

BASF Factbook 2016


Information for investors
and analysts



 **BASF**
We create chemistry

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. Forward-looking statements are not guarantees of the future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. Such factors include those discussed in the Opportunities and Risks Report from pages 113 to 120 of the BASF Report 2015. We do 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 2015, pages 113–120.



Green Sense® Concrete

Green Sense® Concrete is an optimized mixture program in which recycled cementitious and non-cementitious materials are used in combination with specially formulated BASF admixtures. The result is an environmentally-friendly, cost-effective concrete that meets, and often exceeds, performance targets. Green Sense® Concrete was also used in the construction of the One World Trade Center in New York.

Factbook 2016 was published in July 2016

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Dear Investors and Analysts,

I am pleased to share with you the latest edition of the BASF Factbook. It supplements the BASF Report 2015 and provides additional information to support our dialog with the financial markets. We hope the Factbook continues to be a helpful tool in your day-to-day work.

In 2015, we continued to shape our portfolio and to further improve our competitiveness. We built on the strengths of BASF to keep costs and cash under control. We were quick to adapt production to reflect weaker demand, reduced inventories and thus strengthened cash flow. Our STEP excellence program, which had been running since 2012, was completed faster than originally planned. It contributed €1.3 billion to earnings – more than was initially expected. At the end of September 2015, we launched the new program Drive, which is expected to contribute €1 billion to earnings annually from the end of 2018 onward.

“Strict cost and expenditure discipline is also a top priority in 2016.”

Strict cost and expenditure discipline is also a top priority in 2016. This applies in particular to lowering capital expenditures, which we will reduce significantly following the increase in 2013 to 2015 and the completion of several major projects in 2015.

We will continue to actively manage our portfolio. In 2015, we made a number of smaller, technology-driven acquisitions, but we also exited some businesses. For example, we divested parts of our pharmaceutical ingredients business as well as our global textile chemicals business. At the end of September 2015, we completed the divestiture of our gas trading and storage business to Gazprom. This business alone contributed approximately €10 billion to sales and €260 million to EBIT before special items in the first three quarters of 2015.

We announced the divestiture of our global industrial coatings and polyolefin catalysts businesses in February and April 2016, respectively. As a result, we will be able to concentrate even more closely on particularly promising areas of activity. In June 2016, we signed an agreement to acquire Albemarle's global surface treatment business, Chemetall. The company is a global technology and innovation leader in the metals surface treatment market. It offers a strong strategic fit for our coatings division and supports BASF's aim to grow profitably in downstream, innovation and solution-focused businesses.

Innovation remains at the heart of our competitiveness. In 2015, we reached our goal of around €10 billion sales with new and improved products that have been on the market for less than five years. Following a significant increase in research and development spending in the past years, we plan to maintain expenditure at the previous year's level in 2016 and further speed up and focus our research and development activities.

Our goal is to make our customers more successful by continually offering new products and solutions. In joint projects, we start working closely together with customers already at an early stage in order to innovate for a specific industry. Our global research and development network allows us to quickly adapt our products and solutions to local needs.

Since customers are increasingly focusing on sustainability, we see business opportunities that we want to capture through our innovations. We will further increase the proportion of sales from products that contribute particularly to sustainability. The wide range of activities we are undertaking reflect the dynamics of our industry and the contributions that chemistry and BASF – together with its customers – make towards improving quality of life, technical progress and efficient use of resources.

The BASF management team and I look forward to continuing our dialog during roadshows, investor days, and presentations of our quarterly results. We appreciate your input and reflections conveyed in our talks or via your reports.

Best regards,



Kurt Bock
Chairman of the Board of Executive Directors of BASF SE

“We will continue to actively manage our portfolio.”

“Innovation remains at the heart of our competitiveness.”

“We will further increase the proportion of sales from products that contribute particularly to sustainability.”

We create chemistry for a sustainable future



Urban mobility: The e-floater is a part of a solar powered and electric charged short distance mobility solution. More than 80% of the components are made from BASF composite and plastic materials, enabling ultra-lightweight structure and design freedom.

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BASF Group

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At a glance

Global leader

BASF is the world's leading chemical company

In 80+ countries

Employees contribute to our success

Broad portfolio

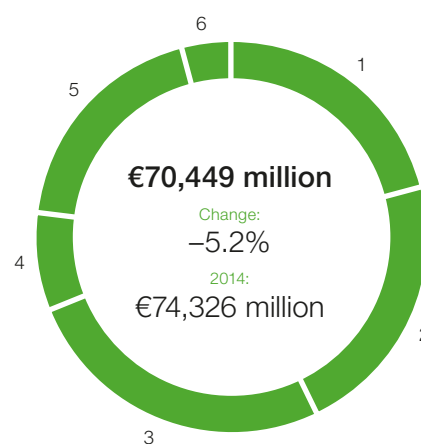
5 segments
13 divisions
84 strategic business units

At BASF, we create chemistry for a sustainable future. As the world's leading chemical company, we combine economic success with environmental protection and social responsibility. The approximately 112,000 employees in the BASF Group work on contributing to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio is arranged into five segments: Chemicals, Performance Products, Functional Materials & Solutions, Agricultural Solutions and Oil & Gas.

Well-balanced portfolio

Percentage of sales in 2015

1	Chemicals	– Petrochemicals – Monomers – Intermediates	21%
2	Performance Products	– Dispersions & Pigments – Care Chemicals – Nutrition & Health – Performance Chemicals	22%
3	Functional Materials & Solutions	– Catalysts – Construction Chemicals – Coatings – Performance Materials	26%
4	Agricultural Solutions	– Crop Protection	8%
5	Oil & Gas	– Oil & Gas (Exploration & Production and Natural Gas Trading ¹)	19%
6	Other		4%



¹ As of September 30, 2015 we divested our natural gas trading and storage business to Gazprom.

Key figures

in million €	2011	2012 ¹	2013	2014	2015
Sales	73,497	72,129	73,973	74,326	70,449
Income from operations before depreciation and amortization (EBITDA)	11,993	10,009	10,432	11,043	10,649
Income from operations (EBIT) before special items	8,447	6,647	7,077	7,357	6,739
Income from operations (EBIT)	8,586	6,742	7,160	7,626	6,248
Net income	6,188	4,819	4,792	5,155	3,987
Cash provided by operating activities	7,105	6,602	8,100	6,958	9,446
Earnings per share (EPS)	€ 6.74	5.25	5.22	5.61	4.34
Adjusted earnings per share (EPS)	€ 6.26	5.64	5.31	5.44	5.00
Dividend per share	€ 2.50	2.60	2.70	2.80	2.90
Dividend yield ²	% 4.6	3.7	3.5	4.0	4.1

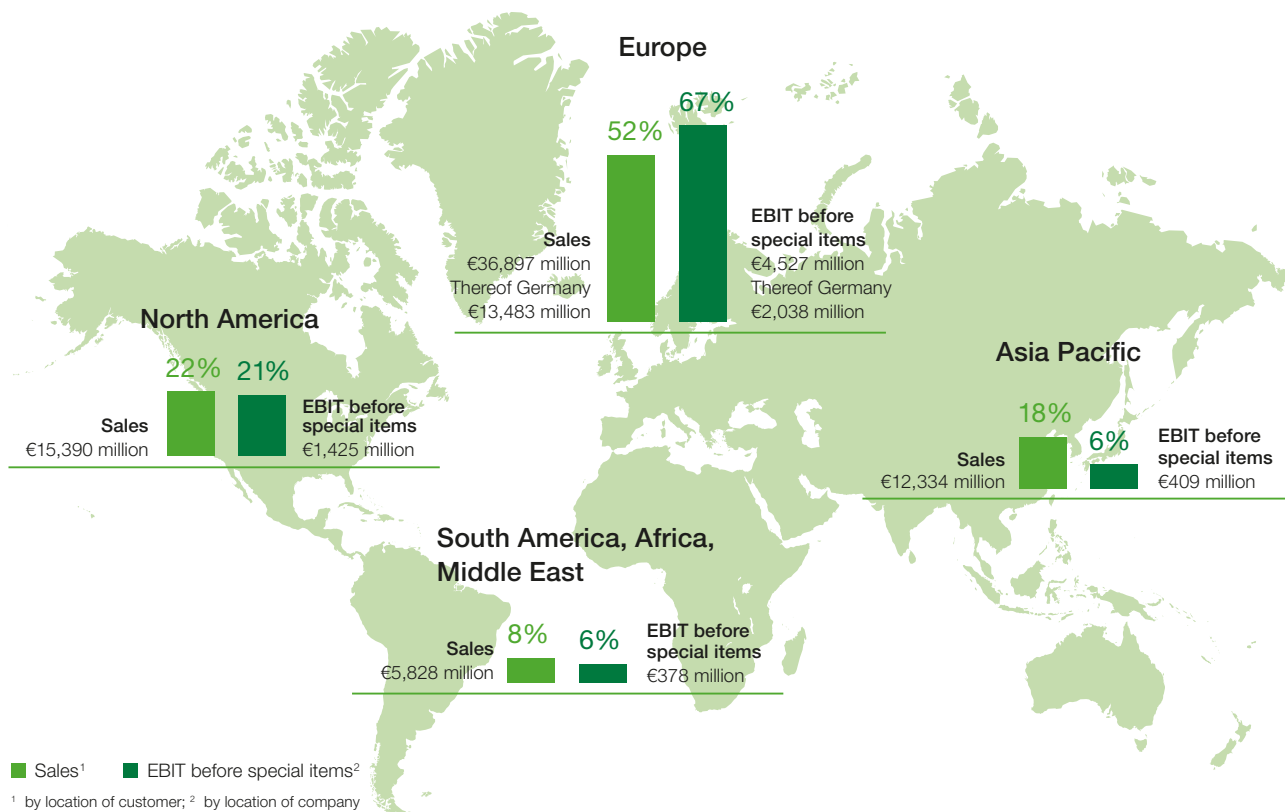
¹ We have applied International Financial Reporting Standards 10 and 11 as well as International Accounting Standard 19 (revised) since January 1, 2013. Figures for 2012 have been restated; no restatement was made for 2011.

² Based on year-end share price

Key facts

- More than 112,000 employees worldwide – including around 10,000 in research and development
- Customers in nearly all countries and in virtually all industries
- Top three market positions in about 70% of our business areas
- Unique Verbund concept: Production plants linked intelligently to save resources and energy; six world-scale Verbund sites around the globe
- Know-how Verbund with more than 600 excellent universities, research institutes and companies; around 3,000 research projects with customers, academia and partners; approximately 1,000 new patents filed in 2015

Regional footprint



Sales by industry¹

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

¹ Direct customers, percentage of sales 2015

Management Board

Board of Executive Directors

manages company and represents BASF SE in business with third parties

Supervisory Board

appoints, monitors and advises Board of Executive Directors

Shareholders

exercise rights of co-administration and supervision at Annual Shareholders' Meeting

Board of Executive Directors of BASF SE



Dr. Kurt Bock

Chairman of the Board of Executive Directors

58 years old, 25 years at BASF

Responsibilities:
Legal, Taxes, Insurance & Intellectual Property; Strategic Planning & Controlling; Communications & Government Relations; Global Executive Human Resources; Investor Relations; Compliance



Dr. Martin Bruder Müller

Vice Chairman of the Board of Executive Directors and Chief Technology Officer

55 years old, 28 years at BASF

Responsibilities:
Petrochemicals; Monomers; Intermediates; Process Research and Chemical Engineering; Corporate Technology & Operational Excellence; BASF New Business



Dr. Hans-Ulrich Engel

Chief Financial Officer

57 years old, 28 years at BASF

Responsibilities:
Finance; Oil & Gas; Procurement; Information Services & Supply Chain Operations; Corporate Controlling; Corporate Audit



Sanjeev Gandhi

49 years old, 22 years at BASF, based in Asia

Responsibilities:
Greater China & Functions Asia Pacific; South & East Asia, ASEAN & Australia/New Zealand



Michael Heinz

52 years old, 32 years at BASF

Responsibilities:
Dispersions & Pigments; Care Chemicals; Nutrition & Health; Performance Chemicals; Advanced Materials & Systems Research; Region South America; Perspectives



Dr. Harald Schwager

56 years old, 28 years at BASF

Responsibilities:
Construction Chemicals; Crop Protection; Bioscience Research; Region Europe



Wayne T. Smith

56 years old, 12 years at BASF, based in North America

Responsibilities:
Catalysts; Coatings; Performance Materials; Market & Business Development North America; Regional Functions North America



Margret Suckale

60 years old, 7 years at BASF

Responsibilities:
Engineering & Maintenance; Environment, Health & Safety; European Site & Verbund Management; Human Resources

Supervisory Board of BASF SE

Shareholder representatives

Dr. Jürgen Hambrecht

Chairman of the Supervisory Board of BASF SE
Former Chairman of the Board of Executive Directors of BASF SE

Michael Diekmann

Vice Chairman of the Supervisory Board of BASF SE
Former Chairman of the Board of Management of Allianz SE

Dame Alison J. Carnwath DBE

Senior Advisor Evercore Partners

Franz Fehrenbach

Chairman of the Supervisory Board of Robert Bosch GmbH

Prof. Dr. François Diederich

Professor at the Swiss Federal Institute of Technology, Zurich, Switzerland

Anke Schäferkordt

Member of the Executive Board of Bertelsmann SE & Co. KGaA
Co-CEO of RTL Group S.A.
Chief Executive Officer of RTL Television GmbH

Employee representatives

Robert Oswald

Vice Chairman of the Supervisory Board of BASF SE
Member of the Works Council of the Ludwigshafen site of BASF SE and of BASF's Joint Works Council

Francesco Grioli

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

Ralf-Gerd Bastian

Member of the Works Council of the Ludwigshafen site of BASF SE

Denise Schellemans

Full-time trade union delegate at BASF Antwerpen N.V.

Waldemar Helber

Vice Chairman of the Works Council of the Ludwigshafen site of BASF SE

Michael Vassiliadis

Chairman of the Mining, Chemical and Energy Industries Union (IG BCE)

For further information, please refer to the BASF Report 2015, pages 138–139.

Two-tier management system of BASF SE

Board of Executive Directors



8 members

appointed by the Supervisory Board

Chairman

appointed by the Supervisory Board



Supervisory Board



12 members

6 shareholder representatives elected at the Annual Shareholders' Meeting and 6 employee representatives

Chairman

elected by the Supervisory Board

Corporate governance and compliance

<p>Code of Conduct</p> <p>forms core of our Compliance Program</p>	<p>More than 64,000</p> <p>employees participated in compliance training</p>	<p>92 audits</p> <p>conducted internally on compliance</p>
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With our Group-wide Compliance Program, we aim to ensure adherence to legal regulations and the company’s internal guidelines. We have integrated compliance into our “We create chemistry” strategy. Our employee Code of Conduct firmly embeds these mandatory standards into everyday business. Members of the Board of Executive Directors are also expressly obligated to follow these principles.

Compliance Program and Code of Conduct

Based on international standards, BASF’s Compliance Program combines important laws and company policies – themselves exceeding legal requirements – with external voluntary commitments to create a framework regulating how all BASF employees interact with business partners, officials, colleagues and society. At the core of our Compliance Program is the global, standardized Code of Conduct received by every employee. All employees and managers are obligated to adhere to its guidelines, which describe proper conduct with regard to issues such as corruption and antitrust legislation as well as topics like human rights, labor and social standards, conflicts of interest, trade control, and protection of data privacy.

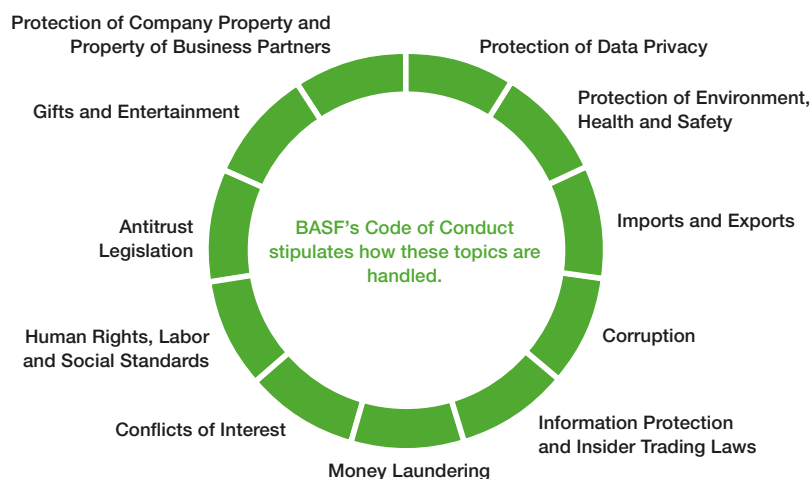
Abiding by compliance standards is the foundation of responsible leadership. This has been expressly embedded in our values, where we state: “We strictly adhere to our

compliance standards.” We are convinced that compliance with these standards will not only prevent violations that could result in penalties and fines; we also view compliance as the right path toward securing our company’s long-term success.

Our efforts are aimed at preventing violations. All employees are required within a prescribed time frame to take part in basic compliance training, refresher courses and special tutorials dealing with, for example, antitrust legislation or trade control regulations. Training takes place in different formats, including face-to-face training, e-learning or workshops. In addition, we introduced a new e-learning program on trade control in 2015, focusing on export controls and embargoes. In total, more than 64,000 employees worldwide took part in around 70,000 hours of compliance training in 2015.

For further information, please refer to the BASF Report 2015, pages 136–137.

BASF’s Code of Conduct



Working at BASF

112,435
employees
around the world

Life-long learning
on center stage

3,240
apprentices in around
60 occupations

Our employees are fundamental to achieving the goals of the “We create chemistry” strategy. We want to attract and retain talented people for our company and support them in their development. To do so, we cultivate a working environment that inspires and connects people. It is founded on inclusive leadership based on mutual trust, respect and dedication to top performance.

Strategy

Our Best Team Strategy is derived from our corporate strategy and simultaneously contributes to the achievement of its goals. We want to form the best team. To achieve this, we focus on three strategic directions: excellent people, excellent place to work and excellent leaders. Emphasis here is placed on our attractiveness in worldwide labor markets, personal and professional development, life-long learning, and supporting and developing our leaders. We are strongly committed to internationally recognized labor and social standards and strive to respect these worldwide.

Number of employees

At the end of 2015, BASF had 112,435 employees (2014: 113,292); of these, 3,240 were apprentices (2014: 3,186). We hired 7,489 new employees Group-wide in 2015. Reductions in headcount came in part from the sale of portions of the pharmaceutical ingredients and services business to Siegfried Holding AG, based in Zofingen, Switzerland, as well as from the asset swap with Gazprom.

BASF Group employees by region

	December 31, 2015	%
Europe	70,079	62.4
Thereof Germany	52,837	47.0
North America	17,471	15.5
Asia Pacific	17,562	15.6
South America, Africa, Middle East	7,323	6.5

Worldwide, the percentage of employees who resigned during their first three years of employment was 1.1% on average in 2015. This turnover rate was 0.4% in Europe, 1.9% in North America, 3.3% in Asia Pacific and 1.1% in South America, Africa, Middle East. Our turnover rates are therefore lower than those of many other companies.

Compensation and benefits

In addition to market-oriented compensation, BASF's total offer also comprises benefits, individual opportunities for development and a good working environment. Our employees' pay is based on global compensation principles. These take into account an employee's position and individual performance as well as the company's success. Analyses of the Ludwigshafen site have shown that, for contracts exempt from collective agreements, there are no systematic differences in pay between men and women, provided the positions and qualifications are comparable.

BASF Group personnel expenses (in million €)

	2015	2014	Change in %
Wages and salaries	7,943	7,380	7.6
Social security contributions and expenses for pensions and assistance	2,039	1,844	10.6
Thereof for pension benefits	658	560	17.5
Total personnel expenses	9,982	9,224	8.2

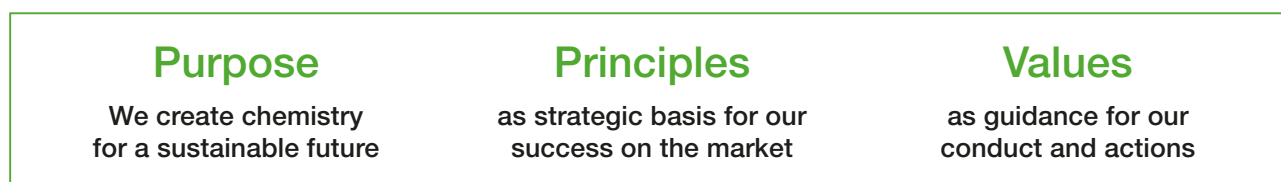
As a rule, compensation comprises fixed and variable components as well as benefits that often exceed legal requirements. In many countries, these include company pension benefits, supplementary health insurance, and share programs.

In 2015, the BASF Group spent €9,982 million on wages and salaries, social security contributions and expenses for pensions and assistance (2014: €9,224 million). Personnel expenses therefore rose by 8.2%, particularly owing to currency effects. Higher salaries and wages, in addition to expenses for the anniversary bonus and the long-term incentive (LTI) program, also contributed to the increase.

For further information, please refer to the BASF Report 2015, page 189.

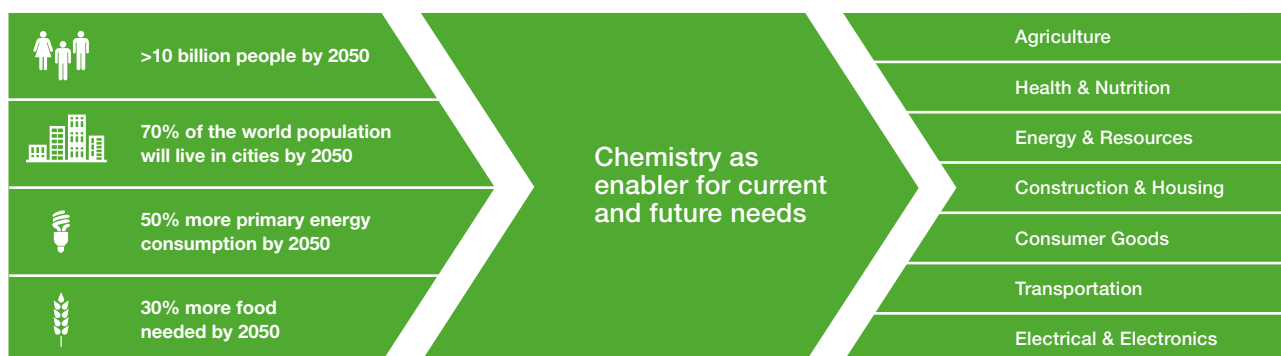
Strategy

Corporate strategy



With the “We create chemistry” strategy, BASF has set itself ambitious goals in order to strengthen its position as the world’s leading chemical company. We want to contribute to a sustainable future and have embedded this into our corporate purpose: “We create chemistry for a sustainable future.”

Chemicals remains a growth industry



Chemistry is an enabler for solutions to the current and future needs of our society. This is the cornerstone of our “We create chemistry” strategy. The number of people living on earth is growing. The latest U.N. figures forecast a global population of more than 10 billion by 2050. Between 2015 and 2050, the number of people living in cities will grow by almost 3 billion. More and more people need access to affordable energy, housing, healthcare and quality food. This has to be achieved by consuming fewer resources, be it land, water, minerals, or oil. For example, each year, the area of arable land is shrinking by 12 million hectares (equivalent to 50% of the size of the United Kingdom). In order to protect our planet and to manage with the resources it provides, the way people live has to become much more sustainable. Chemistry will provide the products and technologies that will enable us to consume less input materials, be more efficient and produce better products for everyone.

Emerging markets

We continue to expect that chemical production will grow faster than global gross domestic product. However, the pace of growth will vary from region to region. The emerging markets are and will remain the global growth drivers. Asia Pacific is already the largest chemical growth market. Without China, the growth of global chemical production would be 2 percentage points lower. In the developed markets, Western Europe is expected to get back on the growth track, but at a relatively low level. Low feedstock costs and an expanding economy will drive the growth of chemical production in North America.

Innovation

Research and development remains a key factor for differentiation. This is indicated by the strongly increasing number of patents. Between 2001 and 2013, the number of chemical patents doubled. BASF is very well positioned when it comes to innovation. In 2015, we applied for approximately 1,000 new patents. We were ranked No. 1 in the Patent Asset Index™ for the seventh time in succession.

Thanks to our global R&D setup, including major platforms in Europe, North America and Asia, we have an excellent position to create innovations that meet regional market needs.

Our priorities

- Grow sales and earnings faster than global chemical production, driven by:
 - continued focus on innovations
 - capital expenditures
 - acquisitions
 - operational excellence and Verbund advantages
- Continue to actively manage our portfolio
- Maintain industry-leading position in sustainability
- Focus on cash generation/conversion

Capital expenditures

From 2005 to 2010, we increased acquisitions to grow BASF, but reduced our capital expenditures below depreciation levels. Since 2011, we have significantly reduced acquisition activities. In 2015, capital expenditures peaked at over €5 billion. With several large projects either being in the start-up phase or coming close to finalization, we are now ramping down capital expenditures to levels slightly above depreciation. In the differentiated commodity businesses, we will invest in new assets where we benefit either from proprietary technologies or Verbund advantages. In the specialties and solutions businesses, we will build plants to accompany the growth of innovative products. Furthermore, we will continue to broaden our regional base. In Oil & Gas, we will focus our investment budget on the most promising projects. The target is to keep a reserve-to-production ratio of about 10 years.

Acquisitions

We will continue to strictly adhere to our acquisition criteria. We want to acquire businesses which generate profitable growth above the industry average. Any acquisition should be innovation-driven, offer a special value proposition to customers and reduce earnings cyclicalities for the BASF Group. All future acquisitions have to fulfill our strict financial criteria. They should be EPS accretive by year three at the latest and should yield a minimum return on investment after tax of 8% per year. The minimum hurdle rate will increase if the acquisition is made in countries which belong to a higher risk category.

