

150 years

Reporting Factsheet

Q4 2014



BASF Group (Million €)	Q4 2014	Q4 2013	Change (%)	Q4 2014	Q3 2014	Change (%)
Sales	18,047	18,149	(0.6)	18,047	18,312	(1.4)
Income from operations before depreciation and amortization (EBITDA)	2,873	2,592	10.8	2,873	2,514	14.3
Income from operations (EBIT) before special items	1,459	1,419	2.8	1,459	1,774	(17.8)
Income from operations (EBIT)	1,730	1,616	7.1	1,730	1,742	(0.7)
Financial result	65	(105)	-	65	(169)	-
Income before taxes and minority interests	1,795	1,511	18.8	1,795	1,573	14.1
Net income	1,418	1,128	25.7	1,418	1,014	39.8
Earnings per share (€)	1.54	1.23	25.2	1.54	1.11	38.7
Adjusted earnings per share (€)*	1.04	1.00	4.0	1.04	1.24	(16.1)
EBITDA in % of sales	15.9	14.3	-	15.9	13.7	-
Cash provided by operating activities	2,026	1,953	3.7	2,026	-	-
Additions to long-term assets**	3,731	1,920	94.3	3,731	1,398	166.9
Amortization and depreciation**	1,143	976	17.1	1,143	772	48.1
Segment assets (end of period)***	61,530	55,053	11.8	61,530	59,264	3.8
Personnel costs	2,316	2,298	0.8	2,316	2,224	4.1
Number of employees (end of period)	113,292	112,206	1.0	113,292	113,351	(0.1)

*) 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 4th Quarter (Million €)	Sales			EBIT bef. special items			EBIT		
	2014	2013	Change (%)	2014	2013	Change (%)	2014	2013	Change (%)
Chemicals	4,071	4,191	(2.9)	580	510	13.7	645	500	29.0
Performance Products	3,718	3,683	1.0	217	216	0.5	183	67	173.1
Functional Materials & Solutions	4,444	4,129	7.6	220	238	(7.6)	177	212	(16.5)
Agricultural Solutions	1,109	890	24.6	123	67	83.6	122	63	93.7
Oil & Gas	4,005	4,150	(3.5)	347	502	(30.9)	158	885	(82.1)
<i>thereof Exploration & Production</i>	728	861	(15.4)	288	361	(20.2)	99	316	(68.7)
<i>Natural Gas trading</i>	3,277	3,289	(0.4)	59	141	(58.2)	59	569	(89.6)
Other*	700	1,106	(36.7)	(28)	(114)	75.4	445	(111)	-
BASF Group	18,047	18,149	(0.6)	1,459	1,419	2.8	1,730	1,616	7.1

*) "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. Q4 2013	Changes in sales Q4 2014	Volumes	Prices	Thereof Currencies	Acqu./Divest.
Chemicals	(3)	(3)	(4)	4	0
Performance Products	1	(2)	0	3	0
Functional Materials & Solutions	8	4	0	4	0
Agricultural Solutions	25	22	(3)	6	0
Oil & Gas	(3)	10	(12)*		(1)
BASF Group	(1)	1	(4)	2	0

*) mix of price and currency effects

Segments Q4 2014 vs. Q4 2013

Chemicals: (sales: (3)%; v: (3)%; p: (4)%; c: +4%; s: 0%)* Sales declined slightly due to lower prices and volumes. Currencies provided some tailwind. Earnings rose by 14 percent to €580 million, primarily due to significantly higher earnings in Petrochemicals. We incurred positive special items of €65 million, mainly related to the divestiture of our 50 percent stake in ELLBA Eastern.

- Sales in *Petrochemicals* came in significantly lower. Prices decreased due to lower feedstock costs. Volumes declined as additional business from new plants (10th furnace Port Arthur, Butadiene Antwerp) could not compensate for missing volumes in propylene oxide. This was caused by shutdowns of both ELLBA joint operations. In cracker products, we continued to perform well in North America and we were able to improve margins in Europe. While acrylics showed an improvement in Europe and North America, we experienced margin pressure in Asia Pacific. Earnings increased strongly.
- Sales in *Monomers* rose considerably due to higher prices and positive currency effects. Volumes were flat as higher MDI volumes were offset by lower caprolactam volumes due to a planned turnaround. Margins improved driven by higher prices in ammonia and lower raw material costs in MDI. Caprolactam margins remained stable at a low level. Earnings declined slightly due to increased fixed costs.
- *Intermediates* sales were slightly down due to lower volumes and prices. While our business with specialty amines developed well, we experienced price pressure in butanediol. Towards the end of the year, we observed de-stocking across various product lines. Our business with specialty products developed well and margins improved due to lower raw material costs. Consequently, earnings rose slightly.

Performance Products: (sales: +1%; v: (2)%; p: 0%; c: +3%; s: 0%)* Sales were slightly up driven by positive currency effects. Earnings came in at prior-year level (€217 million) as higher margins were offset by increased fixed costs primarily due to currency effects. The ongoing restructuring efforts led to special items of minus €34 million versus minus €149 million a year ago.

- In *Dispersions & Pigments*, sales rose slightly. We saw good volume growth in Asia Pacific but experienced softer demand in Europe and North America. Improved resin volumes could not fully offset lower volumes in pigments and dispersions. We noticed some destocking by our customers. Earnings decreased significantly on slightly lower volumes and higher fixed costs.
- Sales in *Care Chemicals* grew slightly. Volumes were slightly down, primarily in hygiene. Demand in home care was lower, while we saw higher volumes in personal care. Fixed costs increased due to unfavorable exchange rates and year-end effects. Hence, earnings came in slightly lower.
- In *Nutrition & Health*, sales decreased slightly. While we experienced good demand in animal nutrition and aroma chemicals, volumes declined in pharma as well as human nutrition. A further price decline in vitamin E was almost offset by price increases in other product areas such as aroma chemicals and pharma. Earnings were considerably up, primarily due to lower fixed costs.
- In *Paper Chemicals*, sales were almost stable as positive currency effects could compensate for lower volumes. While we experienced a further reduction in demand for graphical paper, we were able to grow volumes in paper packaging. Earnings almost matched the prior-year level.
- *Performance Chemicals* sales rose slightly, driven by higher volumes in all regions. Fuel and lubricant solutions as well as plastic additives showed good volume growth. Our business with water, oilfield and mining chemicals experienced lower demand. Earnings increased considerably due to improved margins.

Functional Materials & Solutions: (sales: +8%; v: +4%; p: 0%; c: +4%; s: 0%)* Sales were considerably up, supported by robust demand from the automotive industry. Earnings declined by -8% to €220 million mainly due to lower contributions from Performance Materials and Construction Chemicals. Special items of minus €43 million were primarily related to an asset impairment in Construction Chemicals.

- Sales in *Catalysts* increased significantly on higher volumes in mobile emissions, chemical and refinery catalysts. Sales from precious and base metals trading grew to €605 million versus €488 million a year ago. Fixed costs were higher due to the start-up of two new mobile emissions catalyst plants in Poland and China as well as a zeolite manufacturing plant in Ludwigshafen. Earnings increased considerably driven by higher volumes.
- In *Construction Chemicals*, sales came in slightly higher thanks to improved construction activity in North America and the Middle East. Sales in Europe decreased, mainly as a result of the divestiture of BASF Wall Systems. One-time effects led to higher fixed costs and a decline in earnings.
- *Coatings* sales were slightly up due to higher volumes, prices and currency effects. In OEM coatings, we continued to experience strong demand in Europe and North America. Automotive refinish saw lower market demand in all markets except China. In our Brazilian decorative paints business, we increased sales, primarily in the premium segment. Earnings were slightly lower due to higher fixed costs.
- Sales in *Performance Materials* were slightly up. Sales volumes of specialty and engineering plastics as well as our specialty Cellasto increased strongly due to high demand from the transportation industry. Styrenic foams for construction applications saw lower demand. Plant start-ups and turnarounds led to an increase in fixed costs. Earnings decreased considerably.

