based on frequent, short-term and value-chain-oriented demand planning by our business units. Our Verbund Simulator tool then validated these numbers within given constraints, such as minimum load, and came up with a production plan that kept the steam crackers running. Flexible load balancing between the two sites, for example, shifting of production or buffering product with the help of inventories further helped us to manage high demand volatility within the Verbund.

In the end, we did not have to shut down our steam crackers and were able to ramp up our production quickly once demand picked up again.

Investment projects and the Verbund

In addition to its ability to cope with demand fluctuation, the Verbund is also highly flexible with respect to integrating new assets into the existing network. While the capacities of investment projects are based on market needs and the requirements for a best-in-class cost position, we determine the implications of an investment on the Verbund network, for example, for the required precursors, utilities or site infrastructure, with the help of our proprietary Verbund Simulator tool. Our ongoing investment in TDI at the Ludwigshafen site is a perfect example of this. By recalibrating the Production Verbund with each major investment, we are able to reap maximum synergies and thus help to further underpin BASF’s leading cost position in many value chains.

Verbund flexibility

- In spite of its complexity, the Production Verbund allows for a high degree of flexibility, for example, in times of volatile demand or during investment decisions
- The Verbund Simulator is a proprietary IT tool that helps us to steer the Verbund through different scenarios
- Our track record during the 2008/09 economic crisis speaks for itself: We were able to keep the steam crackers running

Logistics Verbund

- Production plants are connected by extensive network of pipes for transport of raw material and intermediates
- Significant reduction in transport, storage and handling requirements
- Approximately €600 million annual cost savings through Logistics Verbund

€600 million cost savings per year

At our Verbund sites, the production plants are connected by an extensive network of pipelines. This provides us with an environmentally friendly method of transporting raw materials and intermediates quickly and safely.

At our Verbund site in Ludwigshafen we are able to avoid transporting seven million metric tons of freight every year. This would equal roughly 280,000 fewer truckloads or more than 3,000 fewer cargo shipments. This not only provides a significant cost saving for BASF but also significantly reduces our fuel consumption and carbon emissions.

In addition, the Logistics Verbund leads to reduced storage requirements (for example, less required storage capacity, lower working capital) as well as the elimination of associated handling.

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1.5 Sustainability
Taking advantage of business opportunities while minimizing risks, and establishing strong relationships with our stakeholders

We define sustainability as balancing economic success with social and environmental responsibility, both today and in the future. Sustainability is firmly embedded in our strategy and organization and is integrated into our core processes. Sustainability management supports our strategic principle “We drive sustainable solutions,” helping us to put our company’s purpose – “We create chemistry for a sustainable future” – into practice.

We drive sustainable solutions
Taking advantage of business opportunities, we develop solutions that are balancing economic, ecological, societal benefits and provide sustainability services to customers. In this way, we use sustainability to create value – for BASF and for society. With sustainability management, BASF is implementing its strategic guideline “We drive sustainable solutions”. As part of this, we:
• identify and address material sustainability topics relevant to the future
• implement and monitor environmental, safety and social standards
• develop tools to evaluate and improve the sustainability of products and processes
• conduct an open dialog with relevant stakeholders
• nurture long-term relationships with customers and suppliers

Identifying and assessing important topics
In order to identify areas that could represent opportunities or risks for our business now or in the future, we analyze issues in terms of their relevance for society and for us. In 2010, we surveyed several hundred external stakeholders with technical expertise worldwide, as well as specialists and managers from various functions within the company. Top-priority issues were identified as energy and climate, water, renewable resources, product stewardship, human capital development, human and labor rights and biodiversity. An update is planned for 2013.

Sustainability strategy
Our sustainability management has three responsibilities:
• Taking advantage of business opportunities by offering our customers innovative products and solutions that contribute to sustainable development
• Minimizing risks by identifying relevant issues early on with the help of our materiality analysis
• Establishing strong relationships with our stakeholders through engagement in ongoing open dialog with our stakeholders
BASF’s corporate carbon footprint 2012
BASF is the only industrial company worldwide to have published a comprehensive corporate carbon footprint since 2008, and we are constantly updating the basis for our calculations.

We report on all emissions along the value chain and show the volume of emissions prevented through the use of our climate protection products. We plan our climate protection activities along the value chain based on our corporate carbon footprint.

At the Ludwigshafen site, for example, we started up a new intermodal transportation terminal in 2012. This will enable us to continue the switch to transporting our goods by rail, saving up to 100,000 metric tons of transportation-related carbon emissions per year.

The use of climate protection products we sold in 2012 reduces our customers’ emissions by 320 million metric tons of CO₂ (2011: 330 million metric tons). The slight decrease compared with the previous year is due to lower sales volumes for our climate protection products in 2012.

Our goal is to continuously increase the contribution of these products to climate protection.

Emissions avoided
320 million metric tons CO₂ equivalents per year

CO₂ emissions at customer end:
(million metric tons CO₂ equivalents per year)
■ Without the use of BASF products: 1,772
■ With the use of BASF products: 1,452

Emissions along the entire value chain
154 million metric tons CO₂ equivalents per year

Innovation for climate protection
Around €7.2 billion in sales from climate protection products in 2012

Around 1/3 of our research and development expenditure is principally invested in projects for increased energy efficiency and climate protection

Business opportunities with sustainability
With our Eco-Efficiency Analysis, we have been identifying critical parameters for improving the ecological and economical balance of our products and processes along the entire value chain. In addition, we use our Socio-Eco-Efficiency Analysis Seebalance®, to consider social aspects. The AgBalance® method, developed by BASF in 2011, analyzes and evaluates sustainability specifically in agricultural production.
1.5 Sustainability
Our goals

Environment and product stewardship

<table>
<thead>
<tr>
<th>Category</th>
<th>2020 goals</th>
<th>Status at year-end 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy and climate protection</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvement of energy efficiency in production processes¹ (baseline 2002)</td>
<td>+35%</td>
<td>+19.3%</td>
</tr>
<tr>
<td>Greenhouse gas emissions per metric ton of sales product¹ (baseline 2002)</td>
<td>-40%</td>
<td>-31.7%</td>
</tr>
<tr>
<td>Stop flaring of associated gas released during Wintershall’s production of crude oil (2012 goal)</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Greenhouse gas emissions per amount and distance of transported gas (baseline 2010)</td>
<td>-10%</td>
<td>-22.1%</td>
</tr>
<tr>
<td><strong>Water</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emissions of organic substances to water¹ (baseline 2002)</td>
<td>-80%</td>
<td>-76.4%</td>
</tr>
<tr>
<td>Emissions of nitrogen to water¹ (baseline 2002)</td>
<td>-80%</td>
<td>-87.3%</td>
</tr>
<tr>
<td>Emissions of heavy metals to water¹ (baseline 2002)</td>
<td>-60%</td>
<td>-53.8%</td>
</tr>
<tr>
<td>Withdrawal of drinking water for production (baseline 2010)</td>
<td>-50%</td>
<td>-23.2%</td>
</tr>
<tr>
<td>Introduction of sustainable water management at production sites in water stress areas</td>
<td>100%</td>
<td>3.1%</td>
</tr>
<tr>
<td><strong>Air</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emissions of air pollutants¹ (baseline 2002)</td>
<td>-70%</td>
<td>-63.1%</td>
</tr>
<tr>
<td><strong>Products</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk assessment for all products sold worldwide by BASF in quantities of more than one metric ton per year</td>
<td>&gt;99%</td>
<td>45%</td>
</tr>
</tbody>
</table>

¹ Excluding oil and gas production

Climate protection
Our climate protection activities are based on comprehensive emissions controlling. By 2020, we aim to reduce our greenhouse gas emissions per metric ton of sales product by 40% compared with baseline 2002. Since 1990, we have been able to lower our greenhouse gas emissions from BASF operations (excluding Oil & Gas) by 45% and reduce specific emissions by 73% overall. By 2020, we want to improve the energy efficiency of our production processes by 35% compared with 2002.

Energy supply and efficiency
We use highly efficient combined heat and power (CHP) plants to provide our energy. With this CHP technology, we can meet more than 70% of our electricity needs. In 2012, it allowed us to save more than 12 million MWh of fossil fuels compared with separate methods of generating steam and electricity, preventing 2.5 million metric tons of carbon emissions. The Verbund system is an important component of our energy efficiency concept. Waste heat from one plant’s production process is used as energy in other plants. In this way, we saved around 17 million MWh in 2012, which corresponds to 3.4 million metric tons’ worth of prevented carbon emissions.

Water
BASF uses water as a coolant, solvent and cleaning agent, as well as to produce our products. We aim to use water as sparingly as possible and further reduce emissions to water. We have set ourselves the goal of reducing emissions to water of organic substances and nitrogen by 80% by 2020 compared with baseline 2002; we want to reduce emissions of heavy metals by 60%. Our goal is, by 2020, to reduce the withdrawal of drinking water from supply sources for production by half compared with baseline 2010. In 2012, we were able to reduce this amount by 23.2%. We pursue the goal of establishing sustainable water management at all sites in water stress areas by 2020 by applying the European Water Stewardship (EWS) standard set down by the European Water Partnership (EWP).

Product stewardship
All substances and mixtures we sell worldwide in quantities of more than one metric ton per year are subject to risk assessment. We have successfully completed the second phase of registration for REACH under the EU chemical law. In this phase, BASF submitted around 550 substance dossiers to the European Chemicals Agency, more than any other company. We expect that the cost of implementing REACH will continue to average around €50 million per year.

BASF receives European Water Stewardship certificate
BASF is the first chemical company to achieve gold-level certification according to the European Water Stewardship (EWS) standard for its production site in Tarragona, Spain. In order to attain this certificate, auditors of third party certification body TÜV Nord Integra assessed the entire water management performance of BASF’s production site, from extraction of water at its source to its reintroduction in downstream water bodies.

Dow Jones Sustainability World Index
BASF was included for the twelfth year in a row in the global Dow Jones Sustainability Index. We have been recognized for our sustainability engagement in areas such as climate strategy, risk and crisis management as well as human capital development.
Occupational safety and health protection
BASF never compromises on safety. We promote and monitor safety at work through risk assessments, safety rules, seminars and audits.

We have set ourselves demanding goals for occupational safety and health protection. By 2020, we want to reduce the number of work-related accidents per million working hours by 80% to 0.65 work-related accidents compared with baseline 2002. We measure our performance in health protection using the Health Performance Index (HPI). The HPI comprises five components: confirmed occupational diseases, medical emergency planning, first aid, preventive medicine and health promotion. Each contributes a maximum of 0.2 to the total score. The highest possible score is 1.0. Our goal is to reach a value of more than 0.9 every year.

Transportation safety
Our regulations and measures for transportation and warehouse safety comprise the delivery of raw materials, the storage and distribution of chemical products among BASF sites and customers and the transportation of waste from our sites to the disposal facilities.

Health and Safety

<table>
<thead>
<tr>
<th>Employees</th>
<th>Long-term goals</th>
<th>Status at year-end 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>International proportion of senior executives</td>
<td>Increase in the proportion of non-German senior executives (baseline 2003: 30%)</td>
<td>33.8%</td>
</tr>
<tr>
<td>Senior executives with international experience</td>
<td>Proportion of senior executives with international experience over 80%</td>
<td>80.4%</td>
</tr>
<tr>
<td>Women in executive positions</td>
<td>Increase in the proportion of female executives worldwide</td>
<td>17.0%</td>
</tr>
<tr>
<td>Personnel development</td>
<td>Establishment of personnel development as a responsibility shared by employees and managers based on relevant processes and tools</td>
<td>Introduced for around 30,000 employees worldwide in first phase</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Health and Safety</th>
<th>2020 goals</th>
<th>Status at year-end 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation accidents per 10,000 shipments (baseline 2003)</td>
<td>-70%</td>
<td>-57%</td>
</tr>
<tr>
<td>Occupational Safety</td>
<td>-80%</td>
<td>-48%</td>
</tr>
<tr>
<td>Lost time injuries per million working hours (baseline 2002)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Protection</td>
<td>Health Performance Index (annual goal)</td>
<td>&gt;0.9</td>
</tr>
</tbody>
</table>

Our goal is to reduce the worldwide number of transportation accidents per 10,000 shipments by 70% to 0.17 accidents compared with 2003.

Employee and manager diversity
Diversity offers competitive advantage for the power of innovation, for a better understanding of different markets and for team performance. At the end of 2012, the percentage of executive positions in the BASF Group held by women was 17% (2011 16.2%). We aim to raise the percentage of senior executives with international experience to over 80%.

Personnel development
The goal of our global Employee Development project is to establish employee development as a top priority within the company. In 2012, more than 90,000 employees worldwide attended training programs, spending 3.4 days on average in professional development.

Carbon Disclosure Project

Carbon Disclosure Leadership Index
In 2012, BASF was again listed with an outstanding place for the eighth time in the Materials sector.

Carbon Performance Leadership Index
BASF was also once again included in the Carbon Performance Leadership Index for the third time – and thus continuously since establishment of this index.

China Green Companies Top 100
For the fifth time in succession, BASF was listed among the China Green Companies Top 100. This award recognized companies that strengthen their competitiveness through long-term commitment to environmental protection, society, innovation and corporate culture.
Business Segments

Our business portfolio is well balanced and offers strong growth opportunities. It consists of five segments with 14 operating divisions. We always focus our business on the needs of our customers. Our segments are based on related products, customer industries and production processes. This enables us to more effectively combine our competencies and knowledge and bring our products and system solutions to the market faster.

### Sales by segment 2012¹

<table>
<thead>
<tr>
<th>Segment</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Chemicals</td>
<td>20</td>
</tr>
<tr>
<td>2. Performance Products</td>
<td>22</td>
</tr>
<tr>
<td>3. Functional Materials &amp; Solutions</td>
<td>24</td>
</tr>
<tr>
<td>4. Agricultural Solutions</td>
<td>6</td>
</tr>
<tr>
<td>5. Oil &amp; Gas</td>
<td>18</td>
</tr>
<tr>
<td>6. Other</td>
<td>5</td>
</tr>
</tbody>
</table>

**€72,129 million**

### EBIT before special items 2012²

(Million €)

<table>
<thead>
<tr>
<th>Segment</th>
<th>EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>2,171</td>
</tr>
<tr>
<td>Performance Products</td>
<td>1,421</td>
</tr>
<tr>
<td>Functional Materials &amp; Solutions</td>
<td>902</td>
</tr>
<tr>
<td>Agricultural Solutions</td>
<td>1,037</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>1,876</td>
</tr>
<tr>
<td>Other</td>
<td>(790)</td>
</tr>
</tbody>
</table>

¹ According to IFRS 10/11 and new segment structure

² According to IFRS 10/11 and new segment structure
## Business Segments contents

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<td>Application of IFRS 10 and IFRS 11</td>
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<td>2.1 Chemicals</td>
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<tr>
<td>- Petrochemicals</td>
<td>44</td>
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<tr>
<td>- Monomers</td>
<td>46</td>
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<tr>
<td>- Intermediates</td>
<td>48</td>
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<td>2.2 Performance Products</td>
<td>50</td>
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<tr>
<td>- Dispersions &amp; Pigments</td>
<td>52</td>
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<td>- Care Chemicals</td>
<td>54</td>
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<td>- Nutrition &amp; Health</td>
<td>56</td>
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<tr>
<td>- Paper Chemicals</td>
<td>58</td>
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<tr>
<td>- Performance Chemicals</td>
<td>60</td>
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<tr>
<td>2.3 Functional Materials &amp; Solutions</td>
<td>62</td>
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<tr>
<td>- Catalysts</td>
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<td>- Construction Chemicals</td>
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<td>- Coatings</td>
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<td>- Performance Materials</td>
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<td>2.4 Agricultural Solutions</td>
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<td>- Crop Protection</td>
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<td>2.5 Oil &amp; Gas</td>
<td>76</td>
</tr>
<tr>
<td>- Exploration &amp; Production</td>
<td>78</td>
</tr>
<tr>
<td>- Natural Gas Trading</td>
<td>80</td>
</tr>
<tr>
<td>2.6 Other</td>
<td>82</td>
</tr>
</tbody>
</table>
An important part of BASF’s “We create chemistry” strategy is to focus more on our customer industries and to adjust our business models accordingly. With the new segment organization we are bundling units close to our customer industries on the one hand and the classical chemicals backbone of the Verbund on the other hand.

In November 2012, we announced changes to BASF’s segment structure which came into effect on January 1, 2013. The former Plastics segment was dissolved. The large-volume monomers like MDI, TDI, caprolactam as well as basic polyamide polymers have been transferred to the Chemicals segment. The businesses that are developing tailored solutions for customers, for example PU systems and engineering plastics, are now combined in the renamed segment Functional Materials & Solutions. Furthermore, we have aligned the products within the Chemicals segment even more closely along the value chains.

The Chemicals segment now consists of three divisions, which were aligned according with the chemical building blocks and value chains:

- **Petrochemicals**: division with the ethylene (C2), propylene (C3) and butadiene (C4) value chains
- **Monomers**: division with major building blocks for our polymers, mainly based on aromatics
- **Intermediates**: division with the methane (C1) value chain

In the segment Functional Materials & Solutions, we established a new division:

- **Performance Materials**, which combines the polymer materials platform for chemistry-enabled customer solutions.

BASF develops its organization along the three basic business models of its strategy, which are classical chemicals, customized products and functionalized materials and solutions.

### Competencies for successful management of a diverse portfolio

**Product focus**
- Operational and technological excellence
- Scale, Verbund integration and raw material conditions
- Reliable, low cost logistics
- Complexity reduction

**Industry focus**
- Deep understanding of customer value chain and multi-disciplinary know-how enables constant innovation
- Customized services and solutions developed together with industry and application experts
- Tailored offerings for markets and industries
- Customer proximity and application know-how

A separation of businesses with distinct business models helps to enhance the management focus. With this approach we bring together competencies – technology and operational excellence in the upstream part of our portfolio and a materials platform, application know-how and customer proximity in the downstream part.

### New segment structure as of January 1, 2013

<table>
<thead>
<tr>
<th>Chemicals</th>
<th>Performance Products</th>
<th>Functional Materials &amp; Solutions</th>
<th>Agricultural Solutions</th>
<th>Oil &amp; Gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petrochemicals</td>
<td>Dispersion &amp; Pigments</td>
<td>Catalysts</td>
<td>Crop Protection</td>
<td>Oil &amp; Gas</td>
</tr>
<tr>
<td>Monomers</td>
<td>Care Chemicals</td>
<td>Construction Chemicals</td>
<td>Coatings</td>
<td></td>
</tr>
<tr>
<td>Intermediates</td>
<td>Nutrition &amp; Health</td>
<td>Paper Chemicals</td>
<td>Performance Materials</td>
<td></td>
</tr>
</tbody>
</table>

### Benefits of new organization

- Implementation of “We create chemistry” strategy on organizational level
- Clear alignment of business models
- Divisions in the Chemicals segment focus on operational and technological excellence, scale and Verbund integration reliable supply and cost management
- New Performance Materials division focuses on deep understanding of customer value chains, customized services and solutions, tailored offerings, customer proximity and application know-how
Application of IFRS 10 and IFRS 11

BASF adopted the new reporting standards IFRS 10 and IFRS 11 together with the new segment structure as of January 1, 2013. The application of these new accounting standards results in the changed consolidation of four previously fully-consolidated companies and 14 joint arrangements. Due to the significance of these technical changes BASF’s financial targets for 2015 and 2020 were adjusted accordingly.

IFRS 10 outlines the requirements for the preparation and presentation of consolidated financial statements. The consolidation method to be applied depends on the level of control the parent company has over the entity. Control requires decision-making power over the relevant activities, variable returns and the ability to use decision-making power to affect the variable returns from an entity. Only controlled companies can be fully consolidated.

IFRS 11 outlines the accounting by entities that jointly control an arrangement, such as a joint operation or as a joint venture.

- Joint ventures, where the investor has only rights to net assets, are to be consolidated at-equity. The option to apply the pro-rata consolidation for joint ventures was removed.
- Joint operations, where the investor has direct rights to assets and direct obligations from liabilities, will continue to be consolidated pro-rata.

The new requirements of IFRS 10 and 11 result in the reclassification of companies within BASF Group.

- Four companies, which were fully consolidated in the past, are now consolidated using the equity method. This includes Wintershall AG, which produces oil and gas in Libya.
- 14 companies, which were proportionally consolidated, are now accounted for using the equity method. This includes BASF-YPC, through which we operate the Verbund site in Nanjing with our partner, Sinopec.
- Eight companies continue to be proportionally consolidated since they market their products directly to the partner, therefore classifying as joint operations.

Since 2013, we report the line item “income from companies accounted for using the equity method” as part of EBIT. This item will also include the equity results of the associated companies, which were previously reported in the financial result.

Impact of new requirements on BASF Group

Under the new standard, 2012 restated numbers for sales, EBITDA, EBIT, income taxes and employees are lower. Sales are reduced by €6.6 billion, predominantly due to the equity consolidation of Wintershall AG and BASF-YPC. EBITDA is reduced by €2.5 billion, mainly due to the reclassification of Wintershall AG and the resulting elimination of non-compensable taxes on oil. (For further details see also page 86).

BASF’s mid- and long-term targets for sales and EBITDA have been adjusted accordingly. The sales target for 2015 was adjusted from €85 billion to €80 billion and the 2020 target from €115 billion to 110 billion. The EBITDA targets were adjusted from €15 billion to €14 billion for 2015 and from €23 billion to €22 billion for 2020.

IFRS 10 and 11 have no influence on net income.
2.1 Chemicals

The Petrochemicals division, with its broad range of basic chemicals, such as ethylene, propylene, oxo alcohols and acrylic monomers, is the foundation of BASF’s value chains.

The Monomers division bundles large-volume monomers and basic polymers such as MDI, TDI and caprolactam with the majority of inorganic products.

With more than 700 products, our Intermediates division develops, produces and markets the world’s most comprehensive range of chemical intermediates and building blocks.