Operational excellence

In recent years, we have further improved our operational excellence. We realized annual earnings contributions of €1.3 billion from our STEP program, exceeding the target of €1 billion. Our new program, called DrivE, will further enhance efficiency. It will run from 2016 to 2018 and aims to achieve a yearly earnings contribution of €1 billion from the end of 2018 onward. DrivE includes measures in production, engineering, maintenance, logistics, procurement and administration that are expected to lower fixed costs and raise profit margins.

Financial targets for the coming years

Our aim for the years ahead is, on average, to grow sales slightly faster and EBITDA well above global chemical production, and to earn a significant premium on our cost of capital. Moreover, we strive for a high level of free cash flow each year. We stick to our policy of raising or at least maintaining the dividend at the prior-year level.

Financial targets for the coming years

Sales growth

Slightly faster than global chemical production

EBITDA growth

Well above global chemical production

Deliver attractive returns

Earn a significant premium on cost of capital

Remain a strong cash provider

Continuously generate high levels of free cash flow

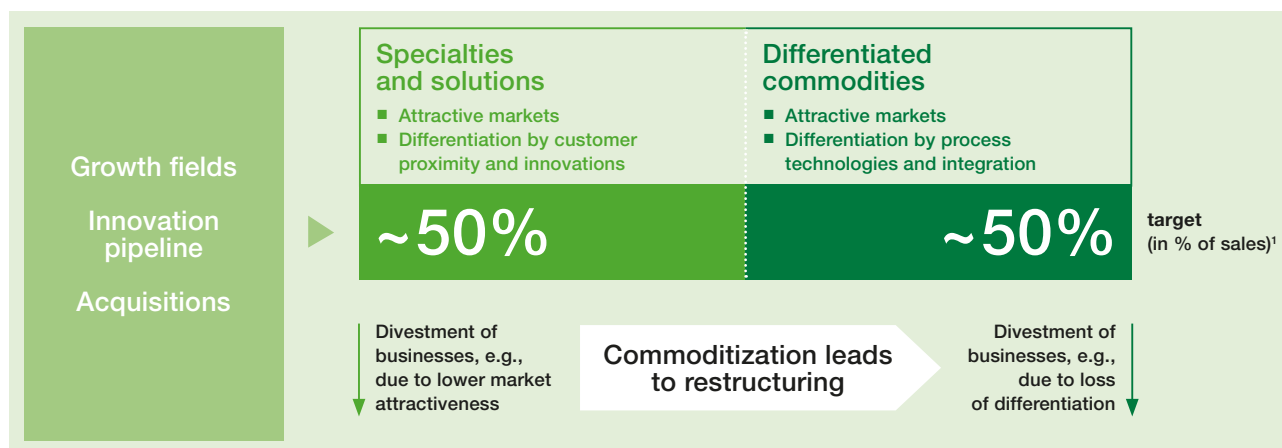
Progressive dividend policy

We want to grow or at least maintain our dividend

Portfolio management

BASF actively manages its portfolio. In recent years, we have continuously optimized our portfolio through acquisitions, divestitures and partnerships.

Maintaining a balanced portfolio



¹ Excluding Oil & Gas sales

Maintaining a balanced portfolio

Our portfolio consists of two distinct business models: specialties and solutions as well as differentiated commodities.

Specialties and solutions

In the specialties and solutions product lines, we operate in growing markets that are driven by innovations and customers' willingness to pay for unique product solutions. We also enter into partnerships with customers to jointly develop innovations which help them to optimize their processes and applications. Typical examples for such products are crop protection products, OEM coatings or BASF's Infinergy® material, which was jointly developed with our customer adidas.

Differentiated commodities

Markets for differentiated commodities are typically well developed. We differentiate ourselves successfully by best-in-class technologies and Verbund benefits. A good example is acrylic acid. In this established product class we were able to improve the production process, leading to a superior cost position. We have protected our competitive edge with over 200 patent families for the new acrylic acid process.

In recent years, we have seen an increasing trend towards commoditization, which will continue in the future. By constantly improving our innovation pipeline, we enhance our portfolio with innovative products and solutions. Additionally, we will continue to make selective acquisitions which help us strengthen our position in attractive business fields.

Active portfolio management

Since 2010, we have divested businesses with sales of around €20 billion. These were mainly activities with a limited strategic fit or differentiation potential. They included the gas trading and storage business as well as the styrenics business and our participation in VNG. On the other hand, we acquired growing and innovation-driven businesses with sales of more than €5.2 billion. The majority of the acquired businesses are new to BASF and complement our portfolio, helping to improve our position in the relevant markets.

Our goal is to acquire businesses that

- Generate profitable growth above the industry average
- Are innovation-driven
- Offer a special value proposition to customers
- Reduce cyclicalities of earnings

Financial acquisition criteria

- Positive contribution to earnings per share (EPS) by year three at the latest
- Minimum return on investment of 8% annually after tax
- Additional return requirements depending on country risk

Active portfolio management



¹ Closing expected in 2016

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:

Gazprom	Long-term upstream partnership in Oil & Gas	Oil & Gas	since 1990
PETRONAS	Joint venture partner in Verbund site Kuantan, Malaysia	Chemicals	since 1997
Total	Joint venture partner in steam cracker in Port Arthur, Texas Joint venture partner in world-scale C4 olefins complex in Port Arthur, Texas	Chemicals	since 1998
Shell	Joint venture for SMPO production in the Netherlands	Chemicals	since 1999
Sinopec	Joint venture partner in Verbund site Nanjing, China, and for isononanol plant in Maoming, China	Chemicals	since 2000
Monsanto	Collaboration in plant biotechnology focusing on development of high-yielding and stress-tolerant crops with BASF Plant Science	Other	since 2007
Statoil	Cooperation between Wintershall and the leading Norwegian oil and gas major	Oil & Gas	since 2013
Yara	Joint venture for the production of ammonia in Freeport, Texas	Chemicals	since 2015

Innovation

Effective and efficient research and development is an important growth engine for BASF. We work in interdisciplinary teams on innovative processes and products for a sustainable future. This is how we ensure our long-term business success with chemistry-based solutions for almost all sectors of industry.

A growing need for energy, food and clean water, limited resources and a rising world population – reconciling all these factors is the greatest challenge of our time. Innovations based on chemistry play a key role here, as they contribute decisively to new solutions.

R&D expenditures as percentage of sales

(2015, excluding Oil & Gas)

~3%

We set ourselves ambitious goals: In 2015, we wanted to achieve sales of around €10 billion with new and improved products or applications that had been on the market since 2011. Despite the challenging market environment, we have achieved this sales goal. We reached our associated goal, which was to achieve margins with innovations that exceeded those of the rest of the product portfolio. In the long term, we aim to continue significantly increasing sales and earnings with new and improved products.

Research and development expenditures (in billion €)

2015	1.95	
2014	1.88	
2013	1.85	
2012	1.73	
2011	1.61	

Our innovative strength is based on our global team of highly qualified employees from various disciplines. We had around 10,000 employees involved in research and development in 2015. At the beginning of 2015, we arranged the central research units Process Research & Chemical Engineering, Advanced Materials & Systems Research, and Bioscience Research into three global platforms, each headquartered in one of the regions particularly significant for us: Europe, Asia Pacific and North America. As knowledge and competence centers, they form the core of our global Know-how Verbund, joined by the development units in our operating divisions. BASF New Business and BASF Venture Capital supplement this network. Their task is to develop attractive new markets and new business models for BASF based on new technologies.

Global network in science and industry

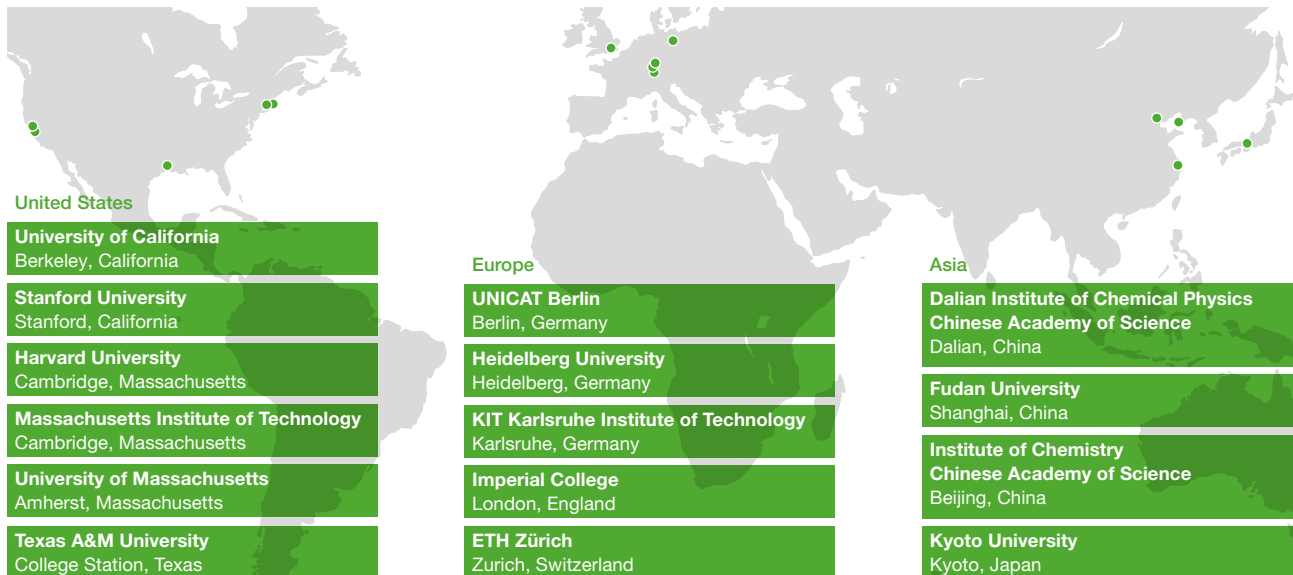
Our global network with more than 600 excellent universities, research institutes and companies is an important part of our Know-how Verbund. We collaborate with them in many different disciplines in order to achieve our growth targets. In our excellence program UNIQUE, we are working particularly intensively with 15 leading universities around the world. This program will strengthen and expand our portfolio with creative new projects by giving us even more direct access to scientific expertise, new technologies and talented minds from various disciplines. One member of UNIQUE is Heidelberg University, with whom we signed a collaboration agreement for our joint “Catalysis Research Laboratory” (CaRLa) in the spring of 2015. The research cooperation with Heidelberg University began in 2006 and addresses current issues in homogeneous catalysis. The partnership was extended to October 2017.

Together with researchers from Harvard University – also a member of UNIQUE, as well as of our North American Center for Research on Advanced Materials (NORA) – BASF researchers developed a new method for making amorphous nanoparticles with increased solubility. This property improves the efficient uptake of, for example, vitamins and drugs in the human body. The new process is well suited to a number of different pharmaceutical, food and crop protection applications.

Strategic focus – examples

Our research pipeline comprised approximately 3,000 projects in 2015. We increased our spending on research and development by €69 million to €1,953 million (2014: €1,884 million); the operating divisions were responsible for 79% of total research and development expenditures. The remaining 21% was allocated to cross-divisional corporate research focusing on long-term topics of strategic importance to the BASF Group. Innovations based on chemistry require market-oriented research and development that is sharply focused on the needs of our customers. In order to bring promising ideas to market even faster, we regularly assess our research projects using a multistep process and focus our topics accordingly.

UNIQUE – global partnership program with leading universities



Another vital factor for our success is a global research and development presence. We continued to broaden our activities in 2015, especially in Asia. In May, we opened a new agricultural research station in Pune, India. The new facility is part of our global research network in the areas of herbicides, fungicides and insecticides, as well as on solutions going beyond classic crop protection. In addition, we are also addressing topics there that are especially relevant for India.

The extension of our Innovation Campus Asia Pacific in Shanghai, China, was inaugurated in November, strengthening regional research capacity for new materials and systems, as well as our power of innovation for both the region and the world.

We aim to further strengthen our research and development activities in Asia as well as in North and South America. Our plan is to conduct half of our research and development activities outside of Europe in the long term. We are adapting this to the growth in regional markets. This increased presence outside Europe creates new opportunities for fortifying and expanding customer relations and scientific collaborations. This also shores up our Research and Development Verbund making BASF an even more attractive partner and employer in the regions. Ludwigshafen remains the largest site in our Research Verbund. This was emphasized by the investment we made in a new research building that opened in July 2015. It creates modern workspaces and ideal cooperation conditions for around 200 employees in the platform Advanced Materials & Systems Research.

The number and quality of our patents attest to our power of innovation and long-term competitiveness. We filed around 1,000 new patents worldwide in 2015. For the seventh time in succession, we headed the rankings in the Patent Asset Index™ in 2015 – a method which compares patent portfolios industry-wide. This once again underscores BASF’s power of innovation.

Expenditures on research and development by segment

1	Chemicals	11%
2	Performance Products	20%
3	Functional Materials & Solutions	20%
4	Agricultural Solutions	26%
5	Oil & Gas	2%
6	Corporate research, Other	21%



R&D facts and figures 2015

- Around 10,000 employees worldwide in research and development
- Pipeline with around 3,000 projects
- Global Know-how Verbund with more than 600 excellent universities, research institutes and companies
- Approximately 1,000 new patents filed
- Ranked No. 1 in Patent Asset Index™ for seventh time in succession

Innovation examples

In three major areas chemistry-based innovations will play a key role in the future: resources, environment and climate; food and nutrition; and quality of life. Chemistry serves as an enabler for customer industries in these areas.

Kollicoat IR®

A tablet coating of many talents



With Kollicoat IR® a separate plasticizer to coat tablets is no longer needed.

Tablet coatings no longer need to include a separate plasticizer, thanks to the polymer Kollicoat IR®. It provides particularly effective protection for the active ingredients in film-coated pharmaceutical tablets and nutritional supplements. It also allows for more efficient and resource-saving production methods. Additionally, Kollicoat IR's® exceptional binding properties without any peroxide formation recently opened up a completely new application field as a tablet binder for oxygen-sensitive active pharmaceutical ingredients.

Key facts

- Film-forming properties combined with plasticizing action
- Savings of up to 60% in terms of water, energy and time through the entire coating process
- New application as strong tablet binder launched in 2015

AgMusa™

An integrated planting solution for sugarcane



The AgMusa™ system allows farmers to plant a new sugarcane population with optimal plant health standards.

Brazil is the world's top producer of sugarcane, and demand has been growing for years. Yet conventional sugarcane cultivation is complex, and the necessary automation adversely affects the cane's quality. With AgMusa™, BASF offers farmers an integrated planting solution with sugarcane seedlings of excellent quality, enabling higher yields. The AgMusa™ planting system combines chemical crop protection, innovative technology and personal on-site consultation in a totally new way.

Key facts

- 15% higher yield per hectare
- Greater crop longevity
- More harvests field replanting

FWC™**Four ways to a clean gasoline engine**

The four-way conversion catalyst consists of a monolith coated with precious metal slurry.

Increasing mobility, especially in big cities, has a negative impact on air quality. BASF's FWC™ four-way conversion catalyst is a trailblazing technology for reducing pollution from gasoline-powered combustion engines. As well as removing gaseous pollutants, it also filters carbon particulates from tailpipe emissions. BASF researchers have combined all important features in a single engine component, helping automotive manufacturers comply with more stringent emissions regulations without having to install a separate gasoline carbon particle filter.

Key facts

- Four-way conversion catalyst system helps to comply with Euro 6c standard
- More than 95% of the undesired substances from the exhaust gas flow can be removed
- Long-term durability even after more than 160,000 kilometers driven

SELECTIPUR®**Ultrapure sulfuric acid for microchip production**

As integrated circuits have consistently migrated to smaller feature sizes, the cleaning process is more important than ever.

As a cleaning chemical, sulfuric acid plays a critical role in the electronics industry when it comes to producing microchips. The product's increased purity reduces deposits to the point that very fine structures can be created. We implemented the necessary process improvement with high purity raw materials, with plastic lined devices, new technologies for filling and sample taking. Our sulfuric acid provides now a level of purity 20 times higher than existing standards thereby enabling chips that are seven times faster than today's usual 22-nanometer scale chips.

Key facts

- Computer chips made seven times faster
- Surface structures in the 10-nanometer scale
- Expected annual sales growth in this application of 8%

Investments

In addition to innovations, investments and acquisitions make a decisive contribution toward achieving our ambitious growth goals. We are shifting our investments towards emerging markets and North America. We use targeted acquisitions to supplement our organic growth.

For the period from 2016 to 2020, we have planned capital expenditures¹ of €19.5 billion. We want to invest more than a quarter of this amount in emerging markets and expand our local presence in order to benefit from the growth in these regions. In North America, attractive growth prospects and cost-effective raw material prices are strengthening our investment plans in the region. In the Oil & Gas segment, our planned investments of around €4.8 billion between 2016 and 2020 will focus mainly on the development of proven gas and oil deposits in Argentina, Norway and Russia. The actual amount of expenditure will depend on oil and gas price developments and be adjusted as needed.

¹ For further information, please refer to the BASF Report 2015, page 125 onward.

¹ Excluding additions to property, plant and equipment resulting from acquisitions, capitalized exploration, restoration obligations and IT investments

Investments

We invested €5,651 million in property, plant and equipment in 2015. Total investments therefore exceeded the previous year's level by €283 million, due in part to currency effects. We presume that average yearly investment between 2016 and 2020 will be lower compared with 2015, after having started up operations at several major plants. Our investments in 2015 focused on the Chemicals, Oil & Gas and Performance Products segments.

In Ludwigshafen, Germany, we constructed an integrated TDI complex with a capacity of 300,000 metric tons per year and expanded the plants for its associated precursors. The gradual startup of the complex began in November 2015. TDI is an important basic chemical product that is used primarily for soft polyurethane foams.

The acrylic acid and superabsorbent production complex in Camaçari, Brazil, began operations in the second quarter of 2015, and the MDI plant in Chongqing, China, started up in August 2015. In Kuantan, Malaysia, we are building an integrated aroma ingredients complex. The expansion of our Verbund site in Nanjing, China, is proceeding well. With these major investments, we are expanding our presence in the emerging markets of Asia and South America.

Together with Yara International ASA, based in Oslo, Norway, we began construction on an ammonia production plant in Freeport, Texas.

In the Oil & Gas segment, we invested primarily in field development projects in Argentina, Norway and Russia in 2015.

Capital expenditures by segment 2016–2020

1	Chemicals	30%
2	Performance Products	16%
3	Functional Materials & Solutions	12%
4	Agricultural Solutions	4%
5	Oil & Gas	24%
6	Other	14%



Capital expenditures by region 2016–2020

1	Europe	46%
2	North America	26%
3	Asia Pacific	18%
4	South America, Africa, Middle East	9%
5	Alternative sites under review	1%



Major investment projects



Aroma ingredients complex Kuantan, Malaysia

- BASF and PETRONAS started to further expand its activities in Malaysia
- Investment: around €500 million
- Startup of first plants in 2016



Automotive coatings Caojing, China

- Expansion of world-scale automotive coatings plant at Shanghai Chemical Industry Park
- Investment: around €140 million
- Startup planned for fourth quarter of 2017



Chemical catalysts Caojing, China

- World-scale chemical catalysts production facility
- BASF's first process catalysts manufacturing facility in Asia Pacific will produce base metal catalysts, custom catalysts and adsorbents
- Startup planned for second half of 2016



Polyisobutene plant Kuantan, Malaysia

- BASF and PETRONAS are building a world-scale highly-reactive polyisobutene (HR-PIB) plant with an annual capacity of 50,000 metric tons
- Expanding polyisobutene production network into South Asia
- Startup planned for fourth quarter of 2017



Mobile emissions catalysts Rayong, Thailand

- New site to produce light-duty and motorcycle emissions catalysts including four production lines
- Startup planned for second quarter of 2017



Engineering plastics Schwarzheide, Germany

- Expansion by an annual capacity of 70,000 metric tons for Ultramid® and Ultradur®
- Increasing BASF's global compounding capacity for polyamide and PBT to an annual capacity of more than 700,000 metric tons
- Startup planned for 2017

Operational excellence

In order to remain competitive, we continuously improve our operations and reduce costs.

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 STEP contributes €1.3 billion to earnings from 2015 onward.

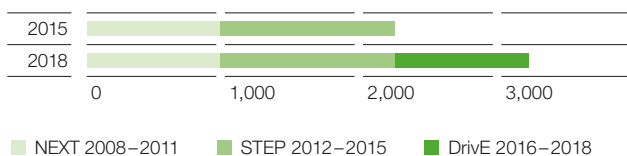
DrivE – targeted annual earnings contribution from the end of 2018 onward

~€1 billion

Our current strategic excellence program DrivE will further strengthen our competitiveness and profitability. By the end of 2018, DrivE is expected to contribute around €1 billion to earnings, compared with the baseline year 2015.

The program includes measures in the areas of production, engineering, maintenance, logistics, procurement and administration that are expected to lower fixed costs and raise profit margins.

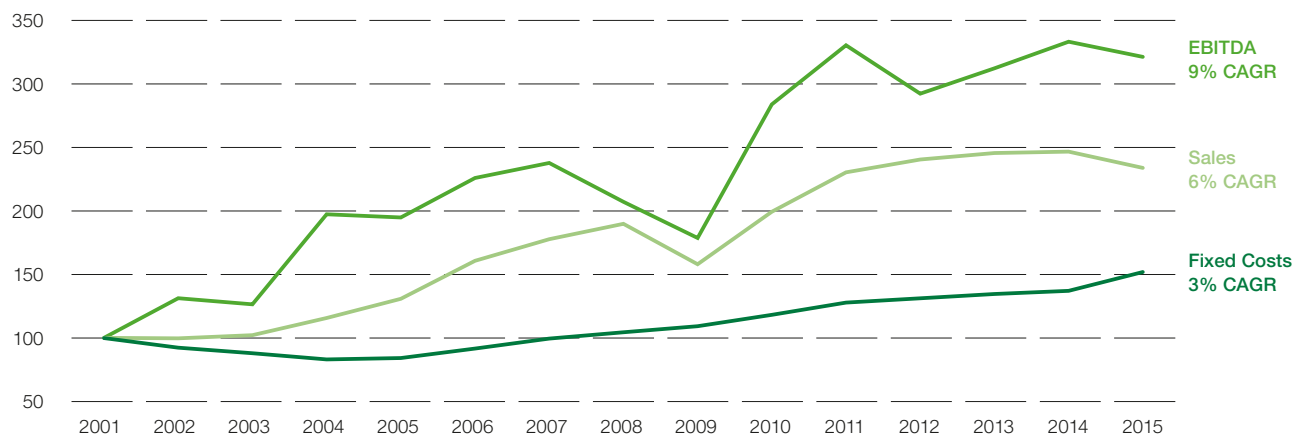
Annual earnings contribution (in million €)



DrivE case study: more effective logistics

Our efficiency projects focus not only on improving our production effectiveness, but also our logistics chain. One example from our recently launched DrivE program is the logistics improvement at our production site in Lemförde, Germany. The goal was to increase the loading capacity of inbound traffic by reducing the number of transports. The BASF team at the site switched the inbound bulk traffic from the highway to the railway using a new terminal in Osnabrück, Germany. For the outbound bulk traffic from Lemförde, only one dedicated carrier is now needed. As well as saving costs, this also improves the reaction time of the outbound traffic and requires less investment in infrastructure. The full benefit of this improvement will already be realized in 2016.

BASF Group¹: Strong track record in operational excellence (indexed; Compound Annual Growth Rate (CAGR) 2001-2015)



¹ Excluding companies with major IFRS 10/11 restatements, i.e., BASF YPC Nanjing, Libya onshore, other Oil & Gas and Catalysts companies

Verbund concept

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.



A system that creates efficient value chains

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, achieve 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 more than €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.

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 by road, rail, river and sea. This provides not only a significant cost saving for BASF, but also reduces fuel consumption and carbon emissions. In addition, the associated costs of handling and storage are eliminated.

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. Steam 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, an annual reduction in carbon emissions of around 3.5 million metric tons is realized. In addition, BASF is continuously investing in highly efficient energy generation technologies such as combined heat and power (CHP) plants. Through the use of these environmentally friendly CHP plants an additional annual reduction in carbon emission of around 2.7 million metric tons is realized.

Infrastructure Verbund

At our Verbund sites, we also benefit from shared use of on-site facilities such as the fire department, security, wastewater treatment and analytics.

Verbund flexibility

- Despite its complexity, the Production Verbund can respond flexibly to fluctuating demand.
- The Verbund Simulator is a proprietary IT tool that helps us to steer the Verbund through different scenarios.
- The economic crisis in 2008/2009 was an outstanding example. Within the Verbund we were able to reduce utilization of our crackers to exceptionally low levels and thus remain operational.

Sustainability through the Verbund

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. With the Energy Verbund, we avoid around 6 million metric tons of greenhouse gas emissions per year, and have an equivalent of 280,000 fewer truckloads through the Logistics Verbund.



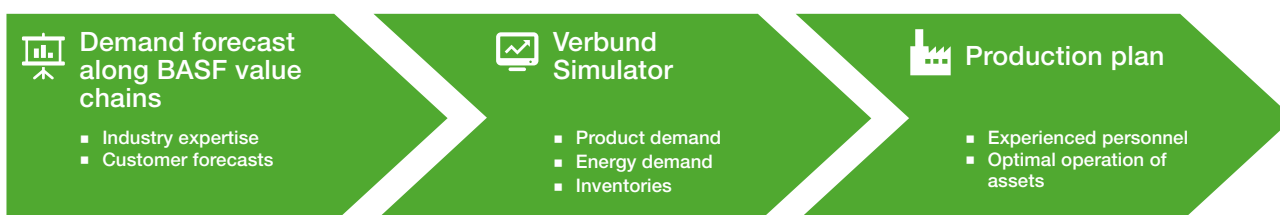
Logistics Verbund

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 use this network to transport 7 million metric tons of freight every year, meaning roughly 280,000 fewer truckloads or more than 3,000 fewer cargo shipments are required. This not only provides significant cost savings for BASF but also significantly reduces our fuel consumption and thus carbon dioxide emissions. In addition, the Logistics Verbund requires less storage capacity and lower working capital.

