



**Invitation to the  
Annual Shareholders'  
Meeting of BASF SE  
on May 3, 2019**

**■ BASF**

We create chemistry

On the cover:

Globally, BASF is conducting research on innovative cathode materials that make electromobility a reality. BASF's innovations for high-performance lithium-ion batteries can help double the real range of a mid-size car from 300 to 600 kilometers by 2025 and significantly reduce the charging time of electric vehicles. The photo shows a dry room at the research and development center in Ludwigshafen, Germany, where BASF is working on cathode materials for lithium-ion batteries and components for next-generation batteries such as solid-state batteries.

## **BASF SE Ludwigshafen/Rhine**

### **Invitation**

Dear Shareholders,

Please accept our cordial invitation to this year's Annual Shareholders' Meeting of BASF SE on Friday, May 3, 2019, 10:00 a.m., in the Congress Center Rosengarten, Rosengartenplatz 2, 68161 Mannheim, Germany.

## I. Agenda

### **1. Presentation of the adopted Financial Statements of BASF SE and the approved Consolidated Financial Statements of the BASF Group for the financial year 2018; presentation of the Management's Reports of BASF SE and the BASF Group for the financial year 2018 including the explanatory reports on the data according to Sections 289a(1) and 315a(1) of the German Commercial Code; presentation of the Report of the Supervisory Board.**

The Supervisory Board approved the Financial Statements prepared by the Board of Executive Directors and the Consolidated Financial Statements of the BASF Group on February 21, 2019. The Annual Financial Statements have thus been adopted according to Section 172 of the German Stock Corporation Act. Therefore, according to the statutory provisions, no resolution by the Annual Shareholders' Meeting is planned for Item 1 of the Agenda. The documents specified above have been published on our website and can be accessed at [www.basf.com/generalmeeting](http://www.basf.com/generalmeeting).

### **2. Adoption of a resolution on the appropriation of profit**

The Board of Executive Directors and the Supervisory Board propose to pay a dividend of €3.20 per qualifying share from the profit retained by BASF SE in the financial year 2018 in the amount of €2,982,435,120.92. If the shareholders approve this proposal, a total dividend of €2,939,131,820.80 will be payable on the 918,478,694 qualifying shares as of the date of adoption of the Financial Statements for the financial year 2018 (February 21, 2019).

The Board of Executive Directors and the Supervisory Board propose that the remaining profit retained of €43,303,300.12 be allocated to the retained earnings reserve.

In accordance with Section 58(4) sentence 2 of the German Stock Corporation Act, claims to dividends are payable on the third business day following the Annual Shareholders' Meeting, in this case May 8, 2019.

### **3. Adoption of a resolution giving formal approval to the actions of the members of the Supervisory Board**

The Board of Executive Directors and the Supervisory Board propose that formal approval be given to the actions of the members of the Supervisory Board of BASF SE for the financial year 2018.

### **4. Adoption of a resolution giving formal approval to the actions of the members of the Board of Executive Directors**

The Supervisory Board and the Board of Executive Directors propose that formal approval be given to the actions of the members of the Board of Executive Directors of BASF SE for the financial year 2018.

### **5. Appointment of the auditor for the financial year 2019**

The Supervisory Board proposes – based on the recommendation of its Audit Committee – that KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, be appointed auditor of the Financial Statements and the Group Consolidated Financial Statements of BASF SE for the financial year 2019.

## 6. Election of Supervisory Board members

The term of office of the current Supervisory Board members will expire at the end of the Annual Shareholders' Meeting taking place on May 3, 2019. New elections to the Supervisory Board are therefore required.

In accordance with Article 40(2) and (3) of Regulation (EC) No. 2157/2001 of the Council of October 8, 2001, on the Statute for a European Company, Section 17 of the SE Implementation Act, Section 21(3) of the SE Participation Act and Article 10 No. 1 sentence 1 of the Statutes, the Supervisory Board is composed of twelve members. Six of the twelve members are elected by the Annual Shareholders' Meeting. The other six members are elected by the employees in accordance with Article 10 No. 1 sentence 5 of the Statutes in combination with the provisions of the Agreement Concerning the Involvement of Employees in BASF SE of November 15, 2007 (SE Agreement), as amended by the Supplementary Agreement dated November 25, 2015.

Pursuant to Section 17(2) sentence 1 of the SE Implementation Act, the Supervisory Board must consist of at least 30 percent women and at least 30 percent men. The minimum quota is to be fulfilled by the Supervisory Board as a whole unless the shareholder or the employee side objects to joint compliance. The shareholder representative side objected to joint compliance. Consequently, the minimum quota must be fulfilled separately by the shareholder side and the employee side, which must each have at least two women and at least two men. The current composition of the Supervisory Board fulfills this minimum quota as the shareholder side and the employee side each comprise two women and four men.

The current shareholder representatives Prof. Dr. François Diederich and Michael Diekmann are not standing for re-election.

Based on the recommendation of the Nomination Committee, the Supervisory Board nominates:

1. Professor Dr. Thomas Carell, Munich, Germany  
Professor for Organic Chemistry at Ludwig Maximilian University Munich
2. Dame Alison Carnwath DBE, Exeter, UK  
Senior Advisor at Evercore Partners (re-election)
3. Franz Fehrenbach, Stuttgart, Germany  
Chairman of the Supervisory Board of Robert Bosch GmbH (re-election)
4. Dr. Jürgen Hambrecht, Neustadt an der Weinstraße, Chairman of the Supervisory Board of BASF SE (re-election)
5. Dr. Alexander C. Karp, Palo Alto, California,  
Chief Executive Officer of Palantir Technologies Inc.
6. Anke Schäferkordt, Cologne, Germany  
Former Member of the Executive Board of Bertelsmann SE & Co. KGaA (re-election)

for election to the Supervisory Board as shareholder representatives, effective upon conclusion of this Annual Shareholders' Meeting. If the proposed candidates are elected, the legal minimum quota for women and men would continue to be fulfilled on the shareholder side. The Annual Shareholders' Meeting is not bound to these proposals for the election. In the view of the Nomination Committee, the proposed candidates for election collectively fulfill the principles for the composition of the Supervisory Board as adopted by the Supervisory Board, including the competence profile and diversity concept. The principles for the composition of the Supervisory Board as well as its competence profile and diversity concept are

published in the Corporate Governance Report 2018, which is accessible online as part of the BASF Report 2018 at [www.basf.com/report](http://www.basf.com/report).

According to the assessment of the Supervisory Board, all candidates are considered to be independent. None of the proposed candidates has business or personal relationships with BASF SE or one of its Group companies, the governing bodies of BASF SE or any significant shareholder in BASF SE, which would constitute a conflict of interest.

The Supervisory Board has established an age limit of 72, which candidates nominated for election should generally not have exceeded on the date of the election. Dr. Jürgen Hambrecht has reached the age of 72 and exceeds this age limit as of the date of the Annual Shareholders' Meeting. Nevertheless, the Supervisory Board nominates Dr. Jürgen Hambrecht for re-election to ensure continuity and an orderly succession on the Supervisory Board. If elected, Dr. Jürgen Hambrecht intends to resign his Supervisory Board seat and leave the Supervisory Board effective upon conclusion of the 2020 Annual Shareholders' Meeting.

It is intended to have the Annual Shareholders' Meeting vote separately on the nominations (individual election).

It is planned that, in the event of his election by the Annual Shareholders' Meeting, Dr. Jürgen Hambrecht will be proposed to the new Supervisory Board as a candidate for the chairmanship of the Supervisory Board.

The profiles of the proposed candidates for the election, information about their mandates in supervisory boards and comparable supervisory bodies as well as other information are contained under No. IV.