PolyTHF® – produced by BASF – is used to manufacture elastic spandex fibers for a large variety of textiles, including sportswear, swimsuits, and outerwear. It also serves as a building block for the polyurethanes used to make hoses, films, and wheels for skates.
The Chemicals segment will continue to focus on maintaining and developing BASF’s Production Verbund. BASF’s unique Verbund system of highly integrated production sites offers substantial competitive advantages. Main success factors for this segment are operational and technological excellence, scale effects, integration and raw material availability, reliable and low cost logistics, as well as the reduction of complexity. The three divisions, Petrochemicals, Monomers and Intermediates, are aligned with chemical value chains to minimize BASF internal interfaces and to enhance scale effects.

<table>
<thead>
<tr>
<th>(Million €)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2012(^1) restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to third parties</td>
<td>7,515</td>
<td>11,377</td>
<td>12,958</td>
<td>13,824</td>
<td>17,887</td>
</tr>
<tr>
<td>Share of total BASF sales (%)</td>
<td>14.8</td>
<td>17.8</td>
<td>17.6</td>
<td>17.6</td>
<td>24.8</td>
</tr>
<tr>
<td>Thereof Petrochemicals</td>
<td>4,464</td>
<td>7,593</td>
<td>8,839</td>
<td>9,179</td>
<td>8,260</td>
</tr>
<tr>
<td>Monomers (until 2012 Inorganics)</td>
<td>983</td>
<td>1,255</td>
<td>1,415</td>
<td>1,735</td>
<td>6,772</td>
</tr>
<tr>
<td>Intermediates</td>
<td>1,868</td>
<td>2,529</td>
<td>2,704</td>
<td>2,910</td>
<td>2,855</td>
</tr>
<tr>
<td>Income from operations before depreciation and amortization (EBITDA)</td>
<td>1,571</td>
<td>3,000</td>
<td>3,188</td>
<td>2,409</td>
<td>3,021</td>
</tr>
<tr>
<td>EBITDA margin (%)</td>
<td>20.9</td>
<td>26.4</td>
<td>24.6</td>
<td>17.4</td>
<td>16.9</td>
</tr>
<tr>
<td>Income from operations (EBIT) before special items</td>
<td>1,021</td>
<td>2,302</td>
<td>2,441</td>
<td>1,717</td>
<td>2,171</td>
</tr>
<tr>
<td>EBIT before special items margin (%)</td>
<td>13.6</td>
<td>20.2</td>
<td>18.8</td>
<td>12.4</td>
<td>12.1</td>
</tr>
<tr>
<td>Income from operations (EBIT)</td>
<td>735</td>
<td>2,310</td>
<td>2,442</td>
<td>1,718</td>
<td>2,173</td>
</tr>
<tr>
<td>EBIT margin (%)</td>
<td>9.8</td>
<td>20.3</td>
<td>18.8</td>
<td>12.4</td>
<td>12.1</td>
</tr>
</tbody>
</table>

\(^1\) As of 2013, the accounting of BASF Group is performed in accordance with IFRS 10 and 11 as well as International Accounting Standard (IAS) 19 (revised). The 2012 figures have been restated accordingly. New segment structure as of January 1, 2013 and adopted to the restated figures 2012.
The Petrochemicals division is the cornerstone of BASF’s petrochemical-based value chains throughout the regions. The division manufactures and markets a broad portfolio of high-quality basic chemicals and tailored specialties for internal and external customers.

Cracker products
BASF produces the entire range of cracker products from ethylene and propylene to butadiene, butenes and benzene. Of these, propylene is the most important starting product for BASF’s value-adding chains.

Alkylene oxides and glycols
Ethylene oxide derived from ethylene is used mainly to produce surfactants, ethanamines, glycols, glycol ethers and polyols. Ethylene glycol is a product used in antifreeze applications and for the production of fibers, films and PET (polyethylene terephthalate) plastic bottles. Propylene oxide is synthesized from propylene and serves as a base for a wide variety of products, including hydraulic fluids, propylene glycol and polyols. Polyols are used mainly for the production of polyurethanes.

Alcohols and solvents
BASF is the world’s largest producer of oxo alcohols and is also a major producer of oxygenated solvents in Europe, including acetates, glycol ethers, glycol ether acetates and specialty solvents. Our major customer industries are:
- paints and coatings
- pharmaceuticals
- cosmetics

Plasticizers and plasticizer raw materials
BASF manufactures standard and specialty plasticizers, which are used in chemical processes to make rigid plastics flexible. BASF also sells the plasticizer precursor phthalic anhydride for use in dyestuffs and unsaturated polyester resins, and markets plasticizers based on higher alcohols. Our specialty product is the plasticizer Hexamoll® DINCH®, used for sensitive applications such as toys and medical products.

Acrylic monomers
BASF is the world’s largest producer of acrylic monomers, which are sold to internal and external customers in the form of acrylic acid, acrylic esters and specialty acrylicates. Acrylic monomers are used as precursors to manufacture acrylic polymers and polymer dispersions for various applications such as:
- superabsorbents
- coatings
- detergents
- flocculants

BASF’s market position
- Ethylene oxide and ethylene glycols: No. 2 in Europe
- Oxo alcohols: No. 1 globally
- Solvents: No. 2 in Europe
- Plasticizers: No. 2 in Europe
- Acrylic monomers: No. 1 globally
- Propylene oxide and propylene glycols: No. 3 in Europe

Main competitors
- Cracker products: Sabic, Dow, ExxonMobil Chemical, Sinopec, LyondellBasell
- Propylene oxide and glycols: Dow, LyondellBasell, Shell Chemicals, Sumitomo Chemicals
- Ethylene oxide and glycols: Dow, Sabic, Sinopec, INEOS Oxide, Shell Chemicals
- Alcohols and solvents: Dow, Eastman, ExxonMobil Chemical, Oxea, Sinopec
- Plasticizers: ExxonMobil Chemical, Eastman, Evonik, UPC
- Acrylic monomers: Dow, Nippon Shokubai, Arkema

Focus of research and development
The focus of R&D activities is on developing new and improved processes by adapting and optimizing feedstocks to supply our Verbund value chains at competitive costs. Product innovation is primarily focused on new applications for plasticizers for PVC and other materials and on development of specialty acrylates for specific customer needs.

Sales by region 2012

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
<th>Sales (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Europe</td>
<td>55</td>
<td>8,260</td>
</tr>
<tr>
<td>2. North America</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>3. Asia Pacific</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>4. South America</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Sales by first customer industry 2012

<table>
<thead>
<tr>
<th>Industry</th>
<th>%</th>
<th>Sales (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Energy &amp; Resources</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>2. Consumer Goods</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>3. Chemicals &amp; Plastics</td>
<td>79</td>
<td></td>
</tr>
<tr>
<td>4. Others</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

1 Based on restated figures and new segment structure. BASF-YPC Company, is no longer consolidated within the BASF Group, resulting in a significant reduction of reported sales in Asia.
Key drivers of profitability

- Cost leadership
- Leading process technology
- Economies of scale
- Competitive raw material supply
- High capacity utilization
- Efficient and reliable processes

Key capabilities of BASF

- Strong Verbund sites with backward integration
- World-scale production facilities
- Operational excellence
- Strong global market position with regional production
- Highly qualified and experienced personnel
- Outstanding market knowledge and technical capabilities

Innovation in processes and products

We are constantly looking for ways to improve our existing technologies as well as to develop innovative processes and products. Recent examples are a new manufacturing process for propylene oxide, HPPO, developed together with Dow Chemical Company, as well as the new highly functionalized specialty monomer, Hydroxpropyl carbamate acrylate – HPCA. This monomer can be cross-linked into polyurethane materials showing superior results in clear coating systems. HPPO as an alternative route to produce propylene oxide avoids co-products and delivers only water and the desired end product.

<table>
<thead>
<tr>
<th>Product group</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethylene, propylene</td>
<td>Steam cracker expansion in Nanjing, China</td>
<td>2011</td>
</tr>
<tr>
<td>Butadiene, ethylene oxide, isobutene, 2-propylheptanol</td>
<td>Second phase in Nanjing, China</td>
<td>2011</td>
</tr>
<tr>
<td>Ethylene</td>
<td>Member of joint venture EPS (Ethylene pipeline Southern Germany)</td>
<td>2012</td>
</tr>
<tr>
<td>Hexamoll® DINCH®</td>
<td>Second production plant in Ludwigsafen</td>
<td>2013</td>
</tr>
<tr>
<td>Synthesis gas</td>
<td>Extension hydrogen plant in Ludwigsafen</td>
<td>2014</td>
</tr>
<tr>
<td>Butadiene</td>
<td>Construction of butadiene extraction plant in Antwerp, Belgium</td>
<td>2014</td>
</tr>
<tr>
<td>Acrylic acid</td>
<td>Butyl acrylate; new acrylic acid complex in Camaçari, Brazil</td>
<td>2014</td>
</tr>
</tbody>
</table>

Major annual capacities of BASF (in thousand tons)

<table>
<thead>
<tr>
<th>Product group</th>
<th>Location</th>
<th>Antwerp, Belgium</th>
<th>Cornwall, Canada</th>
<th>Freeport, Texas</th>
<th>Geismar, Louisiana</th>
<th>Kuantan, Malaysia</th>
<th>Ludwigshafen, Germany</th>
<th>Moerdijk, Netherlands</th>
<th>Nanjing, China</th>
<th>Pasadena, Texas</th>
<th>Port Arthur, Texas</th>
<th>Singapore</th>
<th>Tarra-gona, Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethylene</td>
<td></td>
<td>1,080</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>620</td>
<td>-</td>
<td>740</td>
<td>-</td>
<td>935</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Propylene</td>
<td></td>
<td>650</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>350</td>
<td>-</td>
<td>370</td>
<td>-</td>
<td>830</td>
<td>-</td>
<td>350</td>
</tr>
<tr>
<td>Propylene oxide</td>
<td></td>
<td>300&lt;sup&gt;1&lt;/sup&gt;</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>125</td>
<td>250&lt;sup&gt;2&lt;/sup&gt;</td>
<td>-</td>
<td>-</td>
<td>250</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Butadiene</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>105</td>
<td>-</td>
<td>130</td>
<td>-</td>
<td>410</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Benzene</td>
<td></td>
<td>280</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>300</td>
<td>-</td>
<td>130</td>
<td>-</td>
<td>110</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cyclohexane</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ethylene oxide (equivalents)</td>
<td></td>
<td>500</td>
<td>-</td>
<td>-</td>
<td>220</td>
<td>-</td>
<td>345</td>
<td>-</td>
<td>330&lt;sup&gt;2&lt;/sup&gt;</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Oxo C4 alcohols</td>
<td></td>
<td>-</td>
<td>-</td>
<td>300</td>
<td>-</td>
<td>330&lt;sup&gt;2&lt;/sup&gt;</td>
<td>350&lt;sup&gt;3&lt;/sup&gt;</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Plasticizers (including Hexamoll® DINCH®)</td>
<td></td>
<td>-</td>
<td>35</td>
<td>-</td>
<td>-</td>
<td>100&lt;sup&gt;2&lt;/sup&gt;</td>
<td>400</td>
<td>-</td>
<td>125</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Acrylic acid</td>
<td></td>
<td>320</td>
<td>230</td>
<td>-</td>
<td>160</td>
<td>320</td>
<td>160&lt;sup&gt;2&lt;/sup&gt;</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

All capacities in the table illustrate 100% capacity of the operations. BASF share might be lower based on JV shares

1 BASF 50%; JV with Sinopec, consolidated at equity
2 BASF 60%
3 BASF 51%
4 50%; JV with Dow
5 50%; JV with Shell
Monomers
Attractive business mix driven by excellence in commodities

The Monomers division supplies a broad portfolio of large-volume monomers, basic polymers and inorganic chemicals. The major products include MDI (diphenylmethane diisocyanate), TDI (toluene diisocyanate), caprolactam, adipic acid, polyamide 6 and 6.6, ammonia, nitric acid, sulfur and chlorine products, inorganic salts, urea, melamine, glues and impregnating resins as well as specialties such as electronic materials. The products can be found in an extensive spectrum of industries, for example in automotive, building and construction, woodworking, food, solar, packaging and textile as well as in electronics.

Inorganic chemicals
Inorganic chemicals are mainly used as precursors for plastics, amines and other high-value chemicals. The product portfolio ranges from basic chemicals to inorganic salts:
- chlorine
- caustic soda
- nitric acid
- sulfuric acid
- standard alcohohates
- ammonium salts

More than half of these products are for captive use within BASF’s Verbund. The remaining products are sold primarily to other chemical companies. Additionally, we are one of the leading suppliers of sodium nitrate, which is used as a component for solar thermal power plant storage media, as well as sodium methylate, used as a catalyst for the growing bio-diesel production.

Isocyanates
The portfolio of isocyanates includes MDI and TDI. BASF is the world leader in isocyanates, which are key components to produce soft or rigid foams. MDI is a versatile isocyanate that can be used to make flexible foams as well as semi-rigid and rigid polyurethane plastics. Its primary applications are construction, consumer appliances, automotive components and shoe soles. TDI is an isocyanate used primarily in the manufacturing of flexible foams. Its main applications include mattresses and cushions for furniture and automotive seating.

Polyamide and intermediates
BASF is the world’s leading supplier of high-quality polyamide and polyamide intermediates for the extrusion, engineering plastics and fiber industry. Ultramid®, BASF’s high-quality polyamide brand, is the material of choice for many applications:
- films for food packaging
- monofilaments (industrial wires, fishing lines, weed trimmers, etc.)
- carpets and textiles

BASF also manufactures intermediate products such as caprolactam for polyamide 6 and adipic acid for polyamide 6.6.

Glues and impregnating resins
BASF offers a wide variety of tailor-made glues and impregnating resins which are used to manufacture many different types of panel boards and laminated flooring for the woodworking industry. Additionally, the unit produces AdBlue®, a high-purity urea solution that is used in trucks to reduce NOx emissions from diesel engines. Furthermore, fertilizers like ammonium sulfate nitrate are manufactured for the agricultural sector. All these products are based on the following raw materials produced in Ludwigshafen and Antwerp:
- ammonia
- urea
- melamine

Electronic materials
BASF produces a variety of inorganic specialties in electronic grade. The innovative products are mainly used in the field of:
- advanced cleaning & etching
- wet deposition
- chemical mechanical planarization (CMP)

Additionally, the portfolio comprises Metal Systems, with the products carbonyl iron powder (CIP) and Catamold® for metal and ceramic injection molding. CIP is used in a wide range of applications, such as inductor cores in the information and communication technology (ICT) industry. Catamold® is ideal for manufacturing geometrically sophisticated shapes.

Sales by region 2012¹
(Location of customer)

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>40</td>
</tr>
<tr>
<td>North America</td>
<td>21</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>33</td>
</tr>
<tr>
<td>South America</td>
<td>6</td>
</tr>
</tbody>
</table>

\[ \text{€6,772 million} \]

¹ Based on restated figures and new segment structure

Sales by first customer industry 2012

<table>
<thead>
<tr>
<th>Industry</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>9</td>
</tr>
<tr>
<td>Electronics</td>
<td>6</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>31</td>
</tr>
<tr>
<td>Chemicals &amp; Plastics</td>
<td>37</td>
</tr>
<tr>
<td>Others</td>
<td>17</td>
</tr>
</tbody>
</table>
BASF’s market position
- TDI: No. 1, MDI: No. 1 globally
- Polyamide film: No. 1 globally
- Inorganic chemicals: No. 1 in inorganic salts in Europe and South America
- Glues and impregnating resins: No. 1 in glues in Europe
- Electronic materials: leading market position in Asia and Europe

Main competitors
- Inorganic chemicals: Evonik, Esseco
- Glues and impregnating resins: Dynea, Sadepan
- Polyamide film: DSM, Ube, Zig Sheng
- TDI: Bayer MaterialScience, Wanhua, Mitsui, Dow
- MDI: Bayer MaterialScience, Wanhua, Huntsman, Dow
- Polyols: Dow, Bayer MaterialScience, Shell
- Electronic Materials: ATMI, OMG.

Focus of research and development
As its main focus, process innovation aims to optimize existing production technologies and develop new, highly efficient processes offering considerable cost advantages. For specialty products, such as electronic materials, the focus is on developing innovative solutions to meet future challenges.

Key drivers of profitability
- Cost leadership
- Leading process technology
- Economies of scale
- Competitive raw material supply
- High capacity utilization
- Efficient and reliable processes

Key capabilities of BASF
- Strong Verbund sites with backward integration
- World-scale production facilities
- Operational excellence
- Strong global market position with regional production set ups
- Highly qualified and experienced personnel
- Outstanding market knowledge and technical capabilities

Acquisitions/JVs/Investments (from 2011 onward)

<table>
<thead>
<tr>
<th>Product group</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inorganic chemicals</td>
<td>Startup of new oleum plant in Antwerp</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>Startup of new sodium methionate plant in Guaratinguetá, Brazil</td>
<td>2011</td>
</tr>
<tr>
<td>Polyamide and Intermediates</td>
<td>Acquisition of polyamide polymer business from Mazafobre Group, Brazil</td>
<td>2012</td>
</tr>
<tr>
<td>Metal Systems</td>
<td>New technical service lab for Catamold® in Shanghai, China</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>New Catamold® plant in Kaohsiung, Taiwan</td>
<td>2013</td>
</tr>
<tr>
<td>Electronic Materials</td>
<td>New R&amp;D Center for Electronic Materials in South Korea</td>
<td>2013</td>
</tr>
<tr>
<td>MDI</td>
<td>New MDI complex in Chongqing, China</td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>New MDI splitter in Dahej, India</td>
<td>2014</td>
</tr>
<tr>
<td>TDI and precursors</td>
<td>Acquisition of parts of Ciech’s TDI business, Poland</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td>New world-scale TDI plant in Ludwigshafen including expanded backward integration of chlorine and nitric acid</td>
<td>2014</td>
</tr>
</tbody>
</table>

Divestitures/Shutdowns (from 2010 onward)

<table>
<thead>
<tr>
<th>Product group</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polyamide 6</td>
<td>Shutdown of polymer plant in Rudolstadt, Germany</td>
<td>2010</td>
</tr>
<tr>
<td>Fertilizers</td>
<td>Sale of 50% share in JV PEC-Rhin to GPN</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>Sale of fertilizers activities in Antwerp, Belgium to EuroChem</td>
<td>2012</td>
</tr>
</tbody>
</table>

Major annual capacities of BASF

<table>
<thead>
<tr>
<th>Product group</th>
<th>Capacity (in thousand tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ammonia</td>
<td>1,525</td>
</tr>
<tr>
<td>Caustic soda</td>
<td>360</td>
</tr>
<tr>
<td>Chlorine</td>
<td>385</td>
</tr>
<tr>
<td>Glues and impregnating resins</td>
<td>750</td>
</tr>
<tr>
<td>Sulfuric acid</td>
<td>920</td>
</tr>
<tr>
<td>Urea</td>
<td>545</td>
</tr>
<tr>
<td>Caprolactam</td>
<td>800</td>
</tr>
<tr>
<td>Polyamide</td>
<td>700</td>
</tr>
<tr>
<td>MDI</td>
<td>1,340</td>
</tr>
<tr>
<td>TDI</td>
<td>560</td>
</tr>
</tbody>
</table>

BASF’s sodium nitrate for solar thermal power plants
Solar energy must be available even when the sun is not shining. As a leading global supplier, BASF provides solar thermal power plants with large quantities of synthetically produced sodium nitrate. With a mixture of melted potassium and sodium nitrate, the sun's energy can be captured and stored as heat. Steam turbines convert this heat into electricity, which is then supplied to consumers.
The Intermediates division manufactures more than 700 products – including amines, butanediol and derivatives, polyalcohols, organic acids and specialties, life science intermediates, solvents and Oase® gas treating solutions – which are sold worldwide. They are generally quite resilient to economic cycles and are often the result of multi-step production processes within BASF. Customers typically purchase them as precursors for their downstream chemicals. The Intermediates division focuses primarily on the C1 value chain.

### Amines
Globally, we offer an outstanding and diverse range of amines. Along with alkyl-, alkanol-, alkoxyalkyl-, di- and polyamines, our portfolio comprises heterocyclic amines and an expanding portfolio of chiral amines of high optical and chemical purity. In addition to being a reliable source of standard amines, we have also established ourselves as a major supplier of, and development partner for, customized specialty amines. The main applications for our amines are:
- process chemicals
- crop protection agents
- detergents and cleaning products
- pharmaceuticals

### Butanediol and its derivatives
BASF is the world’s largest manufacturer of 1,4-butanediol, which is a chemical building block for products such as polyesters and polyurethanes. Its derivatives are used to manufacture products ranging from fibers to paints and include polybutylene terephthalate (PBT), tetrahydrofuran (THF), PolyTHF®, gamma-butyrolactone and N-methylpyrrolidone.

### Polyalcohols and specialties
Being the leading manufacturer of 1,6-hexanediol and neopentylglycol (Neo®) worldwide, we offer these products as well as other polyalcohols mainly for the production of a wide range of coatings. Our specialties portfolio includes carbonates for electrolyte production for the battery industry and various special acetylenics, such as vinyl monomers and higher alkylpyrrolidones.

### Acids and specialties
These product groups comprise both bulk and specialty intermediates. Carboxylic acids such as formic acid, propionic acid and 2-ethylhexanoic acid are primarily used as:
- preservatives for the feed and food industries
- auxiliaries for textile and leather applications
- de-icing agents

Our specialty intermediates, such as acid chlorides and chlorformates, glyoxal and its derivatives, and various other chemicals, such as glutaraldehyde, formamide and triphenylphosphine, are often used in the production of:
- agricultural products
- polymers
- pharmaceuticals
- paper

### Highlight
The intermediate DMAPA (Dimethylaminopropylamine) is processed into special surfactants, which are important raw materials for personal care products. They give shampoos, shower gels and liquid soaps their mildness. These products do not sting in the eyes, and make fine bubble foam. They are also highly compatible with other shampoo additives and readily biodegradable. BASF is the world’s largest DMAPA manufacturer.