Agricultural Solutions: (sales: +25%; v: +22%; p: (3)%; c: +6%; s: 0%)* Sales increased considerably due to higher volumes in all regions, mainly in South America (blockbuster fungicide Xemium®) as well as North America (herbicides). We were able to raise prices in all regions except for South America, where we experienced product mix effects. Earnings increased by 84% to more than €120 million.

Oil & Gas: (sales: (3)%; v: +10%; p/c: (12)%; s: (1%))* Sales decreased slightly as a result of the sharp drop in the oil price. Higher volumes both in E&P and Natural Gas Trading partly offset this decline.

Earnings declined from €502 million to €347 million. Special items were minus €189 million attributable to write-offs for exploration projects and producing assets. In the prior-year quarter, we reported positive special items of €383 million mainly due to the deconsolidation of GASCADE. Net income, however, declined by only €191 million to €446 million. This is explained by positive special items of €220 million in the financial result from the sale of our stake in VNG as well as positive currency results.

Other: Sales decreased substantially to €700 million, as we experienced shutdowns at our ELLBA joint operations. Earnings improved by €86 million to minus €28 million. This was mainly driven by positive currency results and the dissolution of provisions for our long-term incentive program.

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

Financials

Q4 2014:

- Special items Q4 2014: €271 million (Q4 2013: €197 million) mainly attributable to the divestment of our 50 percent shares in Styrolution and ELLBA Eastern. Impairment charges particularly in our Oil & Gas segment partly offset these gains.
- Income taxes Q4 2014: €297 million (Q4 2013: €292 million).
- Tax rate Q4 2014: 16.5% (Q4 2013: 19.3%), driven by tax-free disposal gains.
- Financial result Q4 2014: €65 million (Q4 2013: minus €105 million).

FY 2014:

- Cash provided by operating activities in 2014: €6,958 million (2013: €8,100 million).
- Payments for property, plant and equipment and intangible assets in 2014: €5,296 million (2013: €4,873 million).
- Free cash flow in 2014: €1,662 million (2013: €3,227 million).
- Equity ratio 39.5% (Dec. 31, 2014); net debt: €13.7 billion (2013: €12.6 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 Functional Materials & Solutions and Performance Products 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.

BASF Group Q4 and full year 2014
(Million €)

Chemicals	Q4 2014	Q4 2013	Change (%)	FY 2014	FY 2013	Change (%)
Sales	4,071	4,191	(2.9)	16,968	16,994	(0.2)
thereof: Petrochemicals	1,803	1,995	(9.6)	7,832	7,785	0.6
Monomers	1,582	1,488	6.3	6,337	6,385	(0.8)
Intermediates	686	708	(3.1)	2,799	2,824	(0.9)
EBITDA	903	701	28.8	3,212	2,956	8.7
EBIT before special items	580	510	13.7	2,367	2,182	8.5
EBIT	645	500	29.0	2,396	2,086	14.9

Performance Products	Q4 2014	Q4 2013	Change (%)	FY 2014	FY 2013	Change (%)
Sales	3,718	3,683	1.0	15,433	15,534	(0.7)
thereof: Dispersions & Pigments	881	872	1.0	3,869	3,851	0.5
Care Chemicals	1,164	1,155	0.8	4,835	4,871	(0.7)
Nutrition & Health	492	511	(3.7)	2,029	2,088	(2.8)
Paper Chemicals	341	345	(1.2)	1,371	1,442	(4.9)
Performance Chemicals	840	800	5.0	3,329	3,282	1.4
EBITDA	411	331	24.2	2,232	1,987	12.3
EBIT before special items	217	216	0.5	1,455	1,365	6.6
EBIT	183	67	173.1	1,417	1,100	28.8

Functional Materials & Solutions	Q4 2014	Q4 2013	Change (%)	FY 2014	FY 2013	Change (%)
Sales	4,444	4,129	7.6	17,725	17,252	2.7
thereof: Catalysts	1,577	1,326	18.9	6,135	5,708	7.5
Construction Chemicals	511	497	2.8	2,060	2,120	(2.8)
Coatings	771	749	2.9	2,984	2,927	1.9
Performance Materials	1,585	1,557	1.8	6,546	6,497	0.8
EBITDA	352	345	2.0	1,678	1,498	12.0
EBIT before special items	220	238	(7.6)	1,197	1,070	11.9
EBIT	177	212	(16.5)	1,150	1,027	12.0

Agricultural Solutions	Q4 2014	Q4 2013	Change (%)	FY 2014	FY 2013	Change (%)
Sales	1,109	890	24.6	5,446	5,227	4.2
EBITDA	176	108	63.0	1,297	1,375	(5.7)
EBIT before special items	123	67	83.6	1,109	1,222	(9.2)
EBIT	122	63	93.7	1,108	1,208	(8.3)

Oil & Gas	Q4 2014	Q4 2013	Change (%)	FY 2014	FY 2013	Change (%)
Sales	4,005	4,150	(3.5)	15,145	14,776	2.5
thereof: Exploration & Production	728	861	(15.4)	2,938	2,929	0.3
Natural Gas Trading	3,277	3,289	(0.4)	12,207	11,847	3.0
EBITDA	550	1,186	(53.6)	2,626	3,149	(16.6)
thereof: Exploration & Production	469	570	(17.7)	2,162	2,133	1.4
Natural Gas Trading	81	616	(86.9)	464	1,016	(54.3)
EBIT before special items	347	502	(30.9)	1,795	1,856	(3.3)
thereof: Exploration & Production	288	361	(20.2)	1,412	1,450	(2.6)
Natural Gas Trading	59	141	(58.2)	383	406	(5.7)
EBIT	158	885	(82.1)	1,688	2,403	(29.8)
thereof: Exploration & Production	99	316	(68.7)	1,305	1,569	(16.8)
Natural Gas Trading	59	569	(89.6)	383	834	(54.1)
Net income	446	637	(30.0)	1,464	1,730	(15.4)

Other	Q4 2014	Q4 2013	Change (%)	FY 2014	FY 2013	Change (%)
Sales	700	1,106	(36.7)	3,609	4,190	(13.9)
EBITDA	481	(79)	-	(2)	(533)	99.6
EBIT before special items	(28)	(114)	75.4	(566)	(618)	8.4
EBIT	445	(111)	-	(133)	(664)	80.0

BASF Group	Q4 2014	Q4 2013	Change (%)	FY 2014	FY 2013	Change (%)
Sales	18,047	18,149	(0.6)	74,326	73,973	0.5
EBITDA	2,873	2,592	10.8	11,043	10,432	5.9
EBIT before special items	1,459	1,419	2.8	7,357	7,077	4.0
EBIT	1,730	1,616	7.1	7,626	7,160	6.5

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.