Cost savings (per year)

> €600 million

Managing the Verbund





Energy Verbund

Our Verbund system links our production and energy demands, thus making a major contribution to energy efficiency. Rather than being discharged into the environment, heat from production processes 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 Verbund site, we operate two acrylic acid plants, which meet around 10% of the steam requirements of the entire site. Acrylic acid production is therefore not only an important supplier to various downstream facilities (such as superabsorbents), it also contributes significantly to the savings of the Energy Verbund.

Cost savings (per year)

> €300 million



Infrastructure Verbund

At our Verbund sites, we also benefit from shared use of on-site facilities such as the fire department, security, wastewater treatment and analytics. For example, BASF achieves economies of scale with its central wastewater treatment plant at the Ludwigshafen site which cleans the water discharged from our 110 production facilities, as well as the wastewater from the city of Ludwigshafen and other external customers. The global Analytics Verbund connects all the laboratories in the analytics departments. It fosters an easy exchange of information and quick communication concerning all topics related to analytics. This guarantees an effective and efficient use of all analytics resources to strengthen our customer focus and to ensure a process of continuous improvement.

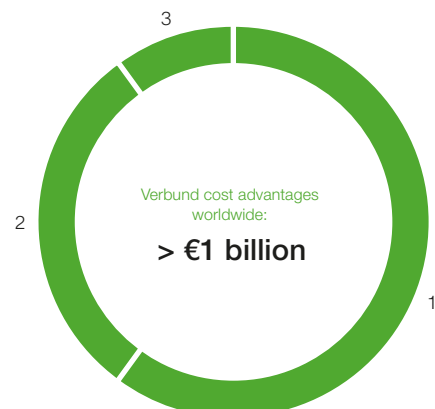
Furthermore, by regionally organizing the fire brigade control centers into the "SPIDER" network, the BASF fire department was able to increase the efficiency of its services. In addition, our vehicle pool has been standardized, resulting in lower investment and maintenance costs.

Cost savings (per year)

> €100 million

Verbund cost advantages – breakdown

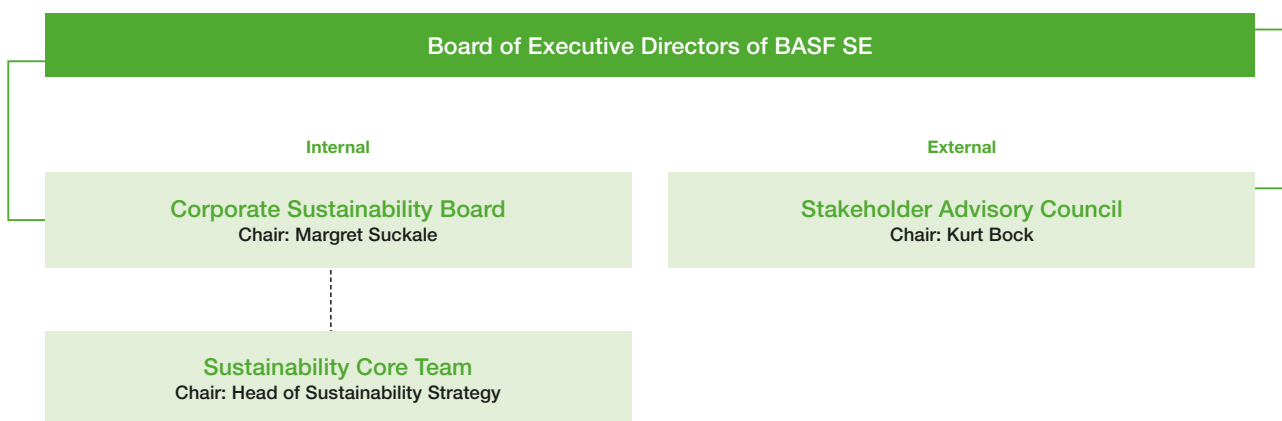
1	Logistics Verbund	60%
2	Energy Verbund	30%
3	Infrastructure Verbund	10%



Sustainability

Sustainability is embedded into our corporate strategy. We employ the various tools of our sustainability management toward living out our company purpose: “We create chemistry for a sustainable future.” This is how we underpin the strategic principle, “We drive sustainable solutions.” By integrating sustainability aspects into our core business, we take advantage of business opportunities and minimize risks along the value chain.

Sustainability Board



Corporate Sustainability Board (CSB)

At BASF, sustainability has been a board-level responsibility since 2002. Our globally responsible CSB is the central steering and decision-making body for sustainable development within BASF. The Chairwoman of the CSB is Margret Suckale, Member of the Board of Executive Directors. The CSB comprises selected heads of our business, corporate and functional units as well as of the regional business units. It monitors the implementation of the sustainability strategy and cross-divisional initiatives, defines sustainability goals and approves corporate position papers on sustainability topics.

Stakeholder Advisory Council

To get our stakeholders even more closely involved, the Board of Executive Directors regularly meets with international experts from science and industry – the Stakeholder Advisory Council. In 2015, discussions included topics such as the influence of externalities and the challenges of renewable raw materials, especially palm kernel oil.

Stakeholder Engagement

Our stakeholders include employees, customers, suppliers and shareholders, as well as experts in science, industry, politics, society and media. Parts of our business activities, such as the use of new technologies, are frequently viewed by our stakeholders with a critical eye. In order to increase societal acceptance for our business activities, we address critical questions, assess our business activities in terms of their sustainability, and communicate transparently. Such dialogs help us to better evaluate which measures we should pursue to keep people informed on these topics, establish trust, and form partnerships. We have a particular responsibility toward neighbors of our production sites. With the established community advisory panels, we aim to promote open exchange between citizens and our site management to strengthen trust in our activities.

Dow Jones Sustainability World Index (DJSI World)

The BASF share has been included in the DJSI World for the 15th year in succession. The company has been especially recognized for its engagement in the areas of innovation management, environmental and social reporting, product stewardship and human capital development.

CDP – Driving Sustainable Economies

BASF is among the leading companies in the world in reporting on climate protection and water. The CDP represents more than 820 institutional investors who manage around \$95 trillion in assets. In 2015, BASF once again achieved top scores in the Energy & Materials sector, thus qualifying for the Climate Disclosure Leadership Index for the 11th time. In the first scoring of the CDP water program, BASF achieved the score A-, indicating leadership status.

Creating value along the entire value chain

We promoted sustainability topics in 2015 through various projects together with partners along the value chain. With the help of our ecoefficiency analysis, for example, we analyzed the economic and environmental implications of various coating processes in a study conducted with Dürr, a machine and plant manufacturing company, and with our customer BMW. The goal was to discover ways to improve the ecoefficiency of serial coating methods, for example by saving resources. The study showed that the “integrated process” – a coating procedure that saves a paint layer – represents a more economical and ecological alternative to other processes evaluated.

For the 2015 business year, BASF conducted sustainability assessments and ratings for 95.4% of its entire portfolio of more than 60,000 specific product applications – which account for €64.9 billion in sales – using the Sustainable Solution Steering® method. This externally validated procedure allows us to determine how our products contribute to sustainability, and we analyze their application in various markets and industries.

We want to increase the proportion of “Accelerator” products in the long term: in other words, products that contribute particularly to sustainability in the value chain, and are characterized by higher average growth rates and profitability. We therefore set ourselves a concrete goal in 2015: By 2020, we aim to raise the proportion of sales from Accelerator products to 28%. At 26.6%, this figure already closely approached the 2020 target in 2015.

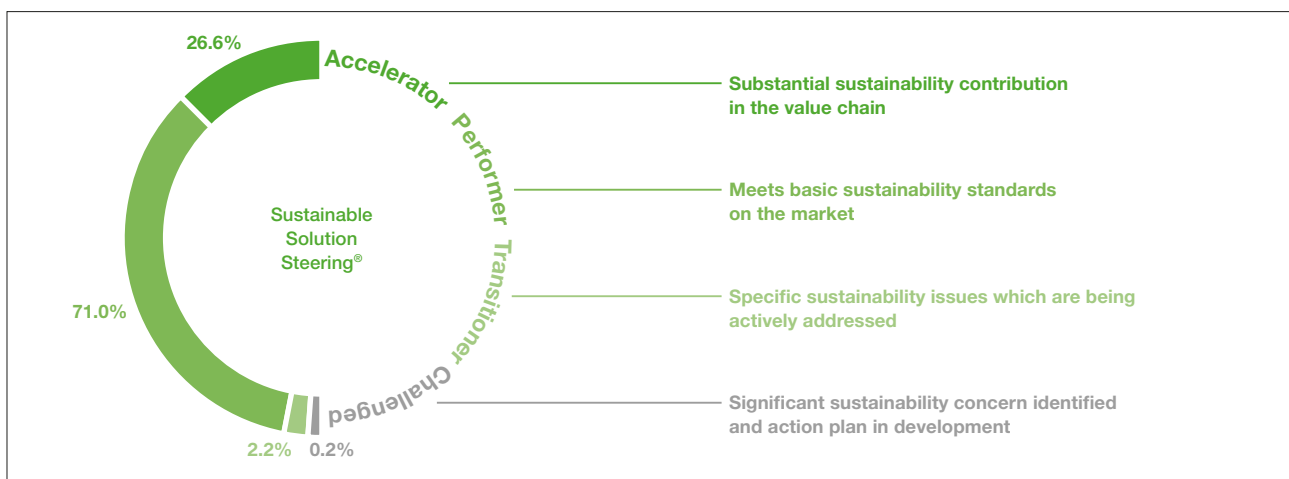
One of these Accelerator products is Elastocool® Advanced – an innovative insulation material for refrigerators and freezers. It boasts a high level of resource efficiency while also possessing improved insulation properties. Elastocool® contributes to achieving the E.U.’s top energy efficiency levels in refrigerators and freezers.

The chelating agent Trilon® M is another Accelerator, having established itself as a high-performance alternative to phosphate in dishwashing machine detergents. European Union regulations will almost entirely prohibit the use of phosphates for this application in Europe starting 2017. Chelating agents’ most important task is to intercept metal ions in dishwasher water in order to inhibit calcium buildup on dishes. Trilon® M is readily biodegradable, and also improves cleaning power while fulfilling the criteria for the E.U. Ecolabel.

For all products that are classified as “Challenged” and do not fulfill our major sustainability criteria, we want to develop prompt plans of action. These action plans can include research projects, reformulations or even replacing one product with an alternative product. Based on the results of the initial analyses, action plans had been created for 99% of all Challenged products by the end of 2015.

The products for which we have developed action plans include, for example, polyfluorinated substances that are often used in paper packaging coatings for their water and oil-resistant properties. Although European authorities regard any hazard to people or the environment as very low, stricter regulations are anticipated in the future as these substances biodegrade with difficulty. As a result, the Sustainable Solution Steering® method has classified them as Challenged in their use for paper coatings. BASF decided early on not to continue selling these substances. The new product solutions use substances whose chemical properties prevent them from accumulating in the environment. Furthermore, paper coated with these new materials is biodegradable and can either be processed into compost by composting facilities (ecovio®) or recycled (Ultramid® and Epotal®). We will market oil-proof barriers based on these products, which are classified as Accelerators in the future.

Sustainable Solution Steering®: How BASF’s products contribute to sustainability



Goals

We carry out our corporate purpose, “We create chemistry for a sustainable future,” by pursuing ambitious goals along our entire value chain. In this way, we aim to achieve profitable growth and take on social and environmental responsibility, focusing

on issues where we as a company can make a significant contribution. We updated and revamped our goals to this effect in 2015.

Goal areas along the value chain



Procurement

	2020 Goal	Status at end of 2015
Assessment of sustainability performance of relevant suppliers ¹ according to our risk-based approach; development of action plans where improvement is necessary	70%	31%

¹ We define relevant suppliers as those showing an elevated sustainability risk potential as identified by risk matrices and with respect to corresponding country risks. Our suppliers are evaluated based on risk due to the size and scale of our supplier portfolio.

Employees

	2021 Goal	Status at end of 2015
Proportion of women in leadership positions with disciplinary responsibility	22–24%	19.5%
Long-term goals		
Proportion of international senior executives ²	Increase in proportion of non-German senior executives (baseline 2003: 30%)	35.6%
Senior executives with international experience	Proportion over 80%	82.9%
Employee development	Systematic, global employee development as shared responsibility of employees and leaders based on relevant processes and tools	The project has been implemented for around 60,000 employees worldwide

² The term "senior executives" refers to leadership levels 1 to 4, whereby level 1 denotes the Board of Executive Directors. In addition, individual employees can attain senior executive status by virtue of special expertise.

Production

	2025 Goals	Status at end of 2015
Reduction of worldwide lost-time injury rate per one million working hours	≤ 0.5	1.4
Reduction of worldwide process safety incidents per one million working hours	≤ 0.5	2.1
Annual goal		
Health Performance Index	> 0.9	0.97

Product stewardship

	2020 Goal	Status at end of 2015
Risk assessment of products sold by BASF worldwide in quantities of more than one metric ton per year	>99%	67.8%

Energy and climate protection

	2020 Goals	Status at end of 2015
Covering our primary energy demand through the introduction of certified energy management systems (ISO 50001) at all relevant sites ³	90%	39.5%
Reduction of greenhouse gas emissions per metric ton of sales product (excluding Oil & Gas, baseline 2002)	-40%	-34.6%

³ The selection of relevant sites is determined by the amount of primary energy used and local energy prices.

Water

	2020 Goal	Status at end of 2015
Introduction of sustainable water management at all production sites in water stress areas and at all Verbund sites (excluding Oil & Gas)	100%	36.2%

Products and solutions

	2020 Goal	Status at end of 2015
Increase the proportion of sales generated by products that make a particular contribution to sustainable development ("Accelerators")	28%	26.6%



Construction: At 1,546 feet (471 meters), the Arthur Ravenel Jr. Bridge in South Carolina is North America's second longest cable stay span bridge. It is a cable-stayed suspension design with two diamondshaped towers, each 575 feet (175 meters) high. The span is designed to endure wind gusts in excess of 300 miles per hour (480 kilometers per hour), and to withstand an earthquake of approximately 7.4 on the Richter magnitude scale without total failure. BASF provided all the cable grout that was used on the bridge.

2 Business segments

Business segments	32
Chemicals	34
Petrochemicals	36
Monomers	38
Intermediates	40
Performance Products	42
Dispersions & Pigments	46
Care Chemicals	48
Nutrition & Health	50
Performance Chemicals	52
Functional Materials & Solutions	54
Catalysts	56
Construction Chemicals	58
Coatings	60
Performance Materials	62
Agricultural Solutions	64
Crop Protection	66
Oil & Gas	68
Other	74

Chemicals



Performance Products



Functional Materials & Solutions



Agricultural Solutions



Oil & Gas



Key facts

- 5 segments containing 13 operating divisions with 84 strategic business units
- Our portfolio ranges from basic petrochemicals to agricultural solutions for crop protection
- The divisions and strategic business units are organized according to sectors or product groups
- In over 70% of our businesses we are in a top three position
- The regional divisions contribute to the local development of our businesses and help to tap into market opportunities

Business segments

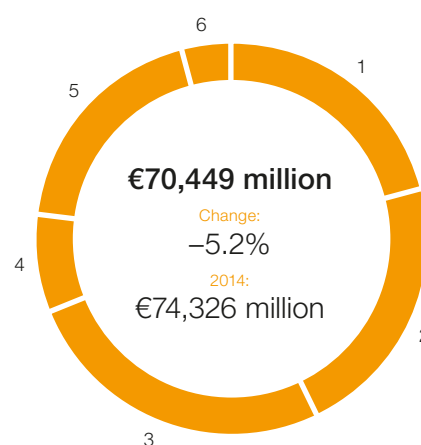
Our business portfolio is well balanced and offers strong growth opportunities. It consists of five segments with 13 operating divisions. We focus our business on the needs of our customers. Our segments are based on related products, customer industries and production processes. This enables us to more effectively combine our competencies and knowledge and bring our products and system solutions faster to the market.

BASF Group

Percentage of sales in 2015

1	Chemicals	– Petrochemicals – Monomers – Intermediates	21%
2	Performance Products	– Dispersions & Pigments – Care Chemicals – Nutrition & Health – Performance Chemicals	22%
3	Functional Materials & Solutions	– Catalysts – Construction Chemicals – Coatings – Performance Materials	26%
4	Agricultural Solutions	– Crop Protection	8%
5	Oil & Gas	– Oil & Gas (Exploration & Production and Natural Gas Trading ¹)	19%
6	Other		4%

¹ As of September 30, 2015 we divested our natural gas trading and storage business to Gazprom.



EBIT before special items 2015

Chemicals

€2,156 million

Performance Products

€1,366 million

Functional Materials & Solutions

€1,649 million

Agricultural Solutions

€1,090 million

Oil & Gas

€1,366 million

Other

€(888) million

Chemicals

The Chemicals segment consists of the Petrochemicals, Monomers and Intermediates divisions. In our integrated production facilities – our Verbund – we produce a broad range of basic chemicals and intermediates in Europe, Asia, North and South America for our external and internal customers.



Steam cracker in Port Arthur, Texas:

The steam cracker is the heart of the Verbund, providing indispensable feedstocks for numerous products along BASF's value chains.

Divisions

Petrochemicals

Broad range of basic products and specialties for sectors such as the chemical and plastics industries

📖 page 36

Monomers

Isocyanates and polyamides as well as inorganic basic products and specialties for various sectors, such as the plastics, automotive, construction and electronics industries

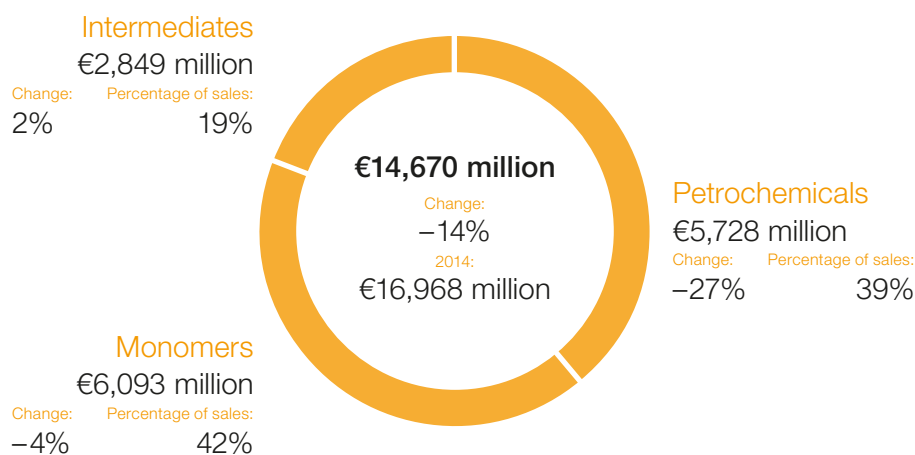
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Intermediates

Most comprehensive intermediates portfolio in the world, including precursors for coatings, plastics, textile fibers and crop protection products

📖 page 40

Sales 2015



Factors influencing sales

Volumes	(2%)	
Prices	(17%)	
Portfolio	(2%)	
Currencies	7%	
Sales	(14%)	

EBIT before special items (in million €)

2015	2,156	
2014	2,367	
		Change: minus €211 million

Segment data Chemicals (in million €)

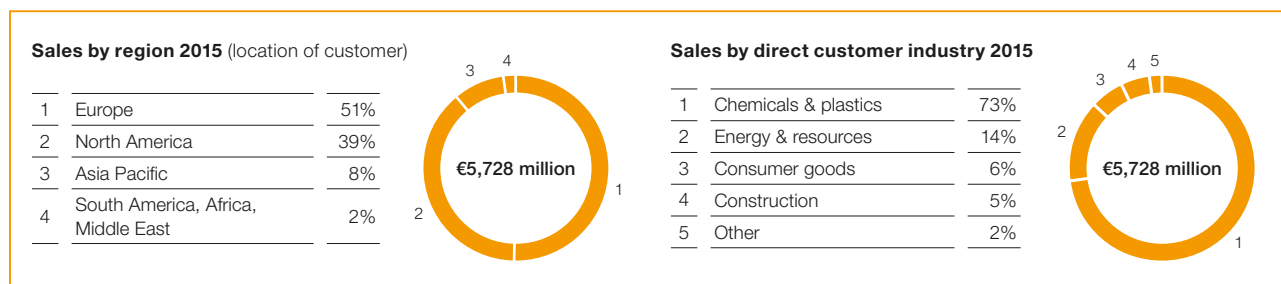
	2011	2012 ¹	2013	2014	2015
Sales to third parties	12,958	17,887	16,994	16,968	14,670
Share of total BASF sales %	17.6	24.8	23.0	22.8	20.8
Thereof Petrochemicals	8,839	8,260	7,785	7,832	5,728
Monomers ²	1,415	6,772	6,385	6,337	6,093
Intermediates	2,704	2,855	2,824	2,799	2,849
Income from operations before depreciation and amortization (EBITDA)	3,188	3,021	2,956	3,212	3,090
EBITDA margin %	24.6	16.9	17.4	18.9	21.1
Income from operations (EBIT) before special items	2,441	2,171	2,182	2,367	2,156
EBIT before special items margin %	18.8	12.1	12.8	13.9	14.7
Income from operations (EBIT)	2,442	2,173	2,086	2,396	2,131
EBIT margin %	18.8	12.1	12.3	14.1	14.5

¹ We have applied International Financial Reporting Standards 10 and 11 as well as International Accounting Standard 19 (revised) since January 1, 2013. Figures for 2012 have been restated. These restated prior year figures also take into account the new segment structure as of January 1, 2013.

² Until 2012 Inorganics

Petrochemicals

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.



Portfolio

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 chains.

Acrylic monomers

BASF is technology leader in acrylic acid and the world's largest and most widespread producer of acrylic monomers, which are sold to internal and external customers in the form of acrylic acid, acrylic esters and specialty acrylates. Acrylic monomers are used as precursors to manufacture acrylic polymers and polymer dispersions for various applications such as:

- Superabsorbent polymers
- Coatings
- Surfactants
- Flocculants

Alkylene oxides and glycols

Ethylene oxide derived from ethylene is used mainly to produce surfactants, ethanolamines, 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 to make rigid plastics flexible. BASF markets

plasticizers based on higher alcohols, e.g., on isononanol (INA). Our specialty product is the plasticizer Hexamoll® DINCH®, used for sensitive applications such as toys and medical products. BASF also sells the plasticizer precursor phthalic anhydride for use in dyestuffs and unsaturated polyester resins.

BASF's market position

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

Main competitors

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

Focus of research and development

The focus 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.

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
- 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/divestitures (from 2013 onward)

Product group	Description	Year
Ethylene, propylene	Feedstock flexibilization and steam cracker expansion in Port Arthur, Texas	2013/2014
Hexamol® DINCH®	Second production plant in Ludwigshafen, Germany	2014
Butadiene	New butadiene extraction plant in Antwerp, Belgium	2014
Acrylic acid	New acrylic acid and butyl acrylate complex in Nanjing, China	2014
	New acrylic acid and butyl acrylate complex in Camaçari, Brazil	2015
Propylene oxide	Divestiture of shares in JV Ellba Eastern, Singapore	2014
Synthesis gas	Extension of hydrogen plant in Ludwigshafen, Germany	2015
Isononanol	New isononanol plant in Maoming, China	2015
Palatinol® DOTP	Conversion of plasticizer production in Pasadena, Texas, to DOTP	2017

Major nameplate capacities of BASF (in thousand metric tons per year)

Product group	Location												Total
	Antwerp, Belgium	Camaçari, Brazil	Cornwall, Canada	Freeport, Texas	Geismar, Louisiana	Kuantan, Malaysia	Ludwigshafen, Germany	Moerdijk, Netherlands	Nanjing, China	Pasadena, Texas	Port Arthur, Texas	Tarragona, Spain	
Ethylene	1,080	–	–	–	–	–	620	–	740 ¹	–	1,040 ⁵	–	3,480
Propylene	650	–	–	–	–	–	350	–	370 ¹	–	890 ⁶	350 ³	2,610
Propylene oxide	300 ⁴	–	–	–	–	–	125	250 ⁵	–	–	–	–	675
Butadiene	155	–	–	–	–	–	105	–	130 ¹	–	290 ⁶	–	680
Benzene	280	–	–	–	–	–	300	–	130 ¹	–	200 ⁶	–	910
Cyclohexane	–	–	–	–	–	–	130	–	–	–	–	–	130
Ethylene oxide (equivalents)	500	–	–	–	220	–	345	–	380 ¹	–	–	–	1,445
Oxo C4 alcohols	–	–	–	300	–	330 ²	560	–	305 ¹	–	–	–	1,495
Plasticizers (incl. Hexamol® DINCH®)	–	–	35	–	–	100 ²	500	–	–	– ⁷	–	–	635
Acrylic acid	320	160	–	230	–	160 ²	320	–	320 ¹	–	–	–	1,510

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

¹ BASF 50%; JV with Sinopec

² BASF 60%; JV with PETRONAS

³ BASF 51%; JV with Sonatrach

⁴ BASF 50%; JV with Dow

⁵ BASF 50%; JV with Shell

⁶ BASF 60%; JV with Total

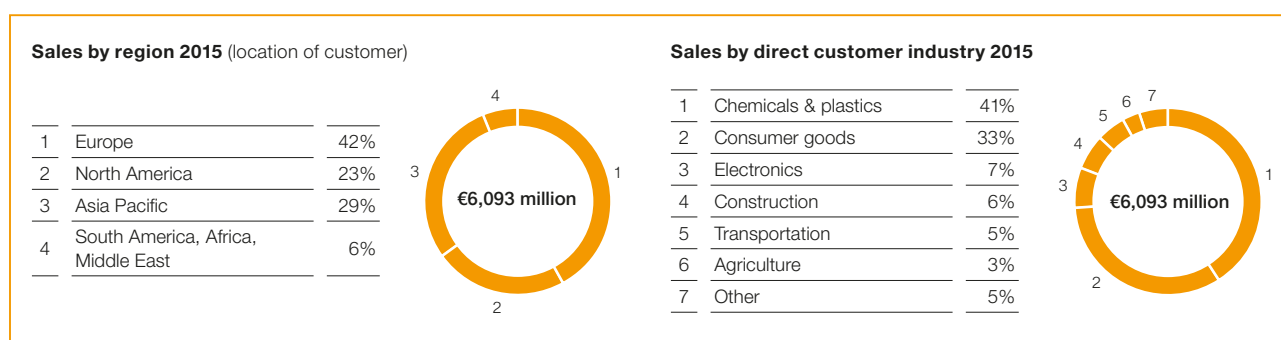
⁷ Conversion to DOTP until 2017

Innovation**Improved isononanol production process**

We raised the efficiency of our production process for isononanol (INA), a precursor for plasticizers. We also expanded its raw material base, so that in addition to steam cracker products, side streams from refineries can be used as a feedstock. This increases our supply security and improves our cost structure. Together with our partner Sinopec, we started up a new INA production plant in October 2015 in Maoming, China, in which the new process has already been successfully implemented.