### Highlight
PolyTHF® is an important starting material for the production of highly elastic textile fibers, stable hoses, films and cable sheathing as well as wheels for skateboards and inline skates. In 1983, 30 years ago, BASF started up its first PolyTHF production plant. Today, BASF is the world’s most important and only globally positioned PolyTHF supplier, with production plants in Germany, North America, Korea and China.

### Intermediates
Well-prepared for the future with a strong portfolio and innovation pipeline

## Sales by region 2012
(1) €2,855 million

1. Europe 1
2. North America 2
3. Asia Pacific 3
4. South America 4

1 Based on restated figures and new segment structure

## Sales by first customer industry 2012

1. Energy & Resources 1
2. Agriculture 2
3. Consumer Goods 3
4. Health & Nutrition 4
5. Chemicals & Plastics 5
BASF’s market position
BASF is among the top three producers worldwide of products in all strategic intermediates business units (see previous page).

Main competitors
- Amines: Taminco, Dow, Huntsman
- Butanediol and derivatives: Ashland, LyondellBasell, Dairen
- Polyalcohols and specialties: Eastman, Perstorp, LG
- Acids and specialties: Kemira, Perstorp, Eastman

Focus of research and development
Innovation in Intermediates is key for all product lines to grow the businesses and improve profitability. The focus lies on process improvements, new product and new process developments built on value chain integration while leveraging our broad technological strengths and close customer partnerships.

Key drivers of profitability
- Cost leadership
- Leading process technology
- Economies of scale
- Competitive raw material supply
- High capacity utilization
- Efficient and reliable processes

Key capabilities of BASF
- Strong Verbund sites with backward integration
- World-scale production facilities
- Operational excellence
- Strong global market position with regional production
- Highly qualified and experienced personnel
- Outstanding market knowledge and technical capabilities

Acquisitions/JVs/Investments (from 2011 onward)

<table>
<thead>
<tr>
<th>Product group</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methylamines</td>
<td>New plant in Geismar, Louisiana</td>
<td>2011</td>
</tr>
<tr>
<td>Amines</td>
<td>New amines complex in Nanjing, China</td>
<td>2011/12</td>
</tr>
<tr>
<td>Specialty chemicals</td>
<td>Acquisition of Novolyte Technologies specialty chemicals in North America</td>
<td>2012</td>
</tr>
<tr>
<td>PolyTHF®</td>
<td>Global capacity increase from 185,000 tons to 250,000 tons</td>
<td>2012/13</td>
</tr>
<tr>
<td>Bio-based Succinic Acid</td>
<td>50-50 JV with CSM for bio-based succinic acid; first phase 10,000 tons</td>
<td>2013</td>
</tr>
<tr>
<td>Tert.-Butylamine</td>
<td>New plant in Nanjing, China</td>
<td>2013</td>
</tr>
<tr>
<td>Formic acid</td>
<td>New plant in Geismar, Louisiana</td>
<td>2014</td>
</tr>
<tr>
<td>Hexanediol (HDO)</td>
<td>Capacity expansion in Freeport, Texas and Ludwigshafen, Germany</td>
<td>2014</td>
</tr>
<tr>
<td>BDO and PolyTHF</td>
<td>BASF and Markor will establish two JV in Korla, China (BDO 100,000 tons &amp; PolyTHF 50,000 tons)</td>
<td>2015</td>
</tr>
</tbody>
</table>

Divestitures/Shutdowns (from 2011 onward)

<table>
<thead>
<tr>
<th>Product group</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methylamines/DMF</td>
<td>Closure at Camaçari, Brazil</td>
<td>2011</td>
</tr>
</tbody>
</table>

Major annual capacities of BASF

<table>
<thead>
<tr>
<th>Product group</th>
<th>Capacity (in thousand tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alkylamines</td>
<td>220</td>
</tr>
<tr>
<td>Ethanolamines and derivatives</td>
<td>285</td>
</tr>
<tr>
<td>1,4-butanediol equivalents</td>
<td>535</td>
</tr>
<tr>
<td>PolyTHF®</td>
<td>250</td>
</tr>
<tr>
<td>N-methylpyrrolidone (NMP)</td>
<td>70</td>
</tr>
<tr>
<td>1,6-hexanediol</td>
<td>42</td>
</tr>
<tr>
<td>Neopentylglycol (Neo®)</td>
<td>165</td>
</tr>
<tr>
<td>Formic acid</td>
<td>255</td>
</tr>
<tr>
<td>Propionic acid</td>
<td>150</td>
</tr>
</tbody>
</table>

Bio-based succinic acid
The complementary strengths of CSM and BASF in fermentation and downstream processing led to the development of a sustainable and highly efficient manufacturing process based on a proprietary microorganism. It is capable of metabolizing a variety of renewable feedstock into succinic acid. The new process combines high efficiency with the use of renewable raw materials and the fixation of the greenhouse gas carbon dioxide (CO₂) in the production of succinic acid. This makes bio-based succinic acid an economically and ecologically attractive alternative to petrochemical produced succinic acid.
2.2 Performance Products

BASF is one of the leading suppliers of aroma ingredients for the flavor and fragrance industry.

BASF’s Dispersions & Pigments division comprises products for the paints and coatings industry.

Our Care Chemicals division is the leading raw material supplier for detergents and cleaners and for the hygiene industry. We are also the leading supplier of ingredients for the personal care and cosmetics industries.

The Nutrition & Health division supplies a comprehensive range of products for the nutrition and health markets as well as for the flavor and fragrance industry. We also supply high-performance and natural-based ingredients for human nutrition.

The Paper Chemicals division offers a comprehensive portfolio for paper manufacturing and paper coating.

Our Performance Chemicals division is an innovative partner for various industrial customer sectors and offers specific system solutions. The division is the leading global supplier for plastic additives.
Our innovative solutions contribute to the functionality and performance of industrial and consumer products produced by virtually all manufacturing industries around the world. Our solutions also help our customers to run their processes more successfully. We are the preferred partner for developing new products, system solutions and applications in close cooperation with our customers. Our broad range of customer industries and our regional portfolio make us less sensitive to sectoral volatilities. In order to strengthen our competitiveness, we have decided on numerous restructuring measures for our businesses.

Segment data

<table>
<thead>
<tr>
<th>(Million €)</th>
<th>2009</th>
<th>2010¹</th>
<th>2011</th>
<th>2012</th>
<th>2012² restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to third parties</td>
<td>9,356</td>
<td>12,288</td>
<td>15,697</td>
<td>15,871</td>
<td>15,713</td>
</tr>
<tr>
<td>Share of total BASF sales (%)</td>
<td>18.5</td>
<td>19.2</td>
<td>21.4</td>
<td>20.2</td>
<td>21.8</td>
</tr>
<tr>
<td>Thereof Dispersions &amp; Pigments</td>
<td>2,445</td>
<td>3,197</td>
<td>3,509</td>
<td>3,677</td>
<td>3,668</td>
</tr>
<tr>
<td>Care Chemicals</td>
<td>2,067</td>
<td>2,755</td>
<td>5,174</td>
<td>4,957</td>
<td>4,898</td>
</tr>
<tr>
<td>Nutrition &amp; Health</td>
<td>1,338</td>
<td>1,482</td>
<td>1,862</td>
<td>1,959</td>
<td>1,959</td>
</tr>
<tr>
<td>Paper Chemicals</td>
<td>1,326</td>
<td>1,713</td>
<td>1,623</td>
<td>1,634</td>
<td>1,564</td>
</tr>
<tr>
<td>Performance Chemicals</td>
<td>2,180</td>
<td>3,141</td>
<td>3,529</td>
<td>3,644</td>
<td>3,624</td>
</tr>
<tr>
<td>Income from operations before depreciation and amortization (EBITDA)</td>
<td>926</td>
<td>2,162</td>
<td>2,312</td>
<td>2,113</td>
<td>2,090</td>
</tr>
<tr>
<td>EBITDA margin (%)</td>
<td>9.9</td>
<td>17.6</td>
<td>14.7</td>
<td>13.3</td>
<td>13.3</td>
</tr>
<tr>
<td>Income from operations (EBIT) before special items</td>
<td>698</td>
<td>1,554</td>
<td>1,727</td>
<td>1,428</td>
<td>1,421</td>
</tr>
<tr>
<td>EBIT before special items margin (%)</td>
<td>7.5</td>
<td>12.6</td>
<td>11.0</td>
<td>9.0</td>
<td>9.0</td>
</tr>
<tr>
<td>Income from operations (EBIT)</td>
<td>(150)</td>
<td>1,345</td>
<td>1,361</td>
<td>1,286</td>
<td>1,276</td>
</tr>
<tr>
<td>EBIT margin (%)</td>
<td>10.9</td>
<td>8.7</td>
<td>8.1</td>
<td>8.1</td>
<td>8.1</td>
</tr>
</tbody>
</table>

¹ Cognis data is included as of December 9, 2010. To prepare for the integration, the divisional structure of the segment was modified as of August 1, 2010: The existing Care Chemicals division was split into the Care Chemicals division and the Nutrition & Health division. The figures for segment reporting for the previous year have been adjusted accordingly.

² As of 2013, the accounting of BASF Group is performed in accordance with IFRS 10 and 11 as well as International Accounting Standard (IAS) 19 (revised). The 2012 figures have been restated accordingly. New segment structure as of January 1, 2013 and adopted to the 2012 restated figures.
Dispersions & Pigments
Leading global supplier of raw materials for the paints and coatings industry

BASF is the leading global supplier of raw materials for the paints and coatings industry. The Dispersions & Pigments division combines all BASF products geared toward this industry. The portfolio encompasses dispersions, pigments, resins and a broad range of additives, such as performance and formulation additives. Further end-user industries include construction materials, adhesives, printing and packaging, automotive, and electronic specialties. Our portfolio is especially strong with environmentally friendly systems, such as low-volatile organic compound (VOC) water-based coatings.

Dispersions
Polymer dispersions are water-based systems used in the production of adhesives, sealants, architectural coatings, construction chemicals and non-woven materials. Our strength lies in the backward integration into acrylics and the division’s strong technical expertise and application know-how.

Pigments
Pigments are insoluble coloring and iridescent materials used in paints, inks and special applications. BASF is the leading pigment supplier worldwide, with a particular strength in high-performance pigments. Our product portfolio encompasses a wide range of organic and inorganic pigments, effect pigments, and pigment preparations.

BASF offers a unique portfolio covering the entire color range. The main end-user industries are:
• automotive coatings
• decorative paints and industrial coatings
• printing and packaging
• electronic specialties

Resins
Resins are film-forming components used in energy-curable coatings, urethane or melamine as well as water-based coatings and inks. The comprehensive product portfolio includes water-based resins, acrylic oligomers, polyisocyanates, amino resins, aldehyde resins, dimers, vinyl chloride copolymers, and high-solid polyols.

We offer customer solutions fulfilling regulatory requirements regarding VOC. The main applications are:
• automotive coatings
• wood coatings
• protective coatings
• printing and packaging

Additives
BASF offers a broad range of additives that significantly improve the quality and performance of many paints and coatings. BASF is the market leader for performance additives:
• photoinitiators
• light stabilizers

Photoinitiators enable coatings to be cured in just fractions of a second. Light stabilizers protect polymers against ultraviolet light and its negative effects.

The formulation additives portfolio comprises:
• dispersing agents
• wetting agents and surface modifiers
• defoamers
• rheology modifiers
• film-forming agents

Dispersing agents enable pigment dispersion capability. Wetting agents and surface modifiers improve colorant compatibility or enhance substrate wetting and flow properties. Defoamers destroy foam and its negative effects. Rheology modifiers adjust the flow behavior of paints while film-forming agents support the film.

Sales by region 2012¹
(Location of customer)

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Europe</td>
<td>41</td>
</tr>
<tr>
<td>2. North America</td>
<td>27</td>
</tr>
<tr>
<td>3. Asia Pacific</td>
<td>25</td>
</tr>
<tr>
<td>4. South America</td>
<td>7</td>
</tr>
</tbody>
</table>

€3,668 million

Sales by first customer industry 2012

<table>
<thead>
<tr>
<th>Industry</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Paints &amp; Coatings</td>
<td>44</td>
</tr>
<tr>
<td>2. Printing &amp; Packaging</td>
<td>16</td>
</tr>
<tr>
<td>3. Construction</td>
<td>18</td>
</tr>
<tr>
<td>4. Adhesives</td>
<td>11</td>
</tr>
<tr>
<td>5. Electronic Specialties</td>
<td>3</td>
</tr>
<tr>
<td>6. Others</td>
<td>8</td>
</tr>
</tbody>
</table>

¹ Based on restated figures and new segment structure
BASF’s market position
- Dispersions: No. 2 globally for adhesives, construction chemicals, architectural coatings and nonwoven materials
- Pigments: No. 1 globally, broadest portfolio of colors and chemical product classes
- Resins: No. 1 globally in water-based resins for printing and packaging
- Additives: No. 1 globally in photoinitiators and light stabilizers, broad portfolio of formulation additives

Main competitors
- Dispersions: Dow, Celanese, Arkema
- Pigments: Clariant, DIC, Altana
- Resins: Cytec, Bayer, Dow
- Additives: Altana, Evonik, Elementis

Focus of research and development
We significantly invest in research and development to create innovative, differentiating and more sustainable products and solutions. Our innovations allow our customers to offer environmentally friendly solutions with dispersions for application in the coatings, printing, adhesives and construction industries. In addition, they benefit from new and improved resins, pigments, photoinitiators and formulation additives.

Key drivers of profitability
- Cost leadership
- Superior product performance, quality consistency and reliability
- Technical service and application know-how
- Global production footprint close to relevant markets

Key capabilities of BASF
- Leading technology and cost position enables consistent product quality, reliability and competitiveness
- Comprehensive portfolio of raw materials for coatings, printing & packaging inks and varnishes, adhesives and construction materials
- Strong technical and application know-how, professional service, close to our customers

Acronal® Edge – the new colored benchmark
The new binder Acronal® Edge 6295 for high-performance exterior paints boosts excellent color retention, water repellent and is long lasting, making it the ideal solution for increasing the durability of exterior paints and picking up on the trend towards intense color shades. Less renovation cycles are required resulting in lower total cost and more sustainability.
Care Chemicals
Innovating for human well-being

BASF’s Care Chemicals division offers a broad range of ingredients for hygiene, personal care, home care, industrial and institutional cleaning, and technical applications. We are the leading global supplier for the hygiene, cosmetics and detergents and cleaners industries and support our customers with innovative and sustainable products, solutions and concepts. Our production and development sites are located in all regions and we are expanding our presence in the emerging markets. We are where our customers need us around the world.

Personal care
We supply high-quality, added-value ingredients for the personal care industry. Our focus on consumer trends, specific industry requirements, and the ability to innovate and bring new products rapidly to market contribute strongly to the success of customers. Our wide product range includes:

- surfactants and emulsifiers
- polymers
- emollients
- cosmetic active ingredients
- pigments
- UV filters

Our commitment and business approach draws its inspiration for products and concepts from real life, shown through our brand, Care Creations™, which clearly expresses our strengths of science excellence and market knowledge – making BASF personal care a valued partner for the personal care industry.

Home care and industrial and institutional cleaning
We offer sustainable solutions for detergent manufacturers to address consumer cleaning needs. Our technology portfolio helps to improve the efficiency and sustainability of industrial and institutional cleaning processes. Our main product lines are:

- surfactants (anionic and nonionic)
- water-soluble polymers
- chelating agents
- optical effect products
- biocides
- waxes and wax emulsions
- methanesulfonic acid

Hygiene
With our superabsorbents, it is our goal to generate increasing and long-term success through intensive partnerships, solid market and research and development expertise and outstanding innovation. We strengthen existing relationships, and foster new ones, all over the world, supplying best-in-class solutions tailored to our customers’ specific requirements and to strict quality standards for baby diapers and adult incontinence and feminine hygiene products.

Formulation technologies
BASF’s formulation technologies business has an excellent track record of delivering solutions for a wide range of applications. Key applications are additives for crop protection formulations, and process aids that improve chemical reactions and physical-chemical processes. Building blocks with surface active properties are another key area in supporting our chemical processing customers. We use our product and technology platforms to leverage synergies between the various applications. Our wide product range includes:

- surfactants (anionic and nonionic)
- reactive polyalkyleneglycols
- water-soluble polymers
- chelating agents
- biocides
- waxes and wax emulsions
- methanesulfonic acid
- silicates

Sales by region 2012
(Location of customer)

- Europe: 50%
- North America: 24%
- Asia Pacific: 15%
- South America: 11%

€4,898 million

1 Based on restated figures and new segment structure

Sales by first customer industry 2012

- Personal care: 39%
- Formulation technologies: 23%
- Hygiene: 17%

2 Includes industrial & institutional cleaning
Plantaquat® NC – performance conditioning

Plantaquat® NC offers effective hair breakage protection, efficient reduction of split-ends and an exceptional sensory profile. It consists solely of renewable and biodegradable raw materials and is especially developed for the production of hair conditioning products and products which are intended to be labeled according to natural cosmetic standards.
Nutrition & Health
Strategic partner for the food, feed, pharmaceutical, and flavor and fragrance industries

BASF’s Nutrition & Health division develops, produces and markets a comprehensive range of ingredients and solutions for the nutrition and health industry. Our products fulfill the highest safety, regulatory and sustainability standards. Together with our customers we play an active part in enhancing the nutrition and health of consumers all over the world.

Human nutrition
Newtrition™ is BASF’s dedicated brand for the food, beverage and dietary supplement markets. As a unique partner along the human nutrition value chain, we want to help our customers create innovative products that address multiple consumer needs: from tasty nutrition to convenience, well-being and health solutions, including the fortification of staple foods. We offer health ingredients such as:
- vitamins
- carotenoids
- plant sterols and sterol esters
- omega-3 fatty acids

And our food and beverage performance ingredients include:
- emulsifiers
- enzymes
- specialty compounds
- filtration aids

Animal nutrition
BASF is a leading global supplier of feed additives for animal nutrition. Our product portfolio for livestock and companion animals includes:
- vitamins
- carotenoids
- enzymes
- organic acids
- mycotoxin binders
- omega-6 fatty acids and more

High-quality feed additives, pioneering innovations and global presence close to our customers have made BASF a leader in the animal nutrition industry. Our most recent product launch is the natural clay Novasil™ Plus, which improves feed safety and animal well-being.

Pharmaceutical ingredients and services
BASF is the enabler along the life cycle of pharmaceuticals – with high-quality products and services that meet current Good Manufacturing Practices (cGMP) requirements. We are the innovation leader for highly functional excipients such as:
- solubilizers
- coatings polymers and systems
- binders
- disintegrants

BASF is also the market leader for active pharmaceutical ingredients (APIs) such as:
- ibuprofen
- caffeine
- pseudoephedrine
- omega-3 fatty acids

Our global leadership in highly concentrated omega-3 fatty acids resulted from the acquisitions of Equateq, now BASF Pharma (Callanish), in 2012, and of Pronova BioPharma, now part of BASF, in 2013. Our portfolio is complemented by custom synthesis services carried out at flexible, multiproduct cGMP plants.

Aroma ingredients
BASF offers a wide variety of aroma ingredients, such as geraniol, citronellol and linalool, which are part of our citral value chain. In 2012, we enhanced this value chain by starting up the manufacturing of L-menthol. With a portfolio of floral, mint and citrus senses, our aroma ingredients are sold to the flavor and fragrance industry, finding their use mainly in home and personal care products and fine fragrances as well as in the food industry.

SET – The sustainability concept for our partners
SET – applied sustainability™ is a unique sustainability concept, designed as a value-adding partnership program. It makes sustainability measurable and helps companies in the nutrition and health industry to increase the sustainability of their products and brands. SET views the entire value chain: from the first step in the production process to the final use of the consumer product. The solutions provided by SET help our customers to use resources more efficiently, reduce environmental impact, and increase output while improving social factors and affordability.

Sales by region 2012
(Location of customer)

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>47</td>
</tr>
<tr>
<td>North America</td>
<td>20</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>23</td>
</tr>
<tr>
<td>South America</td>
<td>10</td>
</tr>
</tbody>
</table>

Sales by first customer industry 2012

<table>
<thead>
<tr>
<th>Industry</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nutrition</td>
<td>61</td>
</tr>
<tr>
<td>Health</td>
<td>27</td>
</tr>
<tr>
<td>Others</td>
<td>12</td>
</tr>
</tbody>
</table>

€1,959 million

BASF Factbook, July 2013
BASF’s market position
Globally among the top three leaders in all important product groups.

Main competitors
- Human nutrition: DSM, DuPont, several Chinese companies
- Animal nutrition: DSM, DuPont, several Chinese companies
- Pharma ingredients & services: Evonik, Ashland, Lonza
- Aroma ingredients: DSM, NHU, Kuraray

Focus of research and development (R&D)
Our research and development resources are focused on product innovation derived from consumer trends and needs. Together with our partners we continuously generate ideas and translate these into innovations. Constant process innovation ensures technological and cost leadership in our major product lines.

