

Reporting Factsheet

Q1 2016



BASF Group (Million €)	Q1	Q1	Change (%)	Q1	Q4	Change (%)
	2016	2015		2016	2015	
Sales	14,208	20,067	(29)	14,208	13,880	2
Income from operations before depreciation and amortization (EBITDA)	2,812	2,890	(3)	2,812	1,893	49
Income from operations (EBIT) before special items	1,906	2,070	(8)	1,906	1,023	86
Income from operations (EBIT)	1,866	1,995	(6)	1,866	325	474
Financial result	(188)	(164)	(15)	(188)	(209)	10
Income before taxes and minority interests	1,678	1,831	(8)	1,678	116	1,347
Net income	1,387	1,174	18	1,387	339	309
Earnings per share (€)	1.51	1.28	18	1.51	0.37	308
Adjusted earnings per share (€) ¹	1.64	1.43	15	1.64	1.01	62
EBITDA in % of sales	19.8	14.4	-	19.8	13.6	-
Cash provided by operating activities	1,046	2,390	(56)	1,046	952	10
Additions to long-term assets ²	959	1,334	(28)	959	1,656	(42)
Amortization and depreciation ²	946	895	6	946	1,568	(40)
Segment assets (end of period) ³	61,631	67,050	(8)	61,631	61,204	1
Personnel costs	2,445	2,877	(15)	2,445	2,264	8
Number of employees (end of period)	112,272	113,896	(1)	112,272	112,435	0

¹ Adjusted for special items and amortization of intangible assets ² Intangible assets and property, plant and equipment (including acquisitions)

³ Intangible assets, property, plant and equipment, inventories and business-related receivables

Segments Q1 (Million €)	Sales			EBIT bef. special items			EBIT		
	2016	2015	Change (%)	2016	2015	Change (%)	2016	2015	Change (%)
Chemicals	3,149	3,866	(19)	465	726	(36)	468	726	(36)
Performance Products	3,783	4,038	(6)	547	515	6	535	491	9
Functional Materials & Solutions	4,408	4,584	(4)	456	431	6	452	464	(3)
Agricultural Solutions	1,780	1,898	(6)	591	574	3	590	573	3
Oil & Gas	611	4,993	(88)	66	437	(85)	66	436	(85)
Other ⁴	477	688	(31)	(219)	(613)	64	(245)	(695)	65
BASF Group	14,208	20,067	(29)	1,906	2,070	(8)	1,866	1,995	(6)

⁴ '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 2015	Sales	Volumes	Prices	Currencies	Acqu./Divest.
Chemicals	(19)	(3)	(16)	0	0
Performance Products	(6)	1	(4)	(1)	(2)
Functional Materials & Solutions	(4)	5	(7)	(2)	0
Agricultural Solutions	(6)	(5)	2	(3)	0
Oil & Gas	(88)	2	(4) ⁵		(86)
BASF Group	(29)	0	(6)	(1)	(22)

⁵ mix of price and currency effects

Segments Q1 2016 vs. Q1 2015

Chemicals: Sales came in considerably lower in the first quarter of 2016. All divisions were impacted by the effects of lower raw material costs on prices. While we saw high margins in the PYQ, we experienced pressure in several businesses in Q1 2016 caused by oversupplied markets. Fixed costs increased, particularly due to the start-up of plants. Overall, EBIT bSI decreased considerably.