Excerpt from the BASF Report 2014

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Statement of income

BASF Group

Statement of income (in million €)

	Explanations in Note	2014	2013 restated
Sales revenue	[4]	74,326	73,973
Cost of sales	[6]	(55,839)	(55,576)
Gross profit on sales		18,487	18,397
Selling expenses	[6]	(7,493)	(7,426)
General administrative expenses	[6]	(1,359)	(1,366)
Research expenses	[6]	(1,884)	(1,849)
Other operating income	[7]	2,231	1,679
Other operating expenses	[8]	(2,629)	(2,576)
Income from companies accounted for using the equity method	[9]	273	301
Income from operations	[4]	7,626	7,160
Income from other shareholdings		303	74
Expenses from other shareholdings		(25)	(70)
Interest income		207	160
Interest expense		(711)	(688)
Other financial income		158	238
Other financial expenses		(355)	(274)
Financial result	[10]	(423)	(560)
Income before taxes and minority interests		7,203	6,600
Income taxes	[11]	(1,711)	(1,487)
Income before minority interests		5,492	5,113
Minority interests	[12]	(337)	(321)
Net income		5,155	4,792
Earnings per share (€)	[5]	5.61	5.22
Dilution effect (€)	[5]	(0.01)	(0.01)
Diluted earnings per share (€)	[5]	5.60	5.21

Balance sheet

BASF Group

Assets (in million €)

	Explanations in Note	Dec. 31, 2014	Dec. 31, 2013 restated	Jan. 1, 2013 restated
Intangible assets	[14]	12,967	12,324	12,284
Property, plant and equipment	[15]	23,496	19,229	17,507
Investments accounted for using the equity method	[16]	3,245	4,174	3,502
Other financial assets	[16]	540	643	613
Deferred tax assets	[11]	2,193	1,006	1,516
Other receivables and miscellaneous noncurrent assets	[18]	1,498	877	913
Noncurrent assets		43,939	38,253	36,335
Inventories	[17]	11,266	10,160	10,269
Accounts receivable, trade	[18]	10,385	10,233	10,829
Other receivables and miscellaneous current assets	[18]	4,032	3,714	3,570
Marketable securities		19	17	14
Cash and cash equivalents ¹	[1]	1,718	1,827	1,654
Current assets		27,420	25,951	26,336
Total assets		71,359	64,204	62,671

Equity and liabilities (in million €)

	Explanations in Note	Dec. 31, 2014	Dec. 31, 2013 restated	Jan. 1, 2013 restated
Subscribed capital	[19]	1,176	1,176	1,176
Capital surplus	[19]	3,143	3,165	3,188
Retained earnings	[19]	28,777	26,102	23,698
Other comprehensive income	[20]	(5,482)	(3,400)	(3,461)
Equity of shareholders of BASF SE		27,614	27,043	24,601
Minority interests	[21]	581	630	972
Equity		28,195	27,673	25,573
Provisions for pensions and similar obligations	[22]	7,313	3,727	5,442
Other provisions	[23]	3,502	3,226	3,218
Deferred tax liabilities	[11]	3,420	2,894	2,290
Financial indebtedness	[24]	11,839	11,151	8,704
Other liabilities	[24]	1,197	1,194	1,135
Noncurrent liabilities		27,271	22,192	20,789
Accounts payable, trade		4,861	5,153	5,781
Provisions	[23]	2,844	2,670	2,774
Tax liabilities	[11]	1,079	968	878
Financial indebtedness	[24]	3,545	3,256	4,094
Other liabilities	[24]	3,564	2,292	2,782
Current liabilities		15,893	14,339	16,309
Total equity and liabilities		71,359	64,204	62,671

¹ For a reconciliation of the amounts in the statement of cash flows with the balance sheet items cash and cash equivalents, see page 158.

Statement of cash flows

BASF Group

Statement of cash flows¹ (in million €)

	2014	2013 restated
Net income	5,155	4,792
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	3,455	3,314
Changes in inventories	(606)	(95)
Changes in receivables	97	1,056
Changes in operating liabilities and other provisions	(190)	(247)
Changes in pension provisions, defined benefit assets and other items	(697)	(717)
Gains (-)/losses (+) from disposal of noncurrent assets and securities	(256)	(3)
Cash provided by operating activities	6,958	8,100
Payments for property, plant and equipment and intangible assets	(5,296)	(4,873)
Payments for financial assets and securities	(1,131)	(796)
Payments for acquisitions	(963)	(1,156)
Payments from divestitures	1,336	63
Payments from the disposal of noncurrent assets and securities	1,558	768
Cash used in investing activities	(4,496)	(5,994)
Capital increases/repayments and other equity transactions	–	–
Additions to financial and similar liabilities	6,048	5,636
Repayment of financial and similar liabilities	(5,760)	(4,808)
Dividends paid		
To shareholders of BASF SE	(2,480)	(2,388)
minority shareholders	(286)	(314)
Cash used in financing activities	(2,478)	(1,874)
Net changes in cash and cash equivalents	(16)	232
Change in cash and cash equivalents		
From foreign exchange rates	(90)	(60)
changes in scope of consolidation	(3)	1
Cash and cash equivalents at the beginning of the year	1,827	1,654
Cash and cash equivalents at the end of the year	1,718	1,827

¹ More information on the statement of cash flows can be found in the Management's Report (financial position) from page 59 onward.
Other information on cash flows can be found in Note 29 on page 218.

Results of operations

The market environment was volatile and challenging in 2014. Growth rates for the global economy, industrial production and the chemical industry all lagged behind our expectations, largely influenced by growing geopolitical tensions and the uncertainty triggered by them. Despite these conditions, our business developed successfully overall.

Sales and income from operations before special items

- At €74,326 million, sales match level of 2013
- Income from operations before special items rises by 4% to €7,357 million

At €74,326 million, sales in 2014 matched the level of the previous year. In the chemicals business¹, sales rose as a result of higher sales volumes. Increased volumes in the gas trading business and slight sales growth in the Agricultural Solutions segment likewise supported sales development. Sales declined considerably in Other.

Income from operations before special items grew by around 4% to €7,357 million. This was primarily the result of a larger contribution from the chemicals business. Earnings declined in the Agricultural Solutions and Oil & Gas segments.

For more information on income from operations, see page 53

Sales (in million €)

2014	74,326	<div></div>
2013	73,973	<div></div>
2012	72,129	<div></div>

Income from operations before special items (in million €)

2014	7,357	<div></div>
2013	7,077	<div></div>
2012	6,647	<div></div>

Factors influencing sales

We raised sales volumes in all segments in 2014. Prices were reduced overall, largely on account of significant decreases in oil and gas prices. Negative currency effects dampened sales in almost all divisions. Portfolio effects did not have an appreciable impact on BASF Group sales.

Factors influencing sales BASF Group

	Change in million €	Change in %
Volumes	3,400	4
Prices	(2,411)	(3)
Currencies	(775)	(1)
Acquisitions and changes in the scope of consolidation	296	0
Divestitures	(157)	0
Total change in sales	353	0

Sales and income from operations before special items in the segments

Sales in the **Chemicals** segment in 2014 matched the level of the previous year. Falling prices in all divisions were offset by higher sales volumes, especially in the Petrochemicals division. Income from operations before special items surpassed 2013 levels by 8%, supported by substantially larger contributions from the Petrochemicals and Intermediates divisions. The Monomers division, however, posted a considerable, margin-related decline in earnings.

