

150 years

Reporting Factsheet

Q1 2015



BASF
We create chemistry

BASF Group (Million €)	Q1	Q1	Change (%)	Q1	Q4	Change (%)
	2015	2014 ⁺		2015	2014	
Sales	20,067	19,512	2.8	20,067	18,047	11.2
Income from operations before depreciation and amortization (EBITDA)	2,890	2,951	(2.1)	2,890	2,873	0.6
Income from operations (EBIT) before special items	2,070	2,112	(2.0)	2,070	1,459	41.9
Income from operations (EBIT)	1,995	2,221	(10.2)	1,995	1,730	15.3
Financial result	(164)	(183)	10.4	(164)	65	-
Income before taxes and minority interests	1,831	2,038	(10.2)	1,831	1,795	2.0
Net income	1,174	1,464	(19.8)	1,174	1,418	(17.2)
Earnings per share (€)	1.28	1.59	(19.5)	1.28	1.54	(16.9)
Adjusted earnings per share (€)*	1.43	1.63	(12.3)	1.43	1.04	37.5
EBITDA in % of sales	14.4	15.1	-	14.4	15.9	-
Cash provided by operating activities	2,390	1,747	36.8	2,390	2,026	18.0
Additions to long-term assets**	1,334	949	40.6	1,334	3,731	(64.2)
Amortization and depreciation**	895	730	22.6	895	1,143	(21.7)
Segment assets (end of period)***	67,050	57,371	16.9	67,050	61,530	9.0
Personnel costs	2,877	2,324	23.8	2,877	2,316	24.2
Number of employees (end of period)	113,896	112,305	1.4	113,896	113,292	0.5

⁺) Q1 2014 figures in this Factsheet have been restated to reflect the dissolution of the disposal group "Natural Gas Trading"

^{*}) Adjusted for special items and amortization of intangible assets ^{**}) Intangible assets and property, plant and equipment (including acquisitions)

^{***}) Intangible assets, property, plant and equipment, inventories and business-related receivables

Segments 1 st Quarter (Million €)	Sales			EBIT bef. special items			EBIT		
	2015	2014 ⁺	Change (%)	2015	2014 ⁺	Change (%)	2015	2014 ⁺	Change (%)
Chemicals	3,866	4,398	(12.1)	726	601	20.8	726	600	21.0
Performance Products	4,038	3,872	4.3	515	427	20.6	491	414	18.6
Functional Materials & Solutions	4,584	4,236	8.2	431	311	38.6	464	311	49.2
Agricultural Solutions	1,898	1,653	14.8	574	510	12.5	573	510	12.4
Oil & Gas	4,993	4,276	16.8	437	466	(6.2)	436	597	(27.0)
<i>thereof Exploration & Production</i>	744	792	(6.1)	276	407	(32.2)	275	538	(48.9)
<i>Natural Gas Trading</i>	4,249	3,484	22.0	161	59	172.9	161	59	172.9
Other*	688	1,077	(36.1)	(613)	(203)	(202.0)	(695)	(211)	(229.4)
BASF Group	20,067	19,512	2.8	2,070	2,112	(2.0)	1,995	2,221	(10.2)

^{*}) "Other" includes the sale of feedstock, engineering and other services, as well as rental income and leases. This item also includes foreign currency results from financial indebtedness and results from hedging for raw material prices that are not allocated to the segments.

Factors influencing sales changes in % vs. Q1 2014 ⁺	Changes in sales Q1 2015	Thereof			
		Volumes	Prices	Currencies	Acqu./Divest.
Chemicals	(12)	(1)	(16)	8	(3)
Performance Products	4	(2)	(3)	9	0
Functional Materials & Solutions	8	(1)	(1)	10	0
Agricultural Solutions	15	6	4	5	0
Oil & Gas	17	32		(17)*	2
BASF Group	3	5	(8)	7	(1)

^{*}) mix of price and currency effects

Segments Q1 2015 vs. restated Q1 2014

Chemicals: (sales: (12)%; v: (1)%; p: (16)%; c: +8%; s: (3%))* Sales came in considerably lower than in the previous first quarter. This was largely due to a significant price decline caused by the sharp drop in raw material prices. We benefitted from positive currency effects. Improved margins for a range of product lines, especially in Europe, led to a considerable rise in earnings.