- In Petrochemicals, sales dropped significantly, as prices came down sharply following the oil price decline. Volumes were slightly lower, as additional volumes from new plants could not fully offset lower volumes from the splitter in Port Arthur, Texas. Despite improvements in Europe and Asia, overall cracker margins decreased on lower margins in North America. New plants increased the fixed cost base. EBIT bSI was considerably lower compared to Q1 2015.
- Sales in Monomers strongly declined, mainly driven by lower prices due to lower raw material prices. We also experienced a slight decrease in volumes. Sales volumes of MDI were higher. Caprolactam sales to third parties decreased due to higher captive use for our Ultramid® polymerization plant in Shanghai, which was started up in May 2015. Margin pressure in isocyanates and caprolactam continued. While we managed to slightly reduce operational fixed costs, the start-up of new plants had an adverse effect. Overall, EBIT bSI fell sharply.
- In Intermediates, sales came in considerably below the PYQ, following lower raw material prices. Volumes were stable. Higher sales volumes in polyalcohols and amines could compensate for significantly lower sales volumes in butanediol and derivatives. EBIT bSI declined considerably. This was caused by continued margin pressure, especially in butanediol, and higher fixed costs related to new plants.

Performance Products: Sales declined significantly. A slight volume increase was more than offset by lower prices, portfolio effects from the divestiture of several businesses, and currency headwinds. We were able to increase EBIT bSI by 6%, supported by successful restructuring measures and strict cost management as well as higher volumes.

- In Dispersions & Pigments, sales were down slightly. Prices declined, mainly due to lower raw material costs, particularly for dispersions and resins. Demand developed well in all regions except for South America. We saw volume growth in pigments, dispersions and additives. EBIT bSI increased significantly due to higher volumes, improved margins and lower fixed costs.
- Sales in Care Chemicals decreased considerably. Prices declined, primarily as a consequence of lower raw material costs but also because of competitive pressure, especially in the hygiene business. Slightly lower volumes and negative currency effects contributed to the decline in sales. Fixed costs were stable, despite the start-up of new plants. EBIT bSI declined considerably, mainly as a result of lower margins.
- Sales in Nutrition & Health came in slightly lower, mainly driven by the divestiture of parts of the pharma ingredients & services business. We increased volumes in all businesses, more than offsetting lower prices and negative currency effects. Due to the successful implementation of our restructuring measures, fixed costs decreased. In combination with higher volumes this led to significantly higher earnings.
- Sales in Performance Chemicals declined considerably. This was mainly due to the divestiture of the textile chemicals and paper hydrous kaolin businesses. Prices declined on lower raw material costs, and we experienced currency headwinds. Sales volumes were down slightly, mainly due to significantly lower demand for oilfield chemicals. However, we were able to raise volumes in other areas, such as plastic additives. Strict fixed cost management led to a slight increase in EBIT bSI.

Functional Materials & Solutions: Sales decreased slightly. Good demand from the automotive and construction industries led to an increase in volumes. Prices decreased mainly due to lower precious metals prices. In addition, we experienced currency headwinds. EBIT bSI increased by 6%, supported by improved margins and higher volumes in Performance Materials and Construction Chemicals.

- Sales in Catalysts were down significantly, as higher volumes could not fully offset the price decrease driven by lower precious metals prices. Demand for our mobile emissions catalysts developed positively in all market segments and regions. Sales volumes in chemical catalysts, however, were lower. Sales in precious metals trading decreased to €499 million versus €612 million in the same period last year. Fixed costs were stable. EBIT bSI came in significantly below the PY, mainly caused by lower contributions from the chemical catalysts business.
- In Construction Chemicals sales increased significantly, driven by strong volume growth, particularly in North America and the Middle East. This more than offset negative currency effects. Prices declined slightly because of lower raw material costs. EBIT bSI increased significantly, driven by higher volumes and improved margins.
- Sales in Coatings decreased significantly, caused by currency headwinds and slightly lower volumes. Prices were stable. While our OEM coatings business developed well, particularly in North America, demand for refinish coatings declined. Our decorative paints business in Brazil suffered from negative consumer sentiment and currency headwinds. EBIT bSI decreased significantly due to product mix effects and lower volumes.
- In Performance Materials sales declined slightly. Volume growth was mainly offset by lower prices, and we also experienced negative portfolio and currency effects. Our business with the automotive industry continued to develop positively, as we saw good demand, especially for thermoplastic polyurethane and Cellasto®. Sales for biopolymers also developed well. Sales to the construction industry were negatively affected by the divestiture of our expandable polystyrene (EPS) business in North and South America at the end of March 2015. Fixed costs increased, mainly due to the start-up of new plants. EBIT bSI, however, rose considerably due to better margins from an improved product mix.