Key drivers of profitability
- Customer intimacy
- Customer-need-driven innovation
- Cost leadership through integration into the BASF Verbund
- Value-driven asset management of citral value chain

Key capabilities of BASF
- Value-driven innovation supported by BASF's global R&D network
- Deep understanding of the nutrition and health market
- Translation of customer and consumer needs into ingredients and solutions
- High expertise in a complex regulatory environment
- Benchmark sustainability concepts and quality management

Acquisitions/JVs/Investments (from 2010 onward)

<table>
<thead>
<tr>
<th>Product group</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human nutrition and pharma ingredients &amp; services</td>
<td>Acquisition of Cognis</td>
<td>2010</td>
</tr>
<tr>
<td>Human nutrition</td>
<td>New plant for food performance ingredients in Jacareí, Brazil</td>
<td>2011</td>
</tr>
<tr>
<td>Aroma ingredients</td>
<td>New plant for L-menthol in Ludwigsafen, Germany</td>
<td>2012</td>
</tr>
<tr>
<td>Pharmaceutical ingredients and human nutrition</td>
<td>Acquisition of Equateq, a global leader in highly concentrated omega-3 fatty acids in Callanish, United Kingdom</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>Acquisition of Pronova BioPharma, a global leader in highly concentrated omega-3 fatty acids in Norway</td>
<td>2013</td>
</tr>
</tbody>
</table>

Divestitures/Shutdowns (from 2009 onward)

<table>
<thead>
<tr>
<th>Product group</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human nutrition</td>
<td>Closure of formulated vitamins manufacturing plant in Wilmington, North Carolina</td>
<td>2009</td>
</tr>
</tbody>
</table>

Major production sites

<table>
<thead>
<tr>
<th>Product group</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human nutrition</td>
<td>Illestrissen, Germany; Ballerup, Denmark; Boussens, France; Brattvåg, Norway; Kankakee, Illinois; Pasadena, Brazil; Hutt Lagoon, Australia; Kitatone, Japan; Gunsan, Korea</td>
</tr>
<tr>
<td>Animal nutrition</td>
<td>Ludwigsafen, Germany; Shenyang, China; Gunsan, Korea</td>
</tr>
<tr>
<td>Pharma ingredients and services</td>
<td>Evionnaz, Switzerland; Saint-Vulbas, France; Minden, Germany; Kalundborg, Denmark; Sandefjord, Norway; Callanish, United Kingdom; Bishop, Texas</td>
</tr>
<tr>
<td>Aroma ingredients</td>
<td>Ludwigsafen, Germany</td>
</tr>
</tbody>
</table>

Highly concentrated omega-3 fatty acids
The acquisition of Equateq Ltd., now BASF Pharma (Callanish), in May 2012 gave BASF access to the company’s proprietary commercial scale chromatographic oil concentration technique. This method now enables BASF to produce highly concentrated omega-3 fatty acids at exceptional purity levels and volumes. In addition, the method is extremely flexible and allows unrivalled capability in meeting the market demands for omega-3 oils with variable ratios of fatty acids at concentration levels of up to 99 percent purity.
Paper Chemicals
World market leader in paper chemicals

As leading global supplier to the paper industry, BASF’s Paper Chemicals division offers a comprehensive range of chemical products for paper manufacturing and coating. This includes process and functional chemicals for the wet-end process to optimize costs, increase machine efficiency and lend specific properties to paper as well as coating chemicals to improve the printability and properties of printed paper and board.

Process chemicals
BASF addresses the major needs of the paper industry by offering solutions for new functionality, improved sustainability, Total Cost of Operation (TCO) reduction and lower grammage. Our unique toolbox enables our customers to use an optimized fiber mix, reduce energy and increase filler content and at the same time raise paper machine productivity. At the core of our product range is the versatile material vinylformamide, of which BASF is the only manufacturer and supplier to the paper industry worldwide. The product portfolio is complemented by a wide range of process chemicals including polyethyleneimine, polyacrylamide, microparticle systems, fixing agents and defoamers.

Our main brands are:
• Afrani®
• Catiofast®
• Percol®
• Polymin®
• XELOREX™

Functional chemicals
BASF offers a variety of functional chemicals that lend specific properties such as brilliant color reproduction, optimal printability or improved water resistance to finished paper and paperboard. The functional chemicals portfolio includes colorants, pigments, sizing agents and color developers. With Pergafast® 201, BASF offers a unique alternative to the use of bisphenol A in thermal papers, which is under discussion as a possible health risk.

Our main brands are:
• Afrani®
• Basazol®
• Basoplast®
• Irgalite®
• Pergafast®
• Pergasol®

Coating chemicals
BASF is a leading supplier of paper coating binders and coating additives. Our global technical expertise combined with backward integration into major raw materials and innovation capability enable us to provide customer-specific solutions, recognizing the trend toward more cost-efficient binders based on styrene acrylics or new BASF recipes, including renewable raw materials.

Our main brands are:
• Acronal®
• Basonal®
• Styronal®

Kaolin
Kaolin minerals are extracted from mines and are primarily used as coating pigments in the paper industry. BASF owns several kaolin reserves in the U.S. state of Georgia. We offer an exceptionally broad line of kaolin-based pigments that give papermakers the coating and filler pigment solution they need to optimize paper properties and maximize value.

Our main brands are:
• Ansilex 93®
• Miragloss®
• Nugloss®
• Ultra White® 90

Center for sustainable paper packaging
The newly established market facing unit develops and markets sustainable paper packaging solutions using the entire BASF technology portfolio and know-how (such as sustainable barriers, food safe migration barriers, light weighting).

---

Sales by region 2012
(Location of customer)

<table>
<thead>
<tr>
<th>Region</th>
<th>€1,564 million</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>1</td>
<td>44</td>
</tr>
<tr>
<td>North America</td>
<td>2</td>
<td>23</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>3</td>
<td>26</td>
</tr>
<tr>
<td>South America</td>
<td>4</td>
<td>7</td>
</tr>
</tbody>
</table>

1. Based on restated figures and new segment structure

Sales by business segment 2012

<table>
<thead>
<tr>
<th>Segment</th>
<th>€1,564 million</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper coating</td>
<td>1</td>
<td>50</td>
</tr>
<tr>
<td>Wet-end</td>
<td>2</td>
<td>35</td>
</tr>
<tr>
<td>Kaolin</td>
<td>3</td>
<td>15</td>
</tr>
</tbody>
</table>

Based on restated figures and new segment structure
BASF’s market position
• Paper chemicals supplier: No. 1 globally
• Process chemicals: No. 1 globally for retention business
• Functional chemicals: among top 3 globally
• Coating chemicals: No. 2 globally

Main competitors
• Process chemicals: Ecolab/Nalco, Ashland, Kemira, Eka Chemicals
• Functional chemicals: Ashland, Clariant, Kemira
• Coating chemicals: Styron, Synthomer, LG

Focus of research and development
• Technology leadership in today’s core portfolio
• Enabling breakthroughs with regard to customers’ cost savings and machine efficiency
• Long-term focus on sustainable solutions for paper packaging

Production locations per product group

<table>
<thead>
<tr>
<th>Product group</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coating chemicals</td>
<td>Europe, North America, South America, Asia Pacific, Africa</td>
</tr>
<tr>
<td>Process chemicals</td>
<td>Europe, North America, Asia Pacific</td>
</tr>
<tr>
<td>Functional chemicals</td>
<td>Europe, North America, South America, Asia Pacific</td>
</tr>
<tr>
<td>Kaolin</td>
<td>North America</td>
</tr>
</tbody>
</table>

Key drivers of profitability
• Leading market position in process chemicals
• Comprehensive portfolio combined with strong technical expertise and innovation power
• Solutions for total cost of operation reduction based on VFA chemistry enabling huge benefits for the customer

Key capabilities of BASF
• Backward integration into key raw materials (butadiene, acrylic monomers)
• Manufacturing footprint close to customers in all regions
• Technical expertise and breadth of portfolio

Acquisitions/JVs/Investments (from 2010 onward)

<table>
<thead>
<tr>
<th>Product group</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process chemicals</td>
<td>Capacity expansion in Ludwigshafen, Germany</td>
<td>2011</td>
</tr>
<tr>
<td>Paper dispersions</td>
<td>New plant in Huizhou, China</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>New plant in Dahej, India</td>
<td>2014</td>
</tr>
<tr>
<td>Cationic polyaclamides</td>
<td>New plant in Nanjing, China</td>
<td>2012</td>
</tr>
<tr>
<td>Paper dyes</td>
<td>Expansion in Ankleshwar, India</td>
<td>2012</td>
</tr>
<tr>
<td>Process chemicals</td>
<td>Capacity expansion in Ludwigshafen, Germany</td>
<td>2014</td>
</tr>
<tr>
<td>Paper dispersions</td>
<td>New plant in Freeport, Texas</td>
<td>2015</td>
</tr>
</tbody>
</table>

Divestitures/Shutdowns (from 2010 onward)

<table>
<thead>
<tr>
<th>Product group</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper starch</td>
<td>Sale of paper starch site in Berwick, Pennsylvania, to Carolina Starches LLC</td>
<td>2010</td>
</tr>
<tr>
<td></td>
<td>Sale of European starch business in Finland (Mietoinen, Kokemäki, Lapua) management buy-out</td>
<td>2010</td>
</tr>
<tr>
<td>Coating chemicals</td>
<td>Closure of XSB paper coatings plants in Gutumby, Spain; Kaipialen, Finland; and Ribeour, France</td>
<td>2010</td>
</tr>
<tr>
<td>Sizing formulations</td>
<td>Closure of production plant in Grov/Sens, France</td>
<td>2010</td>
</tr>
<tr>
<td></td>
<td>Closure of production plant in Tolosa, Spain</td>
<td>2010</td>
</tr>
<tr>
<td>Whiteners</td>
<td>Closure of production plant in Estrada, Brazil</td>
<td>2010</td>
</tr>
<tr>
<td></td>
<td>Discontinuation of production of OBA in Grenzach, Germany</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>Discontinuation of production of OBA in McIntosh, Alabama</td>
<td>2012</td>
</tr>
<tr>
<td>Dyes</td>
<td>Discontinuation of production of paper dyes in Ludwigshafen, Germany</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>Discontinuation of production of paper dyes in Grenzach, Germany</td>
<td>2012</td>
</tr>
<tr>
<td>Imaging</td>
<td>Discontinuation of production in Ruikang, China</td>
<td>2013</td>
</tr>
</tbody>
</table>

XELOREX™ – reduces total cost of operations
XELOREX™, the revolutionary 4-in-1 solution in papermaking, reduces the complexity of the papermaking process in the wet end, and aims to reduce the total cost of operations. Performance characteristics are enhanced paper and board properties, higher machine efficiency, boosted productivity and support of a lower-cost fiber mix.
Performance Chemicals
Adding value as an innovative partner for specific customer industries

As an innovative partner, BASF’s Performance Chemicals division offers specific solutions for specific customer industries including plastics, automotive, refineries, lubricants, oilfield, mining and water treatment as well as leather and textiles. BASF is the leading global supplier for plastic additives.

Plastic additives
BASF is the leading supplier and innovation partner for stabilizers and additive systems to the plastics, rubber and adhesive industries. The product range includes high-performance light stabilizers, antioxidants and process stabilizers, pigments and other specialty additives. The main fields of application are:
- automotive molded parts
- agricultural films
- construction materials
- packaging
- electronics and consumer goods

Fuel and lubricant solutions
BASF is one of the leading suppliers of performance chemicals for the automotive and mineral oil industries. Our portfolio includes:
- brake fluids and engine coolants
- fuel and refinery additives
- low, medium and high molecular weight polyisobutene (PIB)
- lubricant additives and additive packages
- base stocks and metalworking fluid components
- compounded lubricants

Water, oilfield and mining solutions
BASF offers a wide range of solutions and products for the water, oilfield and mining industry.

For the water industry we offer products used in the key processes of industrial and municipal water treatment. The business is a leading supplier of products to clarify the raw water used for the production of drinking water, to treat waste water stream and industrial process water, to protect desalination plants, cooling towers and boilers. We are the leading provider of inge® ultrafiltration technology.

For the oilfield industry, we offer a wide range of products to help make efficient formulation. Our portfolio in this field is very wide and comprises products for the drilling and completion of oil wells and chemicals for the continuous and cost-efficient production of valuable oil and gas resources. We develop next-generation surfactants and polymers, designed to support enhanced oil recovery (EOR) operations by means of chemical injection.

For the mining industry, we offer an extensive range of mineral processing reagents. The strengths of the global business are in solid/liquid separation and solvent extraction; however, we also offer reagents for flotation, dispersing, agglomerating and other processes. Our products are marketed worldwide. Furthermore we also offer customer engineering solutions for the mining industry.

Leather and textile chemicals
BASF supplies chemicals for all leather and essential textile processing steps. In the leather industry, our eco-efficient products and solutions help customers meet the latest ecological requirements and standards. BASF’s expertise covers a broad spectrum of applications such as leathers for shoes, automotive, furniture, garments and accessories. Our textile chemicals deliver high quality, comfort and easy care through innovative techniques, fulfilling the latest ecological requirements and standards. We offer textile auxiliaries for weaving, pretreatment and dyeing and comprehensive solutions for pigment printing, finishing and textile coating.

BASF’s market position
In most businesses we are among the top three companies or are the global market leader – such as in plastic additives business.

Main competitors
- Plastic additives: Songwon, Cytec, Clariant
- Fuel and lubricant solutions: Afton, Arteco, Chemtura, Exxon, Oronite, TPC
- Water, oilfield and mining solutions: SNF, Ashland, Kemira, Cytec, Dow, Baker
- Leather and textile chemicals: Clariant, LANXESS, Huntsman

Sales by region 2012
(Location of customer)

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>39</td>
</tr>
<tr>
<td>North America</td>
<td>25</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>25</td>
</tr>
<tr>
<td>South America</td>
<td>11</td>
</tr>
</tbody>
</table>

€3,624 million

Sales by first customer industry 2012

<table>
<thead>
<tr>
<th>Industry</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plastics</td>
<td>37</td>
</tr>
<tr>
<td>Fuel &amp; lubricant</td>
<td>28</td>
</tr>
<tr>
<td>Water, oilfield &amp; mining</td>
<td>21</td>
</tr>
<tr>
<td>Leather &amp; textile</td>
<td>14</td>
</tr>
</tbody>
</table>

Based on restated figures and new segment structure
Focus of research and development (R&D)
Developing intelligent solutions in close cooperation with our customers as well as improving our cost position are key to the success of the Performance Chemicals division. Accordingly, we want to grow our business by aiming at new, fast-growing markets, where we can leverage the variety of our competencies. In addition, we aim to safeguard our margins in already established businesses.

Major production sites

<table>
<thead>
<tr>
<th>Region</th>
<th>Location</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>Ludwigshafen, Germany</td>
<td>F, L</td>
</tr>
<tr>
<td></td>
<td>Lampertheim, Germany;</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>Pontecchio Marconi, Italy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kaisten, Switzerland</td>
<td>F, P</td>
</tr>
<tr>
<td></td>
<td>Antwerp, Belgium</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>Bradford and Grimsby, U.K.</td>
<td>W/O/M</td>
</tr>
<tr>
<td>North America</td>
<td>McIntosh, U.S.; Puebla,</td>
<td>F, P</td>
</tr>
<tr>
<td></td>
<td>Mexico; Suffolk, Virginia;</td>
<td>W/O/M</td>
</tr>
<tr>
<td></td>
<td>West Memphis, Arkansas</td>
<td></td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>Shanghai, China</td>
<td>F, P, L, T</td>
</tr>
<tr>
<td></td>
<td>Thane and Mangalore, India</td>
<td>F, L, T</td>
</tr>
<tr>
<td></td>
<td>Nanjing, China</td>
<td>F, W/O/M</td>
</tr>
<tr>
<td></td>
<td>Singapore</td>
<td>F, P</td>
</tr>
<tr>
<td>South America</td>
<td>Guaratinguetá, Brazil</td>
<td>F, T</td>
</tr>
</tbody>
</table>

Abbreviations: F = Fuel and lubricant solutions, L = Leather, W/O/M = Water, Oilfield and Mining Solutions, P = Plastic additives, T = Textiles, W = Water solutions

Key drivers of profitability
• Excellent innovation platform and application know-how
• Customer proximity and market focus
• Focus on industry segments and regions growing above GDP
• Technology leadership and cost competitiveness in production

Key capabilities of BASF
• Strategic alliances with key customers for innovation leadership
• Highly qualified and experienced team with strong market knowledge
• Technological competence to provide excellent solutions to our customers

Emgard® high-performance lubricants
High-performance synthetic lubricants, such as Emgard® Wind, are increasingly preferred over conventional mineral oil-based products. While conventional lubricants last no longer than one or two years in operation, high-performance synthetic oils from BASF have a much longer useful life. That is why they are widely used in the wind energy industry. These BASF high-performance gear lubricants are based to a large extent on bio-based raw materials and are classified as bio-lubricants.
2.3 Functional Materials & Solutions

BASF’s Catalysts division develops solutions that help protect the air and efficiently produce fuels, chemicals, plastics and other products, including advanced batteries for electromobility.

The Construction Chemicals division provides chemical systems and formulations for the construction industry.

Our Coatings division is one of the world’s largest suppliers of innovative and environmentally friendly coatings solutions for automotive and industrial applications.

Performance Materials bundles BASF’s innovative downstream specialty plastics business from the former Performance Polymers and Polyurethanes divisions. The new division focuses on important customer industries such as transportation, construction, consumer products and industrial applications.
The Functional Materials & Solutions segment consists of the Catalysts, Construction Chemicals, and Coatings divisions as well as the newly created Performance Materials division. Key success factors for these businesses include a sound understanding of the customer industries and their value chains as well as multidisciplinary know-how that enables constant innovation. The tailor-made products and services we offer are supported by industry and application expertise. The newly created Performance Materials division bundles BASF’s innovative, downstream plastics from the former Performance Polymers and Polyurethanes divisions.

### Segment data

(Million €)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2012 restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to third parties</td>
<td>7,116</td>
<td>9,703</td>
<td>11,061</td>
<td>11,460</td>
<td>17,049</td>
</tr>
<tr>
<td>Percentage of total BASF sales</td>
<td>14.0</td>
<td>15.2</td>
<td>15.5</td>
<td>14.6</td>
<td>23.6</td>
</tr>
<tr>
<td>Thereof Catalysts</td>
<td>2,961</td>
<td>5,005</td>
<td>6,380</td>
<td>6,184</td>
<td>5,568</td>
</tr>
<tr>
<td>Construction Chemicals</td>
<td>1,991</td>
<td>2,121</td>
<td>2,181</td>
<td>2,315</td>
<td>2,315</td>
</tr>
<tr>
<td>Coatings</td>
<td>2,163</td>
<td>2,577</td>
<td>2,800</td>
<td>2,961</td>
<td>2,961</td>
</tr>
<tr>
<td>Performance Materials</td>
<td>6,205</td>
<td></td>
<td></td>
<td></td>
<td>6,205</td>
</tr>
<tr>
<td>Income from operations before depreciation and amortization (EBITDA)</td>
<td>511</td>
<td>861</td>
<td>921</td>
<td>894</td>
<td>1,363</td>
</tr>
<tr>
<td>EBITDA margin (%)</td>
<td>7.2</td>
<td>8.9</td>
<td>8.1</td>
<td>7.8</td>
<td>8.0</td>
</tr>
<tr>
<td>Income from operations (EBIT) before special items</td>
<td>209</td>
<td>467</td>
<td>559</td>
<td>561</td>
<td>932</td>
</tr>
<tr>
<td>EBIT before special items margin (%)</td>
<td>2.9</td>
<td>4.8</td>
<td>4.9</td>
<td>4.9</td>
<td>5.5</td>
</tr>
<tr>
<td>Income from operations (EBIT)</td>
<td>107</td>
<td>457</td>
<td>427</td>
<td>435</td>
<td>806</td>
</tr>
<tr>
<td>EBIT margin (%)</td>
<td>1.5</td>
<td>4.7</td>
<td>3.8</td>
<td>3.8</td>
<td>4.7</td>
</tr>
</tbody>
</table>

1 As of 2013, the accounting of BASF Group is performed in accordance with IFRS 10 and 11 as well as International Accounting Standard (IAS) 19 (revised). The 2012 figures have been restated accordingly.

New segment structure as of January 1, 2013 and adopted to the 2012 restated figures.

### Sales 2012 by segment

(Million €)

1. Catalysts 5,566
2. Construction Chemicals 2,315
3. Coatings 2,961
4. Performance Materials 6,205

### Functional Materials & Solutions 2012

(Million €)

- EBITDA: €1,363
- EBIT before special items: €932

1 Based on restated figures and new segment structure
Catalysts
The global leader in catalysis

BASF's Catalysts division is the global market leader in catalysis. The division develops and produces mobile emissions catalysts as well as process catalysts and technologies for a broad range of customers worldwide. It also produces advanced battery materials and provides precious metals sourcing and management services. BASF expands its leading role in catalyst technology through continuous process and product innovation.

Mobile emissions catalysts
BASF’s abatement catalysts enable cost-effective regulatory compliance, providing technologies that control emissions from gasoline and diesel-powered passenger cars, trucks, buses, motorcycles and off-road vehicles.

Process catalysts and technologies
BASF is the leading global manufacturer of catalysts for the chemical industry, with solutions across the chemical value chain as well as intermediates for pharmaceuticals. The business provides oil refining technology catalysts including fluid catalytic cracking (FCC) catalysts, co-catalysts and additives. It also provides polyolefin catalysts and adsorbents, which offer guard bed and catalyst intermediate technologies for purification, moisture control and sulfur recovery.

Battery materials
Formed in 2012, the Battery Materials global BASF business unit offers advanced cathode materials to allow higher energy density and increased efficiency by enabling more discharge/charge battery cycles. It also offers high-purity customized electrolyte formulations that are ideal for automotive battery applications. BASF is the global leader in nickel-metal hydride (NiMH) technology development and licensing. Additionally, it conducts future-generation battery materials research, working alongside BASF’s global R&D network and select third-party development partners. For more information see pages 22-23.

Precious and base metal services
The precious and base metal services global business unit supports BASF’s Catalysts business and its customers with

Emissions Catalysts Market – Regulation Remains Primary Demand Driver

<table>
<thead>
<tr>
<th>Region</th>
<th>Announced Regulations</th>
<th>Future Regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Korea</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vietnam</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sales by region 2012¹
(Location of customer)

1. Europe 39
2. North America 32
3. Asia Pacific 17
4. South America 12

Sales by first customer industry 2012²

1. Transportation 56
2. Chemicals & Plastics 26
3. Energy & Resources 16
4. Others 8

¹ Based on restated figures and new segment structure.
² Excluding precious metals
services related to precious and base metals sourcing and management. It purchases, sells and distributes these metals and provides storage and transportation services. It also provides a variety of pricing and delivery arrangements to meet the logistical, financial and price-risk management requirements of BASF, its customers and suppliers. In addition, the business produces precious metal salts and solutions and is a global leader in precious metals recycling and refining.