Monomers

The Monomers division supplies a broad portfolio of large-volume monomers, basic polymers and inorganic chemicals. 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 a broad spectrum of industries, such as the automotive, furniture, building and construction, woodworking, food, solar, packaging, textile and electronics industries.



Portfolio

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.

Polyamides and precursors

BASF is the world's leading supplier of high-quality polyamides and polyamide intermediates for extrusion, engineering plastics and fibers. Ultramid®, BASF's high-quality polyamide brand, is the material of choice for many applications:

- Films for food packaging
- Carpets and textiles
- Monofilaments (industrial wires, fishing lines, weed trimmers, etc.)

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

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:

- Ammonia
- Chlorine
- Caustic soda
- Nitric acid
- Sulfuric acid
- Standard alcoholates
- 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 suppliers. Additionally, we are one of the leading suppliers of sodium nitrate, which is used as a component for solar thermal power plant storage media and sodium methylate, a catalyst used for the production of biodiesel.

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 and passenger cars to reduce NO_x emissions from diesel engines.

Electronic materials

BASF produces a variety of inorganic specialties in electronic grade. The innovative products are mainly used for:

- Advanced cleaning & etching of wafers for semiconductors
- Wet deposition
- Chemical mechanical planarization (CMP)

The portfolio also includes 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.

BASF's market position

- TDI: No. 1 globally; MDI: No. 1 globally
- Polyamide film: No. 1 globally
- Glues and impregnating resins: No. 1 in glues in Europe

- Electronic materials: leading market position in Asia and Europe
- Inorganic chemicals: No. 1 in inorganic salts in Europe and South America

Main competitors

- TDI: Covestro, Wanhua, Mitsui, Dow
- MDI: Covestro, Wanhua, Huntsman, Dow
- Polyamide film: DSM, Ube, Zig Sheng
- Glues and impregnating resins: Dynea, Sadepan
- Electronic materials: KMG, Fujifilm
- Inorganic chemicals: Evonik, Esseco
- Polyols: Dow, Covestro, Shell

Focus of research and development

The main aim of process innovation is 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 market position with regional setup
- Highly qualified and experienced personnel
- Outstanding market and technical capabilities

Acquisitions/JVs/investments (from 2013 onward)

Product group	Description	Year
Ammonia	New world-scale ammonia plant in Freeport, Texas, JV with Yara	2017
Polyamide and intermediates	Startup of polyamide plant in Caojing, China	2015
Metal systems	New Catamold® plant in Kuan Yin, Taiwan	2014
Electronic materials	New R&D Center for Electronic Materials in Suwon, South Korea	2013
MDI	New MDI splitter in Dahej, India	2014
	New MDI complex in Chongqing, China	2015
	Expansion of MDI JV in Caojing, China	2017
TDI and precursors	Acquisition of parts of Ciech's TDI business, Poland	2013
	New world-scale TDI plant in Ludwigshafen including expanded backward integration into chlorine and nitric acid	2015/2016

Divestitures/shutdowns (from 2013 onward)

Product group	Description	Year
Polyamide	Shutdown of Achieta site, Brazil	2015

Major nameplate capacities of BASF

(in thousand metric tons per year)

Product group	Capacity
Ammonia	1,525
Caustic soda	360
Chlorine	385
Glues and impregnating resins	750
Sulfuric acid	920
Urea	545
Caprolactam	800
Polyamide	820
MDI	1,740 ¹
TDI	780 ²

¹ Incl. startup of Chongqing

² Incl. startup of Ludwigshafen and shutdown of Schwarzeide

Innovation

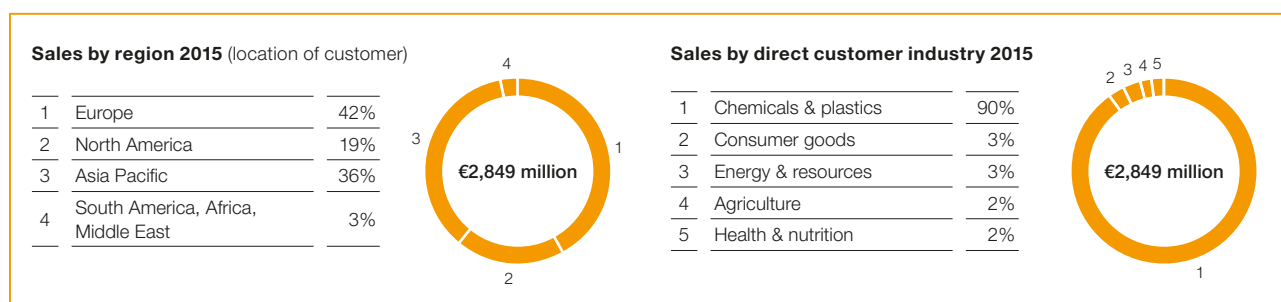


Process optimization

Thanks to a new reactor design, we have been able to increase the capacity of the intermediate product aniline in our MDI isocyanate value chain in Yeosu, South Korea. The improved reactor design has enhanced the use of the catalyst in the synthesis of aniline and, as a result, the complete MDI manufacturing process could be optimized.

Intermediates

The Intermediates division manufactures about 700 products – including butanediol and its derivatives, amines, organic acids, polyalcohols, life science intermediates, solvents and OASE® gas treatment 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 and C2 value chains.



Portfolio

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.

Amines

With about 300 different amines, we have the world's most diverse portfolio of this type of chemical intermediates. Along with alkyl-, alkanol-, alkoxyalkylamines and ethylene amines we offer heterocyclic and aromatic as well as specialty amines. The range is completed by an expanding portfolio of chiral amines of high optical and chemical purity. The versatile products are used mainly to manufacture process chemicals, pharmaceuticals and crop protection agents, as well as cosmetic products and detergents. They also serve to produce coatings, specialty plastics, composites and specialty fibers.

Acids and polyalcohols

BASF is the world's leading manufacturer of 1,6-hexanediol, neopentylglycol as well as carboxylic acids, such as formic and propionic acid. Carboxylic acids are used as preservatives for the feed and food industries, as auxiliaries for textile and leather applications as well as de-icing agents. This portfolio also includes 2-ethylhexanoic acid.

We offer polyalcohols like 1,6-hexanediol and neopentylglycol (Neol®) mainly for the production of a wide range of coatings, and carbonates particularly for electrolyte production for the battery industry.

Acetylenics and carbonyl derivatives

BASF's specialties such as acid chlorides and chloroformates, glyoxal and its derivatives, and various other chemicals, such as glutaraldehyde and triphenylphosphine, are often used in the production of crop protection agents, polymers, pharmaceuticals and paper. Our specialties portfolio includes various specialty acetylenics such as vinyl monomers and higher alkylpyrrolidones. Further products in the portfolio comprise cyclododecanone (CDon) and imidazoles. The products are used in a wide range of applications like crop protection agents, polymers, pharmaceuticals, coatings and printing inks.

Intermediates innovation pipeline

The Intermediates division follows a clear innovation strategy, which is key for all product lines to grow the businesses and improve profitability. Its total innovation pipeline has an estimated net present value of approximately €670 million (not risk adjusted, 2015 view). The focus of the strategy is based on three pillars:

- **New and improved processes:** The target is to remain best in class with regard to production and process economics. Therefore we are continuously benchmarking our production processes, resulting in various improvements. One recent example from our amines portfolio: We introduced a new process that prevents an unwanted by-product, thus saving energy and enabling the production of larger quantities of the end product.
- **New applications:** We look for new applications for existing products, such as biodegradable formic acid for the safe cleaning of sugar cane mills in South America.
- **New products:** We develop new products, such as adamantyl trimethylammonium hydroxide (ADTA-OH), which is essential for the production of diesel emissions catalysts for trucks. ADTA-OH is used to produce a specific zeolite

for a catalyst that removes nitrogen oxides from the emissions of trucks powered by diesel engines.

BASF's market position

BASF is among the top three producers worldwide of its products in all strategic Intermediates business units.

Main competitors

- Amines: Dow, Eastman, Huntsman
- Butanediol and derivatives: Ashland, LyondellBasell, Changchun/Dairen
- Acids and polyalcohols: Eastman, Perstorp, Luxi, LG

Focus of research and development

Innovation focuses on process improvements, new product and 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
- Successful implementation of innovation projects

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
- Strong innovation pipeline

Acquisitions/JVs/investments (from 2013 onward)

Product group	Description	Year
Bio-based succinic acid	50-50 JV with Corbion-Purac for bio-based succinic acid; first phase 10,000 tons Montmeló, Spain	2013
Tert.-Butylamine	New plant in Nanjing, China	2013
Formic acid	New plant in Geismar, Louisiana	2015
1,6-Hexanediol	Capacity expansion in Freeport, Texas, and Ludwigshafen, Germany	2015/2016
Neopentylglycol (NPG)	New plant in Nanjing, China (50% BASF)	2015
Dimethylaminopropylamine, polyetheramines	New plant in Nanjing, China (100% BASF)	2015
Specialty amines	New plant in Ludwigshafen, Germany	2015
1,4-Butanediol (BDO) and PolyTHF®	BASF and Markor established two JVs in Korla, China	2015/2016
	BDO capacity expansion in Geismar, Louisiana	2016
2-Ethylhexanoic acid	New plant in Kuantan, Malaysia	2016

Divestitures/shutdowns (from 2013 onward)

Product group	Description	Year
Glyoxal	Closure at Geismar, Louisiana	2014
Phosphines	Closure at Zachary, Louisiana	2014

Major nameplate capacities of BASF

(in thousand metric tons per year)

Product group	Capacity
Alkylamines	250
Ethanolamines and derivatives	430
Butanediol equivalents	670
PolyTHF®	300
Neopentylglycol (Neol®)	205
Formic acid	305
Propionic acid	150

Innovation



New applications for renewable butanediol

Since 2013, BASF has provided its customers with 1,4-butanediol (BDO) on a commercial scale using sugars as a renewable feedstock based on a licensing agreement with the U.S. company Genomatica Inc. BASF has also been producing renewable PolyTHF® since 2014. BDO and PolyTHF® are used for producing plastics for the automotive and textile industries. The Californian company AEND Industries uses the renewable BDO as well as the BDO derivative PolyTHF® to produce highly elastic performance wheels for inline skates.

Performance Products

The Performance Products segment consists of the Dispersions & Pigments, Care Chemicals, Nutrition & Health and Performance Chemicals divisions. Our solutions enhance the performance of industrial and consumer products worldwide. Our customers use our tailored products to make their production processes more efficient and give their products improved application properties.

Trilon® M is a special high-performance alternative to phosphate in automatic dishwashing detergents. Trilon® M prevents scale on the washed dishes and improves the overall cleaning performance. At the same time, it is readily biodegradable and fulfills the criteria of various eco-labels. Consumers can thus enjoy sparkling glasses and dishes with every dishwashing cycle while protecting the environment.



Divisions

Dispersions & Pigments

Raw materials for the formulation of varnishes, coatings, printing and packaging inks, adhesives and construction materials

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Care Chemicals

Ingredients for personal care, hygiene, home care and industrial & institutional cleaning businesses as well as for applications in the chemical industry

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Nutrition & Health

Products for the food and feed industries, the flavor and fragrance industry and the pharmaceutical industry

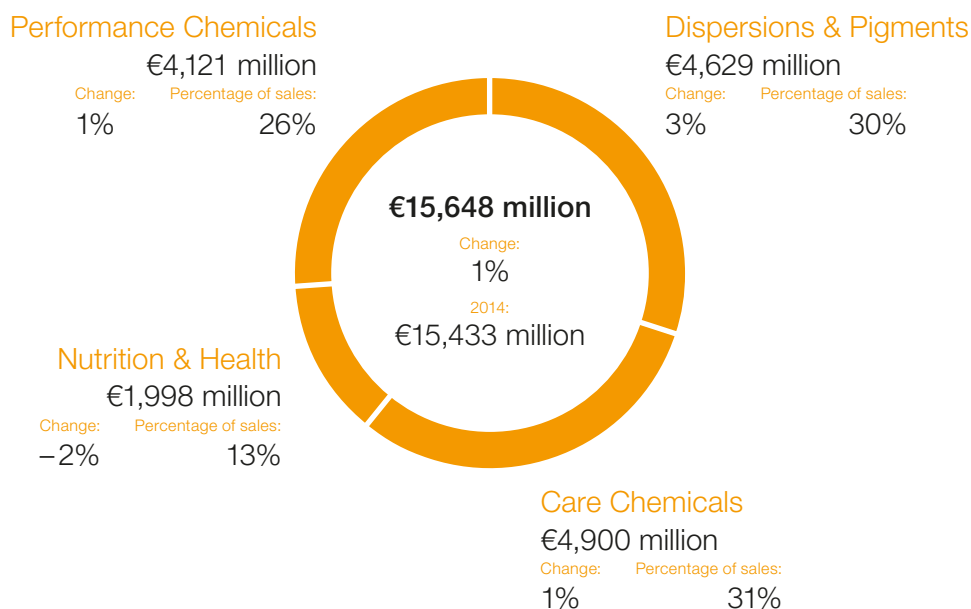
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Performance Chemicals

Chemicals for specific customer industries, from automotive and plastics processing to mining, paper and water industry

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Sales 2015



Factors influencing sales

Volumes	(1%)	
Prices	(4%)	
Portfolio	(1%)	
Currencies	7%	
Sales	1%	

EBIT before special items (in million €)

2015	1,366	
2014	1,455	
		Change: minus €89 million

Segment data Performance Products (in million €)

	2011	2012 ¹	2013	2014	2015
Sales to third parties	15,697	15,713	15,534	15,433	15,648
Share of total BASF sales	% 21.4	21.8	21.0	20.8	22.2
Thereof Dispersions & Pigments	3,509	3,668	3,851 ²	3,869	4,629
Care Chemicals	5,174	4,898	4,871	4,835	4,900
Nutrition & Health	1,862	1,959	2,088	2,029	1,998
Paper Chemicals ³	1,623	1,564	1,442	1,371	-
Performance Chemicals	3,529	3,624	3,282 ²	3,329	4,121
Income from operations before depreciation and amortization (EBITDA)	2,312	2,090	1,987	2,232	2,289
EBITDA margin	% 14.7	13.3	12.8	14.5	14.6
Income from operations (EBIT) before special items	1,727	1,421	1,365	1,455	1,366
EBIT before special items margin	% 11.0	9.0	8.8	9.4	8.7
Income from operations (EBIT)	1,361	1,276	1,100	1,417	1,340
EBIT margin	% 8.7	8.1	7.1	9.2	8.6

¹ We have applied International Financial Reporting Standards 10 and 11 as well as International Accounting Standard 19 (revised) since January 1, 2013. Figures for 2012 have been restated; no restatement was made for 2011.

² Previously conducted in the Performance Chemicals division, our business with pigments in the plastic additives business area was allocated to the Dispersions & Pigments division at the beginning of 2014. The 2013 figures for both divisions have been adjusted to ensure better comparability.

³ The Paper Chemicals division was dissolved as of January 1, 2015. The business continues as part of the Performance Chemicals and Dispersions & Pigments divisions, and is integrated into existing value chains. Restated 2014 net sales to third parties for Dispersions & Pigments and Performance Chemicals account for €4,501 million and €4,068 million, respectively.

Restructuring Performance Products

Improving competitiveness through value-adding measures

Implemented measures



Adjustment & Adaptation

- Different approach for standard and specialty products
- Focus on growth countries and segments
- Headcount reduction in production and SG&A



Process & Organizational Setup

- Adjustment of organization to new business models
- Optimization of production network
- End-to-end margin management of value chains



Portfolio Management

- Divestiture of non-strategic businesses
- Optimization and streamlining of product portfolio
- Distribution management



Investments & Innovation

- Organic growth and capital expenditures
- Selected acquisitions in growth fields
- Strong commitment to innovation and R&D

Dispersions & Pigments

Restructuring:

- New Global Business Unit structure encompassing BASF's pigments business; plan to transfer this business into separate legal entities
- Integration of Paper Chemicals business (Paper Coatings and Center for Sustainable Paper Packaging)
- Closure of production plants in Paisley, Scotland; Qingdao, China, and restructuring in Huningue, France
- Scale down of plastics additives in the Basel area, Switzerland
- Divestiture of liquid masterbatches and Vinuran® PVC modifier business and Magenta Master Fibers

Growth:

- Continuous investment of more than €200 million p.a. in production and R&D
- Strong investment into R&D for electronics specialties
- Startup and expansion of additives plants (Nanjing, China), resins (Caojing, China) and dispersions (e.g., Dahej, India; Freeport, Texas; Pasir Gudang, Malaysia)

Care Chemicals

Restructuring:

- Optimization and restructuring of sites
- Headcount reduction in Europe and North America, adjusting cost structure
- Realignment of business models and processes

Growth:

- Acquisition of Henkel's enzyme technology
- Strong investment in R&D
- Startup of plants for SAP, Trilon® M and surfactants (Nanjing, China; Camaçari, Brazil; Theodore, Alabama; Dahej, India)
- Investment of up to €500 million in pioneering superabsorbent technology SAVIVA™ worldwide

One-time costs

€250–300 million

Runrate of

€250 million

by end of 2015

~€400 million

by end of 2016

Annual earnings contribution of

~€500 million

from 2017 onwards

Nutrition & Health

Restructuring:

- Divestiture of custom synthesis business and parts of the active pharmaceutical ingredients (API) business
- Divestiture of low concentrated omega-3 fatty acids at Brattvåg site in Norway
- Temporary shutdown of omega-3 fatty acids production site in Kalundborg, Denmark, and relocation of production to Sandefjord, Norway
- Site network consolidation
- Adjustment of product portfolio and processes to changing consumer needs and regional demand
- Reduction of headcount in marketing, sales and administration
- Stringent fixed cost management

Growth:

- Enzymes: acquisitions (e.g., Verenium) and investment in R&D
- Omega-3 fatty acids: acquisition of Equateq and Pronova BioPharma ASA for highly concentrated omega-3 fatty acids
- New menthol plant in Ludwigshafen, Germany
- Construction of a citral and integrated aroma ingredients complex together with PETRONAS (Kuantan, Malaysia)
- Investment in the expansion of polyvinylpyrrolidone (PVP)
- Global team for marketing and innovation to accelerate creation of customer-oriented products and solutions

Paper Chemicals

Restructuring:

- The Paper Chemicals division was dissolved as of January 1, 2015. The business continues as part of the Performance Chemicals and Dispersions & Pigments divisions, and is integrated into existing value chains
- Divestiture of alkyl ketene dimer (AKD) business in Europe and North America
- Adjustment of capacities in the European latex manufacturing network with a reduction of an annual capacity of 120,000 metric tons

Performance Chemicals

Restructuring:

- Divestiture of global textile chemicals business
- Divestiture of paper hydrous kaolin business
- Integration of paper chemicals business (wet-end chemicals and kaolin)
- Divestiture of the PolyAd services business
- Consolidation of production footprint, e.g., for lubricant oil additives (Huningue, France, and Lampertheim, Germany)
- Adjustment to market needs and dynamics, e.g., plastic additives setup

Growth:

- New bio-acrylamide process for the PAM value chain
- R&D projects for enhanced oil recovery
- Expansion of production capacity for LIX® product range (for enhanced metal extraction in mining) in Cork, Ireland

Organic growth and capital expenditures

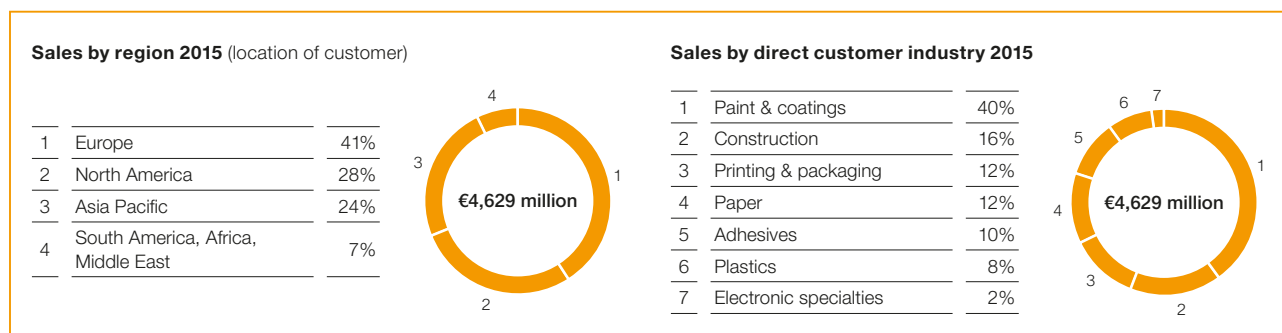
- New production hub in Dahej, India
- New dispersion plants in Freeport, Texas, and Pasir Gudang, Malaysia
- New production capacities for superabsorbents in Camaçari, Brazil
- New Trilon® M plant in Theodore, Alabama
- New aroma ingredients complex in Kuantan, Malaysia

Investments into the future

- Innovations and R&D, e.g., investment in pioneering superabsorbent technology SAVIVA™, expansion of our enzymes technology platform
- Selected acquisitions in growth fields, e.g., Pronova BioPharma ASA, Verenium

Dispersions & Pigments

BASF is the leading global supplier of raw materials for the paints and coatings industry. The Dispersions & Pigments division combines all BASF products geared towards this industry. The portfolio encompasses dispersions, pigments, resins and a broad range of additives, such as performance and formulation additives. Major industries that we serve include paint and coatings, construction, printing and packaging, paper, adhesives, plastics and electronic specialties. Our portfolio has a strong emphasis on environmentally friendly systems, such as low-VOC (volatile organic compound) water-based coatings.



Portfolio

Dispersions

Polymer dispersions are water-based systems used in the production of adhesives, sealants, architectural coatings, paper coatings, construction chemicals and nonwoven materials. Our strength lies in our backward integration into acrylics, strong technical expertise and application know-how. In addition, our worldwide presence is a key advantage in serving our global customer base.

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 comprises 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
- Plastics

Resins

Resins are film-forming components used in energy-curable coatings, urethane or melamine and water-based coatings and inks. The comprehensive product portfolio includes water-based resins, acrylic oligomers, polyisocyanates, amino resins, aldehyde resins, vinyl chloride copolymers, and high-solid polyols. We offer our 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 particularly in the following areas:

- Photoinitiators
- Light stabilizers

Photoinitiators enable coatings to be cured in just fractions of a second. Light stabilizers protect polymers against ultra-violet 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 enable formulation of films.

BASF's market position

- Dispersions: No. 2 globally for adhesives, construction chemicals, architectural coatings and fiber bonding 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: Covestro, Allnex, DSM, Arkema
- 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, customers 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 enable consistent product quality, reliability and competitiveness
- Comprehensive portfolio of raw materials for coatings, printing & packaging inks, adhesives and construction materials
- Strong technical and application know-how, professional service, close to our customers

Acquisitions/JVs/investments (from 2013 onward)

Product group	Description	Year
Dispersions	New plant in Dahej, India	2014
	New dispersions plant in Freeport, Texas	2014
	New plant in Pasir Gudang, Malaysia	2015
Pigments	Capacity expansion in Ludwigshafen, Germany	2016
	Capacity expansion in Besigheim, Germany	2017
Resins	Capacity expansion in Caojing, China	2014
	Capacity expansion in Ludwigshafen, Germany	2016
Additives	New plant in Nanjing, China	2014

Divestitures/shutdowns (from 2013 onward)

Product group	Description	Year
Pigments	Several restructuring measures to streamline product portfolio and production setup	ongoing
	Closure of plant in Paisley, Scotland	2015
	Restructuring of the Huingue site, France	2015
Liquid masterbatches	Divestiture of liquid masterbatch business	2014
PVC modifiers	Divestiture of the Vinuran® PVC modifier business	2014
Masterbatch for synthetic fibers	Divestiture of Magenta Master Fibers	2015

Major production sites

BASF's dispersions, pigments, resins and additives are produced at 44 sites worldwide. Our most important sites for each product group are listed below.