In the **Performance Products** segment, sales were down by 1%. Despite an increasingly gloomy market environment over the course of the year, we were able to increase sales volumes with stable prices and thus almost fully compensate for negative currency effects. Income from operations before special items improved by 7% year-on-year. This was mainly because of the reduction in fixed costs brought about by restructuring measures and other factors.

In the **Functional Materials & Solutions** segment, significantly higher sales volumes – especially of products for the automotive industry – led to a 3% increase in sales, which was curbed by negative currency effects. Prices were stable overall. We raised income from operations before special items by 12% through considerable increases in the Catalysts and Coatings divisions.

Sales and earnings (in million €)

	2014	2013	Change in %
Sales	74,326	73,973	0.5
Income from operations before depreciation and amortization (EBITDA)	11,043	10,432	5.9
EBITDA margin %	14.9	14.1	–
Income from operations (EBIT) before special items	7,357	7,077	4.0
Income from operations (EBIT)	7,626	7,160	6.5
Financial result	(423)	(560)	24.5
Income before taxes and minority interests	7,203	6,600	9.1
Income before minority interests	5,492	5,113	7.4
Net income	5,155	4,792	7.6
Earnings per share €	5.61	5.22	7.5
Adjusted earnings per share €	5.44	5.31	2.4

Sales and earnings by quarter in 2014¹ (in million €)

	1st quarter	2nd quarter	3rd quarter	4th quarter	Full year
Sales	19,512	18,455	18,312	18,047	74,326
Income from operations before depreciation and amortization (EBITDA)	2,951	2,705	2,514	2,873	11,043
Income from operations (EBIT) before special items	2,112	2,012	1,774	1,459	7,357
Income from operations (EBIT)	2,221	1,933	1,742	1,730	7,626
Financial result	(183)	(136)	(169)	65	(423)
Income before taxes and minority interests	2,038	1,797	1,573	1,795	7,203
Net income	1,464	1,259	1,014	1,418	5,155
Earnings per share €	1.59	1.37	1.11	1.54	5.61
Adjusted earnings per share €	1.63	1.53	1.24	1.04	5.44

Sales and earnings by quarter in 2013¹ (in million €)

	1st quarter	2nd quarter	3rd quarter	4th quarter	Full year
Sales	19,738	18,353	17,733	18,149	73,973
Income from operations before depreciation and amortization (EBITDA)	2,854	2,490	2,496	2,592	10,432
Income from operations (EBIT) before special items	2,186	1,803	1,669	1,419	7,077
Income from operations (EBIT)	2,141	1,744	1,659	1,616	7,160
Financial result	(126)	(162)	(167)	(105)	(560)
Income before taxes and minority interests	2,015	1,582	1,492	1,511	6,600
Net income	1,434	1,144	1,086	1,128	4,792
Earnings per share €	1.56	1.25	1.18	1.23	5.22
Adjusted earnings per share €	1.65	1.39	1.27	1.00	5.31

¹ Quarterly results not audited

Sales in the **Agricultural Solutions** segment exceeded the level of 2013 by 4% despite negative currency effects. This was largely due to robust business in Europe and North America as well as greater demand for fungicides and herbicides. Yet the drop in prices for agricultural products that resulted from the previous year's successful harvests put a considerable strain on our business. Negative currency effects, margin declines due to a less favorable product mix, and higher expenditures for research and development as well as for production and distribution all led to a decrease of 9% in income from operations before special items.

Sales in the **Oil & Gas** segment grew by 2% in 2014, mainly through higher volumes in the natural gas trading business. Sharply falling oil and gas prices weakened sales growth. In the Exploration & Production business sector, the activities in Norway acquired from Statoil led to positive portfolio effects. Income from operations before special items declined by 3% as a result of slightly smaller contributions from both business sectors.

Sales in **Other** decreased by 14%. This was predominantly because of lower plant availability after a plant outage at the Ellba C.V. joint operation in Moerdijk, Netherlands. Income from operations before special items improved by 8%. The reversal of provisions for the long-term incentive (LTI) program and an improvement in foreign currency results not assigned to the segments were partly offset by lower earnings contributions from other businesses.

📖 For more on business reviews by segment, see page 60 onward

Income from operations and special items

- **Income from operations rises slightly**
- **High premium once again earned on cost of capital**

At €7,626 million, income from operations for the BASF Group in 2014 was up from the previous year's level (€7,160 million).

This includes earnings from companies accounted for using the equity method.

Special items in 2014 resulted in an earnings contribution of €269 million (2013: €83 million).

Of this, €712 million pertained to divestitures, especially the sale of our 50% share in Styrolution Holding GmbH. Also contributing to the total were the divestiture of oil and gas fields on the British continental shelf to the MOL Group, as well as the sale of our 50% share in Ellba Eastern Private Ltd. and of the PolyAd Services business. In 2013, divestitures had led to an earnings contribution of €591 million.

Compared with the previous year, special charges from various restructuring measures declined by €189 million to €68 million and expenses for the integration of acquired businesses by €80 million to €6 million.

Miscellaneous special charges increased by €204 million in 2014 to €369 million. These predominantly included asset impairments in the Oil & Gas, Chemicals and Functional Materials & Solutions segments. In 2013, other special charges of €165 million had especially pertained to impairment charges in the Chemicals and Oil & Gas segments.

We once again earned a high premium on our cost of capital in 2014. EBIT after cost of capital amounted to €1,368 million after €1,768 million in the previous year. Cost of capital rose mainly as a result of the increased amount of fixed assets and higher inventories.

📖 For more on the calculation of EBIT after cost of capital, see page 28

Special items (in million €)

	2014	2013
Integration costs	(6)	(86)
Restructuring measures	(68)	(257)
Divestitures	712	591
Other charges and income	(369)	(165)
Total special items in income from operations (EBIT)	269	83
Special items reported in financial result	197	119
Total special items in earnings before taxes	466	202

Financial result and net income

- Financial result improves by 24% and net income improves by 8%
- Earnings per share increase by €0.39 to €5.61

The financial result improved in 2014 to minus €423 million, compared with minus €560 million in the previous year.

Compared with 2013, net income from shareholdings rose by €274 million to €278 million, mostly due to special income from the disposal of our shares in VNG – Verbundnetz Gas AG.

The interest result improved by €24 million to minus €504 million. This was largely attributable to positive contributions from interest rate and currency swaps for variable interest rates on financial indebtedness.

Other financial result declined by €161 million to minus €197 million. This was mainly due to effects from the market valuation of options for the disposal of the share in Styrolution: Miscellaneous financial expenses amounted to €42 million in 2014, compared with miscellaneous financial income of €119 million in 2013.

At €7,203 million, income before taxes and minority interests was up by €603 million. Return on assets amounted to 11.7%, compared with 11.5% in the previous year.

Income taxes rose by €224 million to €1,711 million. The tax rate grew from 22.5% to 23.8%, predominantly as a result of earnings increases in countries with high tax rates, particularly Norway. These were partly offset by higher, largely tax-free income compared with the previous year that was related to the disposal of investments – mainly the 50% share in Styrolution Holding GmbH.

Income before minority interests rose by €379 million to €5,492 million. Minority interests increased from €321 million to €337 million.

Net income amounted to €5,155 million, exceeding the previous year's level of €4,792 million. Earnings per share rose from €5.22 to €5.61.

📖 For information on the items in the statement of income, see the Notes to the Consolidated Financial Statements from page 183 onward

For information on the tax rate, see the Notes to the Consolidated Financial Statements from page 187 onward

Adjusted earnings per share

- Adjusted earnings per share improve by €0.13 to €5.44

By eliminating special items and the amortization of intangible assets, adjusted earnings per share serves as a more suitable ratio for long-term comparability and predicting the company's future profitability. In 2014, adjusted earnings per share amounted to €5.44 compared with €5.31 in the previous year.