The six employee representatives on the Supervisory Board have already been appointed by the competent representative body of the employees, the BASF Europa Betriebsrat (BASF Works Council Europe), according to the provisions of the SE Agreement. These representatives are:

1. Tatjana Diether, Limburgerhof, Germany  
Member of the Works Council of BASF SE, Ludwigshafen Site, and of the BASF Works Council Europe
2. Sinischa Horvat, Limburgerhof, Germany  
Chairman of the Works Council of BASF SE, Ludwigshafen Site; Chairman of BASF's Joint Works Council and of the BASF Works Council Europe
3. Waldemar Helber, Otterbach, Germany  
Deputy Chairman of the Works Council of BASF SE, Ludwigshafen Site
4. Denise Schellemans, Brecht, Belgium  
Full-time trade union delegate
5. Roland Strasser, Riedstadt, Germany  
Regional Manager of the Rhineland-Palatinate/Saarland branch of the Mining, Chemical and Energy Industries Union
6. Michael Vassiliadis, Hanover, Germany  
Chairman of the Mining, Chemical and Energy Industries Union

## **7. Resolution on the creation of new authorized capital and amendment of the Statutes**

The authorization granted to the Board of Executive Directors by the Annual Shareholders' Meeting on May 2, 2014, to increase, with the consent of the Supervisory Board, on a one-off basis or in portions on a number of occasions, the company's share capital by up to €500,000,000.00 by issuing new shares against contributions in cash (authorized capital) expired on May 1, 2019. Therefore, the regulation on authorized capital previously contained in Article 5 No. 8 of the Statutes is to be deleted and new authorized capital is to be created against contributions in cash or in kind with the possibility of excluding the subscription right.

The Board of Executive Directors and Supervisory Board propose that the following resolutions be adopted:

a) The Board of Executive Directors is authorized, with the consent of the Supervisory Board, to increase, up to May 2, 2024, on a one-off basis or in portions on a number of occasions, the company's share capital by a total of up to €470,000,000.00 by issuing new shares against contributions in cash or in kind (Authorized Capital).

In principle, shareholders are entitled to a subscription right. The new shares can be taken over by a bank appointed by the Board of Executive Directors with instructions to offer them to the shareholders (indirect subscription right). However, the Board of Executive Directors is authorized, with the consent of the Supervisory Board, to exclude the statutory subscription right of the shareholders in the following cases:

(a) in the case of capital increases in return for contributions in kind in order to, where appropriate, acquire companies, parts of companies, or holdings in companies, in return for the transfer of shares,

(b) as far as this is necessary to prevent dilution in order to grant a subscription right to the owners of option certificates or the creditors of convertible bonds that are issued by the company or its affiliates in connection with an authorization granted to the Board of Executive Directors by the Annual Shareholders' Meeting to the extent that this would be due to them after exercising the option or conversion right or after conversion obligations have been fulfilled,

(c) to utilize any fractional amounts resulting from the subscription ratio, and

(d) if the issue price of the new shares in the case of capital increases in return for cash contributions is not substantially lower than the stock market price of the already listed company shares and the total number of shares issued under this authorization is not more than ten percent of the share capital either at the time of the authorization coming into effect or – if this value is lower – at the time that the present authorization is exercised. The proportionate amount of the share capital of those shares that are issued or sold during the term of this authorization in direct or analogous application of Section 186(3) sentence 4 of the German Stock Corporation Act, must be credited against the aforementioned ceiling of ten percent, as well as against shares that have to be issued or granted on the basis of conversion or option bonds granted during the term of this authorization with the exclusion of the subscription right according to Section 186(3) sentence 4 of the German Stock Corporation Act.

The total shares issued on the basis of the above authorization with the exclusion of the shareholders' subscription right in the case of capital increases in return for contributions in cash or in kind must not exceed ten percent of the share capital at the time that this authorization comes into effect or – if this value is lower – at the time of its exercise. The proportionate amount of the share capital of those shares that are to be issued on the basis of conversion or option bonds granted during the term of this authorization under the exclusion of the subscription right, must be credited against the aforementioned ceiling of ten percent. The Board of Executive Directors is authorized, with the consent of the Supervisory Board, to lay down the further contents of the share rights and the details of the execution of the capital increase.

b) The authorized capital hitherto regulated in Article 5 No. 8 of the Statutes will be deleted and Article 5 No. 8 of the Statutes will be reworded as follows:

“The Board of Executive Directors is authorized, with the consent of the Supervisory Board, to increase, up to May 2, 2024, on a one-off basis or in portions on a number of occasions, the company's share capital by a total of up to €470,000,000.00 by issuing new shares against contributions in cash or in kind (Authorized Capital).

In principle, shareholders are entitled to a subscription right. The new shares can be taken over by a bank appointed by the Board of Executive Directors with instructions to offer them to the shareholders (indirect subscription right). However, the Board of Executive Directors is authorized, with the consent of the Supervisory Board, to exclude the statutory subscription right of the shareholders in the following cases:

(a) in the case of capital increases in return for contributions in kind in order to, where appropriate, acquire companies, parts of companies, or holdings in companies, in return for the transfer of shares,

(b) as far as this is necessary to prevent dilution in order to grant the owners of option certificates or the creditors of convertible bonds that are issued by the company or its affiliates in connection with an authorization granted to the Board of Executive Directors by the Annual Shareholders' Meeting, a subscription right to the extent that this would be due to them after exercising the option or conversion right or after conversion obligations have been fulfilled,

(c) to utilize any fractional amounts resulting from the subscription ratio, and

(d) if the issue price of the new shares in the case of capital increases in return for cash contributions is not substantially lower than the stock market price of the already listed company shares and the total number of shares issued under this authorization is not more than ten percent of the share capital either at the time of the authorization coming into effect or – if this value is lower – at the time that the present authorization is exercised. The proportionate amount of the share capital of those shares that are issued or sold during the term of this authorization in direct or analogous application of Section 186(3) sentence 4 of the German Stock Corporation Act, must be credited against the aforementioned ceiling of ten percent, as well as against shares that are to be issued or granted on the basis of conversion or option bonds granted during the term of this authorization under the exclusion of the subscription right according to Section 186(3) sentence 4 of the German Stock Corporation Act.



The total shares issued on the basis of the above authorization with the exclusion of the shareholders' subscription right in the case of capital increases in return for contributions in cash or in kind must not exceed ten percent of the share capital at the time that this authorization comes into effect or – if this value is lower – at the time of its exercise. The proportionate amount of the share capital of those shares that are to be issued on the basis of conversion or option bonds granted during the term of this authorization under the exclusion of the subscription right must be credited against the aforementioned ceiling of ten percent. The Board of Executive Directors is authorized, with the consent of the Supervisory Board, to lay down the further contents of the share rights and the details of the execution of the capital increase.”

c) The Supervisory Board is authorized to adapt the wording of Article 5 of the Statutes in accordance with the particular utilization of the Authorized Capital and, if the Authorized Capital has not or not completely been utilized as of May 2, 2024, after the expiry of the authorization.

## II. Further details and instructions for the Annual Shareholders' Meeting

### 1. Requirements for attending the Annual Shareholders' Meeting and exercising voting rights and procedures for proxy voting

The only persons who are entitled – personally or through proxies – to attend the Annual Shareholders' Meeting and exercise their voting rights are those shareholders who have registered with the Board of Executive Directors of the company not later than Friday, April 26, 2019, either at the following address

**Hauptversammlung BASF SE**  
**c/o ADEUS Aktienregister-Service-GmbH**  
**20784 Hamburg**  
**Germany**  
**Fax: +49 69 256270-49**  
**Email: hv-service@basf.com**

or online according to the procedure laid down by the company at [www.basf.com/agm-service](http://www.basf.com/agm-service) and who are entered in the share register for the registered shares. For purposes of determining attendance and voting rights, the shares recorded in the share register at the end of April 26, 2019, are decisive.