Product group	Site
Dispersions	Ludwigshafen, Germany; Monaca, Pennsylvania; Shanghai, China; Guaratinguetá, Brazil; Cengkareng, Indonesia; Chattanooga, Tennessee; Wyandotte, Michigan; Heerenveen, Netherlands; Hamina, Finland; Dagang, China; Freeport, Texas
Pigments	Ludwigshafen and Besigheim, Germany; Monthey, Switzerland; Newport, Delaware; Ulsan, South Korea
Resins	Ludwigshafen, Germany; Shanghai, China
Additives	Heerenveen, Netherlands; Schweizerhalle, Switzerland; Mortara, Italy; Nanjing, China

Innovation

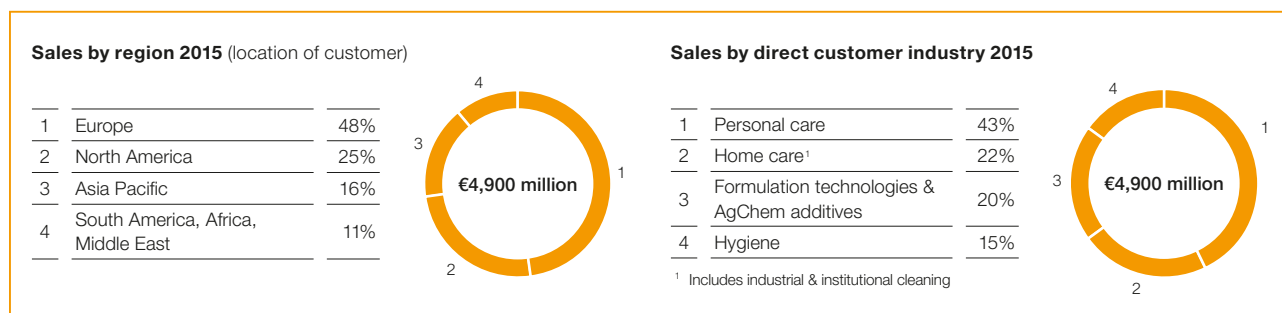


Joncryl® FLX & Epotal® FLX Waterborne printing ink and laminating adhesive binders for flexible packaging solutions

More and more flexible packaging solutions are replacing traditional jars and cans in food stores. With our new products, we are able to substitute solventborne solutions. More than 100,000 metric tons of solvents can be avoided in the production of modern flexible packaging solutions after full conversion. In addition, the migration of organic compounds is reduced.

Care Chemicals

BASF's Care Chemicals division is the leading global supplier for producers of cosmetics, hygiene products, detergents and cleaners. Together with our customers, we create innovative solutions to meet the current and future needs of society more sustainably in the personal care, hygiene, home care and industrial & institutional cleaning industries, as well as in technical applications. We contribute to the long-term success of our customers' brands with a broad range of products and concepts via our global network of production and development sites.



Portfolio

Personal care

We offer high-quality, added-value ingredients for the personal care industry. Our focus on consumer trends, sustainable development taking into consideration the entire value chain, specific industry requirements, and our ability to innovate and bring new products rapidly to market contribute strongly to the success of our customers. The personal care product range includes surfactants and emulsifiers, polymers, emollients, cosmetic active ingredients and UV filters.

Our committed business approach draws its inspiration for products and concepts from consumers and society, exemplified by our brand, Care Creations™, which clearly expresses our strengths of scientific excellence and market knowledge – making BASF's personal care business a valued partner for the industry.

Hygiene

We supply outstanding innovations and pioneering hygiene solutions all over the world that contribute to sustainable development. One example is our new generation of highly innovative superabsorbent polymers (SAP) under the trademark SAVIVA™. Superabsorbents are used in various hygiene applications, such as diapers and adult incontinence and feminine hygiene articles. With our global network of research, production and service sites, we are close to our customers. Through our in-depth market knowledge and excellent R&D expertise, we aim to foster trusted and reliable relationships with customers and partners in the global hygiene industry.

Home care and industrial & institutional cleaning

We develop, produce and market a vast range of products for detergents and cleaners worldwide. As the innovation

leader, we provide choices for our customers and offer the best-possible solutions to successfully meet today's and tomorrow's market needs and changing regulatory requirements. With our strong R&D base and significant market and application expertise, we are the partner of choice for the formulation of efficient, convenient and safe-to-use detergents and cleaners, thus contributing to sustainable development. The portfolio, which is continually further developed, includes surfactants, polymers, chelating agents, biocides, optical effect products, stabilizers and methane sulfonic acid.

Formulation technologies & AgChem additives

We have an excellent track record of delivering solutions for a wide range of applications, in particular additives for industrial formulations and process aids that improve chemical reactions and physical-chemical processes. Building blocks with surface-active properties are another key area where we support our chemical processing customers. We use our product and technology platforms to leverage synergies between the various applications. The product range includes surfactants (anionic & nonionic), reactive polyalkyleneglycols, water-soluble polymers, chelating agents, biocides, waxes and wax emulsions, methane sulfonic acid and silicates. In addition, we offer an extensive portfolio of delivery enablers to our customers for their crop protection formulations. Our range for the pesticide inerts and adjuvants segments function as adjuvant dispersants, wetting agents, emulsifiers, solvents and compatibilizers in building stable, effective and safe formulations. Our micronutrients provide a highly bioavailable form of metal nutrient to plants.

BASF's market position

We are the leading supplier globally for the personal care, hygiene and home care industries.

Main competitors

- Personal care: Ashland, Croda, Stepan, Evonik, Solvay, Sasol
- Hygiene: Evonik, Nippon Shokubai, SanDia
- Home care, industrial & institutional cleaning: Dow, AkzoNobel, Clariant
- Formulation technologies & AgChem additives: Dow, Clariant, Arkema, Rhodia, Huntsman

Focus of research and development

R&D resources are mainly focused on product and concept innovations in addition to process innovations and improving the application properties of existing ingredients. We systematically generate ideas for new products in close collaboration with our customers, achieving innovation leadership in key market segments. Continuous process innovation ensures technological and cost leadership in major product lines.

Key drivers of profitability

- Customer proximity and market focus
- Solid understanding of unmet market needs along the value chain
- Innovative customer solutions for premium product segments
- Cost leadership for major products in standard quality

Key capabilities of BASF

- Comprehensive technical application and market know-how to serve unmet market needs
- Innovative and sustainable solutions through BASF's global R&D network
- State-of-the-art formulation technologies
- Strong production position and market presence in major emerging markets and regions
- Supply reliability
- Cost leadership, large-volume supply ability

Acquisitions/JVs/investments (from 2013 onward)

Product group	Description	Year
Surfactants	New plant in Dahej, India	2014
Superabsorbents	New plant in Nanjing, China	2014
	New plant in Camaçari, Brazil	2015
	New superabsorbent technology implementation starting in Antwerp, Belgium	2016
Chelating agents	New plant for chelating agent (Trilon® M) in Theodore, Alabama	2015
Enzymes	Acquisition of Henkel's detergents enzymes technology, Düsseldorf, Germany	2013
	Acquisition of Verenum Corporation, San Diego, California	2013

Divestitures/shutdowns (from 2013 onward)

Product group	Description	Year
Surfactants	Plant closure Avellaneda, Argentina	2015
	Transfer of production of surfactants and other products manufactured in Washington, New Jersey, to Geismar, Louisiana; closure of Washington site	2016

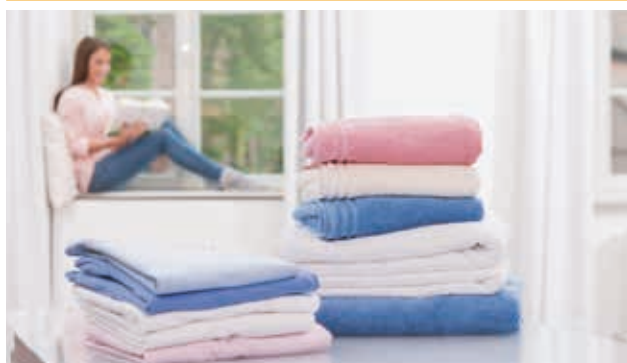
Major nameplate capacities of BASF

(in thousand metric tons per year)

Product group	Location	Capacity ¹
Chelating agents	Europe, North America, South America	>120
Methane sulfonic acid	Europe	30
Non-ionic surfactants	Europe, North America, Asia Pacific	630
Anionic surfactants	Europe, North America, South America, Asia Pacific	600
Superabsorbents	Europe, North America, South America, Asia Pacific	590

¹ All capacities (including joint ventures) included at 100%.

Innovation



Sokalan® HP 20

The high-performance polymer Sokalan® HP 20 gets laundry clean with fewer resources. It can be used in both conventional and highly concentrated liquid laundry detergents, removing stains from textiles even at low washing temperatures. Sokalan® HP 20 also prevents the redeposition of removed soil onto the washed fabric, keeping colors bright and preventing white laundry from turning grey.

Nutrition & Health

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.



Portfolio

Human nutrition

Newtrition™ is BASF's dedicated brand which deals with the future of food. As a unique partner along the human nutrition value chain, Newtrition™ offers the food, beverage and dietary supplement markets a broad range of health and performance ingredients. We offer health ingredients such as:

- Highly concentrated omega-3 fatty acids
- Plant sterols and sterol esters
- Vitamins
- Carotenoids

Our performance ingredients include:

- Emulsifiers
- Specialty compounds
- Enzymes
- 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
- Organically bound trace elements
- Omega-6 fatty acids and more

High-quality feed additives, pioneering innovations and a global presence close to our customers have made BASF a leader in the animal nutrition industry. In 2016, BASF globally launched Natuphos® E, a new generation phytase, which once again sets a new benchmark with its novel hybrid 6-phytase of bacterial origin. Natuphos® E delivers unprecedented overall enzyme stability, leading to outstanding economic and environmental benefits. In addition to its innovative performance ingredients with proven efficiency gains, BASF animal nutrition offers a high-quality vitamin portfolio.

Pharma solutions

With expertise in polymer chemistry, its research and development capabilities around the globe and a clear commitment to developing pharmaceutical excipients, BASF continuously creates solutions that contribute to our customers' success. BASF's high-quality ingredients and services can help with instant and modified release, solubilization, softgels, skin delivery and biologics-related formulation challenges. BASF is also the market leader for active pharmaceutical ingredients (APIs) such as:

- Ibuprofen
- Omega-3 fatty acids

Our global leadership in highly concentrated omega-3 fatty acids resulted from the acquisitions of Equateq, now BASF Pharma, in 2012, and Pronova BioPharma in 2013.

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. BASF is one of the leading producers of aroma ingredients such as:

- Rose scents: geraniol, citronellol
- Citrus scents: citral, citronellal
- Mint scents: L-menthol, DL-menthol
- Lily of the valley scents: lysmeral, pyranol
- Lavender scents: linalool, tetrahydrolinalool

Sustainability

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.

BASF's market position

Globally among the top three leaders in all important product groups.

Main competitors

- Human nutrition: DSM, DuPont, Chinese companies
- Animal nutrition: Chinese companies, DSM, DuPont
- Pharma solutions: Evonik, Ashland, KD Pharma, Shasun
- Aroma ingredients: DSM, NHU, Kuraray

Focus of research and development

Our research and development resources are focused on product innovations derived from consumer trends and needs. Together with our partners, we continuously work on ideas and translate these into innovations. Ongoing process innovation ensures technological and cost leadership in our major product lines.

Key drivers of profitability

- Customer proximity
- Innovation driven by customer needs
- Superior products (reputation as quality leader)
- Cost leadership through integration into the Verbund
- Value-driven asset management of citral value chain
- Efficient business setup and processes

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
- Sustainability and quality management

Acquisitions/JVs/investments (from 2013 onward)

Product group	Description	Year
Aroma ingredients	Integrated citral and aroma ingredients complex in Kuantan, Malaysia; JV BASF and PETRONAS	2016
Pharma solutions and human nutrition	Acquisition of Pronova BioPharma, a global leader in highly concentrated omega-3 fatty acids in Norway	2013
	Expansion of PVP value chain/extension of capacities in Ludwigshafen, Germany; Geismar, Louisiana; technology introduction in Shanghai, China	2018
Enzymes	Acquisition of Verenum Corporation, San Diego, California	2013

Divestitures/shutdowns (from 2013 onward)

Product group	Description	Year
Human nutrition	Closure of plant for food performance ingredients in Jacarei, Brazil	2013
	Divestiture of former sterols manufacturing site in Pasadena, Texas	2016
Omega-3	Divestiture of low concentrated omega-3 Brattvåg site in Norway	2014
Pharma solutions	Divestiture of custom synthesis and parts of its active pharmaceutical ingredients (API) business	2015

Major production sites

Product group	Site
Human nutrition	Illertissen, Germany; Ballerup, Denmark; Boussens, France; Ludwigshafen, Germany; Kankakee, Illinois; Hutt Lagoon, Whyalla Lagoon, Cheltenham Lagoon, Australia; Kitatone, Japan; Gunsan, South Korea
Animal nutrition	Ludwigshafen, Germany; Shenyang, China; Gunsan, South Korea
Pharma solutions	Sandefjord, Norway; Callanish, United Kingdom; Bishop, Texas
Aroma ingredients	Ludwigshafen, Germany

Innovation

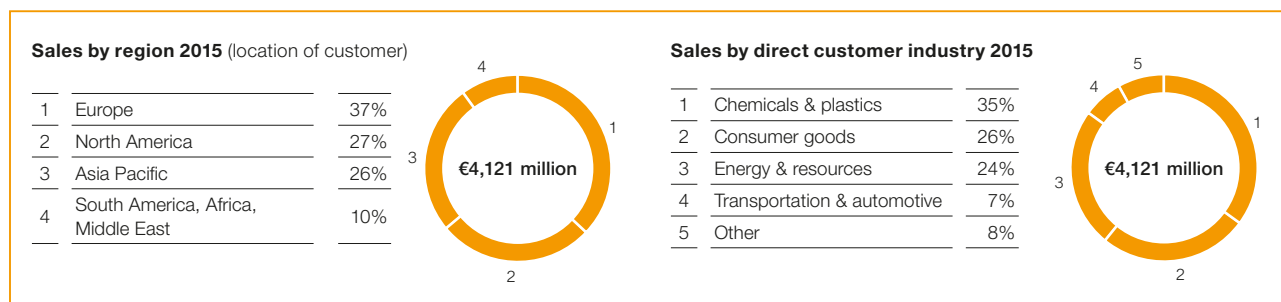


Natuphos® E

The new generation of phytase feed enzymes helps pigs and poultry to better utilize phosphorous and other vital nutrients. Natuphos® E releases far more phosphorous for the animals from the plant than previous generations of the enzyme, delivering considerable economic and environmental benefits. It allows our customers to use fewer inorganic sources of phosphate in their feed production. As a consequence our customers can realize cost savings.

Performance Chemicals

As an innovative partner, BASF's Performance Chemicals division offers chemicals for customer industries, such as plastics, automotive, refineries, lubricants, oilfield, mining and water treatment, paper as well as leather.



Portfolio

Plastic additives

BASF is a globally leading supplier for stabilizers and additive blends to the plastics and rubber industries. The product range includes high-performance light stabilizers, antioxidants, process stabilizers, and other specialty additives for those industries. 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, lubricant additives and additive packages, base stocks, compounded lubricants
- Low, medium and high molecular weight polyisobutene (PIB)

Paper and water chemicals

For the paper industry, we offer a comprehensive range of chemicals for innovative paper and packaging concepts. This comprises dry strength agents, fixing agents, retention and drainage aids, flocculants and coagulants for water management. Furthermore, we offer basic dyes, direct dyes, sizing agents, pigment preparations, wet strength agents and color developers for thermal paper.

In the water industry, our products are used in the key processes of industrial and municipal water treatment. We are a leading supplier of chemicals for the purification of raw water used for the production of drinking water, for the treatment of wastewater and industrial process water, and for the protection of desalination plants, cooling towers and boilers.

For a variety of applications like packaging and papers, architectural and industrial coatings, construction, rubbers and plastics, BASF offers kaolin, an aluminum silicate.

Oilfield and mining solutions

For the oilfield industry, we offer a wide range of products that help our customers develop efficient formulations for the oil and gas industry. Our product portfolio includes additives for drilling, cementing and stimulation that are utilized in the completion of production wells, and production additives to ensure an efficient flow of valuable oil and gas resources. We offer standard surfactants and polymers, and also develop next-generation products designed to support enhanced oil recovery operations by means of chemical injection.

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

Leather chemicals

BASF supplies chemicals for all leather 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.

BASF's market position

BASF holds a leading market position in most industry segments.

Main competitors

- Plastic additives: Songwon, Sabo, Solvay
- Fuel and lubricant solutions: Afton Chemical, Old World Industries, ExxonMobil
- Oilfield and mining solutions: Nalco, Solvay, SNF
- Paper and water chemicals: Kemira, Solenis, Nalco, SNF
- Leather chemicals: Stahl, Lanxess

Focus of research and development

Developing solutions in close cooperation with our customers and ensuring technology leadership to improve our cost position are key to the success of the Performance Chemicals division. We utilize advances in modeling and automation to accelerate development and enable faster implementation of innovations. Accordingly, we want to expand our business by aiming at fast-growing markets, where we can leverage the breadth of our competencies.

Key drivers of profitability

- Excellent innovation platform and application know-how
- Customer proximity and market focus
- Targeting higher-growth industry segments and regions
- Continuous improvements in cost competitiveness in production

Key capabilities of BASF

- Joint developments with strategic customers for innovation leadership
- Highly qualified and experienced team with outstanding market knowledge
- Technological competence to provide excellent solutions to our customers

Innovation



Acquisitions/JVs/investments (from 2013 onward)

Product group	Description	Year
Fuel and lubricant solutions	Acquisition of intellectual property for a new manufacturing process of high molecular weight polyisobutene (HM PIB) from Lanxess	2015
	Highly reactive polyisobutene plant in Kuantan, Malaysia (together with PETRONAS Chemicals Group)	2017
Oilfield and mining solutions	Debottlenecking Lix® production in Cork, Ireland	2015
Plastic additives	New plant for antioxidants in Singapore	2013
Paper and water chemicals	Imaging chemicals (Pergafast): expansion in Ankleshwar, India	2015
	Bio-acrylamide plant in Bradford, United Kingdom	2016
	Process chemicals PVAm (polyvinylamine): capacity expansion in Ludwigshafen, Germany	2016

Divestitures/shutdowns/reorganizations

(from 2013 onward)

Product group	Description	Year
Plastic additives	Scale-down of plastics additives in the Basel area, Switzerland	2013–2015
	Divestiture of PolyAd Services	2014
Paper and water chemicals	Restructuring of the water solutions business, mainly in Bradford and Grimsby, United Kingdom; West Memphis, Arkansas	2013–2016
	Divestiture of industrial water management business in France	2013
	Imaging: discontinuation of production in Ruikang, China	2013
	Sizing business: divestiture of global alkyl ketene dimer (AKD) emulsion business	2014
Leather and textile chemicals	Kaolin business: divestiture of paper hydrous kaolin (PHK) business	2015
	Divestiture of textile chemicals business	2015

Major production sites

Product group	Site
Fuel and lubricant solutions	Ludwigshafen and Lampertheim, Germany; Kaisten, Switzerland; Antwerp, Belgium; McIntosh, Alabama; Puebla, Mexico; Shanghai and Nanjing, China; Thane and Mangalore, India; Singapore; Guaratinguetá, Brazil
Paper and water chemicals/oilfield and mining solutions	Bradford and Grimsby, United Kingdom; Cork, Ireland; Suffolk, Virginia; Middle Georgia, United States; Altamira, Mexico; Arkansas; Nanjing, China; Kwinana, Australia; Ludwigshafen, Germany; Ankleshwar, India
Plastic additives	Lampertheim, Germany; Kaisten, Switzerland; Pontecchio Marconi, Italy; Puebla, Mexico; McIntosh, Alabama; Singapore; Manama, Bahrain; Shanghai, China
Leather chemicals	Ludwigshafen, Germany; Shanghai, China; Thane and Mangalore, India; L'Hospitalet, Spain

Synative® ES TMP

More and more stringent regulations call for environmentally friendly lubricants in the shipping industry. Our Synative® ES TMP ester base stocks contain a large amount of renewable raw materials, are biodegradable and non-toxic to marine organisms. As they work effectively and also in a more environmentally friendly manner than many comparable products in the marine industry, they help protect marine life and are employed in many applications subject to especially strict regulations.

Functional Materials & Solutions

The Functional Materials & Solutions segment comprises the Catalysts, Construction Chemicals, Coatings and Performance Materials divisions. They develop and market system solutions, services and innovative products, particularly for the automotive, electronics, chemical and construction industries as well as for household, sports and leisure applications.

Elastofoam®: An employee of the Austrian company POLYTEC Car Styling examines an engine covering. It is made of Elastofoam®, a noise-absorbent polyurethane integral foam developed by BASF, which allows engine coverings to be produced with one material in a single process step.



Divisions

Catalysts

Automotive and process catalysts, battery materials, precious metal services

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Construction Chemicals

Solutions for building structures and envelopes, interior construction and infrastructure

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Coatings

Coatings solutions for automotive and industrial applications, decorative paints

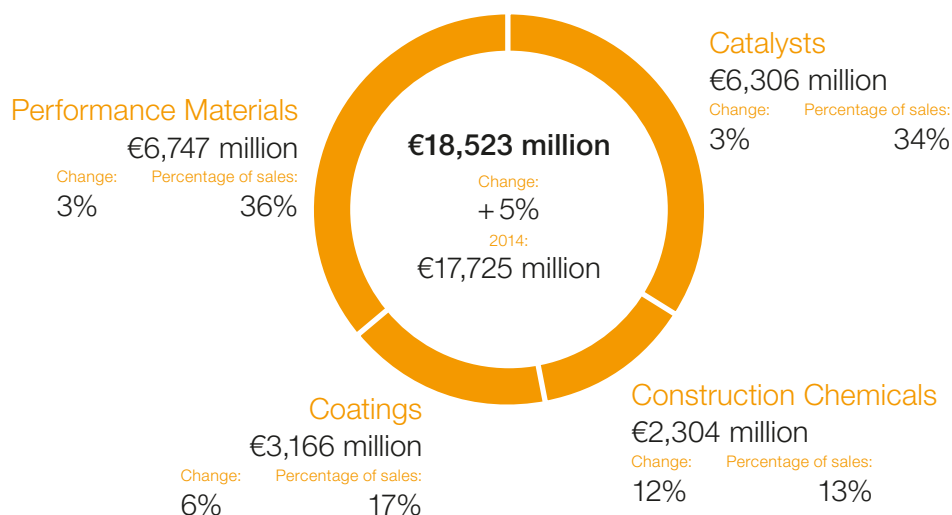
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Performance Materials

Polyurethanes, engineering plastics, foams and epoxy resins

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Sales 2015



Factors influencing sales

Volumes	0%	
Prices	(4%)	
Portfolio	0%	
Currencies	9%	
Sales	5%	

EBIT before special items (in million €)

2015	1,649	
2014	1,197	
		Change: plus €452 million

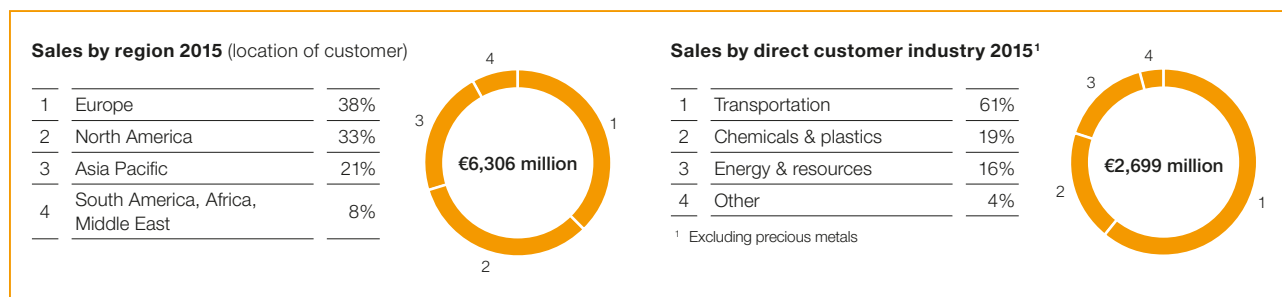
Segment data Functional Materials & Solutions (in million €)

	2011	2012 ¹	2013	2014	2015
Sales to third parties	11,361	17,049	17,252	17,725	18,523
Percentage of total BASF sales	% 15.5	23.6	23.3	23.8	26.3
Thereof Catalysts	6,380	5,568	5,708	6,135	6,306
Construction Chemicals	2,181	2,315	2,120	2,060	2,304
Coatings	2,800	2,961	2,927	2,984	3,166
Performance Materials	-	6,205	6,497	6,546	6,747
Income from operations before depreciation and amortization (EBITDA)	921	1,363	1,498	1,678	2,228
EBITDA margin	% 8.1	8.0	8.7	9.5	12.0
Income from operations (EBIT) before special items	559	932	1,070	1,197	1,649
EBIT before special items margin	% 4.9	5.5	6.2	6.8	8.9
Income from operations (EBIT)	427	806	1,027	1,150	1,607
EBIT margin	% 3.8	4.7	6.0	6.5	8.7

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. These restated prior year figures also take into account the new segment structure as of January 1, 2013.

Catalysts

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.