Agricultural Solutions: Sales came in significantly below Q1 2015. Volumes decreased, as channel inventories were high. Currency effects were negative. Higher prices could not offset these impacts. Despite the challenging market environment, we were able to slightly increase EBIT bSI. Our strict fixed-cost management and improved margins contributed to this.

Oil & Gas: Sales decreased significantly, mainly due to the missing contributions from the natural gas trading and storage business following the asset swap with Gazprom at the end of September 2015. In addition, lower oil and gas prices contributed to the drop and could not be offset by higher production volumes, especially from Norway. In the continuing oil and gas business, volumes grew by 12% compared with the first quarter of 2015, whereas price and currency effects were minus 27%. The average oil price of Brent crude in Q1 2016 was US\$34 per barrel compared to US\$54 in the same period last year. Gas prices on the European spot markets also fell sharply compared with the PYQ. Consequently, EBIT bSI declined from €437 million to €66 million. Please keep in mind that throughout 2016 we will have lower earnings from our share in the Yuzhno Russkoye natural gas field. This year, the excess amounts received over the last 10 years will be offset by lower volumes, as contractually agreed with Gazprom. Net income in Oil & Gas decreased from €359 million to €47 million.

Other: Sales decreased to €477 million, mainly due to lower contributions from raw material trading. EBIT bSI improved to minus €219 million. This was mainly attributable to two factors: In Q1 2016, we released provisions for the long-term incentive (LTI) program, while we incurred significant provisions in the same period of last year. Unlike the PYQ, the currency result was slightly positive in Q1 2016. Special items in 'Other' amounted to minus €26 million compared to minus €82 million in Q1 2015. The PYQ included an employee bonus of around €100 million paid out in recognition of BASF's 150th anniversary.

Note: 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 %).

Financials

Q1 2016:

- Special items: minus €40 million (Q1 2015: minus €75 million), mainly attributable to restructuring measures.
- Income taxes: €258 million (Q1 2015: €543 million).
- Tax rate: 15.4% due to lower earnings from highly taxed activities in Oil & Gas (tax rate Q1 2015: 29.7%).
- Cash provided by operating activities: €1,046 million (Q1 2015: €2,390 million).
- Payments for property, plant and equipment and intangible assets: €1,001 million (Q1 2015: €1,278 million).
- Free cash flow: €45 million (Q1 2015: €1,112 million).
- Equity ratio 42% as of March 31, 2016 (Dec. 31, 2015: 45%); net debt: €12.8 billion (Dec. 31, 2015: €13.0 billion).

Dividend

- We propose a dividend of €2.90 per share at the Annual Shareholders' Meeting on April 29, 2016.
- We aim to increase our dividend each year, or at least maintain it at the previous year's level.

Outlook confirmed

Underlying assumptions for 2016:

- GDP growth: +2.3%
- Growth in industrial production: +2.0%
- Growth in chemical production (excl. pharma): +3.4%
- Exchange rate: US\$1.10 per €
- Oil price (Brent): US\$40 per barrel

Forecast 2016:

- Sales will be considerably below PY, due to the divestiture of the natural gas trading and storage activities and the lower oil & gas prices. Excluding the effects of acquisitions and divestitures, we expect higher volumes in all segments.
- We expect EBIT bSI items to be slightly below the previous year driven by drastically lower earnings of Oil & Gas. We plan higher earnings in our chemicals business and in the Agricultural Solutions segment.
- EBIT after cost of capital is expected to be significantly below PY. However, we still expect to earn a premium on our cost of capital.

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.