Shareholders who would like to register online will require their shareholder number and the corresponding access password. Those shareholders who are registered for the email transmission of the invitation to the Annual Shareholders' Meeting receive their shareholder number with the email invitation to the Annual Shareholders' Meeting and must use the access password they chose at registration. All other shareholders entered in the share register receive their shareholder number and their access password by post with the letter of invitation to the Annual Shareholders' Meeting.

After registering, shareholders or their proxy holders are issued admission tickets to the Annual Shareholders' Meeting. Shareholders who register via the online service are able to print out their admission ticket directly or have the ticket sent to them via email. Unlike the registration for the Annual Shareholders' Meeting, the admission ticket is not a prerequisite for attendance but merely serves to simplify the procedure at the entrance to the Annual Shareholders' Meeting.

If a credit institution is registered in the share register, it can only exercise the voting rights for shares that do not belong to it by virtue of a proxy issued by the shareholder.

Applications for share transfers in the share register that are received by the company after the end of April 26, 2019 (Technical Record Date) up to the end of the Annual Shareholders' Meeting on May 3, 2019 will be executed in the company's share register and take effect only after the Annual Shareholders' Meeting on May 3, 2019.

Owners of American Depositary Shares (ADS) receive the documents for the issue of a proxy from the Bank of New York Mellon (Depositary).

The shares are not blocked by registration for the Annual Shareholders' Meeting; shareholders therefore remain free to dispose of their shares even after registration.

## 2. Procedure for voting by an authorized representative

Shareholders who are entered in the share register can exercise their voting rights themselves or have these exercised at the Annual Shareholders' Meeting by an authorized representative, such as a credit institution or an association of shareholders, or by company-appointed proxies. In this case as well, the shareholder or the authorized representative must ensure that registration is carried out in good time.

### Voting by a proxy holder

A proxy, its revocation, and evidence of the authorization vis-a-vis the company can be made in text form or issued online at **[www.basf.com/agm-service](http://www.basf.com/agm-service)**; notwithstanding, in the case of an authorization of a credit institution, an association of shareholders, or any other person specified in Section 135(8) of the German Stock Corporation Act, the form of authorization is governed by the appropriate offer for exercising the voting right.

A proxy, its revocation, and evidence of the authorization vis-à-vis the company can be sent to the company at the following address

**Hauptversammlung BASF SE**  
**c/o ADEUS Aktienregister-Service-GmbH**  
**20784 Hamburg**  
**Germany**  
**Fax: +49 69 256270-49**  
**Email: [hv-service@basf.com](mailto:hv-service@basf.com)**

or online according to the procedure laid down by the company at **[www.basf.com/agm-service](http://www.basf.com/agm-service)**.

Those credit institutions and associations of shareholders that participate in the company's Online Service can also be authorized online according to the procedure laid down by the company at **[www.basf.com/agm-service](http://www.basf.com/agm-service)**.

### Voting by company-appointed proxy

As a service, we offer our shareholders the possibility of being represented at the Annual Shareholders' Meeting by proxies appointed by the company. The proxies can be authorized in text form or online at **[www.basf.com/agm-service](http://www.basf.com/agm-service)**. Beatriz Rosa Malavé and Annette Buchen have been appointed proxies with the sole right of representation. The proxies exercise the voting right solely on the basis of the instructions issued by the shareholder. In the event that an individual vote takes place on an Item of the Agenda, any instruction issued for this purpose will apply to each individual sub-item accordingly. Please note that the proxies appointed by the company will not accept any instructions to speak, file opposition to resolutions by the Annual Shareholders' Meeting, ask questions or put forward motions on behalf of the shareholder.

Shareholders who would like to use the internet to authorize the proxies appointed by the company or the credit institutions and associations of shareholders participating in the Online Service will require their shareholder number and the corresponding access password.

### 3. Forms provided by the company for registration and issuing proxies

For the registration or issuing proxies, the form prepared by the company for this purpose can be used. Shareholders who are entered in the share register and have not signed up for the email transmission of the invitation to the Annual Shareholders' Meeting will receive the form by post. Shareholders who are entered in the share register and are registered for the email transmission of the invitation to the Annual Shareholders' Meeting can access the Online Service for the Annual Shareholders' Meeting via the link contained in the email to register and issue proxies. The registration and proxy form are also available online at **[www.basf.com/agm-service](http://www.basf.com/agm-service)**.

Furthermore, the authorization form on the admission ticket can also be used for issuing a proxy.

### 4. BASF Report and further documents

The reports and financial statements specified under Item 1 of the Agenda and further documents relating to the Annual Shareholders' Meeting 2019 have been published online at **[www.basf.com/generalmeeting](http://www.basf.com/generalmeeting)** and may be accessed there.

A copy of the BASF Report 2018 with the BASF Group Consolidated Financial Statements for the financial year 2018 is sent to shareholders free of charge on request. To order a copy, please contact

### BASF SE

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### 5. Supplementary motions to the Agenda at the request of a minority according to Article 56 Sentence 2 and Sentence 3 of Regulation (EC) No. 2157/2001 (SE Regulation), Section 50(2) of the SE Implementation Act, and Section 122(2) of the German Stock Corporation Act

Shareholders whose holdings together reach the twentieth part of the share capital or the pro rata sum of €500,000 (this is equivalent to 390,625 no-par shares) can request that Items be placed on the Agenda and announced. Each new Item must be accompanied by a reason or draft resolution. The request must have been received by the company by the end of April 2, 2019. Supplements to the Agenda to be announced will – provided that they have not already been announced with the notice of meeting – be published in Germany's Federal Gazette and online at **[www.basf.com/generalmeeting](http://www.basf.com/generalmeeting)** and announced and communicated to the shareholders promptly after the request has been received.

**6. Motions and electoral proposals by shareholders according to Article 56 Sentence 2 and Sentence 3 of Regulation (EC) No. 2157/2001 (SE Regulation), Section 50(2) of the SE Implementation Act, and Sections 126(1) and 127 of the German Stock Corporation Act**

Counter motions with reasons against a proposal by the Board of Executive Directors and the Supervisory Board on a specific item of the Agenda and electoral proposals for the election of members of the Supervisory Board or auditors must be sent to the following address only. Counter motions and electoral proposals sent to other addresses will not be taken into consideration

**BASF SE**

**G-FLL - D 100**

**67056 Ludwigshafen**

**Germany**

**Fax: +49 621 60-6643693**

**or +49 621 60-6641475**

**Email: hv2019@basf.com**

Counter motions and electoral proposals that are to be made accessible according to the German Stock Corporation Act and are received up to the end of April 18, 2019, at the above address with evidence of shareholder status will be published promptly on the internet at **www.basf.com/generalmeeting**. Any replies from management will also be published at the above internet address.

**7. Total number of shares and voting rights**

At the time of this notice of meeting, all the 918,478,694 no-par shares that have been issued hold attendance and voting rights.

**8. Rights of the shareholder to information according to Article 56 Sentence 2 and Sentence 3 of Regulation (EC) No. 2157/2001 (SE Regulation), Section 50(2) of the SE Implementation Act and Section 131(1) of the German Stock Corporation Act**

On request, any shareholder or shareholder's representative must be given information by the Board of Executive Directors at the Annual Shareholders' Meeting about company matters, including the legal and business relations with associated companies and about the situation of the Group and the companies included in the Consolidated Financial Statements, provided that the information is required for the factual assessment of the item of the Agenda.