Portfolio

Mobile emissions catalysts

BASF's emissions 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

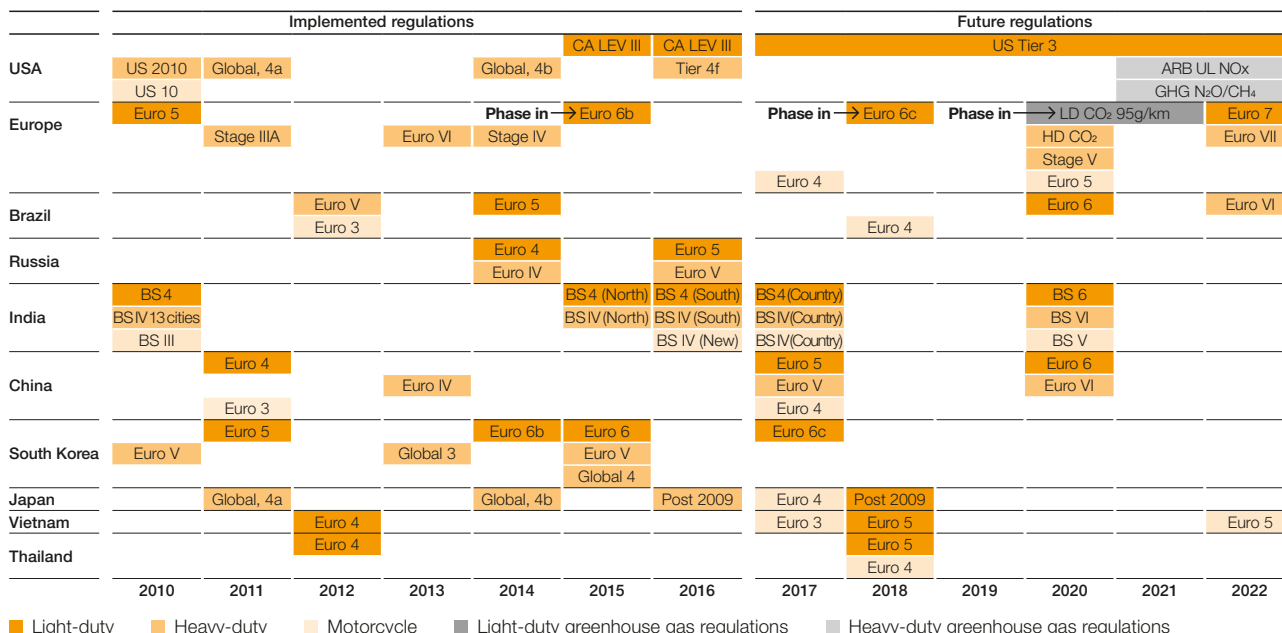
BASF is the leading global manufacturer of catalysts for the chemical industry, with solutions across the chemical value chain. The business provides oil refining technology catalysts including fluid catalytic cracking (FCC) catalysts, co-catalysts

and additives. It also provides adsorbents, which are used for purification, moisture control and sulfur recovery.

Battery materials

Formed in 2012, the battery materials global 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 a frontrunner in developing innovative solutions for lithium-ion batteries. It conducts future-generation battery materials research, working alongside BASF's global R&D network and selected third-party

Emissions catalysts market – regulation remains primary demand driver



development partners. In addition, BASF is the global leader in nickel metal-hydride (NiMH) technology development and licensing.

Precious and base metal services

The global business unit precious and base metal services supports BASF's Catalysts business and its customers with services related to precious and base metals sourcing and management. It purchases, sells, distributes, stores and offers transportation services. It also provides a variety of pricing and delivery arrangements to meet the logistical, financial and price-risk management requirements. 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. 2 globally
- Chemical catalysts: No. 1 globally
- FCC gas/oil refinery catalysts: No. 2 globally

Main competitors

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

Focus of research and development

For mobile emissions catalysts, the focus is on improved products to meet new exhaust gas standards. For process catalysts, 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.

Acquisitions/JVs/investments (from 2013 onward)

Product group	Description	Year
Mobile emissions catalysts	New manufacturing plant in Środa Śląska, Poland	2014
	Capacity expansion in Shanghai, China	2015
	New manufacturing plant in Chennai, India	2016
	New manufacturing plant in Rayong, Thailand	2017
Process catalysts	New specialty zeolites manufacturing plant in Ludwigshafen, Germany	2014
	New FCC catalysts testing and research laboratory, Heidelberg, Germany	2014
	Construction of new chemical catalysts manufacturing plant in Shanghai, China	2016
Battery materials	New R&D laboratory and application technology center, Amagasaki, Japan	2014
	Expansion of R&D laboratory in Beachwood, Ohio	2015
	BASF TODA Battery Materials LLC joint venture formed in Tokyo, Japan	2015
Material services	Capacity expansion at precious metals recycling facility, Cinderford, United Kingdom	2015

Divestitures/shutdowns (from 2013 onward)

Product group	Description	Year
Process catalysts	Divestiture of the polyolefin catalysts business	2016

Key drivers of profitability

- Technology innovation
- Tightening of clean air regulations spurring 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 catalysis
- 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

Innovation

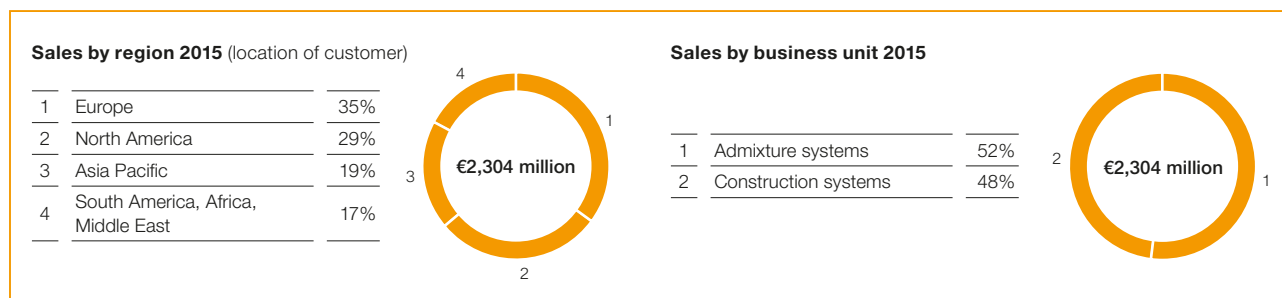


BoroCat™ resid oil Fluid Catalytic Cracking (FCC) catalysts for the refining market

BoroCat™ is the first FCC catalyst based on BASF's new Boron-Based Technology (BBT) platform designed to optimize refiners' production yields. Successful commercial trials have verified BoroCat's ability to provide improved nickel passivation, leading to demonstrably lower coke, lower hydrogen and improved bottoms conversion when compared to existing technologies.

Construction Chemicals

BASF's Construction Chemicals division offers advanced chemical solutions for the construction industry. Our innovations help our customers to rapidly adopt sustainable construction practices and to profitably grow their businesses.



Portfolio

Admixture systems

BASF technologies for admixture systems provide solutions and add value for customers in the concrete manufacturing, cement and underground construction industries. Each of these industries is connected to the concrete value chain. Our primary focus is to improve and protect buildings by providing solutions based on additives for concrete and other cementitious materials as well as selected complementary technologies.

Construction systems

BASF offers construction systems to serve the industry with solutions to protect and repair buildings and structures. Furthermore, the construction systems 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; tile and floor laying systems and wall systems.

With systems for repair and protection, we help to prolong a building's life span. Performance grouts enable durable, safe, cost-effective and time-efficient installation of all types of heavy machinery and wind power stations. 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. Our diverse range of flooring solutions meets all requirements and 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 that provide walls with insulation, a finished surface, and waterproofing in one integrated system.



The Heydar Aliyev Center in Baku, Azerbaijan – the nation's heart for cultural life

The Heydar Aliyev Center, located in Azerbaijan's capital Baku, is a masterpiece of contemporary architecture, designed by Zaha Hadid. She was named Designer of the Year 2014 by the London Design Museum. BASF's Master Builders Solutions experts supported its construction by providing the perfect concrete mix to cope with the challenging architecture and the ever-changing quality of the raw materials. Besides the concrete works, Master Builders Solutions were also used for exterior waterproofing and tiling.

Master Builders Solutions – our brand connecting the construction industry

In April 2014, we finalized the introduction of our global brand, Master Builders Solutions, underlining BASF's commitment to the construction industry. As an umbrella brand for various BASF specialty lines like Glenium, Emaco and Ucrete, our Master Builders Solutions portfolio includes 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: No. 3 globally

Main competitors

- Admixture systems: gcp applied technologies, Mapei, Sika
- Construction systems: Mapei, RPM, Sika

Focus of research and development

The goal of our R&D activities is to enable higher productivity and enhanced sustainability in the construction industry. In particular, we 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
- Development of customized solutions
- Anticipation of future market trends

Key capabilities of BASF

- Customer orientation, solution orientation, proximity to markets, experienced staff, high flexibility, established brands
- High-value solutions for our customers
- Focus on growth markets, megatrends and lead customers

Acquisitions/JVs/investments (from 2013 onward)

Product group	Description	Year
Admixture systems	Investment in concrete admixtures in Kazan, Russia	2013
	New production plant for concrete admixtures in Nellore, India	2014
	New production plant for concrete admixtures in Nairobi, Kenya	2014
	New production plant for concrete admixtures in Lagos, Nigeria	2015
	New production plant for concrete admixtures in St. Petersburg, Russia	2016
	New production plant Kolkatta, India	2016
	New production plant for concrete admixtures in Hanoi, Vietnam	2015
Construction Systems	Capacity expansion for dry mortars in Trostberg, Germany	2015
	Investment Bukit Raja, Malaysia	2016

Divestitures/shutdowns (from 2013 onward)

Product group	Description	Year
Construction systems	Divestiture of CONICA Sports Surfaces in Schaffhausen, Switzerland	2013
	Divestiture of Wall Systems in Marktredwitz, Germany	2013
	Divestiture of MEYCO Equipment in Winterthur, Switzerland	2013

Construction Chemicals target customers

Product group	Customer industries
Admixture systems	Ready-mix concrete
	Precast concrete
	Manufactured concrete products
	Cement production
	Tunnel building
Construction systems	Mining
	Construction industry, especially: <ul style="list-style-type: none"> - Contractors and applicators - Building materials suppliers - Owners of buildings

Innovation

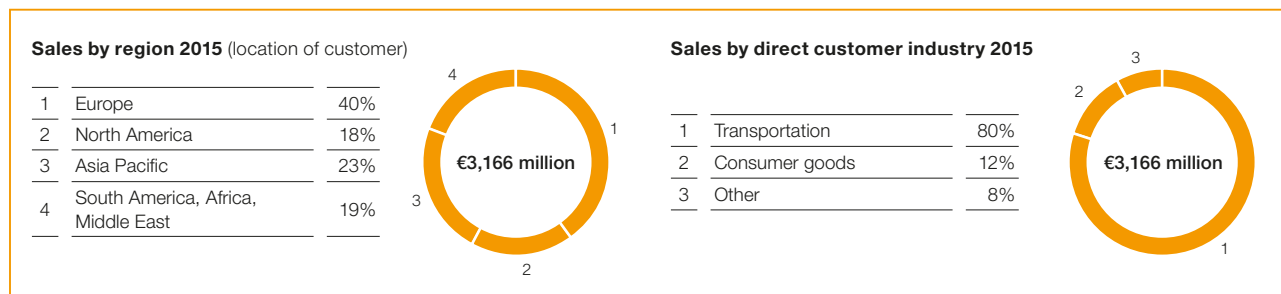


MasterEase

The MasterEase range of concrete additives greatly improves the flow properties of the building material. This is especially true for modern high-performance concrete. Its lower water and cement content improves stability and increases buildings' longevity, but also makes the material sticky and harder to pump. Developed by BASF, polymers contained in MasterEase products reduce the concrete's viscosity by up to 30%. From mixing and pumping to sealing and smoothing, processing therefore becomes easier, quicker and more economical.

Coatings

BASF's Coatings division offers innovative and ecologically viable 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.



Portfolio

Automotive OEM (Original Equipment Manufacturer) coatings solutions

BASF provides complete automotive coatings solutions, including:

- E-coats
- Primers
- Basecoats
- Clearcoats

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

Automotive refinish coatings solutions

For the refinishing of cars and coating of commercial vehicles, BASF offers top- and undercoat materials sold under the global premium brands Glasurit® and R-M® as well as the value-for-money brands baslac®, LIMCO® and Norbin®, which are sold to paint distributors and automotive repair shops. BASF is a leader in the fields of waterborne coatings and high-solid systems, enhanced by value-added services and tools for end-users.

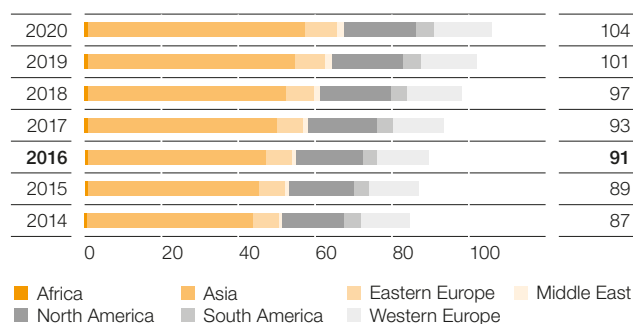
Industrial coatings solutions

In February 2016, BASF announced that it intends to sell its global industrial coatings business to AkzoNobel. The transaction is expected to be completed by the end of 2016. The business offers environmentally responsible systems, such as the universal coil coating primer Coiltec®, an alternative to chromate-containing products, and foil coatings which are applied to paper and plastic substrates. For the finish of manufactured products, the portfolio comprises e-coats, spray and dip coatings, which are used for industrial buildings, radiator components, household appliances and wind turbines.

Decorative paints

For interior and exterior use in buildings, BASF offers decorative paints, marketed, for example, under the premium brand Suviniil®, which is one of Brazil's best-known brands. With constant innovation launches such as a dirt-repellent exterior paint, Suviniil® continues to strengthen its role as a pioneer in the area of innovative paints.

Passenger car and light commercial vehicle production (million units produced)



Source: Global Automotive Production Forecast March 2016 (LMCA)

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 around 16 million units over the next five years. The main growth driver is Asia – in particular China – where BASF is excellently positioned to participate in the growth opportunities.

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 include improved products for new technology markets (e.g. wind energy) and environmentally friendly applications.

Key drivers of profitability

- Combination of protection and appearance as value indicator
- 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 to deal with color complexity
- Leveraging strong market position and application know-how from mature markets into growing markets
- Global production and market presence

Acquisitions/JVs/investments (from 2013 onward)

Product group	Description	Year
Automotive OEM	Coatings Technical Competence Center ASEAN, Thailand	2013
	Expansion of e-coat production, United States	2013
	Expansion of waterborne basecoat production, Brazil	2014
	Topcoat production, China	2014
	Resin production, China	2015
	Paint production, Thailand	2016
	Basecoats and intermediates production, China	2017
Refinish	Competence center, Australia	2013
	Competence centers, France and Italy	2013
	Competence centers, South Africa	2014
	Acquisition of the automotive refinish coatings business of Guangdong Yinfan Chemistry Co. Ltd., China	2016
Surface treatment	Planned acquisition of Chemetall	2016

Divestitures/shutdowns (from 2012 onward)

Product group	Description	Year
Decorative paints	Divestiture of the RELIUS coatings' decorative paints business in Europe	2012/2013
	Divestiture of decorative paints business in Argentina	2013
Industrial coatings	Divestiture of the industrial coatings business	2016

Major production sites

BASF coatings are produced at 18 sites worldwide. Our most important sites for each product group are listed below.

Product group	Site
Automotive OEM	Münster, Germany; Guadalajara, Spain; Pavlovsky Posad, Russia; Shanghai, China; Totsuka, Japan; Greenville, South Carolina; Tultitlán, Mexico
Refinish	Münster, Germany; Clermont de l'Oise, France; Windsor, Canada
Industrial	Münster and Oldenburg, Germany
Decorative	São Bernardo do Campo, Brazil

Innovation

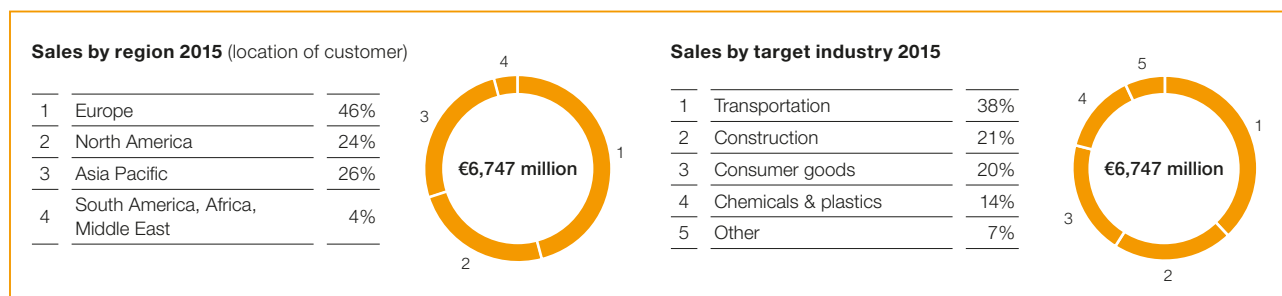


Self-healing clearcoat

With our new generation of clearcoats, we have developed a modern surface protection that increases the sustainability of automotive refinishing. As well as short processing times and quick drying, the coatings boast exceptional self-healing properties that enable the clearcoats to cure superficial scratches. As the coating warms up, it becomes flexible and the reflow effect activates. Ideally supported by solar heat, the scratches close, leaving behind a smooth surface. The result is a brilliantly radiant clearcoat.

Performance Materials

The Performance Materials division brings together BASF's entire materials know-how regarding innovative, customized plastics under one roof. Active in four major industry sectors – automotive, construction, industrial applications and consumer goods – the division has a strong portfolio of products and services combined with a deep understanding of application-oriented system solutions. Key drivers of profitability and growth are close collaboration with customers and a clear focus on solutions. Strong capabilities in R&D provide the basis for innovative products and applications.



Portfolio

Polyurethanes

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 plastics

Engineering plastics are used in numerous applications, such as automotive engineering, the electrical and electronics sectors, household appliances and precision technology as well as in medical technology. This product group includes Ultraform® based on polyoxymethylene (POM), Ultradur® based on polybutylene terephthalate (PBT) and Ultramid® based on polyamide (PA).

Styrenic foams

Styrenic foams include expandable polystyrene (EPS), Styropor® and its refinement Neopor® as well as Styrodur®C (XPS). These insulating materials are at the forefront of eco-efficient construction. They help save energy and are cost-effective.

Functional foams

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

Specialty plastics

Specialty plastics include biodegradable co-polyesters, mainly used in various packaging applications and sold under the ecoflex® and ecovio® brands, infusion resins for composite products (Baxxodur®), which are primarily used in wind energy applications, as well as Ultrason®, a high temperature plastic based on polyarylsulfone (PPSU, PSU, PESU).

Industry focus

Performance Materials approaches the market with a strong industry orientation, focusing on innovation to address important needs of key market segments. We work jointly with our customers and stakeholders in the industries to introduce innovative solutions by combining our diverse portfolio of products with application, engineering, simulation and manufacturing know-how. Customer intimacy and close collaboration are the basis for our solution-selling approach, which is a key driver to profitable growth.

Product/ Industry	Transportation	Construction	Consumer	Industrial
PU systems	■	■	■	■
TPU	■	■	■	■
MPU	■		■	■
Engineering plastics	■	■	■	■
Polysulfones	■		■	■
Styrenic foams		■	■	
Functional foams	■	■	■	
Biodegradable plastics			■	
Epoxy systems	■	■		■

BASF's market position

- TPU: No. 1 globally
- MPU: No. 1 globally
- Polyamide 6 & 6.6 compounds: No. 1 globally
- PBT compounds: No. 1 globally
- Expandable polystyrene: No. 1 in Europe

Main competitors

- PU specialties: Covestro, Dow, Huntsman, Lubrizol
- Polyamide 6 & 6.6 compounds: Lanxess, DuPont, EMS, Solvay
- Expandable polystyrene: Loyal, Wuxi Xingda, INEOS Styrenics

Focus of research and development

Our innovation focus is on developing new products and applications 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. Our innovation pipeline is driven by creating solutions for unmet market needs with a focus on topics in developing markets with strong growth potential.

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

- Ability to serve customers globally
- Innovation in products, applications, processes and business models
- Technical, engineering and application competence
- Operational excellence (reliability, consistent quality)

Acquisitions/JVs/investments (from 2013 onward)

Product group	Description	Year
Polyurethanes	Capacity relocation and expansion in Guaratinguetá, Brazil	2013
	TPU capacity expansion in Lemförde, Germany	2014
	New TPU plant in Shanghai, China	2014
	New polyurethanes manufacturing hub in Dahej, India	2014
	Acquisition of TWSS, Taiwan, China	2015
	TPU production upgrade in Wyandotte, Michigan	2015
	New PU systems plant in Geismar, Louisiana	2015
Engineering plastics	Acquisition of polyurethane business from Polioles in Mexico	2015
	MPU capacity expansion in Shanghai, China	2016
	Capacity expansion in Shanghai, China	2014
Specialty plastics	New compounding plant in Yesan, South Korea	2015
	Ultraform® (POM) 50:50 production JV with Kolon Plastics in Gimcheon, South Korea	2018
Styrenic foams	New Ultrason® plant in Yeosu, South Korea	2014
	Neopor® capacity expansion in Ludwigshafen, Germany	2013

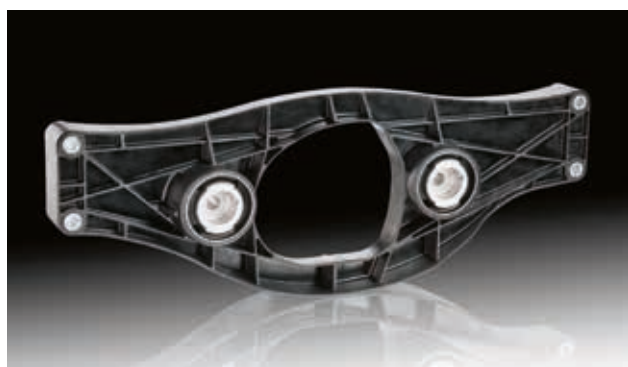
Divestitures/shutdowns (from 2013 onward)

Product group	Description	Year
Styrenic foams	Divestiture of EPS business in the Americas	2015
	Divestiture of XPS production site in Tudela, Spain	2015
PU systems	Closure of PU system houses in Angered, Sweden, and Solymár, Hungary	2014
	Closure of PU system houses in Strem, Poland; Pendik, Turkey; Elandsfontein, South Africa; Bukit Jelutong, Malaysia; Hsinchu, Taiwan	2015
Engineering plastics	Shutdown of Ultraform® (POM) production plant in Ludwigshafen, Germany	2018

Major annual capacities of BASF (in thousand metric tons)

Product group	Capacity
Engineering plastics	665
Styropor®/Neopor®	550

Innovation



World's first rear axle crossbeam made of plastic

Together with our partner ContiTech Vibration Control, we have developed the world's first plastic transmission crossbeam in the rear axle subframe of vehicles for the S-Class from Mercedes-Benz. Made of Ultramid® engineering plastic, the component reduces noise and is 25% lighter than typical models made of aluminum, which means a reduction in vehicle fuel consumption.

Agricultural Solutions

The Agricultural Solutions segment provides innovative solutions in the areas of chemical and biological crop protection, seed treatment and water management as well as solutions for nutrient supply and plant stress.



Our innovative **crop protection solutions** help farmers to safeguard their harvest and increase their yield.

Indications and sectors

Fungicides

Protecting crops against harmful fungi

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Herbicides

Reducing competition from weeds for water and nutrients

📖 page 66

Insecticides

Combating insect pests in agriculture and beyond

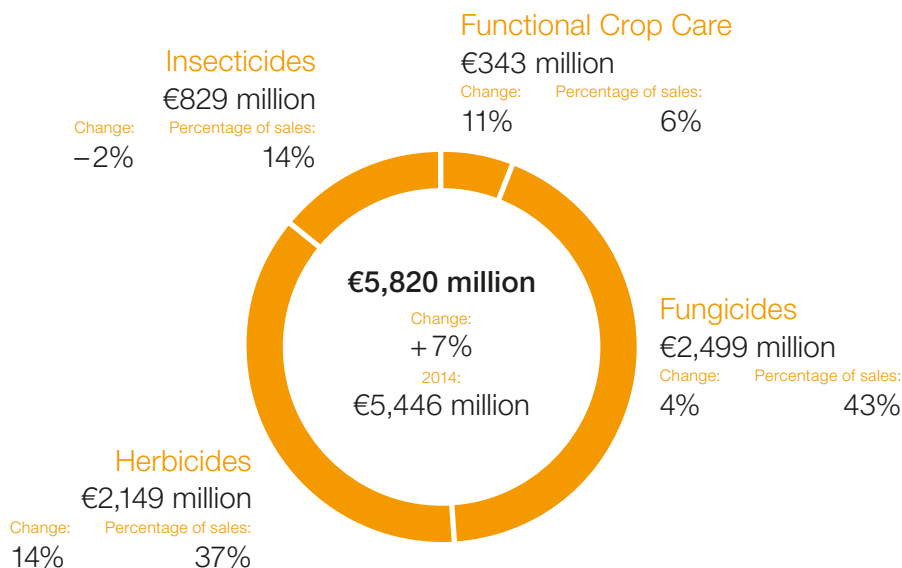
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Functional Crop Care

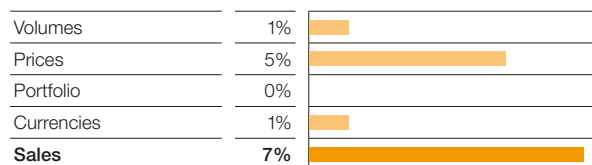
Biological crop protection, seed treatment, polymers and colorants

📖 page 66

Sales 2015



Factors influencing sales



EBIT before special items (in million €)



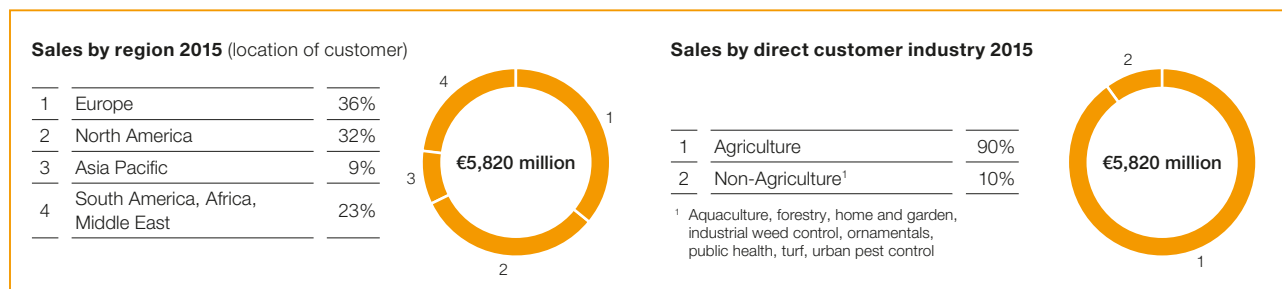
Segment data Agricultural Solutions (in million €)

	2011	2012 ¹	2013	2014	2015
Sales to third parties	4,165	4,679	5,227	5,446	5,820
Share of total BASF sales	5.7	6.5	7.1	7.3	8.3
Income from operations before depreciation and amortization (EBITDA)	981	1,182	1,375	1,297	1,321
EBITDA margin	23.6	25.3	26.3	23.8	22.7
Income from operations (EBIT) before special items	810	1,037	1,222	1,109	1,090
EBIT before special items margin	19.4	22.2	23.4	20.4	18.7
Income from operations (EBIT)	808	10,026	1,208	1,108	1,083
EBIT margin	19.4	21.9	23.1	20.3	18.6

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.