- Sales in *Petrochemicals* declined considerably despite positive currency effects, as prices came down sharply because of the oil price decline. Volumes were slightly lower, caused by the ongoing outage of our ELLBA joint operation in Moerdijk and temporary production issues at our Port Arthur cracker. The divestment of our stake in ELLBA Eastern had a negative structural effect. Higher margins for cracker products and glycols in Europe more than compensated for lower margins in North America. Earnings came in significantly higher.
- Sales in *Monomers* were up slightly, mainly driven by the devaluation of the euro. Volumes came in slightly lower due to a shift of caprolactam volumes from external sales to captive use as well as the outage of ELLBA Moerdijk. Prices decreased because of lower raw material costs. Earnings increased strongly, driven by higher margins especially for ammonia and MDI.
- In *Intermediates*, slightly higher volumes, mainly in the amines business, and strong currency tailwinds resulted in slightly higher sales. Prices declined significantly, especially for the butanediol value chain. Earnings rose strongly on higher volumes and improved margins.

Performance Products: (sales: +4%; v: (2)%; p: (3)%; c: +9%; s: 0%)* Sales grew slightly. Positive currency effects in all divisions more than offset slightly lower overall sales volumes and declining prices. Margin improvements as well as efficiency and restructuring measures contributed to a considerable rise in earnings.

- In *Dispersions & Pigments*, sales were up slightly, supported by significant positive currency effects. Higher resins and additives volumes could not fully offset lower volumes in dispersions and pigments. Prices came down slightly as raw material costs decreased. Ongoing restructuring measures contributed to the substantial rise in earnings.
- Sales in *Care Chemicals* increased slightly mainly due to strong currency tailwinds. However, this was partly offset by slightly lower volumes in formulation technologies, home care as well as hygiene. Prices slightly decreased. Earnings increased significantly mainly due to positive currency effects and ongoing restructuring measures.
- In *Nutrition & Health* sales were up slightly. We experienced positive currency effects. Prices fell due to competitive pressure in animal and human nutrition. As a result, earnings came in slightly lower.
- *Performance Chemicals'* sales rose considerably, driven by currency effects. Volumes almost matched prior-year level despite an unplanned production outage of our polyisobutene plant in Antwerp. While sales in oilfield solutions came in significantly lower, demand for water as well as mining solutions went up. Prices declined slightly. Fixed cost reduction measures and a positive margin development contributed to the substantial increase in earnings.

Functional Materials & Solutions: (sales: +8%; v: (1)%; p: (1)%; c: +10%; s: 0%)* Sales came in considerably higher. We saw good demand globally, especially from the automotive industry. A decrease in precious metals trading led to lower volumes. Prices were almost stable. Positive currency effects supported sales and earnings. Combined with improved margins, earnings increased strongly. We incurred a positive special item due to the divestiture of our EPS business in the Americas.

- Sales in *Catalysts* were up significantly. This was driven by strong positive currency effects as well as higher volumes in mobile emissions and chemical catalysts. The start-up of new plants in Poland, Germany and China as well as increased R&D expenses led to higher fixed costs. Sales in precious metals trading decreased slightly by 2% to 612 million euros. Earnings were at prior-year level.
- In *Construction Chemicals* sales increased considerably, mainly driven by pronounced currency tailwinds. We saw higher demand in North America and the Middle East, while volumes in Europe decreased. We were able to increase prices slightly. Driven by improved margins, earnings increased significantly.
- Sales in *Coatings* were up considerably, supported by significant currency effects. Our OEM coatings business developed well. Volumes in refinish coatings decreased slightly. In decorative paints we felt the impact of the negative consumer sentiment in Brazil. Overall, prices were stable. Earnings increased strongly.
- In *Performance Materials* sales were up, mostly attributable to positive currency effects. In engineering plastics, TPU and Cellasto we experienced good demand from the automotive industry. However, we sold less styrenic foams for construction applications. Fixed costs rose due to plant start-ups. Earnings strongly increased, triggered by positive currency effects as well as margin improvements due to a better product mix.