Adjusted earnings per share (in million €)

	2014	2013
Income before taxes and minority interests	7,203	6,600
Special items	(466)	(202)
Amortization of intangible assets	647	641
Amortization of intangible assets contained in special items	(55)	(4)
Adjusted income before taxes and minority interests	7,329	7,035
Adjusted income taxes	(1,973)	(1,826)
Adjusted income before minority interests	5,356	5,209
Adjusted minority interests	(357)	(328)
Adjusted net income	4,999	4,881
Weighted average number of outstanding shares	918,479	918,479
Adjusted earnings per share €	5.44	5.31

Adjusted income before taxes and minority interests, adjusted net income and adjusted earnings per share are key ratios that are not defined under International Financial Reporting Standards (IFRS). They should therefore be viewed as supplementary information.

📖 For more information on the earnings per share according to IFRS, see the Notes to the Consolidated Financial Statements on page 182

Forecast/actual comparison¹

	Sales		Income from operations (EBIT) before special items	
	2014 forecast	2014 actual	2014 forecast	2014 actual
Chemicals	slight increase	at prior-year level	slight decrease	slight increase
Performance Products	slight increase	slight decrease	considerable increase	slight increase
Functional Materials & Solutions	slight increase	slight increase	considerable increase	considerable increase
Agricultural Solutions	considerable increase	slight increase	slight increase	slight decrease
Oil & Gas	considerable decrease	slight increase	slight increase	slight decrease
Other	considerable decrease	considerable decrease	slight decrease	slight increase
BASF Group	slight decrease	at prior-year level	slight increase	slight increase

¹ For sales, "slight" represents a change of 1–5%, while "considerable" applies for changes of 6% and higher. "At prior-year level" indicates no change (+/–0%).
For earnings, "slight" means a change of 1–10%, while "considerable" is used for changes of 11% and higher. "At prior-year level" indicates no change (+/–0%).

Actual development compared with outlook for 2014

For 2014, we had predicted a slight decline in sales due to the planned divestiture of our gas trading and storage business as well as a considerable boost in EBIT and EBIT after cost of capital as a result of the special income expected from the divestiture. The swap did not take place. Sales therefore matched the previous year's level; the considerable increase in EBIT after cost of capital could not be achieved. We were able to slightly raise income from operations, due in part to special income from the divestiture of the share in Styrolution Holding GmbH, reported in Other. Income from operations before special items rose slightly, as anticipated.

With sales at 2013 levels, we just missed the slight sales increase foreseen for the Chemicals segment. Sales volumes rose, as we had intended; yet declining prices and negative currency effects counterbalanced this volumes growth. Thanks to considerably higher contributions from the Petrochemicals and Intermediates divisions, the segment's income from operations before special items grew slightly, performing better than expected. Startup costs for plants that began operations were lower than we had assumed.

We were unable to achieve the slight rise in sales anticipated in the Performance Products segment; despite stronger volumes, negative currency effects resulted in a slight decline. Increasing by 7%, income from operations before special items barely missed the considerable growth we had targeted. Especially in the Care Chemicals division's hygiene business, earnings remained below expectations. This was further weighed down by ongoing, competition-related pressure on Vitamin E prices as well as the weaker development of our paper chemicals business.

Our expectations for the Functional Materials & Solutions segment matched actual development in 2014.

Sales in the Agricultural Solutions segment grew slightly, which was somewhat less than we had predicted. Prices for agricultural products dropped more sharply over the course of the year than expected. Negative currency effects had more of an impact than presumed, especially in the first half of the year. In this challenging market environment, income from operations before special items declined slightly, against our expectations.

For the Oil & Gas segment, we had anticipated a considerable sales decrease due to the asset swap with Gazprom. Because the swap was not carried out, sales slightly exceeded the previous year's level. Especially because of unexpectedly sharp declines in oil and gas prices, we did not meet our aim of slightly increasing income from operations before special items; earnings declined slightly.

We achieved our sales forecast for Other. Income from operations before special items improved slightly in Other, against our expectations, as provisions were reversed for the LTI program.

In 2014, we invested a total of €5.1 billion in property, plant and equipment¹, thereby surpassing the anticipated amount of around €4.4 billion. The investment increase was partly because of additions to property, plant and equipment due to the dissolution of the gas trading business disposal group as well as currency effects.

 For information on our expectations for 2015, see page 122 onward

Net assets

Assets

	December 31, 2014		December 31, 2013	
	million €	%	million €	%
Intangible assets	12,967	18.2	12,324	19.2
Property, plant and equipment	23,496	32.9	19,229	29.9
Investments accounted for using the equity method	3,245	4.5	4,174	6.5
Other financial assets	540	0.8	643	1.0
Deferred taxes	2,193	3.1	1,006	1.6
Other receivables and miscellaneous assets	1,498	2.1	877	1.4
Noncurrent assets	43,939	61.6	38,253	59.6
Inventories	11,266	15.8	10,160	15.8
Accounts receivable, trade	10,385	14.6	10,233	15.9
Other receivables and miscellaneous assets	4,032	5.6	3,714	5.8
Marketable securities	19	.	17	.
Cash and cash equivalents	1,718	2.4	1,827	2.9
Current assets	27,420	38.4	25,951	40.4
Total assets	71,359	100.0	64,204	100.0

Assets

- **Total assets exceed previous year's level by €7,155 million**
- **Noncurrent assets rise mainly as a result of investments and acquisitions**

Total assets amounted to €71,359 million, exceeding the level of 2013 by €7,155 million. Both noncurrent and current assets contributed to this development.

Noncurrent assets grew by €5,686 million to €43,939 million. The €643 million increase in intangible assets was particularly attributable to an acquisition-related rise in goodwill. Investments and currency effects also contributed to the increase, while amortization partly counterbalanced it.

The value of property, plant and equipment grew by €4,267 million to €23,496 million, especially as a result of investments and acquisitions. At €6,369, additions considerably exceeded depreciation of €2,770 million and were primarily related to investments (€5,368 million). Significant investments concerned the construction of a TDI plant in Ludwigshafen, Germany, an MDI plant in Chongqing, China, and an acrylic acid and superabsorbent production complex in Camaçari, Brazil. They also included field development projects in Norway, Argentina and Russia. Currency effects additionally increased the value of property, plant and equipment. Disposals were largely attributable to the sale of selected oil and gas investments in the North Sea to the Hungarian MOL Group and of the 50% share in Ellba Eastern Private Ltd.

The €929 million decline in investments accounted for using the equity method to €3,245 million resulted predominantly from the disposal of the 50% share in Styrolution Holding GmbH.

The value of other financial assets declined by €103 million to €540 million, mainly because of the disposal of our 15.79% share in VNG – Verbundnetz Gas AG and of the 15% share in South Stream Transport B.V.

Deferred tax assets rose by €1,187 million primarily on account of higher actuarial losses for defined pension plans.

Other noncurrent receivables and miscellaneous non-current assets grew year-on-year by €621 million to €1,498 million. This was mostly due to WIGA Transport Beteiligungs-GmbH & Co.'s higher loan receivables from NEL Gastransport GmbH and GASCADE Gastransport GmbH.