Crop Protection

BASF's Crop Protection division is significantly increasing its activities in emerging agricultural markets while maintaining 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. Our target is to achieve sales of about €8 billion by 2020.



Portfolio

Fungicides

Fungicides protect crops from harmful fungi that reduce vitality by damaging physiological processes. Our product portfolio includes:

F500® (Pyraclostrobin) is a crop protection active ingredient with a great variety of application possibilities: It acts as a highly effective fungicide as well as an accelerator of plant health effects. F500® is part of our global plant health umbrella brand, AgCelence®.

Xemium® is a key component and driver of BASF's fungicides portfolio for broad-spectrum disease control in field and specialty crops. Due to its intrinsic activity, excellent mobility in the plant and long-lasting residual action, Xemium® continues to be a trusted choice by growers. Xemium® is commercially available in more than 50 countries for over 100 different crops. Peak sales potential is expected to exceed €600 million.

Herbicides

Herbicides protect crops from weeds that cause damage by competing for nutrients, water and sunlight. Our product portfolio includes:

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 €300 million with this product.

The Clearfield® production system combines herbicide-tolerant seeds, which are developed by using traditional plant breeding methods, together with regionally-tailored herbicides. The Clearfield® production system is currently available for oilseed rape (canola), sunflower, corn (maize), rice, wheat and lentils.

Engenia™ is a new advanced dicamba formulation and a leading forthcoming innovation in the herbicide field. Engenia® is designed for use in dicamba/glyphosate-tolerant cropping

systems and is a highly efficient tool for the control of resistant weeds in row crops. Pending registration, Engenia® is expected to be available in the Americas in 2016.

Insecticides

Insecticides protect crops from insects that cause damage by eating parts of plants or sucking their juices and transmitting dangerous viruses.

Nealta® miticide controls all life stages of spider mites in pome fruit, grapes, strawberries, tree nuts, citrus crops and tomatoes. It has a unique mode of action and no cross-resistance to other commercial miticides, making it an important tool for integrated pest management programs. It is practically non-toxic to mammals, beneficial mites, predatory insects and pollinators such as bees.

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.

Functional Crop Care

Functional Crop Care improves plant growth, protects seeds, and helps plants use water and nutrients, like nitrogen, more efficiently. Our product portfolio includes:

Serifel® is a biological fungicide based on a beneficial bacterium with multiple modes of action. Spores colonize the surface of the plant and form a shield of protection against a broad spectrum of pathogens. Serifel® can be easily integrated into disease management programs without a pre-harvest interval and with easy handling.

Vizura® is a nitrification inhibitor that improves nitrogen use of liquid manure from livestock and biogas plants. Growers benefit from higher yields and greater flexibility due to an

extended window of action, even in environmentally sensitive, more restrictive areas. Vizura® also improves the nitrogen balance, resulting in ecological benefits such as reduced nitrate leaching and fewer greenhouse gas emissions.

BASF's market position

- Fungicides: No. 3 globally
- Herbicides: No. 5 globally
- Insecticides: No. 5 globally

Main competitors

- Fungicides: Syngenta, Bayer
- Herbicides: Monsanto, Syngenta, Dow, Bayer
- Insecticides: Bayer, Syngenta, DuPont, Dow

Powerful research and development pipeline

We project our crop protection pipeline will achieve peak sales of €3 billion for products launched between 2015 and 2025. Following our strategy to bring comprehensive solutions to farmers, we will launch new products for all indications in row and specialty crops. This includes the new blockbuster fungicide Revysol®, the new advanced dicamba formulation Engenia™ in herbicides, the new insecticide active ingredient Inscalis™ as well as Limus™ nitrogen management in the area of Functional Crop Care. Further growth drivers beyond 2020 are:

- Broflanilide (insecticide)
- Velifer (Functional Crop Care)
- Provisia™ Rice System (fungicide)

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 and stringent patent management
- Focus on high-value markets and products
- Strict portfolio management

Acquisitions/JVs/investments (from 2013 onward)

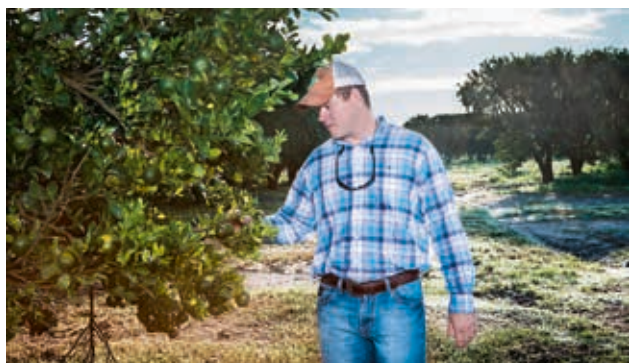
Product group	Description	Year
Functional Crop Care	Capacity expansion in Europe	2015
	New seed solutions technology and biologicals R&D center in Europe	2016
Boscalid	Capacity expansion in South America	2013
Fipronil	Capacity expansion in Europe	2013
Metazachlor	Capacity expansion in Europe	2014
Xemium®	Backward-integration of precursor for Xemium® in Europe	2013
	Capacity expansion in Europe	2016
F500®	Capacity expansion in Europe	2014
Dicamba	Capacity expansion in North America	2014
	Capacity expansion in North America	2016
Formulation capacities	Expansion of existing plants in Europe	2013
	Expansion of existing plants in Europe	2014
	Expansion of existing plants in North America	2014
	New formulation plants in Asia	2014
	New formulation plants in Latin America	2014
Infrastructure and R&D measures	Expansion of existing plants in Europe	2016
	Expansion and upgrade of infrastructure and R&D at sites in North America and Europe	2013
Kixor®	Capacity expansion in North America	2015
DMTA	Capacity expansion in North America	2016

Plant biotechnology at BASF

BASF Plant Science provides innovative plant biotechnology solutions for agriculture, helping farmers meet the growing demand for improved agricultural productivity and healthier nutrition. As part of our regular portfolio review, we decided to refocus our plant biotechnology research portfolio and plan to restructure our Plant Science operations in 2016. Plant Science will concentrate on projects with the highest business and technical realization potential like herbicide-tolerant crops and fungal-resistant soybeans. BASF Plant Science is reported under "Other".

Further information on BASF Plant Science is available at www.basf.com/plantscience.

Innovation



Innovation example: Inscalis™

Inscalis™ is the pioneer solution from a novel chemical class, the pyropenes, offering an alternative mode of action for the control of key insect pests. It provides an essential tool for farmers to use in resistance and integrated pest management programs. First registration dossiers were submitted to the authorities in the United States and Canada for use in a wide range of crops such as vegetables, fruit, row crops and ornamentals. Pending regulatory approval, the first market introductions of Inscalis-based products are expected in 2019.

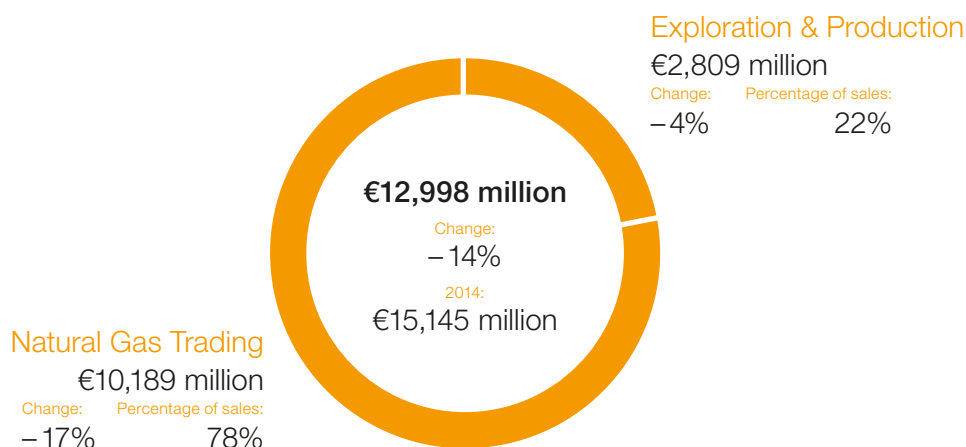
Oil & Gas

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. We focus on selected oil and gas-rich regions in Europe, Russia, North Africa, South America and the Middle East. In Europe, we are also active in the transport of natural gas. At the end of the third quarter of 2015, we exited the natural gas trading and storage business previously operated together with Gazprom in exchange for additional oil and gas production assets in western Siberia.



Achimgaz: Wintershall and Gazprom run a 50-50 joint operation for block IA of the Achimov horizon in the Urengoy field.

Sales 2015



Factors influencing sales

Volumes	15%		
Prices/Currencies	(9%)		
Portfolio	(20%)		
Sales	(14%)		

EBIT before special items (in million €)

2015	1,366	
2014	1,795	
		Change: minus €429 million

Segment data Oil & Gas (in million €)

	2011	2012 ¹	2013 ²	2014	2015
Sales to third parties	12,051	12,740	14,776	15,145	12,998
Share of total BASF sales	% 16.4	17.7	20.0	20.4	18.5
Thereof Exploration & Production	3,182	2,584	2,929	2,938	2,809
Natural Gas Trading	8,869	10,156	11,847	12,207	10,189
Income from operations before depreciation and amortization (EBITDA)	2,616	2,445	3,149	2,626	2,587
EBITDA margin	% 21.7	19.2	21.3	17.3	19.9
Income from operations (EBIT) before special items	2,111	1,876	1,856	1,795	1,366
EBIT before special items margin	% 17.5	14.7	12.6	11.9	10.5
Income from operations (EBIT)	2,111	1,676	2,403 ³	1,688	1,072
Non-compensable foreign income taxes on oil production	439	-	-	-	-
Net income	1,064	1,201	1,730	1,464	1,050

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.

² Figures for 2013 have been adjusted to reflect the dissolution of the natural gas trading business disposal group.

³ In 2013, special income of €429 million resulted from the reclassification of GASCADE Gastransport GmbH.

Oil & Gas

Exploration and production of crude oil and natural gas is performed by BASF's subsidiary Wintershall. 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 fields as well as on operating as efficiently as possible. Wintershall is also active in the construction and operation of natural gas pipelines.

Exploration & Production

Activities by region



Europe

Wintershall has been operating in Europe for over 80 years. Germany is one of Wintershall's most important regions for oil and gas exploration and production. Wintershall is the operator of the only gas production platform in the German North Sea (A6-A) and has a 50% stake in the largest German crude oil field, Mittelplate. Domestic energy is also produced around Barnstorf in Lower Saxony, in Emlichheim on the German-Dutch border, in Landau in the Palatinate and in Aitingen near Augsburg. Wintershall produces from 15 oil fields and 35 gas fields in Germany.

In 2015, Wintershall celebrated 60 years of crude oil production in the Landau region, where we produce about 20,000 tons of crude oil annually from 65 wells. In Aitingen, Wintershall commenced production in 1979 and is the largest producer of crude oil in Bavaria. The BASF subsidiary was able to raise production here by about 50% since 2010 and is planning to continue developing production with at least one new well in 2016.

In the Netherlands, Wintershall is one of the largest producers, operating over 20 offshore platforms. Since October 2015, as a result of an asset swap, Gazprom participates with a 50% stake in the activities of Wintershall Noordzee B.V. – active in the exploration and production of oil and gas in the Southern North Sea in the Netherlands, United Kingdom

and Denmark. In the Dutch North Sea, Wintershall began production of natural gas at the unmanned L6-B minimum facility platform in June 2015 – enabling economic production, even from very small deposits.

In Norway, with over 60 licenses – around half of them as operator – we are one of the largest license holders. In 2012, Wintershall entered into a cooperation with the Norwegian oil and gas major Statoil. Through two transactions, Wintershall acquired shares in the three producing fields Brage, Gjøa and Vega. With Brage and Vega, Wintershall took over operatorship in Norway for the first time. In addition, Wintershall acquired an interest in the development project Aasta Hansteen, the Asterix discovery as well as the Polarled pipeline project. In recent years, Wintershall increased its daily production significantly to currently 80,000 barrels of oil equivalent (BOE); most recently with the start of production in the Knarr and Edvard Grieg fields in 2015. For the Wintershall-operated Maria project, the plan for development and operation was approved by the Norwegian Ministry of Petroleum and Energy in September 2015.

Since 2009, Wintershall has achieved some successes in exploration in this region: e.g., oil discoveries Skarfjell in Norway, F17 in the Netherlands and Ravn in the Danish North Sea.

Russia

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 25 years – in particular through its successful cooperation with Gazprom. Together with Gazprom we are currently pursuing several projects for natural gas and condensate in western Siberia: Yuzhno Russkoye, Achimgaz and Achimov IV/V. We are also involved in the exploration and production of oil in the Volgograd area together with our partner Lukoil.

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 gas¹ per year in 2009. 144 production wells are in operation. The field has recoverable volumes of approximately 600 billion m³ of natural gas.¹ A development concept for the Turon horizon, a shallow formation in the gas field, is currently being drawn up together with Gazprom.

¹ Russian standard cubic meter

Achimov block IA: Wintershall and Gazprom operate a 50-50 joint venture (Achimgaz) for block IA of the Achimov formation in the Urengoy field. Total recoverable volumes of block IA are around 200 billion m³ of natural gas and 40 million metric tons of condensate. Plateau production is expected to be reached in 2018 with 8 billion m³ of natural gas per year. In 2015, the joint venture produced 5 billion m³ gas¹ and 2.3 million metric tons of condensate.

¹ Russian standard cubic meter

Achimov blocks IV and V: The asset swap with Gazprom, completed at the end of September 2015, gives Wintershall a 25.01% share in the blocks IV and V of the Achimov formation. Overall, the two blocks contain hydrocarbon reservoirs of around 274 billion m³ of natural gas¹ and 74 million metric tons of condensate, based on the development plan confirmed by the Russian mining authorities. Wintershall and Gazprom will develop the reservoirs together. Production is planned to start in 2018. An annual plateau production of at least 8 billion m³ of natural gas is expected.

¹ Russian standard cubic meter

North Africa/Middle East

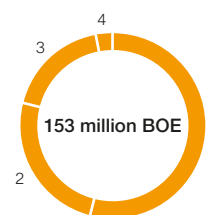
Wintershall has been engaged in E&P activities in Libya since 1958. We operate eight onshore oilfields in the Libyan desert. Gazprom participates with a 49% stake in Wintershall AG, which holds these licenses. We also have a minority interest in the Al Jurf offshore field in the Mediterranean Sea off the Libyan coast. In recent years, Wintershall expanded its operations to the Arabian Peninsula. In June 2012, Wintershall signed a technical evaluation agreement with OMV and the Abu Dhabi National Oil Company (ADNOC) to appraise the sour gas and condensate field Shuwaihat in the Western region of Abu Dhabi. In 2015, we completed the first exploration well as operator of Shuwaihat. Additionally, Wintershall has deepened its partnership with ADNOC: a Memorandum of Understanding (MoU) on joint research into Enhanced Oil Recovery (EOR) methods was signed in November 2015.

South America

Wintershall has been active in this core region since the late 1970s. In Argentina, the largest gas-producing country in South and Central America, we are participating 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. In addition, Wintershall is a partner in the newly developed natural gas field Vega Pleyade, where production started in February 2016 with a capacity of 10 million cubic meters of gas per day. As operator of the two exploration licenses CN-V and Ranquil Norte in the province of Mendoza we continue to assess the potential of these blocks. Argentina has an enormous potential of non-conventional reservoirs, especially in the Vaca Muerta formation in the Neuquén Basin. Wintershall has interests in the fields San Roque, Aguada Pichana, Bandurria Norte and Aguada Federal. In July 2015, Wintershall took over the operatorship for Bandurria Norte. In Aguada Federal Wintershall launched the first two vertical exploration wells as operator in 2015.

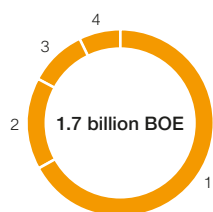
Production by region 2015

1	Russia	54%
2	Europe	28%
3	South America	15%
4	North Africa, Middle East	3%



Proven 1P reserves by region 2015

1	Russia	65%
2	Europe	19%
3	South America	10%
4	North Africa, Middle East	6%



For further information, please refer to the BASF Report 2015, pages 225-232.

Innovation



Production in Norwegian Maria oilfield

Through an innovative development concept and the cooperation with other companies, we are developing the Maria oilfield without building a new production platform. Instead, we are using the existing infrastructure of three different host platforms. This allows us to increase profitability and reduce development costs by around half compared with a stand-alone development concept. The existing infrastructure is used as efficiently as possible and less energy is required for oil production as well as processing.

Natural Gas Transport

In addition to the exploration and production of natural gas, Wintershall is active in the construction and operation of natural gas pipelines – important for ensuring supply security in Western Europe. We are jointly active in the gas transport sector with Gazprom.

The German natural gas transport businesses are bundled in the WIGA Transport Beteiligungs-GmbH & Co. KG (WIGA). Via its independent subsidiaries, the WIGA Group operates a 3,300 kilometer long-distance onshore pipeline network that includes the pipeline links to the Nord Stream pipeline: The Baltic Sea Connection Pipeline Link (OPAL) and the North European Pipeline (NEL). Our pipeline network through Germany is operated by GASCADE Gastransport GmbH.

The Nord Stream pipeline runs offshore through the Baltic Sea, providing a direct link between Russia and Germany. We hold a 15.5% share in the Nord Stream pipeline through Nord Stream AG. Other shareholders are Gazprom (51%) and E.ON (15.5%) as well as N.V. Nederlandse Gasunie and ENGIE (9% each).

Our pipeline network



Moreover, Wintershall intends to take part in the expansion of Nord Stream together with other European partners. The Nord Stream 2 project aims to build two additional offshore pipelines with an overall capacity of 55 billion m³ of natural gas. The project will be developed by the company Nord Stream 2 AG. In order to carry out the project, the relevant share purchase agreements were signed in September 2015. Gazprom will hold a 50% share in the project company; BASF/Wintershall, ENGIE, Uniper, OMV and Shell will each hold a 10% share upon approval of relevant authorities.

We transferred our shares in the formerly jointly run gas trading and storage business with the asset swap to Gazprom completed end of September 2015.

Major pipelines

Nord Stream

Twin pipeline through the Baltic Sea from Vyborg, Russia to Greifswald, Germany

- BASF share: 15.5%
- Total capacity: 55 billion m³ p.a.
- Total investment offshore: €7.4 billion
- First pipeline operative November 2011; project completed October 2012

OPAL

Pipeline from the landfall point of the Nord Stream in Greifswald to Brandov, Czech Republic on the German-Czech border

- OGT¹ share: 80%
- Total capacity: 36 billion m³ p.a.
- Startup 2011, together with the first offshore string of Nord Stream

NEL

Pipeline from landfall point of Nord Stream towards Rehdén in Lower Saxony

- NGT² share: 51%
- Total capacity: 20 billion m³ p.a.
- Startup 2012, together with the second offshore string of Nord Stream

¹ OGT: OPAL Gastransport GmbH & Co.KG, operator of the OPAL pipeline

² NGT: NEL Gastransport GmbH, operator of the NEL pipeline



25 years of cooperation with Gazprom

BASF/Wintershall and Gazprom have already been cooperating successfully for a quarter of a century: The two companies laid the foundations for their cooperation in autumn 1990 with a long-term agreement to market Russian natural gas in Germany. In 2015, they decided to extend their cooperation at the source and to expand their shared natural gas production in Siberia with the joint development of the blocks IV and V of the Achimov formation. Additionally, together with other partners, the companies are also planning the extension of the Nord Stream Baltic Sea pipeline.

Key drivers of profitability

- Diversified portfolio in core and development regions
- Strategic partnerships and cooperations
- Focus on own-operated activities
- Capital discipline and operational excellence
- Active portfolio management
- Exploration success
- Selective technology development and deployments

Key capabilities of BASF

- Technology for maximizing value from existing assets
- Many years of experience as cost-efficient operator with low finding, development and production costs
- Strategic partnerships with Gazprom and Statoil
- R&D competence in enhanced oil recovery and oilfield chemicals

Acquisitions/JVs/investments (from 2013 onward)

Product group	Description	Year
Oil field development	Knarr, Norway	2015
	Edvard Grieg (formerly Luno), Norway	2015
	Ravn, Denmark	2016
	Maria, Norway	2018
	F17, Netherlands	2020
Gas field development	L6-B, Netherlands	2015
	Vega Pleyade, Argentina	2016
	Asta Hansteen, Norway	2018
	Yuzhno Russkoye, Turon development, Russia	2019
Gas/condensate field development	Achimov IA (Achimgaz) in Urengoy field, Russia	2008–2019
Exploration license awards	Norway, seven new exploration licenses	2015
	Denmark, three new exploration licenses	2016
Asset swaps and transactions	Transactions with Statoil	2013/2014
	Farm-in agreement "Aguada Federal" with Gas y Petrolé del Neuquén and increase in participation interest	2014/2015
	Asset swap with Gazprom incl. the transfer of 25.01% in Achimov IV/V in Urengoy field in Russia to Wintershall	2015
Pipeline projects	Nord Stream 2 offshore pipeline	2019

Divestitures/shutdowns (from 2013 onward)

Product group	Description	Year
Asset swaps and transactions	Divestiture of selected non-operated assets on the UK Continental Shelf	2013
	Sale of 15.79% share of Verbundnetz Gas AG to EWE AG	2014
	Sale of 15% share of South Stream Pipeline project	2014
	Transfer of 50% of Wintershall Noordzee B.V. to Gazprom	2015
	Transfer of all shares in gas trading and storage business to Gazprom	2015
Cessation of activities	Decommissioning of Murchison field in Norway	2013
	Relinquishment of Block 4 North in Qatar	2015
	Ceasing of production from Kotter and Logger in the Netherlands	2015
	Return of several licenses in Norway, the Netherlands, Germany and Argentina	2015/2016

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, the production of precursors not assigned to a particular segment, the steering of the BASF Group by corporate headquarters, and corporate research.

With cross-divisional corporate research, BASF is creating new business opportunities and ensuring its long-term competence with regard to technology and methods. This includes plant biotechnology research.

Earnings from currency conversion that are not allocated to the segments are also reported under Other, as are earnings from the hedging of raw material prices and foreign currency exchange risks. Furthermore, revenues and expenses from the long-term incentive (LTI) program are reported here.

Transfers between the segments are generally executed at adjusted market-based prices which take into account the higher cost efficiency and lower risk of Group-internal transactions. Assets, as well as their depreciation and amortization, are allocated to the segments based on economic control. Assets used by more than one segment are allocated based on the percentage of usage.

Assets of Other (in million €)

	2011	2012	2013 ¹	2014	2015
Assets of businesses included in Other	2,272	3,152	3,351	2,241	2,097
Financial assets	2,700	613	630	540	526
Deferred tax assets	941	1,473	992	2,193	1,791
Cash and cash equivalents/marketable securities	2,067	1,661	1,832	1,737	2,262
Net interest income from overfunded pensions	128	41	47	91	133
Other receivables/deferrals	1,863	1,845	2,416	3,027	2,823
Assets of Other	9,971	8,785	9,268	9,829	9,632

¹ The figures for 2013 have been adjusted to reflect the dissolution of the gas trading disposal group at the end of 2014. For more information, see the "Restated figures 2013 and 2014" brochure at basf.com/publications.

Financial data (in million €)

	2011 ¹	2012 ²	2013	2014	2015
Sales to third parties	6,275	4,061	4,190	3,609	2,790
Income from operations before depreciation and amortization (EBITDA)	297	(92)	(533)	(2)	(866)
Income from operations (EBIT) before special items	(404)	(790)	(618)	(566)	(888)
Income from operations (EBIT)	178	(215)	(664)	(133)	(985)
Costs of corporate headquarters	(246)	(255)	(237)	(218)	(233)
Corporate research costs	(348)	(391)	(386)	(389)	(402)
Foreign currency results, hedging and other measurement effects	(199)	(454)	(190)	(2)	(220)

¹ As of October 1, 2011, BASF transferred its carved-out styrenics business to the joint venture Styrolution. BASF's share in the joint venture was reported at equity in the Consolidated Financial Statements

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

Electromobility: Innovative mobility concepts require batteries that are high-performance, affordable and safe. BASF is researching important system components of a battery, such as new cathode materials with a higher energy density and improved cost-benefit profile, and electrolytes for increased lifespan in lithium-ion batteries.



Food: To feed a fast growing population, more efficient use of resources is crucial. BASF connects with farmers to provide solutions that help them protect their crops and land.



3 Financials

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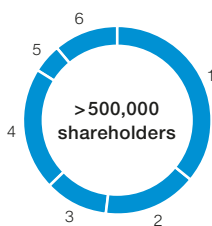
BASF on the capital market

Broad base of international shareholders

With over 500,000 shareholders, BASF is one of the largest publicly owned companies in Germany with a high free float. An analysis of the shareholder structure carried out at the end of 2015 showed the following shareholder distribution:

Shareholder structure (by region)

1	Germany	36%
2	United States and Canada	16%
3	United Kingdom and Ireland	11%
4	Rest of Europe	21%
5	Rest of world	5%
6	Not identified	11%



Approximately 27% of the company's share capital is held by private investors, most of whom reside in Germany. BASF is therefore one of the DAX 30 companies with the largest percentage of private shareholders.