BASF’s market position
- Mobile emissions catalysts: No. 1 globally
- Chemical catalysts: No. 1 globally
- FCC gas-oil refinery catalysts: No. 3 globally

Main competitors
- Mobile emissions catalysts: Johnson Matthey, Umicore
- Chemical catalysts: Clariant, LyondellBasell
- FCC refinery catalysts: W.R. Grace, Albemarle

Focus of research and development
Innovation in catalysis is crucial for all our product groups. For mobile emissions catalysts, the focus is on improved products to meet new exhaust gas standards, especially for diesel. For process catalysts and technologies, priority is given to developing new and improved products. For battery materials, the focus is on delivering solutions that can improve energy density and power.

Divestitures/Shutdowns (from 2011 onward)

<table>
<thead>
<tr>
<th>Product group</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Business</td>
<td>Surface technologies business</td>
<td>2011</td>
</tr>
<tr>
<td>Development</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Acquisitions/JVs/Investments (from 2011 onward)

<table>
<thead>
<tr>
<th>Product group</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile emissions</td>
<td>Capacity expansion in Shanghai, China;</td>
<td>2011</td>
</tr>
<tr>
<td>catalysts</td>
<td>Chennai, India; Rayong, Thailand; and Nienburg, Germany</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increased ownership stake in Heesung Catalysts joint venture, Korea, to 50%</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>Capacity expansion in Shanghai, China; Nienburg, Germany; Chennai, India; Indaiatuba, Brazil</td>
<td>2012-2013</td>
</tr>
<tr>
<td></td>
<td>New manufacturing plant being constructed in Srodzisko, Poland</td>
<td>2013</td>
</tr>
<tr>
<td>Process catalysts</td>
<td>Acquistion of CRI/Criterion's styrene catalysts business</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>New specialty zeolites manufacturing plant being constructed in Ludwigshafen, Germany</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>Fine chemical catalysts production expansion, Mangalore, India</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>New FCC catalysts testing and research laboratory, Heidelberg, Germany</td>
<td>2013</td>
</tr>
<tr>
<td>Battery materials</td>
<td>Equity investment in Sion Power (LiS)</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>Acquisition of Onvonic Battery Company (NiMH)</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>Acquisition of Merck's electrolyte business for high-performance batteries</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>Acquisition of Novolyte Technologies' electrolytes business</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>New production plant for innovative cathode materials, Elyna, Ohio</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>New R&amp;D laboratory and application technology center, Amagasaki, Japan</td>
<td>2013</td>
</tr>
<tr>
<td>Material services</td>
<td>New precious metal salts and solutions plant, Shanghai, China</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>New precious metals recycling facility, Cinderford, U.K.</td>
<td>2011</td>
</tr>
</tbody>
</table>

Key drivers of profitability
- Technology innovation
- Tightening of clean air regulations driving demand for new mobile emissions catalysts
- Rising raw material costs and alternative raw material sources driving process catalysts demand
- Production efficiency
- Strict working capital management

Key capabilities of BASF
- Technology leadership in mobile emissions and process catalysts
- Recognized precious metals expertise
- Partnerships with industry leaders
- Strong position in Asia through joint ventures
- Largest global R&D capability
- Operational excellence in catalyst production and use

FWC™ catalyst
BASF’s innovative new FWC™ four-way conversion catalyst is a unique emissions abatement solution which combines the functionality of a three-way conversion catalyst (TWC) with a particulate filter in a single component. The FWC creates an integrated, single-component technology that helps automobile manufacturers meet strict new emissions regulations such as Euro 6 and US Tier 3 in a cost-effective manner, providing cleaner air for everyone.
Construction Chemicals
Leading solution provider in construction chemicals

BASF’s Construction Chemicals division provides chemical systems and formulations for the construction industry. This business offers major innovation potential – we aim to lead technological development towards sustainable buildings, help the industry to rapidly adopt sustainable construction practices and thus support the profitable growth of our customers.

Admixture systems
BASF technologies for admixture systems provide solutions to customers in the cement, concrete manufacturing and underground construction (UGC) industries. Each of these industries is connected to the concrete value chain.

Our primary focus in this business segment is to improve and protect buildings by providing solutions based on additives to concrete and other cementitious materials as well as selected complementing technologies. Admixture systems add value to concrete (Concrete Admixture Systems), to underground construction (UGC) and to cement (Cement Additive Systems).

Construction systems
BASF offers construction systems to serve the construction industry with solutions to protect and repair buildings and structures. Furthermore, they help to enhance the performance of buildings and extend their service lives. Construction systems comprise concrete repair and protection systems, performance grouts, waterproofing systems, sealants, performance flooring systems, and tile and floor laying systems, as well as wall systems.

With systems for repair and protection we help to prolong a building’s life span. Performance grouts allow for a durable, safe, cost-effective and time-efficient installation of all types of heavy machinery. Our waterproofing systems are designed to stop water entry through surfaces in order to prevent damage to occupied spaces and to equipment located below. Sealants prevent air, water and other environmental elements from entering or exiting a structure while permitting limited movement of the substrates. Whether for schools, hospitals or parking lots – our diverse range of flooring solutions meets all requirements. Our broad range of tiling products ensures smooth tiling and perfect adhesion for tiles and natural stone products. Wall systems offer exterior insulation finishing systems (EIFS) that provide walls with insulation, a finished surface, and waterproofing in one integrated system. We will focus our wall system activities on North America and will divest our German activities.

Master Builders Solutions – our new brand for the construction industry
In March 2013, we introduced our new global brand, Master Builders Solutions, underlining BASF’s commitment to the construction industry. Master Builders Solutions represents a comprehensive range of solutions so far offered under various

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Sales by region 2012
(Location of customer)

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>40</td>
</tr>
<tr>
<td>North America</td>
<td>25</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>23</td>
</tr>
<tr>
<td>South America</td>
<td>12</td>
</tr>
</tbody>
</table>

**€2,315 million**

---

Sales by business segment 2012

<table>
<thead>
<tr>
<th>Segment</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction systems</td>
<td>51</td>
</tr>
<tr>
<td>Admixture systems</td>
<td>49</td>
</tr>
</tbody>
</table>
BASF specialty brands such as Glenium, Emaco or Sonolastic. Our portfolio of solutions under the Master Builders Solutions brand encompasses concrete admixtures, cement additives, chemical solutions for underground construction, waterproofing systems, sealants, concrete repair and protection solutions and performance grouts as well as performance flooring systems.

**BASF’s market position**
- Admixture systems: No. 1 globally
- Construction systems: Top 3 globally

**Main competitors**
- Admixture systems: W.R. Grace, Mapei, Sika
- Construction systems: Mapei, RPM, Sika

**Focus of research and development**
The goal of our R&D activities is to drive construction towards higher productivity and enhanced sustainability. In particular, we aim to develop solutions to make construction processes faster with easy-to-apply and robust products. Durability, building service life and eco-efficiency are the main drivers for innovations across all regions. We invest significantly to further strengthen and extend our technology platforms to meet the needs of our customers now and in the future.

**Key drivers of profitability**
- Products matching a broad variety of customer needs
- Reliability of product performance
- Quality of sales and technical service
- Developing customized solutions
- Anticipating future market trends

**Key capabilities of BASF**
- Customer orientation, proximity to market, experienced staff, high flexibility, established brands
- High-value solutions for our customers
- Focus on growth markets, megatrends and lead customers
- Integration into BASF Product, Technology and Know-How Verbund

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**Acquisitions/JVs/Investments (from 2011 onward)**

<table>
<thead>
<tr>
<th>Product group</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underground construction</td>
<td>JV with Ji’Ning Hock Mining &amp; Engineering Equipment Company Limited in Jining, China</td>
<td>2011</td>
</tr>
<tr>
<td>Admixture systems</td>
<td>Investment in concrete admixtures in Swinton, United Kingdom</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>Investment in concrete admixtures in Podolsk, Russia</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>Investment in concrete admixtures in Kasan, Russia</td>
<td>2013</td>
</tr>
<tr>
<td>Construction chemicals</td>
<td>Investment in admixtures and powder production in Westonia, South Africa</td>
<td>2011</td>
</tr>
<tr>
<td>Construction systems</td>
<td>Investment in powder production in Westonia, South Africa</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>Investment in Ucrete® industrial flooring systems in Bukit Raja, Malaysia</td>
<td>2012</td>
</tr>
</tbody>
</table>

**Diversities/Shutdowns (from 2011 onward)**

<table>
<thead>
<tr>
<th>Business area</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction chemicals</td>
<td>Restructuring of production landscape in Spain, closure of Palau site</td>
<td>2011</td>
</tr>
<tr>
<td>Construction systems</td>
<td>Divestiture of CONICA Sports Surfaces in Schaffhausen, Switzerland</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td>Divestiture of Wall Systems in Markredwitz, Germany (planned)</td>
<td>2013</td>
</tr>
<tr>
<td>Underground construction</td>
<td>Divestiture of MEYCO Equipment in Winterthur, Switzerland</td>
<td>2013</td>
</tr>
</tbody>
</table>

**Construction Chemicals target customers**

<table>
<thead>
<tr>
<th>Business area</th>
<th>Customer industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admixture systems</td>
<td>Ready-mix concrete</td>
</tr>
<tr>
<td></td>
<td>Precast concrete</td>
</tr>
<tr>
<td></td>
<td>Manufactured concrete products</td>
</tr>
<tr>
<td></td>
<td>Cement production</td>
</tr>
<tr>
<td></td>
<td>Tunnel building</td>
</tr>
<tr>
<td></td>
<td>Mining</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business area</th>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction systems</td>
<td>Construction industry, especially:</td>
</tr>
<tr>
<td></td>
<td>– Contractors and applicators</td>
</tr>
<tr>
<td></td>
<td>– Builders merchants</td>
</tr>
<tr>
<td></td>
<td>– Owners of buildings</td>
</tr>
</tbody>
</table>

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**X-Seed® – Material optimization and reduction of carbon emissions**
X-Seed® enables more efficient production processes for precast elements. Shortened process cycles, more flexible capacity utilization and increased efficiency help to save time and reduce costs. In addition, X-Seed® has a positive impact on the energy efficiency of concrete processing. It avoids vibration and reduces heat curing time.
Coatings
Coatings combine protection and appearance of surfaces with eco-efficient products and processes.

BASF’s Coatings division offers innovative and environmentally-friendly products for the automotive industry, including both the OEM and refinish markets, and for particular segments of the industrial coatings market. BASF also develops and markets decorative paints in South America, for interior and exterior use in residential and commercial buildings. We combine protection and aesthetics with eco-efficiency in tailor-made customer products and processes.

Automotive OEM (Original Equipment Manufacturer) coatings solutions
BASF provides complete automotive coatings solutions, including:
• E-coat
• Primer
• Basecoat
• Clearcoat

In addition to offering extensive technical support, BASF is a valued innovation and design partner for nearly all leading automobile manufacturers worldwide.

Automotive refinish/commercial transport coatings solutions
For the refinishing of cars and coating of commercial vehicles, BASF offers topcoat and undercoat materials under the global brands Glasurit® and R-M® as well as the regional brands baslac®, LIMCO® and Salcomix®, which are sold to paint distributors and automotive repair shops. BASF is a leader in the field of waterborne coatings as well as high-solid systems, enhanced by value-added services and tools for end-users.

Industrial coatings solutions
BASF offers environmentally responsible systems for coating industrial products, such as ColTec®, a universal non-chromate coil coating primer, or foil coatings, applied to paper and plastic substrates. For the final finish of manufactured products, BASF’s portfolio comprises e-coats, spray and dip coatings, which are used on industrial buildings, radiator components and household appliances as well as heavy-duty corrosion protection in ship building and for wind turbines.

Decorative paints
For interior and exterior use in buildings, BASF offers decorative paints, marketed for example under the well-known premium brand Suvinil®. Suvinil is one of Brazil’s best-known brands. With the new acrylic antibacterial wall paint, Suvinil has further strengthened its role as a pioneer in the area of innovative wall paints.

BASF’s market position
• Automotive OEM coatings: No. 2 globally
• Automotive refinish coatings: No. 3 globally
• Coil coatings: No. 3 in Europe
• Decorative paints: No. 1 in South America

Main competitors
• Automotive OEM coatings: PPG, Axalta, Kansai Paint
• Automotive refinish coatings: Axalta, PPG, AkzoNobel
• Industrial coatings: AkzoNobel, PPG
• Decorative paints South America: AkzoNobel, Sherwin Williams

Focus of research and development
Our innovation efforts for the automotive industry are focused on close partnerships with our customers in order to formulate, for instance, new coatings solutions for integrated processes, unique eco-efficient coatings, and clearcoats with extremely improved durability by using the latest crosslinking technologies. Additional research topics are improved products for new technology markets (e.g. wind energy) and environmentally responsible applications.

Sales by region 2012
(Location of customer)

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Europe</td>
<td>40</td>
</tr>
<tr>
<td>2. South America</td>
<td>27</td>
</tr>
<tr>
<td>3. Asia Pacific</td>
<td>19</td>
</tr>
<tr>
<td>4. North America</td>
<td>14</td>
</tr>
</tbody>
</table>

Sales by first customer industry 2012

<table>
<thead>
<tr>
<th>Industry</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Transportation</td>
<td>71</td>
</tr>
<tr>
<td>2. Construction</td>
<td>26</td>
</tr>
<tr>
<td>3. Others</td>
<td>3</td>
</tr>
</tbody>
</table>
Automotive is the most important customer industry for BASF’s coatings business. The number of cars and light commercial vehicles produced globally is expected to grow by more than 25 million units over the next five years. The main growth driver is Asia – in particular China – where BASF is excellently positioned to participate in tremendous growth opportunities.

### Key drivers of profitability
- Combination of protection and appearance as value indicator
- Managing raw material price pressure, especially solvents and resins
- Value pricing of additional services along the supply chain
- Efficient distribution channels in end-user markets
- Customer-driven product and process innovation

### Key capabilities of BASF
- Strong premium brands in end-user markets
- Innovative long-term cooperation with leading OEM customers
- Technical on-site support at customer locations, creating additional value and long-term relationships
- Services and tools within automotive industry for handling of color complexity
- Leveraging strong market position and application know-how from mature markets into growing markets
- Global production and market presence

### CathoGuard® 800
Cathodic e-coating, which is the first paint layer applied to a body, forms the basis for perfect automotive surfaces. CathoGuard® 800, an innovative e-coat product line, provides important new properties and thus is up to the challenges of the future. It efficiently protects surfaces, edges and cavities from corrosion and is used successfully throughout the world. More and more large automotive manufacturers are choosing this new generation with a low solvent content as an alternative to tin-based formulations.
Performance Materials
Leading supplier of innovative solutions and functionalized materials

The new Performance Materials division bundles BASF’s innovative, downstream specialty plastics business from the former Performance Polymers and Polyurethanes divisions. The new division focuses its activities on transportation, construction and consumer industries as well as key industrial applications. Product groups include polyurethane systems, engineering and high-performance plastics, thermoplastic polyurethanes and microcellular polyurethanes, biodegradable polymers, functional foams, styrenic foams and epoxy systems.

Product portfolio
The Performance Materials product portfolio is focused on solutions and specialty products.

Polyurethane solutions
Polyurethane solutions make life more comfortable, safer and more pleasant while helping to save energy. They contribute towards improved insulation of buildings and more attractive, lightweight design of cars. Producers of shoes, cars and household goods as well as sports equipment use the unique advantage of polyurethanes provided with the knowledge and expertise of polyurethane experts of BASF worldwide. This product group is composed of PU systems, TPU and MPU (Cellasto®) technologies.

Engineering and high-performance plastics
BASF has developed and optimized its products for almost every conceivable application, including automotive engineering, electrical and electronics sectors, household appliances and precision technology as well as in medical technology. This product group includes Ultraform®, our POM plastic, Ultradur®, our engineering plastic based on PBT, Ultramid® plastic based on polyamide and Ultrason® amorphous high-performance material based on polysulfone.

Styrenic foams
Styrenic foams include expandable polystyrene (EPS) Styropor® and its refinement Neopor® as well as Styrodur® (XPS), insulating materials at the forefront of eco-efficient construction. They offer advantages with regard to conservation of resources and cost efficiency.

Functional foams
Functional foams include Basotect®, a flexible, open-cell foam made from melamine resin used for sound and thermal insulation in the building and transportation industry and as a cleaning sponge in the consumer industry, as well as particle foams (Neopolen® E, Neopolen® P, E-Por®, Palusol® and structural foams (Kerdyn®)).

Specialty plastics
Specialty plastics includes biodegradable co-polymers mainly used in various packaging applications and sold under ecoflex® and ecovio® brands as well as infusion resins for composite products (Baxxodur®) which are primarily used in Wind Energy applications.

Industry focus
Performance Materials will approach the market with a strong industry orientation, focusing on innovation to address important needs of key market segments. By combining product technologies and application know-how from multiple product groups, the new division will improve customer intimacy and collaboration, resulting in a solution-selling approach as a key driver to profitable growth.

Sales by region 2012
(Location of customer)

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>48</td>
</tr>
<tr>
<td>North America</td>
<td>19</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>27</td>
</tr>
<tr>
<td>South America</td>
<td>6</td>
</tr>
</tbody>
</table>

€6,205 million

Sales by first customer industry 2012

<table>
<thead>
<tr>
<th>Industry</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>17</td>
</tr>
<tr>
<td>Transportation</td>
<td>32</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>25</td>
</tr>
<tr>
<td>Chemicals &amp; Plastics</td>
<td>25</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
</tr>
</tbody>
</table>
**BASF’s market position**
- PU specialties: No. 1 globally
- Polyamide 6 & 6.6 compounds: No. 1 globally
- PBT compounds: No. 1 globally
- Expandable polystyrene: No. 3 globally

**Main competitors**
- PU Specialties: Bayer MaterialScience, Dow, Huntsman, Lubrizol
- Polyamide 6 & 6.6 compounds: LANXESS, DuPont, EMS, Solvay
- Expandable polystyrene: Loyal, Wuxi Xingda, INEOS Styrenics

**Focus of research & development**
Innovations focus on developing new products and applications in close cooperation with customers in key target industries to improve existing solutions and find new ones. Development is driven by local market needs and is coordinated globally to ensure leveraging of key capabilities across regions. Innovation pipeline is driven by creating solutions for unmet market needs with a focus on relevant topics in developing markets with strong growth potential.

**Major annual capacities of BASF**

<table>
<thead>
<tr>
<th>Product group</th>
<th>Capacity (in thousand tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering plastics</td>
<td>530</td>
</tr>
<tr>
<td>Styropor®/Neopor®</td>
<td>774</td>
</tr>
</tbody>
</table>

**Divestitures/Shutdowns (from 2011 onward)**

<table>
<thead>
<tr>
<th>Product group</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Styropor® (EPS)</td>
<td>Shutdown of EPS plants in Thane, India and Pasir Gudang, Malaysia</td>
<td>2012</td>
</tr>
</tbody>
</table>

**Key drivers of profitability**
- Focused specialty businesses
- Close collaboration with key customers in target industries
- Large innovation and R&D capabilities
- Portfolio shift towards solutions and specialties
- Constant flow of innovative products and applications into the marketplace.

**Key capabilities of BASF**
- Close customer relationships and ability to serve customers globally
- Innovation in products, applications, processes and business models
- Technical, engineering and application competence
- Operational excellence (reliability, quality consistency)

**Infinergy™: The energy boost**
With Infinergy™ BASF has developed the world’s first expanded thermoplastic polyurethane (E-TPU®). The sports equipment manufacturer adidas is using the new product in its innovative Energy Boost® running shoe, which has just been launched on the market in 2013.

Infinergy™ was created by combining TPU product know-how with foaming application experience to bring an “out-of-the-box” idea from the research lab to the market.
BASF’s Crop Protection division develops, produces and markets innovative solutions, including chemical and biological products and service offerings which address growers’ needs to improve crop quality and yields.

Our innovative crop protection solutions help farmers to safeguard their harvest and increase the yield.
As a leading industry innovator committed to investing in R&D, we offer solutions in crop protection, turf and ornamental plants, pest control and public health. Our portfolio also includes technologies for seed treatment and biological control. Solutions to manage water, nutrients and plant stress are under development in our newly formed global business unit, Functional Crop Care. We support growers in optimizing agricultural production, improving their business efficiency and enhancing the quality of life for a growing world population.

At BASF Plant Science, we use biotechnological methods to develop crops with clear advantages for farmers, consumers and the environment. Our R&D portfolio focuses on higher-yielding crops, herbicide tolerance and fungal resistance. BASF Plant Science is reported under Others.

Segment data

<table>
<thead>
<tr>
<th>(Million €)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2012 restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to third parties</td>
<td>3,646</td>
<td>4,033</td>
<td>4,165</td>
<td>4,679</td>
<td>4,679</td>
</tr>
<tr>
<td>Share of total BASF sales (%)</td>
<td>7.2</td>
<td>6.3</td>
<td>5.7</td>
<td>5.9</td>
<td>6.5</td>
</tr>
<tr>
<td>Income from operations before depreciation and amortization (EBITDA)</td>
<td>973</td>
<td>938</td>
<td>981</td>
<td>1182</td>
<td>1182</td>
</tr>
<tr>
<td>EBITDA margin (%)</td>
<td>26.7</td>
<td>23.3</td>
<td>23.6</td>
<td>25.3</td>
<td>25.3</td>
</tr>
<tr>
<td>Income from operations (EBIT) before special items</td>
<td>776</td>
<td>749</td>
<td>810</td>
<td>1,037</td>
<td>1,037</td>
</tr>
<tr>
<td>EBIT before special items margin (%)</td>
<td>21.3</td>
<td>18.6</td>
<td>19.4</td>
<td>22.2</td>
<td>22.2</td>
</tr>
<tr>
<td>Income from operations (EBIT)</td>
<td>769</td>
<td>749</td>
<td>808</td>
<td>1,026</td>
<td>1,026</td>
</tr>
<tr>
<td>EBIT margin (%)</td>
<td>21.1</td>
<td>18.6</td>
<td>19.4</td>
<td>21.9</td>
<td>21.9</td>
</tr>
</tbody>
</table>

1 As of 2013, the accounting of BASF Group is performed in accordance with IFRS 10 and 11 as well as International Accounting Standard (IAS) 19 (revised). The 2012 figures have been restated accordingly.