**9. Information on the company's website**

This notice of the Annual Shareholders' Meeting, the documents to be made accessible and motions of shareholders, as well as further information to be published according to Section 124a of the German Stock Corporation Act, can be found on the company's website at **www.basf.com/generalmeeting**. The notice of the Annual Shareholders' Meeting will be published in Germany's Federal Gazette on March 22, 2019. Information on data protection is also available on the aforementioned website of the company.

**10. Live webcast of the Annual Shareholders' Meeting**

The speech of the Chairman of the Board of Executive Directors of BASF SE will be broadcasted live online on May 3, 2019, and will be accessible to all at **www.basf.com/generalmeeting**.

### III. Report of the Board of Executive Directors on Item 7 of the Agenda

Regarding Item 7 of the Agenda, according to Article 9 of the SE Regulation in combination with Section 203(2) sentence 2 in combination with Section 186(4) sentence 2 of the German Stock Corporation Act, the Board of Executive Directors presents the following

#### **Report on the exclusion of the subscription right**

The Annual Shareholders' Meeting of May 2, 2014, had authorized the Board of Executive Directors to increase, with the consent of the Supervisory Board, until May 1, 2019, the company's share capital by up to €500,000,000.00 by issuing new shares against contributions in cash or in kind (authorized capital). The expiring authorization allows for the exclusion of the shareholders' statutory subscription right in the case of capital increases from this authorized capital in four strictly limited cases. The company has not made any use of the authorization to issue new shares.

#### Authorized capital 2019

It is proposed that the Annual Shareholders' Meeting approve new authorized capital and in doing so authorize the Board of Executive Directors, with the consent of the Supervisory Board, to increase, up to May 2, 2024, the company's share capital by a total of up to €470,000,000.00 by issuing new registered shares with no par value (shares) against contributions in cash or in kind (Authorized Capital). This should provide the Board of Executive Directors with a flexible instrument for fashioning corporate policy for the next five years. The new Authorized Capital shall be available for both capital increases against cash contributions as well as contributions in kind and it can also be used in portions, provided that the total amount is not exceeded. If the authorization is fully utilized, the proposed volume of new Authorized Capital would correspond to an increase in share capital of slightly less than 40%.

The purpose of the proposed Authorized Capital is to give the Board of Executive Directors the continued ability to raise the capital required for the strategic development of the company on the capital markets on short notice by issuing new shares, or to take quick and flexible advantage of any more favorable market conditions to meet future financial requirements, without the delay of having to wait until the next Annual Shareholders' Meeting and thus losing the ability to take advantage of attractive market conditions on short notice, and without the complications of convening an Extraordinary Shareholders' Meeting. The aim is also to give the Board of Executive Directors the continued ability, even without tapping capital markets, to quickly and flexibly act upon attractive acquisition opportunities or to acquire companies, parts of companies, or holdings in other companies from third parties in return for issuing shares.

In the event of a utilization of the Authorized Capital, shareholders generally have a subscription right, so shareholders can participate in the capital increase in proportion to their shareholding ratio and thus prevent a dilution of their shareholding. In addition to directly issuing new shares to shareholders, another possibility for handling the technical processing of the share issue is for the Board of Executive Directors to appoint a credit institution or company which takes over the new shares with the obligation to offer them to the shareholders for subscription in accordance with Section 186(5) Sentence 1 of the German Stock Corporation Act (indirect subscription right).

However, with the authorization for a capital increase, the Board of Executive Directors shall also be authorized, with the consent of the Supervisory Board, to exclude the subscription right of the shareholders in the following cases:

#### Exclusion of subscription right in the case of a capital increase in return for contributions in kind

It should be possible to exclude the subscription right of shareholders in the case of capital increases in connection with the acquisition of companies, parts of companies or participations in companies. This possibility of issuing shares significantly increases the room for maneuver of the Board of Executive Directors in international competition, since particularly in the case of corporate mergers or the acquisition of companies, parts of companies and participations, the consideration to be paid is often paid in the form of the acquirer's shares. Sellers also frequently demand this type of consideration so that they can indirectly participate in the value appreciation of the divested company following the divestiture. In addition, with the increasingly large corporate units that are now involved in such transactions – also in the chemical industry – it is often not possible to pay or fully pay the considerations in cash without putting undue strain on the company's liquidity or raising its indebtedness to an undesirable extent. Shares are therefore an important alternative form of financing for acquisitions. As a rule, the timing of such acquisitions cannot be planned. Opportunities to acquire attractive companies, parts of companies or participations in companies often arise on short notice and must then be acted upon quickly, usually in a competitive environment. To also have the ability to acquire corporate holdings at short notice in such cases without holding a shareholders' meeting, the company must be able to increase its capital under exclusion of subscription rights. The authorization takes this circumstance into account. The reduction of a shareholder's stake resulting from such a capital increase carried out under exclusion of the subscription right will be offset by the fact that, although the stake is smaller than before, the shareholder has an interest in an overall more valuable company without personally having to provide any of the funds required for this increase in value.

Furthermore, because the company's stock is publicly listed, every shareholder has the ability to restore the previous shareholding ratio by purchasing additional shares.

#### Exclusion of subscription right for outstanding bonds with warrants and convertible bonds

In addition, there should also be a possibility to exclude the subscription right if it is necessary in order to issue subscription rights for new shares to holders of debt instruments with conversion or option rights and/or obligations that have been or will be issued by the company or its direct and indirect subsidiaries to the extent to which the holders would be entitled as shareholders after exercising the option or conversion rights or after fulfillment of the option or conversion obligations. The exclusion of the subscription right in favor of owners of option certificates and creditors of convertible bonds enables these to participate in the capital increase to the extent to which they would be entitled to participate if they had purchased shares by virtue of their option or conversion rights or conversion obligations. They are therefore treated as if they had already exercised their option or conversion right or had fulfilled a conversion obligation. This counteracts any dilution as the result of the capital increase. This type of dilution protection is generally included in the corresponding terms of issue for the debt instruments in order to meet the expectations of investors and achieve a better placement on the capital market. At the same time, such dilution protection generally leads to a higher issue price for the shares to be issued in the event of the conversion or exercise of an option, as it avoids a reduction of the option or conversion price. The abovementioned advantages can, however, only be used when shareholders' subscription rights are excluded in this case. The exclusion of subscription rights therefore enables the company to have an optimal financing structure and is thus in the interest of shareholders.

#### Exclusion of subscription rights for fractional amounts

The authorization to exclude the subscription right for fractional amounts resulting from the subscription ratio opens up the possibility of laying down simple and practicable subscription conditions for raising capital. Fractional amounts occur if not all new shares can be distributed uniformly among the shareholders as the result of the subscription ratio or the amount of the capital increase. The fractional amounts are of subordinate importance in relation to the total capital increase, and because the exclusion is limited to fractional amounts, the potential dilution effect for shareholders is generally very low. This is also why excluding subscription rights is a customary market practice in this case. The new shares, known as "fractional shares," excluded from the subscription right will be utilized on the most favorable terms for the company.