Current assets rose by €1,469 million to €27,420 million, mostly as a result of higher inventories. This increase was due in part to greater gas storage inventory in the Oil & Gas segment as a result of warm weather in Europe, preparations for new plant startups, scheduled plant turnarounds and foreign currency effects.

At €1,718 million, cash and cash equivalents were €109 million below the level of December 31, 2013.

For more on the composition and development of individual asset items in the balance sheet, see the Notes to the Consolidated Financial Statements from page 189 onward

Financial position

Equity and liabilities

	December 31, 2014		December 31, 2013	
	million €	%	million €	%
Paid-in capital	4,319	6.1	4,341	6.8
Retained earnings	28,777	40.3	26,102	40.6
Other comprehensive income	(5,482)	(7.7)	(3,400)	(5.3)
Minority interests	581	0.8	630	1.0
Equity	28,195	39.5	27,673	43.1
Provisions for pensions and similar obligations	7,313	10.2	3,727	5.8
Other provisions	3,502	4.9	3,226	5.0
Deferred taxes	3,420	4.8	2,894	4.5
Financial indebtedness	11,839	16.6	11,151	17.4
Other liabilities	1,197	1.7	1,194	1.9
Noncurrent liabilities	27,271	38.2	22,192	34.6
Accounts payable, trade	4,861	6.8	5,153	8.0
Provisions	2,844	4.0	2,670	4.2
Tax liabilities	1,079	1.5	968	1.5
Financial indebtedness	3,545	5.0	3,256	5.0
Other liabilities	3,564	5.0	2,292	3.6
Current liabilities	15,893	22.3	14,339	22.3
Total equity and liabilities	71,359	100.0	64,204	100.0

Equity and liabilities

- Solid equity ratio of 39.5%
- Liabilities rise mainly because of higher provisions for pensions and similar obligations
- Net debt increases slightly

Equity grew by €522 million to €28,195 million compared with the previous year. Retained earnings rose by €2,675 million to €28,777 million. Other comprehensive income decreased by €2,082 million to minus €5,482 million, largely influenced by the remeasurement of defined benefit plans, at minus €2,396 million. The equity ratio amounted to 39.5% (2013: 43.1%).

Compared with the end of 2013, noncurrent liabilities rose by €5,079 million to €27,271 million. This was largely attributable to the €3,586 million increase in provisions for pensions and similar obligations, which was brought about by lower discount rates.

Long-term financial indebtedness grew by €688 million to €11,839 million. Of this, €610 million comprised higher liabilities to credit institutions and €78 million were bonds. In 2014, we issued bonds with a nominal value of €1.8 billion and £250 million with maturities between three and ten years as part of our debt issuance program. Two bonds due in 2015, one for €2 billion and one for CHF 200 million, were reclassified to short-term financial indebtedness.

Deferred tax liabilities rose by €526 million, mostly due to the acquisition of shares in Norwegian oil and gas fields.

Current liabilities grew by €1,554 million to €15,893 million. This was mainly because of the €1,272 million increase in other liabilities, which was primarily attributable to the rise in negative fair values of derivatives in connection with hedging transactions resulting from oil price and U.S. dollar developments relative to the euro. In addition, short-term financial indebtedness increased by €289 million, short-term provisions by €174 million, and tax liabilities by €111 million. Trade accounts payable fell by €292 million.

Long-term financial indebtedness increased overall by €977 million to €15,384 million. Net debt grew by €1,086 million to €13,666 million.

For more on the composition and development of individual liability items in the balance sheet, see the Notes to the Consolidated Financial Statements from page 198 onward

For more on the development of the balance sheet, see the Ten-Year Summary on page 236

Net debt (in million €)

	Dec. 31, 2014	Dec. 31, 2013
Cash and cash equivalents	1,718	1,827
Financial indebtedness	15,384	14,407
Net debt	13,666	12,580

Financing policy and credit ratings

- Financing principles remain unchanged
- “A” ratings confirmed

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 external 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.

Maturities of financial indebtedness (in million €)

2015	3,545	
2016	981	
2017	1,526	
2018	1,790	
2019	2,170	
2020 and beyond	5,372	

With “A+/A-1/outlook stable” from rating agency Standard & Poor’s and “A1/P-1/outlook stable” from Moody’s, we have good credit ratings, especially compared with competitors in the chemical industry. Standard & Poor’s last confirmed our long-term rating on December 11, 2014; Moody’s last confirmed our long-term rating on October 31, 2014, and pronounced the outlook stable. Both agencies maintained BASF’s short-term ratings.

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. Our goal is to create a balanced maturity profile, attain a diverse range of investors, and optimize our debt capital financing conditions.

For short-term financing, we use BASF SE’s commercial paper program, which has an issuing volume of up to \$12.5 billion. On December 31, 2014, \$150 million worth of commercial paper was outstanding under this program. 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 2014. Our external financing is therefore largely independent of short-term fluctuations in the credit markets.

Financing instruments (in million €)

1	Bank loans	2,836
2	Eurobonds	9,622
3	USD commercial paper	124
4	Other	2,802



Off-balance-sheet financing tools, such as leasing, are of minor importance to us. BASF Group’s most important financial contracts contain no side agreements with regard to specific financial ratios (financial covenants) or compliance with a specific rating (rating trigger).

For more on the financing tools used, see the Notes to the Consolidated Financial Statements from page 210 onward

If possible, we bundle the financing, financial investments and foreign currency hedging of BASF SE’s subsidiaries within the BASF Group in order to minimize risks and exploit internal optimization potential. Foreign currency risks are primarily hedged centrally by means of derivative financial instruments in the market.

Our interest risk management generally pursues the goal of reducing interest expenses for the Group and minimizing interest risks. Interest rate hedging transactions are therefore conducted with banks in order to turn selected liabilities to the capital markets from fixed interest to variable rate or vice versa.

Statement of cash flows

- **Cash provided by operating activities remains at high level**
- **Cash used in investing activities improves**

At €6,958 million, **cash provided by operating activities** in 2014 was €1,142 million below the level of the previous year. This was largely attributable to an increase in the amount of capital tied down in net working capital as a result of greater inventories and other operating receivables. Miscellaneous items primarily include the reclassification of the gain on the disposal of our 50% share in Styrolution GmbH to cash used in investing activities.

Cash used in investing activities amounted to minus €4,496 million in 2014 compared with minus €5,994 million in the previous year. This was mostly the result of the positive balance of payments received from divestitures (€1,336 million) and payments made for acquisitions (€963 million) in 2014. In the previous year, payments made for acquisitions (€1,156 million) had considerably exceeded payments received from divestitures (€63 million). Payments for property, plant and equipment and intangible assets were at €5,296 million, surpassing both the level of depreciation and amortization (€3,455 million) and the level of 2013 (€4,873 million). The disposal of financial assets and other receivables from financing activities as well as other items led to €427 million in payments received compared with the previous year's €28 million in payments made.

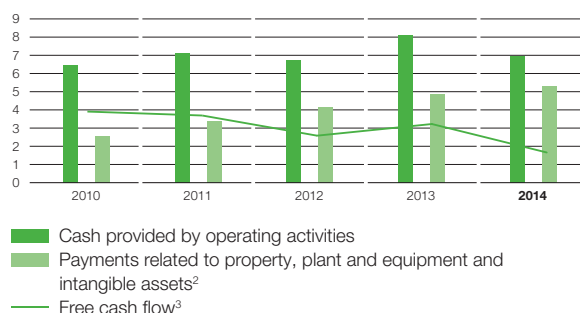
For more on investments and acquisitions, see page 38 onward

Cash used in financing activities amounted to minus €2,478 million in 2014, increasing cash outflow by €604 million compared with the previous year. In both years, more financial and similar obligations were assumed than were paid back, but in 2014, a greater amount was paid back than in 2013. Dividends of €2,480 million were paid to shareholders of BASF SE and €286 million to minority shareholders in Group companies in 2014.