Segment sales by indication 2012

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fungicides</td>
<td>45</td>
</tr>
<tr>
<td>2. Herbicides</td>
<td>34</td>
</tr>
<tr>
<td>3. Insecticides and other</td>
<td>21</td>
</tr>
</tbody>
</table>

€4,679 million

Agricultural Solutions 2012

(Million €)

<table>
<thead>
<tr>
<th></th>
<th>EBITDA</th>
<th>EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>before special items</td>
<td>€1,182</td>
<td>€1,037</td>
</tr>
</tbody>
</table>
Crop Protection
Innovative solutions for modern agriculture

BASF’s Crop Protection division is substantially increasing its activities in all emerging agricultural markets, while keeping a strong presence in established high-value markets. The division aims to sustain its role as a leading innovator by continuing its extensive research and development activities.

Fungicides
Fungicides protect crops from harmful fungi that reduce vitality by damaging physiological processes. Our product portfolio includes:
F500® (Pyraclostrobin)
F500® is a highly effective fungicide that has a favorable toxicological and ecotoxicological profile. F500® has been approved in more than 60 countries for over 150 crops in over 100 indications. With F500®, we aim to achieve annual sales of more than €1 billion. F500® is part of our global Plant Health umbrella brand, AgCelence®.
Xemium®
Xemium® is BASF’s next generation fungicide for field and specialty crops. It offers broad disease control due to its excellent distribution in the plant. It is planned to market Xemium® in more than 50 countries for over 100 different crops. Peak sales potential is expected to exceed €400 million.

Herbicides
Herbicides protect crops from weeds that cause damage by competing for nutrients, water and sunlight. Our product portfolio includes:
The Clearfield® production system
The Clearfield® production system combines herbicide-resistant seeds developed by using enhanced plant breeding methods with custom-designed herbicide solutions. Clearfield® crops currently being marketed include canola, sunflower, corn (maize), rice, wheat and lentils.
Kixor®
Kixor® is the most recent herbicide from our research and was launched in North America and South America in 2010. Kixor® can be used against broadleaf and difficult-to-control weeds, including those that have developed resistance to the herbicide glyphosate. We aim to achieve annual sales of over €200 million with this product.

Innovative Dicamba formulations
BASF and Monsanto collaborate globally on dicamba-tolerant cropping systems, aiming to increase the weed management options in soybeans, cotton, corn and canola. BASF’s proprietary innovative dicamba formulations will be excellent complements to Monsanto’s dicamba-tolerant seed technologies. Both companies have filed for registration of several products. Pending regulatory approvals, the first launch of a dicamba-tolerant cropping system is expected for soybeans in 2014, combining dicamba and Roundup® tolerance. BASF plans to market its innovative dicamba formulation under the name Engenia®.

Insecticides
Insecticides protect crops from insects that cause damage by eating or sucking the juices of plants and transmitting dangerous viruses.
Fipronil
The active ingredient Fipronil represents a unique product class. It plays an important role in BASF’s insecticides portfolio. Furthermore, it gives BASF a strong position in attractive non-crop market segments, such as structural/urban pest control, turf and ornamental plants.
Alpha-cypermethrin
Alpha-cypermethrin controls a broad spectrum of insect pests which occur in agriculture, forestry and public health. Alpha-cypermethrin formulations have been registered in around 40 countries and approved for use in over 90 crops. The formulation Fendona, is a valuable public health tool and is recommended by the WHO for use in combating malaria and other insect-borne diseases. It is the key ingredient in BASF’s insecticide-treated nets.

Functional Crop Care
Following the acquisition of Becker Underwood, BASF has established the Functional Crop Care global business unit. The unit combines R&D and marketing activities of BASF and Becker Underwood in the areas of seed treatment, biological crop protection, plant health, and water and nutrient management.
BioStacked®
BioStacked® is a seed treatment technology that provides excellent protection for high-value seeds and yield gains for the grower.

Sales by region 2012
(Location of customer)

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>39</td>
</tr>
<tr>
<td>North America</td>
<td>24</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>11</td>
</tr>
<tr>
<td>South America</td>
<td>26</td>
</tr>
</tbody>
</table>

€4,679 million

Sales by first customer industry 2012

<table>
<thead>
<tr>
<th>Industry</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>91</td>
</tr>
<tr>
<td>Non-Agriculture</td>
<td>9</td>
</tr>
</tbody>
</table>

1 Aquaculture, forestry, home and garden, industrial weed control, ornamentals, public health, turf, urban pest control
**BASF’s market position**
- Fungicides: No. 3 globally
- Herbicides: No. 5 globally
- Insecticides: No. 4 globally

**Main competitors**
- Fungicides: Syngenta, Bayer
- Herbicides: Syngenta, Monsanto, Dow, Bayer, Nufarm
- Insecticides: Bayer, Syngenta, DuPont, Dow

**Focus of research and development**
Significant R&D activities focusing on fungicides, insecticides, selective herbicides, biologicals, solutions beyond crop protection.

**Powerful research and development pipeline**
We have a powerful pipeline with research and development promising candidates across all product classes. We increased peak sales potential for products launched between 2010 and 2020 by €500 million to €1,700 million. This increase is driven by the fungicide Xemium® and the acquisition of Becker Underwood herbicide tolerant systems.

**Key drivers of profitability**
- New products from research pipeline or from acquisitions
- Alignment of resources as well as products and services to customers’ needs in high-value and innovation-driven markets

**Key capabilities of BASF**
- Strong R&D
- Stringent patent management
- Focus on high-value markets and products
- Strict portfolio management

**Plant biotechnology at BASF**
BASF Plant Science is one of the world’s leaders in plant biotechnology for agriculture. Around 840 employees at sites in the United States, Canada, Belgium and Germany work on solutions that help farmers meet the growing demand for agricultural productivity and better nutrition. BASF invests around €150 million per year to accomplish this.

With a pioneering platform for gene discovery, BASF Plant Science has specialized in the development of plant characteristics such as higher yield, herbicide tolerance and disease resistance. Our goal is to optimize crops so that farmers can achieve greater and secure yields.

In this way, we make an important contribution to the secure supply of food for the growing world population. We also contribute to sustainable agriculture because the cultivation of these plants significantly reduces the amount of land, water and energy required to produce each metric ton of harvested crops.

In 2012, we moved our headquarters to Research Triangle Park, North Carolina, to be closer to our main markets and customers. In 2013, we added corn to our fungal resistance platform, reflecting the attractive market potential in the Americas. Also in 2013 the first product of our collaboration with Monsanto, Genuity® DroughtGard™ drought-tolerant corn, became available for sale to U.S. farmers.

**Acquisitions/JVs/Investments (from 2010 onward)**

<table>
<thead>
<tr>
<th>Product group</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional crop care</td>
<td>Acquisition of Becker Underwood</td>
<td>2012</td>
</tr>
<tr>
<td>F500®, Boscalid,</td>
<td>New production capacity in the U.S.</td>
<td>2010</td>
</tr>
<tr>
<td>Fipronil, Metazachlor</td>
<td>Infrastructural improvement in the U.S.</td>
<td>2013</td>
</tr>
<tr>
<td>Xemium®</td>
<td>New capacity in Europe, in the U.S. and in South America</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>Backward-integration of precursor for Xemium® in Europe</td>
<td>2013</td>
</tr>
<tr>
<td>F500®</td>
<td>Capacity expansion in Europe</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>Capacity expansion in Europe</td>
<td>2014</td>
</tr>
<tr>
<td>Epoxiconazole</td>
<td>Capacity expansion in Europe</td>
<td>2012</td>
</tr>
</tbody>
</table>

**Divestitures/Shutdowns (from 2009 onward)**

<table>
<thead>
<tr>
<th>Product group</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing site</td>
<td>Closure of formulation site in Dadra, India</td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td>Divestiture of Konyama, Japan formulation site</td>
<td>2011</td>
</tr>
</tbody>
</table>

**Priaxor® Fungicide**
Launched in the U.S. market in 2012, Priaxor is a proprietary combination of the active ingredients Xemium® and F500®. The active ingredient is evenly distributed throughout the plant to provide both curative and preventative effects. It also offers additional plant health benefits, including better crop quality and potentially higher yields.
BASF’s Exploration & Production business is bundled in Wintershall Group and its subsidiaries. Wintershall has been actively involved in the exploration and production of crude oil and natural gas for more than 80 years, and since 1969 as a wholly owned subsidiary of BASF.

The European North Sea is one of our core regions for Exploration & Production.

Our Natural Gas Trading business is operated with our partner Gazprom via various subsidiaries. We supply the German and European gas markets through several joint ventures.
BASF’s subsidiary Wintershall is Germany’s largest producer of crude oil and natural gas. Wintershall has been active in the exploration and production of oil and gas for more than 80 years.

In the exploration and production of crude oil and natural gas, we concentrate on selected oil- and gas-rich regions in Europe, Russia and the Caspian Sea region as well as in North Africa, the Middle East and South America.

In Europe, the W & G Group (formerly WINGAS Group), operated jointly with Gazprom, combines our main activities in natural gas trading, transport and storage.

Segment data

<table>
<thead>
<tr>
<th>(Million €)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2012 restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to third parties</td>
<td>11,356</td>
<td>10,791</td>
<td>12,051</td>
<td>16,700</td>
<td>12,740</td>
</tr>
<tr>
<td>Share of total BASF sales (%)</td>
<td>22.4</td>
<td>16.9</td>
<td>16.4</td>
<td>21.2</td>
<td>17.7</td>
</tr>
<tr>
<td>Thereof Exploration &amp; Production</td>
<td>3,847</td>
<td>3,819</td>
<td>3,182</td>
<td>5,330</td>
<td>2,584</td>
</tr>
<tr>
<td>Natural Gas Trading</td>
<td>7,509</td>
<td>6,972</td>
<td>8,869</td>
<td>11,370</td>
<td>10,156</td>
</tr>
<tr>
<td>Income from operations before depreciation and amortization (EBITDA)</td>
<td>2,830</td>
<td>2,977</td>
<td>2,618</td>
<td>4,721</td>
<td>2,445</td>
</tr>
<tr>
<td>EBITDA margin (%)</td>
<td>24.9</td>
<td>27.6</td>
<td>21.7</td>
<td>28.3</td>
<td>19.2</td>
</tr>
<tr>
<td>Thereof Exploration &amp; Production</td>
<td>2,188</td>
<td>2,428</td>
<td>2,042</td>
<td>4,057</td>
<td>1,775</td>
</tr>
<tr>
<td>Natural Gas Trading</td>
<td>642</td>
<td>549</td>
<td>574</td>
<td>664</td>
<td>670</td>
</tr>
<tr>
<td>Income from operations (EBIT) before special items</td>
<td>2,289</td>
<td>2,430</td>
<td>2,111</td>
<td>4,104</td>
<td>1,876</td>
</tr>
<tr>
<td>EBIT before special items margin (%)</td>
<td>20.2</td>
<td>22.5</td>
<td>17.5</td>
<td>24.6</td>
<td>14.7</td>
</tr>
<tr>
<td>Thereof Exploration &amp; Production</td>
<td>1,781</td>
<td>2,014</td>
<td>1,686</td>
<td>3,622</td>
<td>1,387</td>
</tr>
<tr>
<td>Natural Gas Trading</td>
<td>508</td>
<td>416</td>
<td>425</td>
<td>482</td>
<td>489</td>
</tr>
<tr>
<td>Income from operations (EBIT)</td>
<td>2,289</td>
<td>2,334</td>
<td>2,111</td>
<td>3,904</td>
<td>1,676</td>
</tr>
<tr>
<td>Non-compensable foreign income taxes on oil production</td>
<td>870</td>
<td>983</td>
<td>439</td>
<td>1,880</td>
<td>–</td>
</tr>
<tr>
<td>Net income</td>
<td>712</td>
<td>923</td>
<td>1,064</td>
<td>1,201</td>
<td>1,201</td>
</tr>
</tbody>
</table>

1 As of 2013, the accounting of BASF Group is performed in accordance with IFRS 10 and 11 as well as International Accounting Standard (IAS) 19 (revised). The 2012 figures have been restated accordingly.

Segment sales 2012¹

(Million €)

<table>
<thead>
<tr>
<th></th>
<th>2012 restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Exploration &amp; Production</td>
<td>€2,584</td>
</tr>
<tr>
<td>2. Natural Gas Trading</td>
<td>€10,156</td>
</tr>
</tbody>
</table>

€12,740 million

Oil & Gas 2012²

(Million €)

<table>
<thead>
<tr>
<th></th>
<th>2012 restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>€2,445</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>€1,876</td>
</tr>
</tbody>
</table>

¹ Based on restated figures and new segment structure.

² Based on restated figures and new segment structure.
Exploration & Production
Focused E&P activities, partnerships and selective technology development

Exploration and production of crude oil and natural gas is performed by BASF’s subsidiary Wintershall. Wintershall focuses on selected oil- and gas-rich regions in Europe, Russia and the Caspian Sea region as well as in North Africa/the Middle East and South America. In addition to investments in the exploration, development and production of hydrocarbons, we also secure our lasting success by broadening our technological expertise. Our focus is on increasing the yield from producing deposits as well as the development of reservoirs with difficult production conditions.

Activities by region

Europe
Wintershall has been operating in Europe for over 80 years. In addition to exploration and production of oil and natural gas in Germany, we focus in particular on the North Sea. The Mittelplatte oil field, the largest known oil deposit in Germany, is the cornerstone of our domestic oil production. In the Netherlands, Wintershall is one of the largest producers of natural gas, operating 23 offshore platforms. With more than 40 licenses – thereof more than 20 operatorships, we are one of the largest license holders in Norway. In the British North Sea, we have over 20 licenses – thereof more than half with operatorships. Since 2009, Wintershall has achieved some impressive successes in exploration: e.g. Grosbeak, Maria and Skarfjell in Norway as well as the recent discoveries in Denmark and the Netherlands.

In 2012, Wintershall entered into a cooperation with the leading Norwegian oil and gas major Statoil. As part of the transaction, Wintershall will acquire shares in three producing fields Brage, Gjøa and Vega and thus increase its daily production from roughly 3,000 BOE (barrels of oil equivalent) to almost 40,000 BOE per day. In return, Statoil will receive a cash consideration and a share in the Edvard Grieg development project. (For further details see page 27).

Russia/Caspian Sea
With approximately one quarter of the world’s natural gas reserves, Russia is very important for the global energy market. Wintershall has been active in this region for more than 20 years – in particular through its successful cooperation with Gazprom. Together with Gazprom we pursue two joint field development projects for natural gas and condensate in Western Siberia: Yuzhno Russkoye and Achimgaz.

Yuzhno Russkoye: Wintershall has a 35% share in the commercial success of the field via Severneftegazprom. The field reached plateau production of 25 billion m³ of natural gas per year in 2009. All 143 production wells are in operation. The field has recoverable volumes of ~600 billion m³ of natural gas.

Achimov Block IA: Wintershall and Gazprom operate a 50-50 joint venture (Achimgaz) for Block IA of the Achimov horizon in the Urengoy field. Total recoverable volumes of Block IA are 200 billion m³ of natural gas and 40 million tons of condensate. Plateau production is estimated to be reached in 2018 with more than 8 billion m³ natural gas per year. In 2012, the joint venture produced ~1.1 billion m³ gas and ~0.5 million metric tons condensate. After the successful completion of the pilot phase in November 2011, we began the development of the entire block.

Achimov Blocks IV and V: Wintershall and Gazprom intend to further expand gas production from the Achimov reservoirs of the Urengoy field through the development of two additional blocks. (See also page 27). Hydrocarbon production in Blocks IV and V is expected earliest 2016. Plateau production is estimated to be at least on the level of Block IA (8 billion m³ natural gas per year). The total recoverable volumes of Blocks IV and V are 2.4 billion BOE (274 billion m³ of natural gas, 74 million tons of condensate).

Production 2012¹ by core region

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia, Caspian Sea</td>
<td>47</td>
</tr>
<tr>
<td>South America</td>
<td>21</td>
</tr>
<tr>
<td>Europe</td>
<td>16</td>
</tr>
<tr>
<td>North Africa, Middle East</td>
<td>16</td>
</tr>
</tbody>
</table>

126 million BOE

Reserves² (Total proven oil & gas reserves³)

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia, Caspian Sea</td>
<td>59</td>
</tr>
<tr>
<td>South America</td>
<td>18</td>
</tr>
<tr>
<td>North Africa, Middle East</td>
<td>12</td>
</tr>
<tr>
<td>Europe</td>
<td>11</td>
</tr>
</tbody>
</table>

1,157 million BOE

¹ Based on restated figures and new segment structure.
² Based on restated figures and new segment structure.
³ As of December 31, 2012.
North Africa/Middle East

Wintershall has been engaged in E&P in Libya since 1958. We operate eight onshore oil fields in the Libyan desert. Gazprom participates with a 49% stake in Wintershall AG, which is holding these licenses. We also have a minority interest in the Al Jurf offshore field in the Mediterranean Sea off the Libyan coast.

In recent years, Wintershall expanded its operations in the Arabian Peninsula. In 2012, Wintershall discovered gas in the Block 4 North (Khuff formation) offshore Qatar with estimated resources of ~70 billion m³ of gas (~400 million BOE). The discovery is located in direct proximity to the largest gas field in the world, the North Field.

In June 2012, Wintershall signed a technical evaluation agreement with OMV and the Abu Dhabi National Oil Company to appraise the sour gas and condensate field in Shuwaihat in the Western region of Abu Dhabi.

South America

Wintershall has been active in this region since the late 1970s. In Argentina, the largest gas-producing country in South and Central America, we are involved in 15 oil and gas fields and are one of the country’s largest producers of natural gas. Off the coast of Tierra del Fuego, Wintershall produces natural gas and liquids from the Carina and Aries natural gas fields. Argentina is one of the countries with the best prospects for shale-gas and shale-oil outside North America with great potential in the Vaca Muerta horizon in the Neuquén Basin. In 2012, we were awarded as operator for the exploration licenses in the province of Mendoza for the Blocks CN-V and Ranquil Norte.

Key initiatives for further profitable growth in Exploration & Production

- Further expand gas and condensate production in Siberia
- Further strengthen our position in Norway
- Intensify our activities in the Middle East
- Realize the resource potential in Argentina

➤ Grow production to more than 160 million BOE per year by 2015

<table>
<thead>
<tr>
<th>Acquisitions/JVs/Investments (from 2010 onward)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
</tr>
<tr>
<td>Oil field development</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Gas field development</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Gas/condensate field development</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Exploration license awards</td>
</tr>
<tr>
<td>R&amp;D project</td>
</tr>
<tr>
<td>Asset swaps and transactions</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Key drivers of profitability

- Focus on operations in core and development regions
- Strategic partnerships and cooperations
- Active portfolio management (e.g., acquisitions and farm-ins)
- Exploration success
- Selective technology development and deployments
- Lean organization

Key capabilities of BASF

- Technology for developing complex oil and gas reservoirs (e.g., extended reach drilling, enhanced oil recovery)
- Partnership with Gazprom: direct involvement in the production of natural gas in Western Siberia
- Many years of experience as operator
- Financial strength

Schizophyllan – Biopolymer for enhanced oil recovery

BASF developed a special biopolymer, called Schizophyllan, which helps to increase the oil recovery in mature fields by up to 10 percentage points. This proprietary biopolymer was jointly developed by our white biotechnology research and the oil and gas experts. Field tests of Schizophyllan started in December 2012.
Natural Gas Trading
Natural gas supply for Europe

In Europe, the W & G Group (formerly WINGAS Group), operated jointly with Gazprom, combines our main activities in natural gas trading, transport and storage.

The activities in this business sector conducted together with Gazprom predominantly belong to the W & G Beteiligungs-GmbH & Co. KG (W & G, formerly WINGAS GmbH & Co. KG) Group. We changed our Group structure in 2012 in order to comply with the tightened unbundling requirements set forth by the amended German Energy Act (EnWG). W & G primarily assumes holding and financing responsibilities and holds the shares in the Baltic Sea Pipeline Link (OPAL) and the North European Gas Pipeline (NEL). The natural gas trading, gas transport and gas storage sectors function as subsidiaries under the umbrella of the holding.

Natural gas trading: Natural gas trading has been carved out to the newly established WINGAS GmbH. WINGAS markets natural gas from various sources to Germany and other European countries. Its main customers are municipal utilities and regional gas suppliers as well as larger industrial firms and power plants. Furthermore, WINGAS is also active on spot trading markets.

As part of the agreed-upon asset swap, we will completely transfer our shares in WINGAS and in the natural gas trading firms in Berlin and in Zug, Switzerland, to Gazprom by the end of 2013, provided the approval by the relevant authorities.

Gas transport: Our Germany-wide gas pipeline network, with a length of approximately 2,300 kilometers, is operated by GASCADE Gastransport GmbH (formerly WINGAS TRANSPORT GmbH). The construction of the Nord Stream pipeline from Russia through the Baltic Sea to the German coast and its associated onshore projects for onward transport to the European transportation network significantly strengthens Europe’s natural gas infrastructure. In November 2011, the first of the two Nord Stream offshore pipelines started operations together with the onshore pipeline OPAL. The offshore project was successfully completed with the second line in October 2012. The onshore pipeline NEL partially started its operation in November 2012. Completion is planned for the fourth quarter of 2013. BASF is also partner in South Stream Transport B.V., which will develop, construct and operate the offshore section of the South Stream pipeline through the Black Sea. The gradual expansion to a total annual capacity of 63 billion cubic meters of natural gas is expected to begin at the end of 2015.

Gas storage: Gas storage activities were transferred from WINGAS to astora GmbH & Co. KG in 2012. Important components of the storage portfolio include the natural gas storage facility in Rehden, Germany – the largest in Western Europe – and a share in the natural gas storage facility in Haidach, Austria. Work is progressing on the Jemgum natural gas storage facility in northern Germany, which is expected to begin partial operations in 2013. As part of the agreed-upon asset swap, we will transfer our gas storage activities to Gazprom by the end of 2013, provided the approval by the relevant authorities.