#### Exclusion of subscription rights for capital increases in return for cash contributions

The Board of Executive Directors is also to be authorized to exclude the subscription right, if, in the case of cash capital increases according to Section 186(3) sentence 4 of the German Stock Corporation Act, the new shares are issued at a price that is not substantially lower than the stock market price. Thus, the Board of Executive Directors will continue to be in a position to meet future financing requirements at short notice, taking advantage of any favorable capital market conditions to benefit the company and the shareholders. This is only possible to a very limited extent if the subscription right is granted, because processing subscription rights is costly and time-consuming. As a rule, capital increases under the exclusion of the subscription right lead to higher cash inflows than capital increases with shareholders' subscription rights. In this way, the company benefits from higher proceeds of an issue while the dilution effect for existing shareholders is marginal. To adequately protect

shareholders from a dilution of their holdings, the shares issued under exclusion of the subscription right according to Section 186(3) sentence 4 of the German Stock Corporation Act must not exceed a total of ten percent of the share capital, either at the time the authorization becomes effective or at the time the authorization is utilized. Those shares are to be credited against this limitation that have been, or are issued, during the term of this authorization in order to service bonds with conversion or option rights or conversion obligations on the basis of a corresponding authorization by the Annual Shareholders' Meeting, insofar as these bonds were issued during the term of this authorization under the exclusion of the subscription right in appropriate application of Section 186(3) sentence 4 of the German Stock Corporation Act. Moreover, those shares are to be credited against this limitation that have been sold in appropriate application of Section 186(3) sentence 4 of the German Stock Corporation Act with the exclusion of the subscription right. This ensures that, in line with the statutory requirements of Section 186(3) sentence 4 of the German Stock Corporation Act, the shareholders' pecuniary and voting interests remain appropriately safeguarded in the case of a utilization of the Authorized Capital under the exclusion of the subscription right, while the company gains further room to maneuver, which is in the interest of all shareholders.



### Limitation of the total scope of capital increases without subscription rights

The total shares issued under the authorizations explained above on the exclusion of the subscription right in the case of capital increases both against cash contributions and contributions in kind must not exceed ten percent of the share capital, either at the time that the authorization comes into effect, or at the time that it is utilized. Shares that are sold or issued or are to be issued with exclusion of the subscription right after other explicit authorizations of the Annual Shareholders' Meeting, must be credited against this ten percent limit. This capital limit restricts the total scope of a share issue from the Authorized Capital under the exclusion of subscription rights, as well as in the case of the sale of own shares under the exclusion of subscription rights and the issue of bonds with warrants and convertible bonds under the exclusion of subscription rights. This will additionally safeguard the shareholders from any dilution of their holding.

### Use of Authorized Capital

There are currently no plans for the use of the Authorized Capital. The Board of Executive Directors will carefully analyze on a case-by-case basis whether the use of the authorization for the capital increase and any exclusion of subscription rights are in the company's best interests, also taking into consideration the interests of existing shareholders. The Board of Executive Directors will report on each use of the Authorized Capital at the subsequent Annual Shareholders' Meeting.

### **Voluntary commitment by the Board of Executive Directors**

Under Item 7 of the Agenda, it is proposed that the Annual Shareholders' Meeting approve new authorized capital and thus authorize the Board of Executive Directors, with the consent of the Supervisory Board, to increase, up to May 2, 2024, the company's share capital by a total of up to €470,000,000.00 by issuing new registered shares with no par value (shares) against contributions in cash or in kind (Authorized Capital). If the authorization is fully utilized, the proposed volume of new Authorized Capital would correspond to an increase in share capital slightly below 40%. The proposed volume therefore does not exceed the statutory ceiling of 50% of share capital as established in section 202(3) sentence 1 of the German Stock Corporation Act. The Annual Shareholders' Meeting of May 12, 2017, authorized the Board of Executive Directors within the framework of the Conditional Capital to issue shares to holders of option or conversion rights granted as an element of bonds with warrants and convertible bonds (see Article 5 No. 9 of the Statutes, "Conditional Capital 2017"). The maximum number of shares that can be issued under the Conditional Capital is 91,847,800 shares. This corresponds to around 10% of share capital.

In this regard, the Board of Executive Directors makes the following voluntary commitment: We will increase the company's share capital via the proposed Authorized Capital 2019 and the existing Conditional Capital 2017 by no more than 40% in total compared with the existing share capital at the time this authorization comes into effect. This voluntary commitment is effective as of entry into force of the resolution proposed in Item 7 of the Agenda and ends at the end of May 11, 2022 (expiry of the authorization to issue convertible bonds and bonds with warrants with share subscription rights under Conditional Capital 2017).

## IV. Data according to Article 9 of the SE Regulation in combination with Section 125(1) of the German Stock Corporation Act and Number 5.4.1 Paragraphs 4 to 6 of the German Corporate Governance Code and further information on the Supervisory Board candidates proposed for election under Item 6 of the Agenda

### Prof. Dr. Thomas Carell

Professor for Organic Chemistry at Ludwig Maximilian University Munich

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#### Personal data

Place of residence: Munich, Germany  
Born: April 26, 1966 in Herford, Germany  
Nationality: German

First-time candidate for the Supervisory Board of BASF SE

#### Education and training

1985 until 1998: Studied chemistry at the University of Münster, Germany; Doctoral thesis at the Max Planck Institute for Medical Research in Heidelberg, Germany; doctorate in organic chemistry from the University of Heidelberg, Germany; Postdoc at Massachusetts Institute of Technology, Cambridge, Massachusetts; Research group leader and habilitation at the Laboratory for Organic Chemistry at the Swiss Federal Institute of Technology Zurich (ETH), Switzerland

#### Professional career

since 2004: Full Professor for Organic Chemistry at Ludwig Maximilian University, Munich, Germany; 2000 until 2004: Full Professor for Organic Chemistry at Philipps-Universität, Marburg, Germany

#### Mandates

- a) memberships of statutory supervisory boards in Germany: none
- b) memberships in comparable domestic and foreign supervisory bodies of commercial enterprises: none

#### Relevant knowledge, skills and experience

Through his research activities, Prof. Dr. Thomas Carell has knowledge of organic chemistry and the chemical and biochemistry sectors as well as the associated value chains. He will contribute international experience as well as extensive networks in the scientific community and as a member of the Supervisory Board, he will also contribute his specialized knowledge in research management and digitalization.

#### Independence

Prof. Dr. Thomas Carell is not a member of a governing body of, nor does he perform advisory functions for, any significant competitors of BASF SE. He does not have any personal relationships to BASF SE, its governing bodies, affiliated companies or a significant shareholder in BASF SE. He only has a minor business relationship with the BASF Group in the form of his 10.04% shareholding in baseclick GmbH, a company in which BASF SE indirectly holds 67.23% of the shares. baseclick GmbH is a start-up company in the field of biochemistry, in particular of DNA technologies, established through a spin-off from the Ludwig Maximilian University, Munich, Germany.

The Supervisory Board has satisfied itself that Prof. Dr. Thomas Carell is able to devote the expected amount of time required by the work associated with the Supervisory Board of BASF SE.

### Dame Alison J. Carnwath DBE

Senior Advisor at Evercore Partners

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#### Personal data

Place of residence: Exeter, UK  
Born: January 18, 1953, in Derby, UK  
Nationality: British

Member of the Supervisory Board of BASF SE since May 2, 2014

#### Education and training

1971 until 1975: Studied Economics and German in Reading, UK, and Munich, Germany (B.A. degree)

#### Professional career

since 2000: Senior Advisor at Lexicon Partners Limited, later Evercore Partners, London, UK

1993 until 2000: Senior Partner at Phoenix Partnership (from end of 1997: Donaldson Lufkin Jenrette)  
 1982 until 1993: Assistant Director and Director at J. Henry Schroder Wagg & Co. (London and New York)  
 1980 until 1982: Financial advisor at Lloyds Bank International  
 1975 until 1980: Chartered accountant at Peat Marwick Mitchel (now KPMG)

### Mandates

a) memberships of statutory supervisory boards in Germany: none  
 b) memberships in comparable domestic and foreign supervisory bodies of commercial enterprises: Zurich Insurance Group AG (listed company), independent, non-executive member of the Board of Directors since March 2012; Zürich Versicherungs-Gesellschaft AG (non-listed company), independent, non-executive member of the Board of Directors since March 2012; BP plc (listed company), non-executive director since May 2018; PACCAR Inc. (listed company), independent member of the Board of Directors since October 2005; Collier Capital Ltd. (non-listed company), non-executive member of the Board of Directors since July 2015; Broadwell Capital Limited (non-listed company), non-executive member of the Board of Directors since May 2015

### Relevant knowledge, skills and experience

Through her degree in economics and her long career as an accountant and financial advisor at various accounting and financial advisory firms, Dame Alison J. Carnwath DBE has extensive knowledge of and experience in the application of accounting principles and internal control methods. She thus qualifies as a financial expert pursuant to the German Corporate Governance Code. She is experienced in committee work and, owing to her five-year term as chair of the Audit Committee, has outstanding knowledge of the German corporate governance regulations as well as experience in the chemical industry and the associated value chains.