In total, cash and cash equivalents fell by €109 million compared with the previous year, amounting to €1,718 million as of December 31, 2014.

The year-on-year decline in **free cash flow** of €1,565 million to €1,662 million was the result of lower cash provided by operating activities and of higher payments related to property, plant and equipment and intangible assets.

Cash flow¹ (in billion €)



¹ The figures for the 2010 and 2011 business years 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

Statement of cash flows (in million €)

	2014	2013
Net income	5,155	4,792
Depreciation and amortization of intangible assets, property, plant and equipment, and financial assets	3,455	3,314
Changes in net working capital	(699)	714
Miscellaneous items	(953)	(720)
Cash provided by operating activities	6,958	8,100
Payments for property, plant and equipment and intangible assets	(5,296)	(4,873)
Acquisitions/divestitures	373	(1,093)
Financial investments and other items	427	(28)
Cash used in investing activities	(4,496)	(5,994)
Capital increases/repayments, share repurchases	–	–
Changes in financial liabilities	288	828
Dividends	(2,766)	(2,702)
Cash used in financing activities	(2,478)	(1,874)
Net changes in cash and cash equivalents	(16)	232
Cash and cash equivalents at the beginning of the year and other changes	1,734	1,595
Cash and cash equivalents at the end of the year	1,718	1,827

Business review by segment

Segment overview (in million €)

	Sales		Income from operations before depreciation and amortization (EBITDA)		Income from operations (EBIT) before special items	
	2014	2013	2014	2013	2014	2013
Chemicals	16,968	16,994	3,212	2,956	2,367	2,182
Performance Products	15,433	15,534	2,232	1,987	1,455	1,365
Functional Materials & Solutions	17,725	17,252	1,678	1,498	1,197	1,070
Agricultural Solutions	5,446	5,227	1,297	1,375	1,109	1,222
Oil & Gas	15,145	14,776	2,626	3,149	1,795	1,856
Other ¹	3,609	4,190	(2)	(533)	(566)	(618)
	74,326	73,973	11,043	10,432	7,357	7,077







Segment overview (in million €)

	Income from operations (EBIT)		Assets		Investments ²	
	2014	2013	2014	2013	2014	2013
Chemicals	2,396	2,086	12,498	10,908	2,085	1,958
Performance Products	1,417	1,100	14,502	13,614	849	1,497
Functional Materials & Solutions	1,150	1,027	12,987	11,899	650	611
Agricultural Solutions	1,108	1,208	7,857	6,777	391	324
Oil & Gas	1,688	2,403	13,686	11,855	3,162	3,167
Other ¹	(133)	(664)	9,829	9,151	148	169
	7,626	7,160	71,359	64,204	7,285	7,726







¹ Information on the composition of Other can be found in the Notes to the Consolidated Financial Statements from page 179 onward.

² Additions to property, plant and equipment (thereof from acquisitions: €1,001 million in 2014 and €1,511 million in 2013) and intangible assets (thereof from acquisitions: €732 million in 2014 and €1,158 million in 2013)

Contributions to total sales by segment

Chemicals	23%	
Performance Products	21%	
Functional Materials & Solutions	24%	
Agricultural Solutions	7%	
Oil & Gas	20%	
Other	5%	

Contributions to EBITDA by segment

Chemicals	29%	
Performance Products	20%	
Functional Materials & Solutions	15%	
Agricultural Solutions	12%	
Oil & Gas	24%	
Other	0%	

Sales¹ (in million €)

	1st quarter		2nd quarter		3rd quarter		4th quarter	
	2014	2013	2014	2013	2014	2013	2014	2013
Chemicals	4,398	4,396	4,298	4,183	4,201	4,224	4,071	4,191
Performance Products	3,872	3,880	3,924	4,032	3,919	3,939	3,718	3,683
Functional Materials & Solutions	4,236	4,181	4,518	4,503	4,527	4,439	4,444	4,129
Agricultural Solutions	1,653	1,556	1,666	1,727	1,018	1,054	1,109	890
Oil & Gas	4,276	4,660	3,194	2,836	3,670	3,130	4,005	4,150
Other ²	1,077	1,065	855	1,072	977	947	700	1,106
	19,512	19,738	18,455	18,353	18,312	17,733	18,047	18,149

Income from operations (EBIT) before special items¹ (in million €)

	1st quarter		2nd quarter		3rd quarter		4th quarter	
	2014	2013	2014	2013	2014	2013	2014	2013
Chemicals	601	650	570	495	616	527	580	510
Performance Products	427	379	435	394	376	376	217	216
Functional Materials & Solutions	311	239	356	293	310	300	220	238
Agricultural Solutions	510	498	433	485	43	172	123	67
Oil & Gas	466	602	546	353	436	399	347	502
Other ²	(203)	(182)	(328)	(217)	(7)	(105)	(28)	(114)
	2,112	2,186	2,012	1,803	1,774	1,669	1,459	1,419

Income from operations (EBIT)¹ (in million €)

	1st quarter		2nd quarter		3rd quarter		4th quarter	
	2014	2013	2014	2013	2014	2013	2014	2013
Chemicals	600	650	536	494	615	442	645	500
Performance Products	414	367	454	344	366	322	183	67
Functional Materials & Solutions	311	240	351	283	311	292	177	212
Agricultural Solutions	510	492	433	485	43	168	122	63
Oil & Gas	597	602	499	352	434	564	158	885
Other ²	(211)	(210)	(340)	(214)	(27)	(129)	445	(111)
	2,221	2,141	1,933	1,744	1,742	1,659	1,730	1,616

¹ Quarterly results not audited

² Information on the composition of Other can be found in the Notes to the Consolidated Financial Statements from page 179 onward.

EBIT before special items by segment
(in million €)

Chemicals	2,367	
Performance Products	1,455	
Functional Materials & Solutions	1,197	
Agricultural Solutions	1,109	
Oil & Gas	1,795	
Other	(566)	


EBIT before special items BASF Group by quarter¹
(in million €)

1st quarter 2014	2,112	
2013	2,186	
2nd quarter 2014	2,012	
2013	1,803	
3rd quarter 2014	1,774	
2013	1,669	
4th quarter 2014	1,459	
2013	1,419	

¹ Quarterly results not audited

Outlook 2015

The development of the second half of 2014 has continued into the beginning of 2015: Oil and raw material prices are volatile, as are currencies; the emerging markets are growing more slowly; and the global economy is being dampened by geopolitical conflict. For 2015, we nevertheless anticipate somewhat stronger growth in the global economy, industrial production and the chemical industry than in 2014, partly as a consequence of the lower price of oil. This expectation assumes an average price for Brent crude oil ranging from \$60 to \$70 per barrel and an exchange rate of \$1.20 per euro. The global economy will continue to face substantial risks. In this volatile and challenging environment, we aim to perform well and increase sales slightly in 2015. Income from operations before special items will likely match the level of 2014.

