Analyst Conference Call

Q2 2016

July 27, 2016

BASF: Considerably higher earnings in chemicals business, Oil & Gas significantly below prior-year quarter

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Q2 2016: Financial figures for BASF Group

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Financial figures	Q2 2016	Q2 2015	Change
Sales	€14.5 billion	€19.1 billion	(24%)
EBITDA	€2.8 billion	€3.0 billion	(7%)
EBIT before special items	€1.7 billion	€2.0 billion	(16%)
EBIT	€1.7 billion	€2.0 billion	(16%)
Net income	€1.1 billion	€1.3 billion	(14%)
Reported EPS	€1.19	€1.38	(14%)
Adjusted EPS	€1.30	€1.49	(13%)
Operating cash flow	€2.3 billion	€2.8 billion	(17%)

Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2016 vs. Q2 2015	↑ 2%	↓ (7%)	↓ (16%)	↓ (3%)

Milestones in Q2 2016

Startup of a specialty amines plant in Nanjing, China

Agreement to acquire global surface treatment provider Chemetall

Completion of the polyolefin catalysts divestiture

Startup of a PolyTHF® plant in Korla, China

Chemicals

Higher volumes, but continuing margin pressure

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Sales Q2 2016 vs. Q2 2015
million €

EBIT before special items
million €

Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2016 vs. Q2 2015	↑ 4%	↓ (17%)	0%	↓ (2%)

Performance Products

Significant increase in earnings driven by lower fixed costs, improved margins and higher volumes

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Sales Q2 2016 vs. Q2 2015
million €

EBIT before special items
million €

Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2016 vs. Q2 2015	↑ 2%	↓ (3%)	↓ (3%)	↓ (2%)

Functional Materials & Solutions

Considerable earnings increase supported by all divisions

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Sales Q2 2016 vs. Q2 2015
million €

EBIT before special items
million €

Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2016 vs. Q2 2015	↑ 5%	↓ (6%)	0%	↓ (3%)

Agricultural Solutions

Decrease in sales and earnings due to lower volumes and currency headwinds

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Sales
Q2 2016 vs. Q2 2015/H1 2016 vs. H1 2015
million €

EBIT before special items
Q2 2016 vs. Q2 2015/H1 2016 vs. H1 2015
million €

Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2016 vs. Q2 2015	↓ (8%)	↑ 1%	0%	↓ (6%)

Oil & Gas

Significantly lower sales and earnings

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Sales Q2 2016 vs. Q2 2015
million €

EBIT before special items, net income
million €

Sales development	Volumes	Prices/Currencies	Portfolio
Q2 2016 vs. Q2 2015	↑ 2%	↓ (3%)	↓ (82%)

Review of “Other”

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million €		Q2 2016	Q2 2015
Sales		**485**	**757**
EBIT before special items		**(212)**	**(63)**
Thereof	Corporate research costs	(88)	(102)
	Costs of corporate headquarters	(56)	(64)
	Foreign currency results, hedging and other measurement effects	(116)	151
	Other businesses	33	30
Special items		65	(20)
EBIT		**(147)**	**(83)**

Cash flow in 1st half 2016

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million €		H1 2016	H1 2015
Cash provided by operating activities		**3,339**	**5,143**
Thereof	changes in net working capital	(1,045)	877
	miscellaneous items	(122)	(32)
Cash used in investing activities		**(1,988)**	**(3,331)**
Thereof	payments related to tangible/intangible assets	(1,979)	(2,845)
	acquisitions/divestitures	51	(15)
Cash used in financing activities		**(1,814)**	**(1,033)**
Thereof	changes in financial liabilities	944	1,723
	dividends	(2,768)	(2,803)

Strong balance sheet

Balance sheet June 30, 2016 vs. December 31, 2015
billion €

- Total assets increased by €1.3 billion on higher trade accounts receivable and deferred taxes
- Inventories were stable at €9.7 billion
- Provisions for pension obligations increased by €3.3 billion
- Net debt at €14.1 billion
- Equity ratio: 40%

Outlook 2016 for BASF Group confirmed

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Assumptions 2016

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

Outlook 2016

- Sales will be considerably below prior year due to the divestiture of the natural gas trading and storage activities and the lower oil and gas prices.
- We expect EBIT before special items to be slightly below the previous year level due to significantly lower earnings in Oil & Gas.

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