### Independence

Dame Alison J. Carnwath DBE has no personal or business relationship to BASF SE, its governing bodies, affiliated companies or significant shareholders in BASF SE. She is not a member of a governing body of, nor does she perform advisory functions for, any significant competitors of BASF SE.

The Supervisory Board has satisfied itself that Dame Alison J. Carnwath DBE is able to devote the expected amount of time required by the work associated with the Supervisory Board of BASF SE.

### Meeting attendance in the financial year 2018

Supervisory Board: 5 of 5 meetings  
 Audit Committee: 5 of 5 meetings  
 Nomination Committee: 3 of 3 meetings  
 Strategy Committee: 1 of 1 meeting

## Franz Fehrenbach

### Chairman of the Supervisory Board of Robert Bosch GmbH

#### Personal data

Place of residence: Stuttgart, Germany  
 Born: July 1, 1949, in Kenzingen, Germany  
 Nationality: German

Member of the Supervisory Board of BASF SE since January 14, 2008

#### Education and training

1968 until 1975: Degree in industrial engineering at the University of Karlsruhe, Germany

#### Professional career

since 2012: Chairman of the Supervisory Board of Robert Bosch GmbH and Managing Partner of Robert Bosch Industrietreuhand KG (RBIK)  
 2003 until 2012: Chairman of the Board of Management of Robert Bosch GmbH  
 1999 until 2003: Member of the Board of Management of Robert Bosch GmbH  
 1997 until 1999: Spokesman of Management; President, Diesel Systems Division  
 1975 until 1996: Various positions in commercial operations and management at Bosch Group companies in Germany and abroad

## Mandates

a) memberships of statutory supervisory boards in Germany:

Robert Bosch GmbH (non-listed company), Chairman since July 2012; Stihl AG (listed company), Deputy Chairman since July 2012; Linde AG (listed company), Second Deputy Chairman since May 2017

b) memberships in comparable domestic and foreign supervisory bodies of commercial enterprises:

Stihl Holding AG & Co. KG (non-listed company), Member of the Advisory Board since July 2012; Linde plc (listed company), Member of the Board of Directors since December 2018

## Relevant knowledge, skills and experience

Owing to his longstanding career in management as well as holding the post of Chairman of the Board of Management of Robert Bosch GmbH for nearly 10 years, Franz Fehrenbach is very experienced in the operational and strategic management of an internationally successful industrial company. Through his chairmanship of the Supervisory Board of Robert Bosch GmbH, he has profound knowledge of committee work and corporate governance. His industrial engineering degree and his longstanding membership on the Audit Committee of the Supervisory Board of BASF SE have given him special knowledge of and experience in the application

of accounting and reporting standards and internal control methods, thus qualifying him as a financial expert pursuant to the German Corporate Governance Code. Furthermore, he has a broad range of industry expertise in the value chains of the manufacturing sector as well as experience with the Internet of Things (IoT) and digitalization.

## Independence

Franz Fehrenbach has no personal or business relationship to BASF SE, its governing bodies, affiliated companies or significant shareholders in BASF SE. He is not a member of a governing body of, nor does he perform advisory functions for, any significant competitors of BASF SE. The business relationships between BASF SE and Robert Bosch GmbH account for less than 1% of the annual total sales of the two companies.

The Supervisory Board has satisfied itself that Franz Fehrenbach is able to devote the expected amount of time required by the work associated with the Supervisory Board of BASF SE.

## Meeting attendance in the financial year 2018

Supervisory Board: 5 of 5 meetings  
Nomination Committee: 3 of 3 meetings  
Audit Committee: 5 of 5 meetings

## Dr. Jürgen Hambrecht

### Chairman of the Supervisory Board of BASF SE

#### Personal data

Place of residence: Neustadt an der Weinstraße, Germany  
Born: August 20, 1946, in Reutlingen, Germany  
Nationality: German

Member of the Supervisory Board of BASF SE since May 2, 2014

#### Education and training

1968 until 1975: Studied chemistry at the University of Tübingen and obtained a doctorate in organic chemistry

#### Professional career

since 2014: Chairman of the Supervisory Board of BASF SE

2003 until 2011: Chairman of the Board of Executive Directors of BASF SE

1997 until 2003: Member of the Board of Executive Directors of BASF Aktiengesellschaft

1995 until 1997: Head of the regional division East Asia, based in Hong Kong

1990 until 1995: Head of the Engineering Plastics division of BASF Aktiengesellschaft

1985 until 1990: Head of Research and Procurement at BASF Lacke und Farben AG (today BASF Coatings GmbH) in Münster, Germany

1976: Joined the plastics laboratory of BASF Aktiengesellschaft

#### Mandates

a) memberships of statutory supervisory boards in Germany:

Daimler AG (listed company), Member since April 2008; Fuchs Petrolub SE (listed company), Chairman since May 2011, mandate ends on May 7, 2019; Trumpf GmbH & Co. KG (non-listed company), Chairman since January 2013

b) memberships in comparable domestic and foreign supervisory bodies of commercial enterprises: none

### Relevant knowledge, skills and experience

Dr. Jürgen Hambrecht is familiar with the chemical sector and the associated value chains due to his studies and his career in the BASF Group. As a result of his long career as a member and Chairman of the Board of Executive Directors of BASF SE, Dr. Jürgen Hambrecht has extensive experience in the strategic and operational corporate management of a leading global chemical company. Moreover, he contributes international experience to his work on the Supervisory Board. Dr. Jürgen Hambrecht is also experienced in committee work and has comprehensive knowledge of corporate governance issues.

### Independence

Dr. Jürgen Hambrecht has no personal or business relationship to BASF SE, its governing bodies, affiliated companies or a significant shareholder in BASF SE. He is not a member of a governing body of, nor does he perform advisory functions for, any significant competitors of BASF SE.

The Supervisory Board has satisfied itself that Dr. Jürgen Hambrecht is able to devote the expected amount of time required by the work associated with the Supervisory Board of BASF SE.

At the time of the 2019 election of Supervisory Board members, Dr. Jürgen Hambrecht will be older than the standard age limit of 72 as established by the Supervisory Board of BASF SE. However, he intends to only take on the mandate and the chairmanship for one more year. In 2020, Dr. Kurt Bock, the former Chairman of the Board of Executive Directors of BASF SE, will be a candidate for election to the Supervisory Board and for the chairmanship.