---

**Sales development**
(Million €)

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales development</td>
<td>9,137</td>
<td>7,509</td>
<td>8,972</td>
<td>9,889</td>
<td>10,156</td>
</tr>
</tbody>
</table>

**Natural gas trading volumes**
(Billion m³)

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas trading volumes</td>
<td>12</td>
<td>9</td>
<td>11</td>
<td>11</td>
<td>10</td>
</tr>
</tbody>
</table>

---

1 Based on restated figures and new segment structure.

2 Including sales to BASF
**Key drivers of profitability**

- Flexibility of the portfolio (supply, customers, storage)
- Long-term access to gas reserves, transport and storage capacity

**Key capabilities of BASF**

- Portfolio of supply and sales contracts (diversified in regions, price indexations and customer segments) with booked storage capacities
- Partnership with Gazprom, largest gas reserve holder worldwide

---

**Major pipeline projects**

**Nord Stream**
- Twin pipeline through the Baltic Sea from Vyborg, Russia to Lubmin, Germany
- BASF share: 15.5%
- Total capacity: 55 billion m³ p.a.
- Total investment offshore: €7.4 billion
- First pipeline operative since November 2011; project successfully completed in October 2012

**NEL**
- Pipeline from landing point of Nord Stream towards Rehden in Lower Saxony
- W & G share: 51%
- Total capacity ~20 billion m³ p.a.
- Partial start-up at the end of 2012, together with the second line of the Nord Stream pipeline; full completion expected by the end of 2013

**South Stream**
- Four offshore pipeline strings through the Black Sea
- BASF share: 15%
- Total planned capacity: ~63 billion m³ p.a.
- Investment decision taken in November 2012
- First pipeline to come on stream earliest in 2015
2.6 Other

Activities not assigned to a particular division are reported under ‘Other’. These include the sale of raw materials, engineering and other services, rental income and leases.

On January 1, 2011, we carved out our styrenics business and from then onward the carved-out activities were included in Styrenics as reported under Other. The activities that were not affected by the carve-out are still reported under Other, but not as part of Styrenics. On October 1, 2011, BASF transferred its carved-out styrenics business into the joint venture Styrolution. BASF’s share in this joint venture is reported at equity in the Consolidated Financial Statements. Styrenics therefore contributed to sales and income from operations only for the first nine months of 2011.

Beginning of 2012, BASF completed the sale of its fertilizer activities, which were reported under Other. BASF sold its fertilizer activities in Antwerp, Belgium, to EuroChem end of the first quarter 2012. The total purchase price amounted to around €830 million. In addition, BASF divested its 50% share in the fertilizer producer PEC-Rhin in Ottmarsheim, France, to its joint venture partner, GPN. The transactions led to pre-tax disposal gains totaling €645 million in the first quarter of 2012.

Financial data

<table>
<thead>
<tr>
<th>(Million €)</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2012 restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to third parties</td>
<td>6,650</td>
<td>4,577</td>
<td>5,851</td>
<td>6,275</td>
<td>4,793</td>
<td>4,061</td>
</tr>
<tr>
<td>thereof Styrenics</td>
<td>3,478</td>
<td>2,502</td>
<td>2,848</td>
<td>2,414</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income from operations before depreciation and amortization (EBITDA)</td>
<td>(521)</td>
<td>(417)</td>
<td>(528)</td>
<td>297</td>
<td>(117)</td>
<td>(92)</td>
</tr>
<tr>
<td>Income from operations (EBIT) before special items</td>
<td>(692)</td>
<td>(717)</td>
<td>(648)</td>
<td>(404)</td>
<td>(839)</td>
<td>(790)</td>
</tr>
<tr>
<td>Income from operations (EBIT)</td>
<td>(913)</td>
<td>(827)</td>
<td>(707)</td>
<td>178</td>
<td>(267)</td>
<td>(215)</td>
</tr>
<tr>
<td>thereof Group corporate costs</td>
<td>(243)</td>
<td>(209)</td>
<td>(226)</td>
<td>(246)</td>
<td>(255)</td>
<td>(255)</td>
</tr>
<tr>
<td>Corporate research costs</td>
<td>(312)</td>
<td>(319)</td>
<td>(323)</td>
<td>(348)</td>
<td>(391)</td>
<td>(391)</td>
</tr>
<tr>
<td>Currency results, hedges and other valuation effects</td>
<td>(209)</td>
<td>(512)</td>
<td>(460)</td>
<td>(199)</td>
<td>(460)</td>
<td>(454)</td>
</tr>
</tbody>
</table>

1 As of January 1, 2008, costs of the corporate center, which consist of the expenses for steering the BASF Group, are no longer allocated to the segments but reported under Other.
2 As of January 1, 2009, the activities of BASF Fuel Cell GmbH were transferred from Other to the Inorganics division and the styrene copolymers business in the Performance Polymers division was transferred to Styrenics.
3 As of October 1, 2011 BASF transferred its carved-out styrenics business to the joint venture Styrolution. BASF’s share in the joint venture is reported at equity in the Consolidated Financial Statements.

The 2012 figures have been restated accordingly.

Composition of assets

<table>
<thead>
<tr>
<th>(Million €)</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2012 restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets of businesses included under Other</td>
<td>3,232</td>
<td>2,647</td>
<td>2,890</td>
<td>2,272</td>
<td>2,317</td>
<td>3,152</td>
</tr>
<tr>
<td>Financial assets</td>
<td>3,093</td>
<td>2,960</td>
<td>3,281</td>
<td>2,700</td>
<td>2,925</td>
<td>613</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>830</td>
<td>1,042</td>
<td>1,112</td>
<td>941</td>
<td>1,545</td>
<td>1,473</td>
</tr>
<tr>
<td>Cash and cash equivalents/marketable securities</td>
<td>2,811</td>
<td>1,850</td>
<td>1,509</td>
<td>2,067</td>
<td>1,800</td>
<td>1,661</td>
</tr>
<tr>
<td>Defined benefit assets</td>
<td>165</td>
<td>549</td>
<td>260</td>
<td>128</td>
<td>43</td>
<td>41</td>
</tr>
<tr>
<td>Miscellaneous receivables/prepaid expenses</td>
<td>2,512</td>
<td>1,513</td>
<td>1,915</td>
<td>1,863</td>
<td>1,634</td>
<td>1,845</td>
</tr>
<tr>
<td>Total assets of Other</td>
<td>12,743</td>
<td>10,561</td>
<td>10,767</td>
<td>9,971</td>
<td>10,264</td>
<td>8,785</td>
</tr>
</tbody>
</table>

1 As of 2013, the accounting of BASF Group is performed in accordance with IFRS 10 and 11 as well as International Accounting Standard (IAS) 19 (revised).

The 2012 figures have been restated accordingly.
<table>
<thead>
<tr>
<th>Financials</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 BASF on the capital market</td>
<td>84</td>
</tr>
<tr>
<td>3.2 Ten-year summary</td>
<td>86</td>
</tr>
<tr>
<td>3.3 Regional results</td>
<td>87</td>
</tr>
<tr>
<td>3.4 Factors influencing sales</td>
<td>88</td>
</tr>
<tr>
<td>3.5 Financing</td>
<td>89</td>
</tr>
<tr>
<td>3.6 Balance sheet</td>
<td>90</td>
</tr>
</tbody>
</table>
3.1 BASF on the capital market
Dividend increase, strong credit ratings

Stock markets in 2012 were characterized by widespread uncertainty due to the debt crisis in the eurozone. In this difficult environment, the BASF share performed very well and traded at €71.15 at the end of 2012, 32% above the previous year’s closing price.

We stand by our ambitious dividend policy and have paid our shareholders a dividend of €2.60 per share – an increase of 4% compared with the previous year. BASF is solidly financed and has good credit ratings.

Broad base of international shareholders
With more than 400,000 shareholders, BASF is one of the largest publicly owned companies in Germany with a high free float. According to an analysis of the shareholder structure carried out in December 2012, our shareholder distribution is as follows:

Institutional investors:
- 12% Germany
- 10% UK and Ireland
- 18% Rest of Europe
- 16% USA and Canada
- 5% Rest of world
- 25% Retail/private investors
- 14% Unidentified

BASF in key sustainability indices
For the twelfth year in succession, BASF was included in the important sustainability index, the Dow Jones Sustainability World Index (DJSI World). We received particular recognition for our product stewardship, environmental management and climate strategy. BASF is also once again represented in the prestigious Carbon Disclosure Leadership Index (CDLI) and in the Carbon Performance Leadership Index (CPLI). The CDLI contains companies that provide transparent and extensive information about their carbon footprint. The CPLI includes companies based on their exemplary performance in terms of climate change. The inclusion in both indices demonstrates that BASF is one of the world’s leading chemical companies when it comes to climate protection.
Share price performance
After positive development on the stock market at the beginning of 2012, the second quarter saw a decline in share prices resulting from continuing uncertainty in the eurozone. Recovery in the third quarter was bolstered by the European Central Bank’s resolution to purchase unlimited quantities of European government bonds. After a brief consolidation phase, stock markets posted strong share price gains at the end of the year and BASF shares achieved a new all-time high of €73.09 on December 19, 2012. At the end of 2012, the BASF share traded at €71.15, 32.0% above its closing price one year earlier. Assuming that dividends were reinvested, BASF shares gained 37.3% of their value in 2012. The BASF stock thus outperformed the German and European stock markets: Over the same period, the DAX 30 index rose by 29.1% while the DJ EURO STOXX 50 index gained 17.7%. BASF shares also performed better than the global industry indices DJ Chemicals and MSCI World Chemicals 2012, both of which rose by 20.7%.

The assets of an investor who had invested €1,000 in BASF shares at the end of 2002 and reinvested the dividends in additional BASF shares would have seen an increase to €5,774 by the end of 2012. This average annual return of 19.2% places BASF shares substantially above the returns for the DAX 30 (10.2%), EURO STOXX 50 (4.0%) and MSCI World Chemicals (10.6%) indices.

Dividend
For 2012, BASF paid a dividend of €2.60 per share, up 4.0% versus last year. We stand by our ambitious dividend policy and paid out around €2.4 billion to our shareholders (based on the number of qualifying shares on December 31, 2012). Based on the year-end share price for 2012, BASF shares offer a high dividend yield of 3.65%. BASF belongs to the DivDAX share index, which contains the 15 companies with the highest dividend yield in the DAX 30.

Dividend policy
We aim to continuously increase the annual dividend, or at least maintain it at the level of the previous year.

Analyst consensus
Around 30 financial analysts regularly publish reports on BASF. Since 2009, we have been publishing a dynamic analyst consensus on our website that is updated regularly. You can find more information on the Internet at basf.com/share
### Ten-year summary

<table>
<thead>
<tr>
<th>(Million €)</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012 restateda</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and earnings¹</td>
<td>33,381</td>
<td>37,537</td>
<td>42,745</td>
<td>52,610</td>
<td>57,951</td>
<td>62,304</td>
<td>50,693</td>
<td>63,873</td>
<td>73,497</td>
<td>78,729</td>
</tr>
<tr>
<td>Sales</td>
<td>5,110</td>
<td>7,685</td>
<td>8,233</td>
<td>9,723</td>
<td>10,225</td>
<td>9,562</td>
<td>7,388</td>
<td>11,131</td>
<td>11,993</td>
<td>12,516</td>
</tr>
<tr>
<td>Income from operations before depreciation and amortization (EBITDA)</td>
<td>15.3</td>
<td>20.5</td>
<td>19.3</td>
<td>18.5</td>
<td>17.6</td>
<td>15.3</td>
<td>14.6</td>
<td>17.4</td>
<td>16.3</td>
<td>15.9</td>
</tr>
<tr>
<td>EBIT margin (%)</td>
<td>2,993</td>
<td>5,230</td>
<td>6,138</td>
<td>7,257</td>
<td>7,614</td>
<td>6,856</td>
<td>4,852</td>
<td>8,138</td>
<td>8,447</td>
<td>8,881</td>
</tr>
<tr>
<td>Income from operations (EBIT) before special items</td>
<td>9.0</td>
<td>13.9</td>
<td>14.4</td>
<td>13.8</td>
<td>13.1</td>
<td>11.0</td>
<td>9.6</td>
<td>12.7</td>
<td>11.5</td>
<td>11.3</td>
</tr>
<tr>
<td>EBIT before special items margin (%)</td>
<td>2,658</td>
<td>5,193</td>
<td>5,830</td>
<td>6,750</td>
<td>7,316</td>
<td>6,463</td>
<td>3,677</td>
<td>7,781</td>
<td>8,586</td>
<td>8,976</td>
</tr>
<tr>
<td>Income from operations (EBIT)</td>
<td>8.0</td>
<td>13.8</td>
<td>13.6</td>
<td>12.8</td>
<td>12.6</td>
<td>10.4</td>
<td>7.3</td>
<td>12.2</td>
<td>11.7</td>
<td>11.4</td>
</tr>
<tr>
<td>Income before taxes and minority interests</td>
<td>2,168</td>
<td>4,347</td>
<td>5,926</td>
<td>6,527</td>
<td>6,935</td>
<td>5,976</td>
<td>3,079</td>
<td>7,373</td>
<td>8,970</td>
<td>8,436</td>
</tr>
<tr>
<td>Income before minority interests</td>
<td>976</td>
<td>2,133</td>
<td>3,168</td>
<td>3,466</td>
<td>3,425</td>
<td>3,305</td>
<td>1,655</td>
<td>5,074</td>
<td>6,603</td>
<td>5,222</td>
</tr>
<tr>
<td>Net income¹</td>
<td>910</td>
<td>2,004</td>
<td>3,007</td>
<td>3,215</td>
<td>4,065</td>
<td>2,912</td>
<td>1,410</td>
<td>4,557</td>
<td>6,188</td>
<td>4,879</td>
</tr>
</tbody>
</table>

### Capital expenditures, depreciation, amortization¹

#### Additions to tangible and intangible assets
3,415  
2,163  
2,523  
10,039  
4,425  
3,634  
5,972  
5,304  
3,646  
5,397  
5,263  

#### Thereof property, plant and equipment
2,293  
2,022  
2,188  
4,068  
2,564  
2,809  
4,126  
3,294  
3,199  
4,215  
4,084  

#### Depreciation of tangible/ intangible assets
2,452  
2,492  
2,403  
2,973  
2,909  
3,099  
3,711  
3,370  
3,407  
3,540  
3,267  

#### Thereof property, plant and equipment
1,951  
2,053  
2,035  
2,482  
2,294  
2,481  
2,614  
2,617  
2,618  
2,850  
2,594  

### Number of employees

#### At year-end
87,159  
81,855  
80,945  
95,247  
95,175  
96,824  
104,779  
109,140  
111,141  
113,262  
110,782  

#### Annual average
88,167  
85,022  
80,992  
88,160  
94,893  
95,885  
103,612  
104,043  
110,403  
112,388  
109,969  

### Personnel costs¹

#### 5,891  
5,615  
5,574  
6,210  
6,648  
6,364  
7,107  
8,228  
8,576  
9,089  
8,963  

### Key data¹

#### Earnings per share (€)
0.81  
1.83  
2.87  
3.19  
4.16  
3.13  
1.54  
4.96  
6.74  
5.31  
5.25  

#### Cash provided by operating activities
4,878  
4,634  
5,250¹  
5,940  
5,807  
5,023  
5,693  
6,460  
7,105  
6,733  
6,602  

### Payments related to intangible assets and property, plant and equipment
2,071  
2,057  
1,948  
2,411  
2,562  
2,521  
2,507  
2,548  
3,410  
4,149  
4,015  

#### Free cash flow ¹²
2,807  
2,577  
3,302¹  
3,529  
3,245  
2,502  
3,186  
3,912  
3,695  
2,584  
2,587  

#### Return on assets (%) ¹²
7.4  
13.2  
17.7  
17.5  
16.4  
13.5  
7.5  
14.7  
16.1  
14.6  
11.0  

#### Return on equity after tax (%) ¹²
6.0  
12.9  
18.6  
19.2  
22.4  
17.0  
8.9  
24.6  
27.5  
20.4  
19.9  

#### Free cash flow/sales (%) ¹²
8.4  
6.9  
7.7  
6.7  
5.6  
4.0  
6.3  
6.1  
5.0  
3.2  
3.5  

#### Reported tax rate (%) ¹²
55.0  
50.9  
46.6  
46.9  
37.6  
44.7  
46.2  
31.2  
26.4  
38.1  
15.2  

#### Underlying tax rate¹³ (%) 41.3  
42.0  
34.7  
33.9  
23.2  
19.9  
25.1  
20.6  
22.6  
20.3  
15.2  

### Number of shares as of December 31²
1,113,286  
1,080,880  
1,028,758  
999,360  
956,370  
918,479  
918,479  
918,479  
918,479  
918,479  

---

¹ Starting in 2005, the accounting and reporting of the BASF Group have been performed in accordance with International Financial Reporting Standards (IFRS). The 2004 figures have been reported in accordance with IFRS.
² Without non-compensable oil taxes
³ As of 2013, the accounting of BASF Group is performed in accordance with IFRS 10 and 11 as well as International Accounting Standard (IAS) 19 revised.
⁴ Adjusted for 2:1 stock split in 2008
⁵ Before external financing of pension obligations

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3.2 Ten-year summary

As of 2013, the accounting of BASF Group is performed in accordance with International Financial Reporting Standards (IFRS).

The 2012 figures have been restated accordingly.

Financials

Starting in 2005, the accounting and reporting of the BASF Group have been performed in accordance with International Financial Reporting Standards (IFRS). The 2004 figures have been reported in accordance with IFRS.

The figures for the years up to and including 2003 were prepared according to the German Commercial Code.

Cash provided by operating activities less capital expenditure

CAS: BASF SE

BASF Factbook, July 2013
### 3.3 Regional results

#### Sales by location of company

<table>
<thead>
<tr>
<th>Region</th>
<th>2003 (Million €)</th>
<th>2004 (Million €)</th>
<th>2005 (Million €)</th>
<th>2006 (Million €)</th>
<th>2007 (Million €)</th>
<th>2008 (Million €)</th>
<th>2009 (Million €)</th>
<th>2010 (Million €)</th>
<th>2011 (Million €)</th>
<th>2012 (Million €)</th>
<th>2012 restated (Million €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>20,372</td>
<td>22,536</td>
<td>25,093</td>
<td>31,444</td>
<td>34,316</td>
<td>36,652</td>
<td>30,375</td>
<td>35,156</td>
<td>41,036</td>
<td>45,665</td>
<td>41,445</td>
</tr>
<tr>
<td>North America</td>
<td>7,214</td>
<td>8,165</td>
<td>9,542</td>
<td>11,415</td>
<td>12,007</td>
<td>11,937</td>
<td>9,404</td>
<td>13,246</td>
<td>14,727</td>
<td>14,599</td>
<td>14,441</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>4,303</td>
<td>4,911</td>
<td>6,042</td>
<td>7,450</td>
<td>8,785</td>
<td>8,664</td>
<td>7,997</td>
<td>11,642</td>
<td>13,316</td>
<td>13,916</td>
<td>11,694</td>
</tr>
<tr>
<td>South America, Africa, Middle East</td>
<td>1,472</td>
<td>1,925</td>
<td>2,068</td>
<td>2,301</td>
<td>2,843</td>
<td>3,051</td>
<td>2,917</td>
<td>3,829</td>
<td>4,418</td>
<td>4,549</td>
<td>4,549</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>33,361</td>
<td>37,537</td>
<td>42,745</td>
<td>52,610</td>
<td>57,951</td>
<td>62,304</td>
<td>50,693</td>
<td>63,873</td>
<td>73,497</td>
<td>78,729</td>
<td>72,129</td>
</tr>
</tbody>
</table>

#### Sales by location of customer

<table>
<thead>
<tr>
<th>Region</th>
<th>2003 (Million €)</th>
<th>2004 (Million €)</th>
<th>2005 (Million €)</th>
<th>2006 (Million €)</th>
<th>2007 (Million €)</th>
<th>2008 (Million €)</th>
<th>2009 (Million €)</th>
<th>2010 (Million €)</th>
<th>2011 (Million €)</th>
<th>2012 (Million €)</th>
<th>2012 restated (Million €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>19,120</td>
<td>21,343</td>
<td>23,755</td>
<td>29,529</td>
<td>32,347</td>
<td>36,693</td>
<td>28,532</td>
<td>33,201</td>
<td>39,124</td>
<td>42,882</td>
<td>39,428</td>
</tr>
<tr>
<td>North America</td>
<td>7,163</td>
<td>8,182</td>
<td>9,479</td>
<td>11,415</td>
<td>11,928</td>
<td>11,932</td>
<td>9,480</td>
<td>12,886</td>
<td>13,995</td>
<td>14,640</td>
<td>13,992</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>5,313</td>
<td>5,309</td>
<td>6,500</td>
<td>8,102</td>
<td>9,579</td>
<td>9,320</td>
<td>8,706</td>
<td>12,510</td>
<td>14,410</td>
<td>14,927</td>
<td>12,546</td>
</tr>
<tr>
<td>South America, Africa, Middle East</td>
<td>1,762</td>
<td>2,703</td>
<td>3,011</td>
<td>3,457</td>
<td>4,097</td>
<td>4,359</td>
<td>3,975</td>
<td>5,276</td>
<td>5,968</td>
<td>6,460</td>
<td>6,163</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>33,361</td>
<td>37,537</td>
<td>42,745</td>
<td>52,610</td>
<td>57,951</td>
<td>62,304</td>
<td>50,693</td>
<td>63,873</td>
<td>73,497</td>
<td>78,729</td>
<td>72,129</td>
</tr>
</tbody>
</table>