 For more information on our expectations for the economic environment in 2015, see page 119 onward

Sales and earnings forecast for the BASF Group

- Slight sales increase expected, due in part to sales growth in Functional Materials & Solutions and Performance Products segments
- Income from operations before special items likely to match level of 2014

BASF Group sales are expected to increase slightly in 2015, largely supported by the sales growth anticipated in the Functional Materials & Solutions and Performance Products segments. We want to raise our sales volumes overall, excluding the effects of acquisitions and divestitures. Income from operations before special items in 2015 will likely match the previous year's level. We anticipate larger contributions from our chemicals and crop protection businesses¹, whereas earnings in the Oil & Gas segment are expected to decrease considerably due to the lower price of oil.

We expect a slight decline in income from operations. In 2014, high levels of special income had arisen primarily from the disposal of our 50% share in Styrolution Holding GmbH. As a result, there is likely to be a considerable decline in EBIT after cost of capital.

The significant risks and opportunities that could affect the attainment of our forecast are described on pages 111 to 118.

Sales and earnings forecast for the segments

Sales in the **Chemicals** segment are expected to decrease slightly in 2015. Substantially lower oil and raw material prices will lead to price reductions in some business areas. Anticipated volumes growth in all three divisions – due in part to the startup of new plants – will not be able to fully compensate for this development. We foresee higher volumes in the Monomers division, especially of isocyanates and polyamide-6 extrusion polymers. In the Intermediates division, we especially expect sales volumes to rise in the amines and polyalcohols businesses. Overall, income from operations before special items is likely to decline slightly because of expenses for starting up several plants.

We want to considerably increase our sales in the **Performance Products** segment in 2015, mainly through organic growth. In the Dispersions & Pigments and Care Chemicals divisions, this endeavor will be supported by factors like new production capacities. We anticipate a considerable increase in volumes in the Nutrition & Health division. Sales prices are likely to remain under pressure, however. In the Performance Chemicals division, we plan on increasing sales volumes. The textile chemicals business will be sold to Archroma in the first half of 2015. Income from operations before special items is expected to considerably exceed the level of 2014, supported in all divisions by strict cost discipline and measures to increase competitiveness.

In the **Functional Materials & Solutions** segment in 2015, we anticipate higher demand from our key customer sectors, the automotive and construction industries. We predict a significant increase in volumes of our innovative specialties and system solutions. We want to considerably boost our sales. The startup of new plants in the Catalysts and Performance Materials divisions will support this growth. We are also striving for a considerable increase in income from operations before special items. All divisions will likely contribute to this development.

¹ Our chemicals business comprises the Chemicals, Performance Products and Functional Materials & Solutions segments.

Forecast by segment¹ (in million €)

	Sales		Income from operations (EBIT) before special items	
	2014	Forecast 2015	2014	Forecast 2015
Chemicals	16,968	slight decrease	2,367	slight decrease
Performance Products	15,433	considerable increase	1,455	considerable increase
Functional Materials & Solutions	17,725	considerable increase	1,197	considerable increase
Agricultural Solutions	5,446	considerable increase	1,109	considerable increase
Oil & Gas	15,145	slight decrease	1,795	considerable decrease
Other	3,609	considerable decrease	(566)	slight decrease
BASF Group	74,326	slight increase	7,357	at prior-year level

¹ For sales, "slight" represents a change of 1–5%, while "considerable" applies for changes of 6% and higher. "At prior-year level" indicates no change (+/–0%). For earnings, "slight" means a change of 1–10%, while "considerable" is used for changes of 11% and higher. "At prior-year level" indicates no change (+/–0%).

In the **Agricultural Solutions** segment, we expect prices for agricultural products to remain at the level of the second half of 2014. With exchange rates developing more favorably overall, we anticipate high market volatility. In this environment, we set ourselves the ambitious goal of increasing sales volumes and considerably improving sales and income from operations before special items.

We foresee a slight decrease in sales as well as considerably reduced income from operations before special items in the **Oil & Gas** segment as a result of the lower price of oil. In the Exploration & Production business sector, the negative effects of the decreased price of oil will probably be partly offset by the expansion of our activities in Norway and the growth in Achimgaz production in Russia. We also expect to partially resume our onshore production in Libya. Our portfolio optimization measures will continue. For the Natural Gas Trading business sector, we anticipate considerable earnings improvement thanks to a higher contribution from the transportation business as well as to rising sales volumes.

Sales in **Other** will decrease considerably, largely on account of lower raw material prices and lower plant availability due to a plant outage at the Ellba C.V. joint operation in Moerdijk, Netherlands. For income from operations before special items, we assume a slight decline, partly because of the lack of earnings from our share in Styrolution Holding GmbH, which was sold in 2014.

Investment planning

■ Investments of around €4.0 billion planned for 2015

For the period from 2011 to 2020, we have planned capital expenditures between €30 billion and €35 billion. More than a third of this sum will be invested in emerging markets, further strengthening our presence in these growth markets. Compared with 2014, we plan on lower annual investments for the period from 2015 to 2020. The bulk of our spending in 2014 was on major projects that will start up in 2015, such as an MDI plant in Chongqing, China; a TDI plant in Ludwigshafen, Germany; and an acrylic acid and superabsorbent complex in Camaçari, Brazil.

In particular, we are already planning or carrying out the following projects:

Capital expenditures: Selected major projects

Site	Project
Camaçari, Brazil	Construction: production complex for acrylic acid and superabsorbents
Caojing, China	Construction: chemical catalysts
Geismar, Louisiana	Construction: formic acid plant
Kuantan, Malaysia	Construction: aroma chemicals complex
Ludwigshafen, Germany	Construction: TDI plant Replacement: nitric acid plants Expansion: lubricants
Ludwigshafen and Schwarzheide, Germany	Expansion of capacities for F 500® and Xemium® fungicides
Nanjing, China	Construction: specialty amines plant
Shanghai, China	Construction: coating resins
Theodore, Alabama	Construction: chelating agents

In the Oil & Gas segment, our investments of around €4.1 billion by 2019 will focus mainly on the development of proven gas and oil deposits in Argentina, Norway and Russia, as well as on the exploration of new oil and gas reserves.

For 2015, we plan investments totaling around €4.0 billion¹, particularly for the major projects listed above.

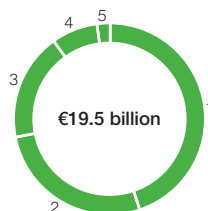
Capital expenditures by segment, 2015–2019

1	Chemicals	33%
2	Performance Products	15%
3	Functional Materials & Solutions	13%
4	Agricultural Solutions	6%
5	Oil & Gas	21%
6	Other (infrastructure, R&D)	12%



Capital expenditures by region, 2015–2019

1	Europe	45%
2	North America	27%
3	Asia Pacific	18%
4	South America, Africa, Middle East	8%
5	Alternative sites currently being investigated	2%



Dividend

We stand by our ambitious dividend policy and offer our shareholders an attractive dividend yield. We continue to aim to increase our dividend each year, or at least maintain it at the previous year's level.

Information on the proposed dividend can be found from page 12 onward

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 strive to maintain at least a solid “A” rating, which allows the BASF Group unrestricted access to money and capital markets.

From the scheduled repayment of bonds, we expect cash outflows in the equivalent amount of around €2.2 billion. To refinance mature bonds and to optimize our maturity profile, we continue to have medium to long-term corporate bonds and our commercial paper program at our disposal.

Information on our financing policies can be found on page 58

Events after the reporting period

There have been no significant changes in the company's situation or market environment since the beginning of the 2015 business year.