### Meeting attendance in the financial year 2018

Supervisory Board: 5 of 5 meetings  
 Personnel Committee: 3 of 3 meetings  
 Nomination Committee: 3 of 3 meetings  
 Strategy Committee: 1 of 1 meeting

## Dr. Alexander C. Karp

### CEO Palantir Technologies Inc.

#### Personal data

Place of residence: Palo Alto, California  
 Born: October 2, 1967, in New York City, New York  
 Nationality: American

First-time candidate for the Supervisory Board of BASF SE

#### Education and training

2002: Doctorate in philosophy from Johann Wolfgang Goethe University in Frankfurt am Main, Germany  
 1989 until 1992: Studied law at Stanford Law School, Stanford, California, and obtained a Juris Doctor (J.D.)  
 1985 until 1989: Completed bachelor's degree in sociology and anthropology at Haverford College, Pennsylvania

#### Professional career

since 2005: CEO of Palantir Technologies Inc., Palo Alto, California  
 2003: Co-founder of Palantir Technologies Inc.

#### Mandates

a) memberships of statutory supervisory boards in Germany:  
 Axel Springer SE (listed company),  
 Member since April 2018

b) memberships in comparable domestic and foreign supervisory bodies of commercial enterprises:  
 The Economist Newspaper Limited (non-listed company), non-executive director since February 2016

#### Relevant knowledge, skills and experience

Through his role as CEO of the big data software and services firm Palantir Technologies Inc., founded in 2003, Dr. Alexander C. Karp has extensive experience in strategic and operational management of a globally operating company. With his strong expertise in the areas of digitalization, information technology, business models and startups, he rounds out the Supervisory Board's competence profile.

#### Independence

Dr. Alexander C. Karp has no personal or business relationship to BASF SE, its governing bodies, affiliated companies or a significant shareholder in BASF SE. He is not a member of a governing body of, nor does he perform advisory functions for, any significant competitors of BASF SE.

The Supervisory Board has satisfied itself that Dr. Alexander C. Karp is able to devote the expected amount of time required by the work associated with the Supervisory Board of BASF SE.

## Anke Schäferkordt

**Former Co-CEO of RTL Group S.A. (2012 until 2017) and former member of the Executive Board of Bertelsmann SE & Co. KGaA**

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### Personal data

Place of residence: Cologne, Germany  
 Born: December 12, 1962, in Lemgo, Germany  
 Nationality: German

Member of the Supervisory Board of BASF SE since December 17, 2010

### Education and training

1982 until 1988: Studies of business administration at the University of Paderborn, Germany

### Professional career

2012 until 2018: Member of the Executive Board of Bertelsmann SE & Co. KGaA  
 2012 until 2017: Co-CEO of RTL Group S.A.  
 2005 until 2018: CEO of RTL Television and Mediengruppe RTL Deutschland GmbH  
 1999 until 2005: CEO of Vox  
 1988 until 1999: Various commercial functions at Bertelsmann AG, RTL Plus and Vox

### Mandates

- a) memberships of statutory supervisory boards in Germany: none
- b) memberships in comparable domestic and foreign supervisory bodies of commercial enterprises: none

### Relevant knowledge, skills and experience

Anke Schäferkordt is very experienced in strategic and operational corporate management as a result of the many years she spent as Chief Executive Officer at RTL. In particular, she has distinct expertise in the areas of human resources, society, communications and media. She knows the chemical industry and associated value chains and she has experience in corporate governance, accounting and digitalization.

### Independence

Anke Schäferkordt has no personal or business relationship to BASF SE, its governing bodies, affiliated companies or significant shareholders in BASF SE. She is not a member of a governing body of, nor does she perform advisory functions for, any significant competitors of BASF SE.

The Supervisory Board has satisfied itself that Anke Schäferkordt is able to devote the expected amount of time required by the work associated with the Supervisory Board of BASF SE.

### Meeting attendance in the financial year 2018

Supervisory Board: 5 of 5 meetings  
 Nomination Committee: 3 of 3 meetings

Ludwigshafen/Rhine, March 22, 2019

BASF SE

The Board of Executive Directors

# Segments<sup>1</sup>

## BASF Group

### 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 America and South America for our customers as well as for internal supply into the BASF Verbund.

#### Key data Chemicals (million €)

	2018	2017	Change in %
Sales	16,501	16,331	1
Thereof Petrochemicals	6,904	6,389	8
Monomers	6,464	6,963	(7)
Intermediates	3,133	2,979	5
EBITDA	4,432	5,374	(18)
Income from operations (EBIT)	3,360	4,208	(20)
EBIT before special items	3,386	4,233	(20)

### Performance Products

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

#### Key data Performance Products (million €)

	2018	2017	Change in %
Sales	15,812	16,217	(2)
Thereof Dispersions & Pigments	5,292	5,398	(2)
Care Chemicals	4,913	5,079	(3)
Nutrition & Health	1,696	1,844	(8)
Performance Chemicals	3,911	3,896	0
EBITDA	2,205	2,427	(9)
Income from operations (EBIT)	1,338	1,510	(11)
EBIT before special items	1,376	1,416	(3)

### 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 for specific sectors and customers, particularly for the automotive, electronics, chemical and construction industries as well as for household applications, sports and leisure.

#### Key data Functional Materials & Solutions (million €)

	2018	2017	Change in %
Sales	21,435	20,745	3
Thereof Catalysts	7,469	6,658	12
Construction Chemicals	2,456	2,412	2
Coatings	3,856	3,969	(3)
Performance Materials	7,654	7,706	(1)
EBITDA	1,917	2,251	(15)
Income from operations (EBIT)	1,235	1,545	(20)
EBIT before special items	1,307	1,617	(19)

### Agricultural Solutions

The Agricultural Solutions segment consists of the division of the same name. We develop and produce innovative solutions to improve crop health and yields, and market them worldwide.

#### Key data Agricultural Solutions (million €)

	2018	2017	Change in %
Sales	6,156	5,696	8
EBITDA	985	1,282	(23)
Income from operations (EBIT)	591	1,015	(42)
EBIT before special items	734	1,033	(29)

## BASF Gruppe 2018 at a glance

		2018	2017	+/-
Sales <sup>1</sup>	million €	62,675	61,223	2.4%
EBITDA before special items <sup>1</sup>	million €	9,481	10,738	(11.7%)
EBITDA <sup>1</sup>	million €	9,166	10,765	(14.9%)
EBIT before special items <sup>1</sup>	million €	6,353	7,645	(16.9%)
EBIT <sup>1</sup>	million €	6,033	7,587	(20.5%)
EBIT after cost of capital <sup>1</sup>	million €	825	2,902	(71.6%)
Net income	million €	4,707	6,078	(22.6%)
Earnings per share	€	5.12	6.62	(22.7%)
Dividend per share	€	3.20	3.10	3.2%
Assets	million €	86,556	78,768	9.9%
Investments including acquisitions <sup>2</sup>	million €	10,735	4,364	146.0%

		2018	2017	+/-
Employees at year-end		122,404	115,490	6.0%
Personnel expenses	million €	10,659	10,610	0.5%
Research and development expenses <sup>1</sup>	million €	2,028	1,843	10.0%
Greenhouse gas emissions	million metric tons of CO <sub>2</sub> equivalents	21.8	22.6	(3.5%)
Energy efficiency in production processes	kilograms of sales product/MWh	602	625	(3.7%)
Investments in environmental protection	million €	277	234	18.4%
Number of on-site sustainability audits of raw material suppliers		100	120	(16.7%)

<sup>1</sup> Restated figures; for more information, see the Notes to the Consolidated Financial Statements in the BASF Report 2018 from page 183 onward.

<sup>2</sup> Additions to intangible assets and property, plant and equipment.