#### Income from operations (EBIT)

<table>
<thead>
<tr>
<th>Region</th>
<th>2003 (Million €)</th>
<th>2004 (Million €)</th>
<th>2005 (Million €)</th>
<th>2006 (Million €)</th>
<th>2007 (Million €)</th>
<th>2008 (Million €)</th>
<th>2009 (Million €)</th>
<th>2010 (Million €)</th>
<th>2011 (Million €)</th>
<th>2012 (Million €)</th>
<th>2012 restated (Million €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>2,224</td>
<td>4,236</td>
<td>4,385</td>
<td>5,485</td>
<td>5,415</td>
<td>5,822</td>
<td>2,390</td>
<td>5,206</td>
<td>5,668</td>
<td>6,746</td>
<td>4,557</td>
</tr>
<tr>
<td>North America</td>
<td>1,642</td>
<td>3,131</td>
<td>3,019</td>
<td>4,125</td>
<td>4,226</td>
<td>4,744</td>
<td>1,855</td>
<td>3,769</td>
<td>3,249</td>
<td>4,542</td>
<td>2,249</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>10</td>
<td>286</td>
<td>855</td>
<td>869</td>
<td>762</td>
<td>73</td>
<td>503</td>
<td>1,107</td>
<td>1,314</td>
<td>964</td>
<td>969</td>
</tr>
<tr>
<td>South America, Africa, Middle East</td>
<td>206</td>
<td>310</td>
<td>293</td>
<td>215</td>
<td>311</td>
<td>314</td>
<td>281</td>
<td>177</td>
<td>471</td>
<td>361</td>
<td>361</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,658</td>
<td>5,193</td>
<td>5,830</td>
<td>6,750</td>
<td>7,316</td>
<td>8,463</td>
<td>3,677</td>
<td>7,761</td>
<td>8,976</td>
<td>6,742</td>
<td>4,557</td>
</tr>
</tbody>
</table>

1 Starting in 2005, the accounting and reporting of BASF Group have been prepared in accordance with International Financial Reporting Standards (IFRS). The 2004 figures have been restated in accordance with IFRS. The figures for years up to and including 2003 were prepared according to the German Commercial Code. Effective January 1, 2005, companies in Asia are reported in the “Asia Pacific” region. South America, which was previously reported separately, is now reported together with the geographic regions of Africa and Middle East in the “South America, Africa, Middle East” region. The 2004 figures have been reported in accordance with this.
2 Including Africa
3 South America only
4 As of 2013, the accounting of BASF Group is performed in accordance with IFRS 10 and 11 as well as International Accounting Standard (IAS) 19 (revised). The 2012 figures have been restated accordingly.
3.4 Factors influencing sales

Factors influencing sales – contribution to sales growth
(percent)

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volumes</td>
<td>7.6</td>
<td>9.4</td>
<td>2.5</td>
<td>5.5</td>
<td>4.9</td>
<td>0.3</td>
<td>(9.4)</td>
<td>11.3</td>
<td>0.5</td>
<td>3.3</td>
<td>0.9</td>
</tr>
<tr>
<td>Prices</td>
<td>2.1</td>
<td>6.6</td>
<td>11.0</td>
<td>8.3</td>
<td>2.5</td>
<td>11.7</td>
<td>(13.7)</td>
<td>7.7</td>
<td>12.2</td>
<td>0.7</td>
<td>1.0</td>
</tr>
<tr>
<td>Currencies</td>
<td>(7.3)</td>
<td>(4.4)</td>
<td>1.0</td>
<td>(0.2)</td>
<td>(3.8)</td>
<td>(4.4)</td>
<td>0.6</td>
<td>4.7</td>
<td>(2.1)</td>
<td>3.7</td>
<td>3.5</td>
</tr>
<tr>
<td>Acquisitions/</td>
<td>1.2</td>
<td>0.9</td>
<td>(0.6)</td>
<td>9.5</td>
<td>6.6</td>
<td>(0.1)</td>
<td>3.9</td>
<td>2.3</td>
<td>4.5</td>
<td>(0.6)</td>
<td>(1.0)</td>
</tr>
<tr>
<td>divestitures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3.6</td>
<td>12.5</td>
<td>13.9</td>
<td>23.1</td>
<td>10.2</td>
<td>7.5</td>
<td>(18.6)</td>
<td>26.0</td>
<td>15.1</td>
<td>7.1</td>
<td>4.4</td>
</tr>
</tbody>
</table>

1 As of 2013, the accounting of BASF Group is performed in accordance with IFRS 10 and 11 as well as International Accounting Standard (IAS) 19 (revised). The 2012 figures have been restated accordingly.

Factors influencing sales 2012
Positive macroeconomic development led to an increase in demand for chemical products (excluding pharmaceuticals) of around 2.6%. Several operating divisions were able to improve their volumes. The strongest sales growth came predominantly from the excellent development of our Agricultural Solutions business and higher volumes in Oil & Gas. Prices rose as a result of higher raw material costs. We divested non-strategic businesses, such as the fertilizer business, as well as smaller businesses, such as Relius Coatings. The major structural difference resulted from the divestiture of the Styrenic activities in the previous year. This had a negative structural effect of (1%). In total, sales rose by 4.4%.

Sensitivities

Currency impact on BASF Group
The dollar sensitivity on a sales level comprises BASF Group sales in U.S. dollars. On an EBIT level, compensating effects result from the exchange rate impact on raw material purchases and on non-European fixed costs.

Annual impact of $ change
($ exchange rate: –$0.01 per €) million €

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>+140</td>
</tr>
<tr>
<td>EBIT</td>
<td>+40</td>
</tr>
</tbody>
</table>

Oil price impact on the Oil & Gas segment
Oil price changes affect the segment’s sales and EBIT almost immediately in oil production and with a certain time lag in gas production and trading.

Annual impact of oil price change
on Oil & Gas segment
(1 US$/bbl rise in annual average Brent oil price)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>+40</td>
</tr>
<tr>
<td>EBIT</td>
<td>+10</td>
</tr>
</tbody>
</table>
3.5 Financing
Value-based financial management, high cash flow

Our value-based financing principles are aimed at securing liquidity at all times, limiting financial risks and optimizing our cost of capital. We preferentially meet our financing needs on the capital markets. We continue to aim for a solid A rating, which allows us unrestricted access to 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.

Financing policy
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 a diverse range of investors.

For short-term financing we use our commercial paper program, which has an issuing volume of up to $12.5 billion. As back-up for the commercial paper program, there are committed, broadly syndicated credit lines of €6 billion available. BASF’s external financing is therefore largely independent of short-term fluctuations in the credit markets. None of these credit lines were tapped as of December 31, 2012.

Financial management in the BASF Group is centralized and is 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. Off-balance sheet financing tools, such as leasing, are of minimal importance for BASF.

Cash flow
A cash flow of €6,602 million (restated) from operating activities in 2012 once again demonstrated the Group’s solid cash flow generation. In addition to higher price levels, the expansion of our business volume led to increased receivables, tying down additional funds in net working capital. Payments related to property, plant and equipment and intangible assets were significantly above the previous year’s level. Despite this we were able to generate a strong free cash flow of €2,587 million. Free cash flow has been above €2.5 billion since 2003 every single year.

Good credit ratings and solid financing
With “A+/A-1/outlook stable” from rating agency Standard & Poor’s and “A1/P-1/outlook stable” from Moody’s, BASF has good credit ratings, especially when compared to competitors in the chemical industry.

At year-end 2012, the financial indebtedness of the BASF Group was €12.8 billion with liquid funds of approximately €1.65 billion resulting in a net debt of €11.2 billion. The average time to maturity of our financial indebtedness was 3.4 years. Our medium to long-term debt financing is based on corporate bonds with a balanced maturity profile.

Credit Ratings

<table>
<thead>
<tr>
<th>Standard &amp; Poor's</th>
<th>Moody's</th>
</tr>
</thead>
<tbody>
<tr>
<td>A+/A-1/outlook stable</td>
<td>A1/P-1/outlook stable</td>
</tr>
</tbody>
</table>

Maturities of financial indebtedness2

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>&gt;2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FCF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,616</td>
</tr>
<tr>
<td>0</td>
<td>7,022</td>
<td>7,105</td>
<td>6,400</td>
<td>5,693</td>
<td>6,460</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>2,502</td>
<td>3,186</td>
<td>5,090</td>
<td>3,912</td>
<td>6,602</td>
<td></td>
</tr>
</tbody>
</table>

1 Cash provided by operating activities less capital expenditure

2 As of 2013, the accounting of BASF Group is performed in accordance with IFRS 10 and 11 as well as International Accounting Standard (IAS) 19 (revised). The 2012 figures have been restated accordingly.
### 3.6 Balance sheet

#### Balance sheet (German Commercial Code)

<table>
<thead>
<tr>
<th>(Million €)</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>3,464</td>
<td>3,793</td>
</tr>
<tr>
<td>Thereof goodwill</td>
<td>2,073</td>
<td>2,038</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>13,745</td>
<td>13,070</td>
</tr>
<tr>
<td>Financial assets</td>
<td>3,249</td>
<td>2,600</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td><strong>20,458</strong></td>
<td><strong>19,463</strong></td>
</tr>
<tr>
<td>Inventories</td>
<td>4,798</td>
<td>4,151</td>
</tr>
<tr>
<td>Accounts receivable, trade</td>
<td>5,316</td>
<td>4,954</td>
</tr>
<tr>
<td>Other receivables</td>
<td>2,947</td>
<td>3,159</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>1,204</td>
<td>1,247</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>132</td>
<td>147</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>231</td>
<td>481</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td><strong>14,628</strong></td>
<td><strong>14,139</strong></td>
</tr>
<tr>
<td>Subscribed capital</td>
<td>1,460</td>
<td>1,425</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>2,948</td>
<td>2,983</td>
</tr>
<tr>
<td>Paid-in capital</td>
<td>4,408</td>
<td>4,408</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>12,468</td>
<td>12,055</td>
</tr>
<tr>
<td>Currency translation adjustment</td>
<td>(330)</td>
<td>(972)</td>
</tr>
<tr>
<td>Minority interests</td>
<td>396</td>
<td>388</td>
</tr>
<tr>
<td><strong>Stockholders’ equity</strong></td>
<td><strong>16,942</strong></td>
<td><strong>15,879</strong></td>
</tr>
<tr>
<td>Pensions and other long-term provisions</td>
<td>6,233</td>
<td>6,205</td>
</tr>
<tr>
<td>Tax and other short-term provisions</td>
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<td>2,982</td>
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<tr>
<td><strong>Provisions</strong></td>
<td><strong>8,997</strong></td>
<td><strong>9,187</strong></td>
</tr>
<tr>
<td>Financial indebtedness</td>
<td>3,610</td>
<td>3,507</td>
</tr>
<tr>
<td>Accounts payable, trade</td>
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<td>2,056</td>
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<tr>
<td>Other liabilities</td>
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<td>2,973</td>
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<tr>
<td><strong>Liabilities</strong></td>
<td><strong>9,147</strong></td>
<td><strong>8,536</strong></td>
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<tr>
<td><strong>Provisions and liabilities</strong></td>
<td><strong>18,144</strong></td>
<td><strong>17,723</strong></td>
</tr>
<tr>
<td>Thereof long-term liabilities</td>
<td>9,211</td>
<td>10,285</td>
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<tr>
<td><strong>Total stockholders’ equity and liabilities</strong></td>
<td><strong>35,086</strong></td>
<td><strong>33,602</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity ratio (%)</td>
<td>48</td>
<td>47</td>
</tr>
<tr>
<td>Gearing ratio (%)</td>
<td>103</td>
<td>112</td>
</tr>
<tr>
<td>Net debt</td>
<td>3,379</td>
<td>3,026</td>
</tr>
</tbody>
</table>
Balance sheet (IFRS)\(^1\)

<table>
<thead>
<tr>
<th>(Million €)</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Restated(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>3,607</td>
<td>3,720</td>
<td>8,922</td>
<td>9,559</td>
<td>9,889</td>
<td>10,449</td>
<td>12,245</td>
<td>11,919</td>
<td>12,241</td>
<td>12,193</td>
</tr>
<tr>
<td>Thereof goodwill</td>
<td>1,972</td>
<td>2,139</td>
<td>4,713</td>
<td>4,305</td>
<td>4,748</td>
<td>5,069</td>
<td>5,873</td>
<td>5,962</td>
<td>6,385</td>
<td>6,384</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>13,063</td>
<td>13,987</td>
<td>14,902</td>
<td>14,215</td>
<td>15,032</td>
<td>16,285</td>
<td>17,241</td>
<td>17,966</td>
<td>18,177</td>
<td>16,610</td>
</tr>
<tr>
<td>Investments accounted for using the equity method</td>
<td>1,100</td>
<td>244</td>
<td>651</td>
<td>834</td>
<td>1,146</td>
<td>1,340</td>
<td>1,328</td>
<td>1,852</td>
<td>2,045</td>
<td>3,459</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>938</td>
<td>813</td>
<td>1,190</td>
<td>1,952</td>
<td>1,947</td>
<td>1,619</td>
<td>1,953</td>
<td>848</td>
<td>880</td>
<td>872</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>1,337</td>
<td>1,255</td>
<td>622</td>
<td>679</td>
<td>930</td>
<td>1,042</td>
<td>1,112</td>
<td>941</td>
<td>1,545</td>
<td>1,473</td>
</tr>
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<td>Other receivables and miscellaneous long-term assets</td>
<td>473</td>
<td>524</td>
<td>612</td>
<td>655</td>
<td>642</td>
<td>946</td>
<td>653</td>
<td>561</td>
<td>650</td>
<td>652</td>
</tr>
<tr>
<td>Long-term assets</td>
<td>20,518</td>
<td>20,543</td>
<td>26,999</td>
<td>27,894</td>
<td>29,586</td>
<td>31,681</td>
<td>34,532</td>
<td>34,087</td>
<td>35,538</td>
<td>35,259</td>
</tr>
<tr>
<td>Inventories</td>
<td>4,645</td>
<td>5,430</td>
<td>6,672</td>
<td>6,578</td>
<td>6,763</td>
<td>6,776</td>
<td>6,868</td>
<td>10,059</td>
<td>9,930</td>
<td>9,581</td>
</tr>
<tr>
<td>Accounts receivable, trade</td>
<td>5,861</td>
<td>7,020</td>
<td>8,223</td>
<td>8,561</td>
<td>7,752</td>
<td>7,738</td>
<td>10,167</td>
<td>10,886</td>
<td>10,138</td>
<td>9,506</td>
</tr>
<tr>
<td>Other receivables and miscellaneous short-term assets</td>
<td>2,133</td>
<td>1,586</td>
<td>2,607</td>
<td>2,337</td>
<td>3,948</td>
<td>3,223</td>
<td>3,883</td>
<td>3,781</td>
<td>3,504</td>
<td>3,455</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>205</td>
<td>183</td>
<td>56</td>
<td>51</td>
<td>35</td>
<td>15</td>
<td>16</td>
<td>19</td>
<td>23</td>
<td>14</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2,086</td>
<td>908</td>
<td>834</td>
<td>767</td>
<td>2,776</td>
<td>1,835</td>
<td>1,493</td>
<td>2,048</td>
<td>1,777</td>
<td>1,647</td>
</tr>
<tr>
<td>Assets of disposal groups</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>614</td>
<td>–</td>
<td>–</td>
<td>614</td>
<td>296</td>
<td>3,417</td>
<td>3,264</td>
</tr>
<tr>
<td>Short-term assets</td>
<td>14,930</td>
<td>15,127</td>
<td>18,392</td>
<td>18,908</td>
<td>21,274</td>
<td>19,587</td>
<td>24,861</td>
<td>27,088</td>
<td>28,789</td>
<td>27,467</td>
</tr>
<tr>
<td>Total assets</td>
<td>35,448</td>
<td>35,670</td>
<td>45,291</td>
<td>46,802</td>
<td>50,860</td>
<td>51,268</td>
<td>59,393</td>
<td>61,175</td>
<td>64,327</td>
<td>62,726</td>
</tr>
<tr>
<td>Subscribed capital</td>
<td>1,383</td>
<td>1,317</td>
<td>1,279</td>
<td>1,224</td>
<td>1,176</td>
<td>1,176</td>
<td>1,176</td>
<td>1,176</td>
<td>1,176</td>
<td>1,176</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>11,923</td>
<td>11,928</td>
<td>13,302</td>
<td>14,556</td>
<td>13,250</td>
<td>12,916</td>
<td>15,817</td>
<td>19,446</td>
<td>20,106</td>
<td>23,708</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>(60)</td>
<td>696</td>
<td>325</td>
<td>174</td>
<td>(96)</td>
<td>156</td>
<td>1,195</td>
<td>314</td>
<td>(3,461)</td>
<td>(3,461)</td>
</tr>
<tr>
<td>Minority interests</td>
<td>328</td>
<td>482</td>
<td>531</td>
<td>971</td>
<td>1,151</td>
<td>1,132</td>
<td>1,253</td>
<td>1,246</td>
<td>1,224</td>
<td>1,010</td>
</tr>
<tr>
<td>Stockholders’ equity</td>
<td>16,602</td>
<td>17,523</td>
<td>18,578</td>
<td>20,098</td>
<td>18,722</td>
<td>18,609</td>
<td>22,657</td>
<td>25,385</td>
<td>25,804</td>
<td>25,621</td>
</tr>
<tr>
<td>Provisions for pensions and similar obligations</td>
<td>4,124</td>
<td>1,547</td>
<td>1,452</td>
<td>1,292</td>
<td>1,712</td>
<td>2,255</td>
<td>2,778</td>
<td>3,188</td>
<td>5,460</td>
<td>5,421</td>
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<tr>
<td>Other provisions</td>
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<td>2,791</td>
<td>3,080</td>
<td>3,015</td>
<td>2,757</td>
<td>3,289</td>
<td>3,352</td>
<td>3,335</td>
<td>3,024</td>
<td>2,925</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>948</td>
<td>699</td>
<td>1,441</td>
<td>1,090</td>
<td>2,167</td>
<td>2,093</td>
<td>2,467</td>
<td>2,628</td>
<td>2,511</td>
<td>2,234</td>
</tr>
<tr>
<td>Financial indebtedness</td>
<td>1,845</td>
<td>3,682</td>
<td>5,788</td>
<td>6,954</td>
<td>8,290</td>
<td>12,444</td>
<td>11,397</td>
<td>10,919</td>
<td>9,113</td>
<td>8,704</td>
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<tr>
<td>Other liabilities</td>
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<td>1,043</td>
<td>972</td>
<td>901</td>
<td>917</td>
<td>896</td>
<td>901</td>
<td>1,142</td>
<td>1,083</td>
<td>1,111</td>
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<tr>
<td>Long-term liabilities</td>
<td>10,372</td>
<td>9,762</td>
<td>12,733</td>
<td>14,222</td>
<td>16,843</td>
<td>20,979</td>
<td>21,168</td>
<td>19,313</td>
<td>21,191</td>
<td>20,395</td>
</tr>
<tr>
<td>Accounts payable, trade</td>
<td>2,372</td>
<td>2,777</td>
<td>4,755</td>
<td>3,763</td>
<td>2,734</td>
<td>2,786</td>
<td>4,738</td>
<td>5,121</td>
<td>4,696</td>
<td>4,502</td>
</tr>
<tr>
<td>Provisions</td>
<td>2,364</td>
<td>2,763</td>
<td>2,848</td>
<td>2,697</td>
<td>3,043</td>
<td>3,276</td>
<td>3,324</td>
<td>3,210</td>
<td>2,687</td>
<td>2,628</td>
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<tr>
<td>Tax liabilities</td>
<td>644</td>
<td>887</td>
<td>858</td>
<td>881</td>
<td>860</td>
<td>1,003</td>
<td>1,140</td>
<td>1,038</td>
<td>1,080</td>
<td>870</td>
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<tr>
<td>Financial indebtedness</td>
<td>1,453</td>
<td>259</td>
<td>3,695</td>
<td>3,148</td>
<td>6,224</td>
<td>2,375</td>
<td>3,369</td>
<td>3,985</td>
<td>4,242</td>
<td>4,094</td>
</tr>
<tr>
<td>Other liabilities</td>
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<td>1,699</td>
<td>1,824</td>
<td>1,976</td>
<td>6,234</td>
<td>2,240</td>
<td>2,802</td>
<td>3,036</td>
<td>2,395</td>
<td>2,623</td>
</tr>
<tr>
<td>Liabilities of disposal groups</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>17</td>
<td>–</td>
<td>195</td>
<td>87</td>
<td>2,232</td>
<td>1,993</td>
<td>1,993</td>
</tr>
<tr>
<td>Short-term liabilities</td>
<td>8,474</td>
<td>8,385</td>
<td>13,980</td>
<td>12,482</td>
<td>16,295</td>
<td>11,680</td>
<td>15,568</td>
<td>16,477</td>
<td>17,332</td>
<td>16,710</td>
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<tr>
<td>Total stockholders’ equity and liabilities</td>
<td>35,448</td>
<td>35,670</td>
<td>45,291</td>
<td>46,802</td>
<td>50,860</td>
<td>51,268</td>
<td>59,393</td>
<td>61,175</td>
<td>64,327</td>
<td>62,726</td>
</tr>
</tbody>
</table>

\(^1\) Starting in 2005, the accounting and reporting of the BASF Group have been performed in accordance with International Financial Reporting Standards (IFRS).

\(^2\) The 2004 figures have been reported in accordance with IFRS. The figures for the years up to and including 2003 were prepared in accordance with German Commercial Code.

\(^3\) As of 2013, the accounting of BASF Group is performed in accordance with IFRS 10 and 11 as well as International Accounting Standard (IAS) 19 (revised). The 2012 figures have been restated accordingly.
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• BASF Report 2012
• Interim reports
• Capital market story
• SRI Story
BASF Factbook 2013
We create chemistry

Enjoy sunny days without regrets thanks to UV filters from BASF. They absorb both UVA and UVB rays and turn them into harmless heat. Damage caused by short-wave UVB rays is quickly visible as a sunburn while long-wave UVA rays damage is not immediately noticeable. But these penetrate deeper into the skin and can cause premature skin aging. BASF’s UV filters are very light-resistant, which helps to protect skin longer and more reliably.

BASF supports the chemical industry’s global initiative Responsible Care.