Agricultural Solutions: (sales: +15%; v:+6%; p: +4%; c: +5%; s:0%)* We had a good first quarter. Sales increased significantly. We experienced high demand for our products in all indications and were able to grow volumes and raise prices. Our business profited from good early demand in Europe and North America. Sales also benefitted from currency effects. The start-up of new plants led to higher fixed costs. Nevertheless, earnings grew considerably.

Oil & Gas: (sales: +17%; v:+32%; p/c: (17)%; s: +2%)* Sales increased considerably. Volumes in E&P and Natural Gas Trading were up significantly. The average price for Brent crude oil decreased by 50%. In E&P the significantly lower oil prices could not be compensated by higher production volumes in Norway and Russia. Earnings in E&P decreased by 32% to 276 million euros. Higher spot trading volumes lifted sales in Natural Gas Trading. Earnings in Natural Gas Trading jumped from 59 million euros to 161 million euros due to temporarily better purchasing conditions on the spot market. Net income of Oil & Gas decreased by 16% to 359 million euros.

Other: Sales decreased significantly driven by the outage at ELLBA Moerdijk, the divestment of our shares in ELLBA Eastern as well as a decrease in raw material trading. Earnings declined strongly, mainly driven by a higher provision for our long-term incentive program which was caused by the strong share price increase in Q1 2015. Negative currency results, as well as the divestiture of our shares in Styrolution also contributed to the earnings decline.

*v=volume; p=price; c=currency; s=structure

Financials

Q1 2015:

- Special items Q1 2015: minus €75 million (Restated Q1 2014: €109 million). Special items in Q1 2015 include a provision of about 100 million euros for the anniversary bonus for our employees. In the first quarter of 2014 we incurred a gain from the divestiture of selected E&P assets in the North Sea.
- Income taxes Q1 2015: €543 million (Restated Q1 2014: €512 million).
- Tax rate Q1 2015: 29.7% (Restated Q1 2014: 25.1%). In Q1 2014 we incurred a tax-free disposal gain for the divestiture of selected E&P assets in the North Sea.
- Financial result Q1 2015: minus €164 million (Restated Q1 2014: minus €183 million).
- Cash provided by operating activities in Q1 2015: €2,390 million (Restated Q1 2014: €1,747 million).
- Payments for property, plant and equipment and intangible assets in Q1 2015: €1,278 million (Restated Q1 2014: €976 million).
- Free cash flow in Q1 2015: €1,112 million (Restated Q1 2014: €771 million).
- Equity ratio 37.9% (March 31, 2015); net debt: €13.8 billion (FY 2014: €13.7 billion).

Dividend

- We will propose a dividend of €2.80 at the Annual Shareholders' Meeting on April 30, 2015.
- We want to grow or at least maintain our dividend.

Outlook

Underlying assumptions for 2015:

- Global GDP: **2.8%** (2014: 2.5%).
- Global industrial production: **3.6%** (2014: 3.4%).
- Global chemical production (excl. pharma): **4.2%** (2014: 4.0%).
- Average US\$/€ exchange rate of US\$1.20/€.
- Average oil price of US\$60-70 per barrel (Brent).
- Annual impact of 1 US\$/bbl rise in average oil price (Brent) on segment Oil & Gas:
Sales: +€20 million, EBIT: +€20 million.

Forecast 2015:

- We aim to increase our sales volumes excluding the effects of acquisitions and divestitures.
- Sales are likely to be slightly higher than in 2014, driven by higher sales in the Performance Products and Functional Materials & Solutions segments.
- We expect EBIT before special items to be on the level of 2014. Higher earnings in our chemicals business and in the Agricultural Solutions segment are anticipated to compensate for considerably lower earnings in Oil & Gas.
- We aim to earn again a substantial premium on our cost of capital, but on a lower level than in 2014.

Forward-looking statements

This factsheet may contain forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realized from the proposals described herein. Forward-looking statements may include, in particular, statements about future events, future financial performance, plans, strategies, expectations, prospects, competitive environment, regulation and supply and demand. BASF has based these forward-looking statements on its views and assumptions with respect to future events and financial performance. Actual financial performance could differ materially from that projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and financial performance may be better or worse than anticipated. Given these uncertainties, readers should not put undue reliance on any forward-looking statements. The information contained in this factsheet is subject to change without notice and BASF does not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable laws and regulations. The information contained in this factsheet is subject to change without notice and BASF does not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable laws and regulations.