Employees becoming shareholders

In many countries, we offer share purchase programs that turn our employees into BASF shareholders. In 2015, for example, around 21,600 employees (2014: 23,200) purchased employee shares worth about €60 million (2014: €62 million).

For further information, please refer to the BASF Report 2015, page 47.

BASF in key sustainability indexes

BASF shares were included in the Dow Jones Sustainability World Index (DJSI World) for the fifteenth year in succession. As one of the most well-known sustainability indexes, the DJSI World represents the top 10% of the 2,500 largest companies in the S&P Global Broad Market Index based on economic, environmental and social criteria.

CDP, an international organization that analyzes companies' climate protection data, has placed BASF among the leading companies in the world for climate protection reporting. With the highest possible ratings for reporting transparency and completeness, we achieved top scores among DAX companies and in the Energy & Materials sector in 2015, thus qualifying for the Climate Disclosure Leadership Index (CDLI) for the eleventh time. The CDP represents more than 820 institutional investors with around \$95 trillion in assets under management. Investors use CDP indexes as assessment tools.

Share price performance

Assuming that dividends were reinvested, BASF shares gained 5.5% in value from January 2015 till June 2016. This performance was higher than the development on the German and European stock markets, whose benchmark indexes DAX 30 and DJ EURO STOXX 50 respectively declined 1.3% and 4.5% over the same period. The global industry index MSCI World Chemicals decreased 3.7% in value during this time frame.

Performance of BASF shares
Jan 2015–June 2016

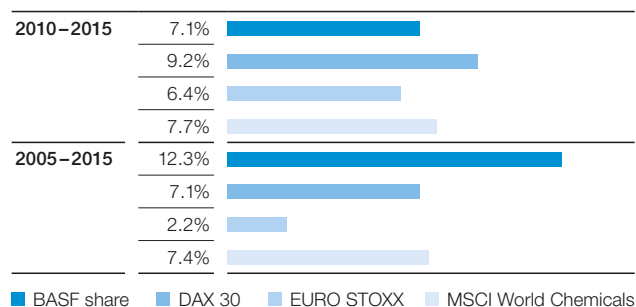
5.5%

Dividend reinvested
2005–2015

12.3%

Viewed over a ten-year period, the long-term performance of BASF shares clearly outperforms these indexes. The assets of an investor who invested €1,000 in BASF shares at the end of 2005 and reinvested the dividends in additional BASF shares would have increased to €3,195 by the end of 2015. This represents a yield of 12.3% each year, placing BASF shares above the returns for the DAX 30 (7.1%), EURO STOXX (2.2%) and MSCI World Chemicals (7.4%) indexes.

Long-term performance of BASF shares compared with indexes
(Average annual performance with dividends reinvested)



ADRs

American depositary receipts (ADRs) allow U.S. institutional and retail investors to trade and own non-U.S. companies directly through the U.S. equity markets. BASF has a sponsored level 1 program, which is traded on OTC-QX, the platform for international quality companies on OTC markets. BASF's ADR (Symbol: BASFY) is part of the OTC-QX30 index, which comprises of the 30 largest ADR programs listed on OTC markets. Since end of April 2015, BASFY is also part of the index OTC-QX Billion+, which includes 67 companies from 19 countries.

Change in value of an investment in BASF shares from January 2015 until June 2016 (with dividends reinvested; indexed)



Dividend

For 2015, BASF paid a dividend of €2.90 per share, up 3.6% versus the previous year. We stand by our ambitious dividend policy and paid out almost €2.7 billion to our shareholders. Based on the year-end share price for 2015, BASF shares offered a high dividend yield of around 4.1%. BASF is part of the DivDAX share index, which contains the fifteen companies with the highest dividend yield in the DAX 30.

Dividend per share

€2.90

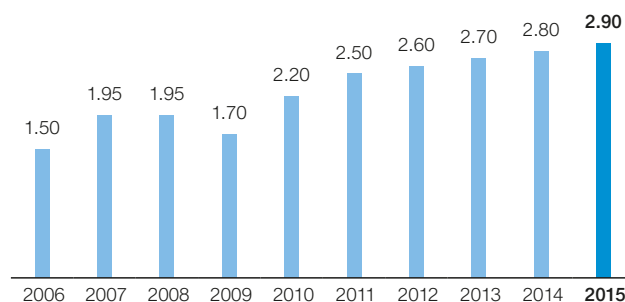
Dividend yield

4.1%

Dividend policy

We aim to increase our dividend each year, or at least maintain it at the previous year's level.

Dividend per share¹ (€ per share)



Analysts recommendations

Around 25 financial analysts regularly publish studies on BASF. In June 2016, 29% recommended buying our shares and 46% recommended holding them, while 25% had a sell rating. As of mid June, the average target share price according to analyst estimates was €71.86.

For more information, see basf.com/share

Shareholder return

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Share buybacks (in million €)	938	1,899	1,618	-	-	-	-	-	-	-
Dividends (in million €)	1,484	1,831	1,791	1,561	2,021	2,296	2,388	2,480	2,572	2,664
Total (in million €)	2,422	3,730	3,409	1,561	2,021	2,296	2,388	2,480	2,572	2,664
Dividend per share (€) ¹	1.50	1.95	1.95	1.70	2.20	2.50	2.60	2.70	2.80	2.90
Share price at year-end (€/share) ¹	36.93	50.71	27.73	43.46	59.70	53.89	71.15	77.49	69.88	70.72
Dividend yield (%)	4.1	3.9	7.0	3.9	3.7	4.6	3.7	3.5	4.0	4.1
Payout ratio (%)	46	45	62	111	44	37	50	52	50	67
Price/earnings ratio (P/E ratio)	11.6	12.2	8.9	28.2	12.0	8.0	13.6	14.8	12.5	16.3
Free cash flow yield (%) ²	9.6	6.7	9.8	8.0	7.1	7.5	4.0	4.5	2.6	5.6

¹ Adjusted for 2-1 stock split in 2008

² Free cash flow per share at year-end divided by share price at year-end

Business review by segment

Segment overview (in million €)

	Sales		Income from operations before depreciation and amortization (EBITDA)		Income from operations (EBIT) before special items	
	2015	2014	2015	2014	2015	2014
Chemicals	14,670	16,968	3,090	3,212	2,156	2,367
Performance Products	15,648	15,433	2,289	2,232	1,366	1,455
Functional Materials & Solutions	18,523	17,725	2,228	1,678	1,649	1,197
Agricultural Solutions	5,820	5,446	1,321	1,297	1,090	1,109
Oil & Gas	12,998	15,145	2,587	2,626	1,366	1,795
Other	2,790	3,609	(866)	(2)	(888)	(566)
Total	70,449	74,326	10,649	11,043	6,739	7,357

Segment overview (in million €)

	Income from operations (EBIT)		Assets		Investments ¹	
	2015	2014	2015	2014	2015	2014
Chemicals	2,131	2,396	12,823	12,498	1,859	2,085
Performance Products	1,340	1,417	14,232	14,502	964	849
Functional Materials & Solutions	1,607	1,150	13,341	12,987	854	650
Agricultural Solutions	1,083	1,108	8,435	7,857	402	391
Oil & Gas	1,072	1,688	12,373	13,686	1,823	3,162
Other	(985)	(133)	9,632	9,829	111	148
Total	6,248	7,626	70,836	71,359	6,013	7,285

¹ Additions to property, plant and equipment (thereof from acquisitions: €91 million in 2015 and €1,001 million in 2014) and intangible assets (thereof from acquisitions: €136 million in 2015 and €732 million in 2014).

Contributions to EBITDA by segment

Chemicals	29%	
Performance Products	22%	
Functional Materials & Solutions	21%	
Agricultural Solutions	12%	
Oil & Gas	24%	
Other	(8%)	

EBITDA margin by segment

Chemicals	21%	
Performance Products	15%	
Functional Materials & Solutions	12%	
Agricultural Solutions	23%	
Oil & Gas	20%	
Other	(31%)	

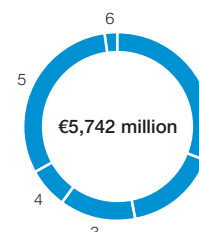
Cash contributions by segment 2015¹ (in million €)

Chemicals	1,310	
Performance Products	1,370	
Functional Materials & Solutions	1,482	
Agricultural Solutions	919	
Oil & Gas	807	
Other	(981)	

¹ Cash contribution is here defined as EBITDA minus additions to property, plant and equipment and intangible assets by segment

Additions to property, plant and equipment by segment in 2015¹

1	Chemicals	31%
2	Performance Products	16%
3	Functional Materials & Solutions	13%
4	Agricultural Solutions	7%
5	Oil & Gas	31%
6	Other (infrastructure, R&D)	2%



¹ Does not include intangible assets

Regional results

Sales by location of company (in million €)

	2006	2007	2008	2009	2010	2011	2012 ¹	2013	2014	2015
Europe	31,444	34,316	38,652	30,375	35,156	41,036	41,445	43,335	42,854	38,675
Thereof Germany	22,963	24,312	27,497	21,543	25,426	28,816	29,320	31,571	32,241	28,229
North America	11,415	12,007	11,937	9,404	13,246	14,727	14,441	14,573	15,467	15,665
Asia Pacific	7,450	8,785	8,664	7,997	11,642	13,316	11,694	11,679	11,643	11,712
South America, Africa, Middle East	2,301	2,843	3,051	2,917	3,829	4,418	4,549	4,386	4,362	4,397
Total	52,610	57,951	62,304	50,693	63,873	73,497	72,129	73,973	74,326	70,449

Sales by location of customer (in million €)

	2006	2007	2008	2009	2010	2011	2012 ¹	2013	2014	2015
Europe	29,529	32,347	36,693	28,532	33,201	39,124	39,428	41,221	40,911	36,897
Thereof Germany	11,062	11,967	13,796	10,666	12,225	14,705	15,210	14,446	15,126	13,483
North America	11,522	11,928	11,932	9,480	12,886	13,995	13,992	14,272	15,213	15,390
Asia Pacific	8,102	9,579	9,320	8,706	12,510	14,410	12,546	12,450	12,341	12,334
South America, Africa, Middle East	3,457	4,097	4,359	3,975	5,276	5,968	6,163	6,030	5,861	5,828
Total	52,610	57,951	62,304	50,693	63,873	73,497	72,129	73,973	74,326	70,449

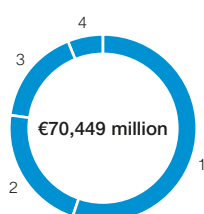
Income from operations (EBIT) before special items (in million €)

	2006	2007	2008	2009	2010	2011	2012 ¹	2013	2014	2015
Europe	5,591	5,586	5,924	3,467	5,505	5,574	4,356	4,309	4,759	4,527
Thereof Germany	4,170	4,286	4,758	2,166	3,914	3,399	2,292	1,829	1,994	2,038
North America	927	916	222	501	1,092	1,321	1,036	1,539	1,566	1,425
Asia Pacific	519	800	382	599	1,276	1,096	888	842	614	409
South America, Africa, Middle East	220	312	328	285	265	456	367	387	418	378
Total	7,257	7,614	6,856	4,852	8,138	8,447	6,647	7,077	7,357	6,739

¹ We have applied International Financial Reporting Standards 10 and 11 as well as International Accounting Standard 19 (revised) since January 1, 2013. Figures for 2012 have been restated; no restatement was made for 2011 and earlier.

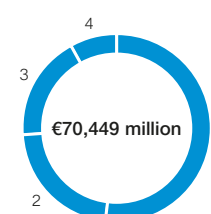
Sales by location of company 2015

1	Europe	55%
2	North America	22%
3	Asia Pacific	17%
4	South America, Africa, Middle East	6%



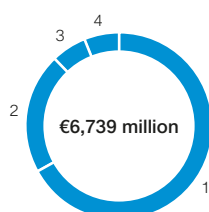
Sales by location of customer 2015

1	Europe	52%
2	North America	22%
3	Asia Pacific	18%
4	South America, Africa, Middle East	8%



Income from operations (EBIT) before special items 2015

1	Europe	67%
2	North America	21%
3	Asia Pacific	6%
4	South America, Africa, Middle East	6%



Factors influencing sales and sensitivities

Factors influencing sales – contribution to sales growth

	2006	2007	2008	2009	2010	2011	2012 ¹	2013	2014	2015
Volumes	5%	5%	0%	(10%)	11%	0%	1%	5%	4%	3%
Prices	8%	2%	12%	(14%)	8%	12%	1%	0%	(3%)	(9%)
Currencies	0%	(4%)	(4%)	1%	5%	(2%)	3%	(3%)	(1%)	6%
Acquisitions/divestitures	10%	7%	0%	4%	2%	5%	(1%)	1%	0%	(5%)
Total	23%	10%	8%	(19%)	26%	15%	4%	3%	0%	(5%)

¹ We have applied International Financial Reporting Standards 10 and 11 as well as International Accounting Standard 19 (revised) since January 1, 2013. Figures for 2012 have been restated; no restatement was made for 2011 and earlier.

Factors influencing sales

Sales volumes in 2015 rose slightly overall, mainly as a result of higher volumes in the Oil & Gas segment. Volumes were slightly down overall in the chemicals business. Sales prices fell in nearly all divisions, strongly affected by the sharp drop in raw material prices. We were able to raise volumes and prices in the Agricultural Solutions segment. Currency effects positively influenced sales in all segments. Sales were reduced by the asset swap with Gazprom, through which contributions to the Oil & Gas segment from the gas trading and storage business in particular ceased as of the fourth quarter of 2015.

Sensitivities

Currency impact on BASF Group

Our competitiveness on global markets is influenced by fluctuations in exchange rates. For BASF's procurement, opportunities and risks arise in particular when the U.S. dollar exchange rate fluctuates. A full-year rise in the value of the U.S. dollar/euro exchange rate by \$0.01 would result in an increase of around €40 million in BASF's EBIT, assuming other conditions remain the same. On the production side, we mitigate foreign currency risks by having production sites in the respective currency zones.

Annual impact of U.S. dollar change

(exchange rate: –\$0.01 per €)

Sales
€210 million

EBIT
€40 million

Financial currency risks also result from the translation of receivables, liabilities and other monetary items in accordance with IAS 21 at the closing rate into the functional currency of the respective Group company. In addition, we incorporate planned purchase and sales transactions in foreign currencies in our financial foreign currency risk management. These risks are hedged using derivative instruments, if necessary.

Oil price impact on the Oil & Gas segment

On a molecular basis BASF is almost perfectly hedged. Oil price changes affect the segment's sales and EBIT almost immediately in oil production and with a certain time lag in gas production.

Annual impact of oil price change on Oil & Gas segment

(\$1 per barrel rise in annual average Brent oil price)

Sales
€20 million

EBIT
€20 million

Financing

Our financing policy is aimed at ensuring our solvency at all times, limiting the risks associated with financing and optimizing our cost of capital. We preferably meet our financing needs on international capital markets. We strive to maintain at least a solid “A” rating, which allows us unrestricted access to money and 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 as part of our €20 billion debt issuance program.

For short-term financing, we use BASF SE’s U.S. dollar-denominated commercial paper program, which has an issuing volume of up to \$12.5 billion. Firmly committed, syndicated credit lines of €6 billion serve to cover the repayment of outstanding commercial paper, and can also be used for general company purposes. These credit lines were not used at any point in 2015. Our external financing is therefore largely independent of short-term fluctuations in the credit markets.

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 within the BASF Group where possible. 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 minor importance for BASF.

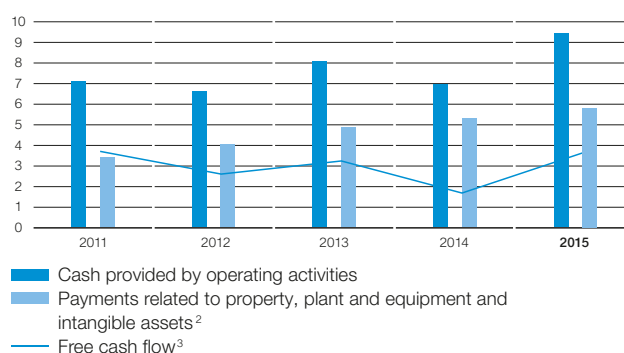
Cash flow

At €9,446 million, cash provided by operating activities in 2015 was €2,488 million above the level of the previous year. This was largely attributable to a decrease in the amount of capital tied down in net working capital as a result of reduced inventories and other operating receivables.

Payments for property, plant and equipment and intangible assets were at €5,812 million, surpassing both the prior year’s level (€5,296 million) and the level of depreciation and amortization (€4,448 million).

Free cash flow rose by €1,972 million to €3,634 million in 2015 on account of higher cash provided by operating activities.

Cash flow¹ (in billion €)



¹ The figures for the 2011 business year were not restated according to the new accounting and reporting standards IFRS 10 and 11.

² Including investments to the extent that they already had an effect on cash.

³ Cash provided by operating activities less payments related to property, plant and equipment and intangible assets.

Good credit ratings and solid financing

BASF has good credit ratings, especially in comparison with competitors in the chemical industry. Rating agency Moody’s last confirmed BASF’s rating of “A1/P-1/outlook stable” on June 23, 2016. Standard & Poor’s adjusted the BASF rating from “A+/A-1/outlook negative” to “A/A-1/outlook stable” on March 14, 2016. This decision was largely based on the weaker environment, especially for basic and agricultural chemicals, limited overall volumes growth, and the considerable drop in the price of crude oil. Uncertainty with regard to economic development in China was also taken into consideration.

Credit Ratings

Standard & Poor’s
A/A-1/outlook stable

Moody’s
A1/P-1/outlook stable

Maturities of financial indebtedness (in million €)

2016	4,074	
2017	1,625	
2018	1,865	
2019	2,099	
2020	303	
2021 and beyond	5,231	

Ten-year summary

Million €	2006	2007	2008	2009	2010	2011	2012 ¹	2013 ²	2014	2015
Sales and earnings										
Sales	52,610	57,951	62,304	50,693	63,873	73,497	72,129	73,973	74,326	70,449
Income from operations before depreciation and amortization (EBITDA)	9,723	10,225	9,562	7,388	11,131	11,993	10,009	10,432	11,043	10,649
Income from operations (EBIT)	6,750	7,316	6,463	3,677	7,761	8,586	6,742	7,160	7,626	6,248
Income before taxes	6,527	6,935	5,976	3,079	7,373	8,970	5,977	6,600	7,203	5,548
Income before minority interests	3,466	4,325	3,305	1,655	5,074	6,603	5,067	5,113	5,492	4,301
Net income	3,215	4,065	2,912	1,410	4,557	6,188	4,819	4,792	5,155	3,987
Capital expenditures, depreciation and amortization										
Additions to property, plant and equipment and intangible assets	10,039	4,425	3,634	5,972	5,304	3,646	5,263	7,726	7,285	6,013
Thereof property, plant and equipment	4,068	2,564	2,809	4,126	3,294	3,199	4,084	6,428	6,369	5,742
Depreciation and amortization of property, plant and equipment and intangible assets	2,973	2,909	3,099	3,711	3,370	3,407	3,267	3,272	3,417	4,401
Thereof property, plant and equipment	2,482	2,294	2,481	2,614	2,667	2,618	2,594	2,631	2,770	3,600
Number of employees										
At year-end	95,247	95,175	96,924	104,779	109,140	111,141	110,782	112,206	113,292	112,435
Annual average	88,160	94,893	95,885	103,612	104,043	110,403	109,969	111,844	112,644	113,249
Personnel expenses										
	6,210	6,648	6,364	7,107	8,228	8,576	8,963	9,285	9,224	9,982
Research and development expenses										
	1,277	1,380	1,355	1,398	1,492	1,605	1,732	1,849	1,884	1,953
Key data										
Earnings per share ³	€ 3.19	4.16	3.13	1.54	4.96	6.74	5.25	5.22	5.61	4.34
Cash provided by operating activities ⁴	5,940	5,807	5,023	5,693	6,460	7,105	6,602	8,100	6,958	9,446
EBITDA margin	% 18.5	17.6	15.3	14.6	17.4	16.3	13.9	14.1	14.9	15.1
Return on assets	% 17.5	16.4	13.5	7.5	14.7	16.1	11.0	11.5	11.7	8.7
Return on equity after tax	% 19.2	22.4	17.0	8.9	24.6	27.5	19.9	19.2	19.7	14.4
EBIT after cost of capital	2,126	2,895	1,621	(226)	3,500	2,551	1,164	1,768	1,368	194
Appropriation of profits										
Net income of BASF SE ⁵	1,951	2,267	2,982	2,176	3,737	3,506	2,880	2,826	5,853	2,158
Dividends	1,484	1,831	1,791	1,561	2,021	2,296	2,388	2,480	2,572	2,664
Dividend per share ³	€ 1.50	1.95	1.95	1.70	2.20	2.50	2.60	2.70	2.80	2.90
Number of shares as of December 31^{3,6}										
million	999.4	956.4	918.5	918.5	918.5	918.5	918.5	918.5	918.5	918.5

¹ We have applied International Financial Reporting Standards 10 and 11 as well as International Accounting Standard 19 (revised) since January 1, 2013. Figures for 2012 have been restated; no restatement was made for 2011 and earlier.

² Figures for 2013 have been adjusted to reflect the dissolution of the natural gas trading business disposal group.

³ We conducted a two-for-one stock split in the second quarter of 2008. The previous year's figures for earnings per share, dividend per share and number of shares have been adjusted accordingly.

⁴ Includes the change in reporting from 2009 onward of the effects of regular extensions of U.S. dollar hedging transactions.

⁵ Calculated in accordance with German GAAP.

⁶ After deduction of repurchased shares earmarked for cancellation.

Balance sheet (IFRS)

Million €	2006	2007	2008	2009	2010	2011	2012 ¹	2013 ²	2014	2015
Intangible assets	8,922	9,559	9,889	10,449	12,245	11,919	12,193	12,324	12,967	12,537
Property, plant and equipment	14,902	14,215	15,032	16,285	17,241	17,966	16,610	19,229	23,496	25,260
Investments accounted for using the equity method	651	834	1,146	1,340	1,328	1,852	3,459	4,174	3,245	4,436
Other financial assets	1,190	1,952	1,947	1,619	1,953	848	613	643	540	526
Deferred taxes	622	679	930	1,042	1,112	941	1,473	1,006	2,193	1,791
Other receivables and miscellaneous noncurrent assets	612	655	642	946	653	561	911	877	1,498	1,720
Noncurrent assets	26,899	27,894	29,586	31,681	34,532	34,087	35,259	38,253	43,939	46,270
Inventories	6,672	6,578	6,763	6,776	8,688	10,059	9,581	10,160	11,266	9,693
Accounts receivable, trade	8,223	8,561	7,752	7,738	10,167	10,886	9,506	10,233	10,385	9,516
Other receivables and miscellaneous current assets	2,607	2,337	3,948	3,223	3,883	3,781	3,455	3,714	4,032	3,095
Marketable securities	56	51	35	15	16	19	14	17	19	21
Cash and cash equivalents	834	767	2,776	1,835	1,493	2,048	1,647	1,827	1,718	2,241
Assets of disposal groups	–	614	–	–	614	295	3,264	–	–	–
Current assets	18,392	18,908	21,274	19,587	24,861	27,088	27,467	25,951	27,420	24,566
Total assets	45,291	46,802	50,860	51,268	59,393	61,175	62,726	64,204	71,359	70,836
Subscribed capital	1,279	1,224	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176
Capital surplus	3,141	3,173	3,241	3,229	3,216	3,203	3,188	3,165	3,143	3,141
Retained earnings	13,302	14,556	13,250	12,916	15,817	19,446	23,708	26,102	28,777	30,120
Other comprehensive income	325	174	(96)	156	1,195	314	(3,461)	(3,400)	(5,482)	(3,521)
Minority interests	531	971	1,151	1,132	1,253	1,246	1,010	630	581	629
Equity	18,578	20,098	18,722	18,609	22,657	25,385	25,621	27,673	28,195	31,545
Provisions for pensions and similar obligations	1,452	1,292	1,712	2,255	2,778	3,189	5,421	3,727	7,313	6,313
Other provisions	3,080	3,015	2,757	3,289	3,352	3,335	2,925	3,226	3,502	3,369
Deferred taxes	1,441	2,060	2,167	2,093	2,467	2,628	2,234	2,894	3,420	3,381
Financial indebtedness	5,788	6,954	8,290	12,444	11,670	9,019	8,704	11,151	11,839	11,123
Other liabilities	972	901	917	898	901	1,142	1,111	1,194	1,197	869
Noncurrent liabilities	12,733	14,222	15,843	20,979	21,168	19,313	20,395	22,192	27,271	25,055
Accounts payable, trade	4,755	3,763	2,734	2,786	4,738	5,121	4,502	5,153	4,861	4,020
Provisions	2,848	2,697	3,043	3,276	3,324	3,210	2,628	2,670	2,844	2,540
Tax liabilities	858	881	860	1,003	1,140	1,038	870	968	1,079	1,082
Financial indebtedness	3,695	3,148	6,224	2,375	3,369	3,985	4,094	3,256	3,545	4,074
Other liabilities	1,824	1,976	3,434	2,240	2,802	3,036	2,623	2,292	3,564	2,520
Liabilities of disposal groups	–	17	–	–	195	87	1,993	–	–	–
Current liabilities	13,980	12,482	16,295	11,680	15,568	16,477	16,710	14,339	15,893	14,236
Total equity and liabilities	45,291	46,802	50,860	51,268	59,393	61,175	62,726	64,204	71,359	70,836

¹ We have applied International Financial Reporting Standards 10 and 11 as well as International Accounting Standard 19 (revised) since January 1, 2013. Figures for 2012 have been restated; no restatement was made for 2011 and earlier.

² Figures for 2013 have been adjusted to reflect the dissolution of the natural gas trading business disposal group.

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

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