# Statement of Cash Flows

## BASF Group

### Statement of cash flows <sup>1</sup>

million €

	2018	2017
Net income	4,707	6,078
Depreciation and amortization of intangible assets and property, plant and equipment	3,750	4,213
Changes in inventories	(1,249)	(915)
Changes in receivables	(394)	(870)
Changes in operating liabilities and other provisions	1,113	618
Changes in pension provisions, defined benefit assets and other items	78	(227)
Gains (-) / losses (+) from the disposal of noncurrent assets and securities	(66)	(112)
<b>Cash flows from operating activities</b>	<b>7,939</b>	<b>8,785</b>
Payments made for property, plant and equipment and intangible assets	(3,894)	(3,996)
Payments made for financial assets and securities	(1,210)	(748)
Payments made for acquisitions	(7,362)	(150)
Payments received for divestitures	107	177
Payments received from the disposal of noncurrent assets and securities	555	759
<b>Cash flows from investing activities</b>	<b>(11,804)</b>	<b>(3,958)</b>
Capital increases/repayments and other equity transactions	3	19
Additions to financial and similar liabilities	6,355	8,572
Repayment of financial and similar liabilities	(3,389)	(5,324)
Dividends paid		
To shareholders of BASF SE	(2,847)	(2,755)
noncontrolling interests	(174)	(118)
<b>Cash flows from financing activities</b>	<b>(52)</b>	<b>394</b>
<b>Net changes in cash and cash equivalents</b>	<b>(3,917)</b>	<b>5,221</b>
Changes in cash and cash equivalents		
From foreign exchange rates	(59)	(110)
changes in the scope of consolidation	-	9
<b>Cash and cash equivalents at the beginning of the year</b>	<b>6,495</b>	<b>1,375</b>
<b>Cash and cash equivalents at the end of the year <sup>2</sup></b>	<b>2,519</b>	<b>6,495</b>

<sup>1</sup> More information on the statement of cash flows can be found in the Management's Report (Financial Position) in the BASF Report 2018 from page 55 onward. Other information on cash flows can be found in the BASF Report 2018 from page 261 onward.

<sup>2</sup> In the year 2018, cash and cash equivalents presented in the statement of cash flows deviate from the figure in the balance sheet, as cash and cash equivalents of the oil and gas business in the balance sheet have been reclassified to the disposal group.

# Statement of Income

## BASF Group

### Statement of income

million €

	2018	2017 restated <sup>1</sup>	2017 previous
<b>Sales revenue</b>	<b>62,675</b>	<b>61,223</b>	<b>64,475</b>
Cost of sales	(44,319)	(41,591)	(43,929)
<b>Gross profit on sales</b>	<b>18,356</b>	<b>19,632</b>	<b>20,546</b>
Selling expenses	(8,588)	(8,182)	(8,262)
General administrative expenses	(1,426)	(1,330)	(1,412)
Research and development expenses	(2,028)	(1,843)	(1,888)
Other operating income	1,815	1,569	1,916
Other operating expenses	(2,365)	(2,582)	(2,949)
Income from companies accounted for using the equity method	269	323	571
<b>Income from operations</b>	<b>6,033</b>	<b>7,587</b>	<b>8,522</b>
Income from other shareholdings	36	27	31
Expenses from other shareholdings	(78)	(57)	(60)
<b>Net income from shareholdings</b>	<b>(42)</b>	<b>(30)</b>	<b>(29)</b>
Interest income	174	177	226
Interest expenses	(540)	(492)	(560)
<b>Interest result</b>	<b>(366)</b>	<b>(315)</b>	<b>(334)</b>
Other financial income	32	39	70
Other financial expenses	(369)	(399)	(429)
<b>Other financial result</b>	<b>(337)</b>	<b>(360)</b>	<b>(359)</b>
<b>Financial result</b>	<b>(745)</b>	<b>(705)</b>	<b>(722)</b>
<b>Income before income taxes</b>	<b>5,288</b>	<b>6,882</b>	<b>7,800</b>
Income taxes	(1,138)	(1,290)	(1,448)
<b>Income after taxes from continuing operations</b>	<b>4,150</b>	<b>5,592</b>	<b>-</b>
<b>Income after taxes from discontinued operations</b>	<b>829</b>	<b>760</b>	<b>-</b>
<b>Income after taxes</b>	<b>4,979</b>	<b>6,352</b>	<b>6,352</b>
Noncontrolling interests	(272)	(274)	(274)
<b>Net income</b>	<b>4,707</b>	<b>6,078</b>	<b>6,078</b>
<b>Earnings per share from continuing operations (€)</b>	<b>4.29</b>	<b>5.84</b>	<b>-</b>
<b>Earnings per share from discontinued operations (€)</b>	<b>0.83</b>	<b>0.78</b>	<b>-</b>
<b>Earnings per share (€)</b>	<b>5.12</b>	<b>6.62</b>	<b>6.62</b>
Dilution effect (€)	(0.01)	-0.01	(0.01)
<b>Diluted earnings per share (€)</b>	<b>5.11</b>	<b>6.61</b>	<b>6.61</b>

<sup>1</sup> Figures for 2017 were restated with the presentation of the oil and gas activities as discontinued operations. For more information, see the BASF Report 2018 from page 192 onward.

# Balance Sheet

## BASF Group

### Assets

million €

	December 31, 2018	December 31, 2017
Intangible assets	16,554	13,594
Property, plant and equipment	20,780	25,258
Investments accounted for using the equity method	2,203	4,715
Other financial assets	570	606
Deferred tax assets	2,342	2,118
Other receivables and miscellaneous assets	886	1,332
<b>Noncurrent assets</b>	<b>43,335</b>	<b>47,623</b>
Inventories	12,166	10,303
Accounts receivable, trade <sup>1</sup>	10,665	10,801
Other receivables and miscellaneous assets <sup>1</sup>	3,139	3,494
Marketable securities	344	52
Cash and cash equivalents <sup>2</sup>	2,300	6,495
Assets of disposal groups	14,607	–
<b>Current assets</b>	<b>43,221</b>	<b>31,145</b>
<b>Total assets</b>	<b>86,556</b>	<b>78,768</b>

### Equity and liabilities

million €

	December 31, 2018	December 31, 2017
Subscribed capital	1,176	1,176
Capital reserves	3,118	3,117
Retained earnings	36,699	34,826
Other comprehensive income	(5,939)	(5,282)
<b>Equity attributable to shareholders of BASF SE</b>	<b>35,054</b>	<b>33,837</b>
Noncontrolling interests	1,055	919
<b>Equity</b>	<b>36,109</b>	<b>34,756</b>
Provisions for pensions and similar obligations	7,434	6,293
Other provisions	1,860	3,478
Deferred tax liabilities	1,787	2,731
Financial indebtedness	15,332	15,535
Other liabilities	705	1,095
<b>Noncurrent liabilities</b>	<b>27,118</b>	<b>29,132</b>
Accounts payable, trade	5,122	4,971
Provisions	3,252	3,229
Tax liabilities	695	1,119
Financial indebtedness	5,509	2,497
Other liabilities	2,998	3,064
Liabilities of disposal groups	5,753	–
<b>Current liabilities</b>	<b>23,329</b>	<b>14,880</b>
<b>Total equity and liabilities</b>	<b>86,556</b>	<b>78,768</b>

<sup>1</sup> As of January 1, 2018, receivables from bank acceptance drafts are no longer reported under trade accounts receivable, but under the item other receivables and miscellaneous assets. The 2017 figures have been restated accordingly. For more information, see the BASF Report 2018 from page 235 onward.

<sup>2</sup> For a reconciliation of the amounts in the statement of cash flows with the balance sheet item cash and cash equivalents, see the BASF Report 2018, page 181.

# May 3, 2019

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Half-Year Financial Report 2019

# July 25, 2019

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Quarterly Statement, 3rd Quarter 2019

# October 24, 2019

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BASF Report 2019

# February 28, 2020

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Quarterly Statement, 1st Quarter 2020 / Annual Shareholders' Meeting 2020

# April 30, 2020

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

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