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## **BASF investigates establishment of second Verbund site in China**

Dr. Martin Brudermüller, Chairman of the Board of Executive Directors and Chief Technology Officer  
July 10, 2018



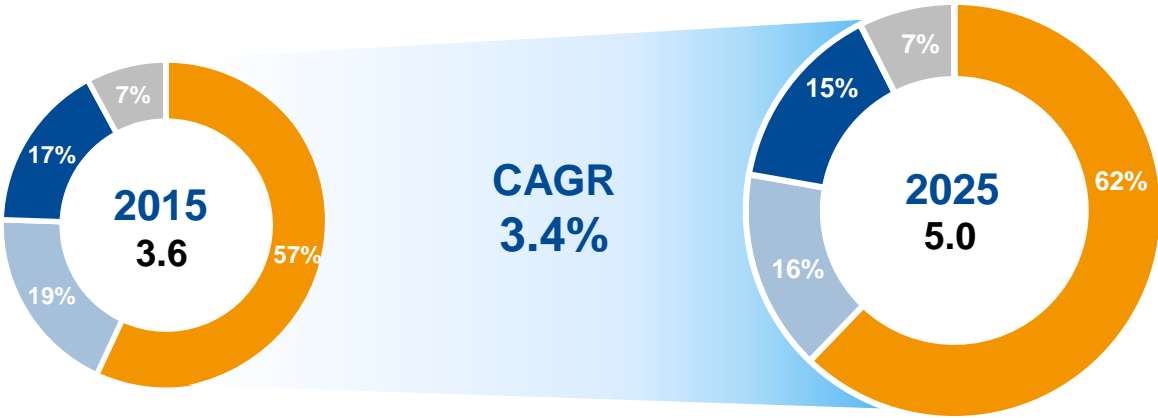
# Cautionary note regarding forward-looking statements

*This presentation contains forward-looking statements. These statements are based on current estimates and projections of the Board of Executive Directors and currently available information. Forward-looking statements are not guarantees of the future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. Such risk factors include those discussed in the Opportunities and Risks Report from page 111 to 118 of the BASF Report 2017. BASF does not assume any obligation to update the forward-looking statements contained in this presentation above and beyond the legal requirements.*

# Asia and China continue to dominate global chemical production

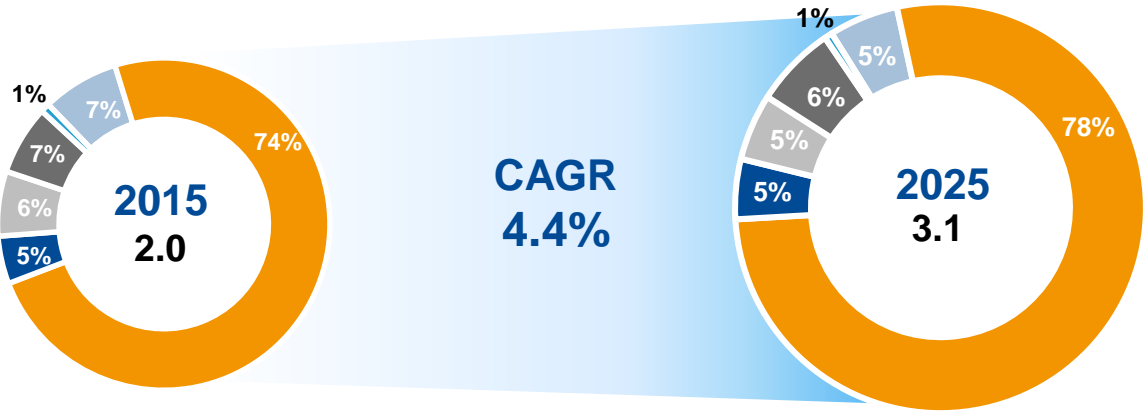
Real chemical production (excl. pharma)  
(trillion US\$, base year 2015)

World



- Asia Pacific
- North America
- Europe
- Others

Asia Pacific



- Greater China
- South Asia
- South East Asia
- Japan
- South Korea
- ANZ



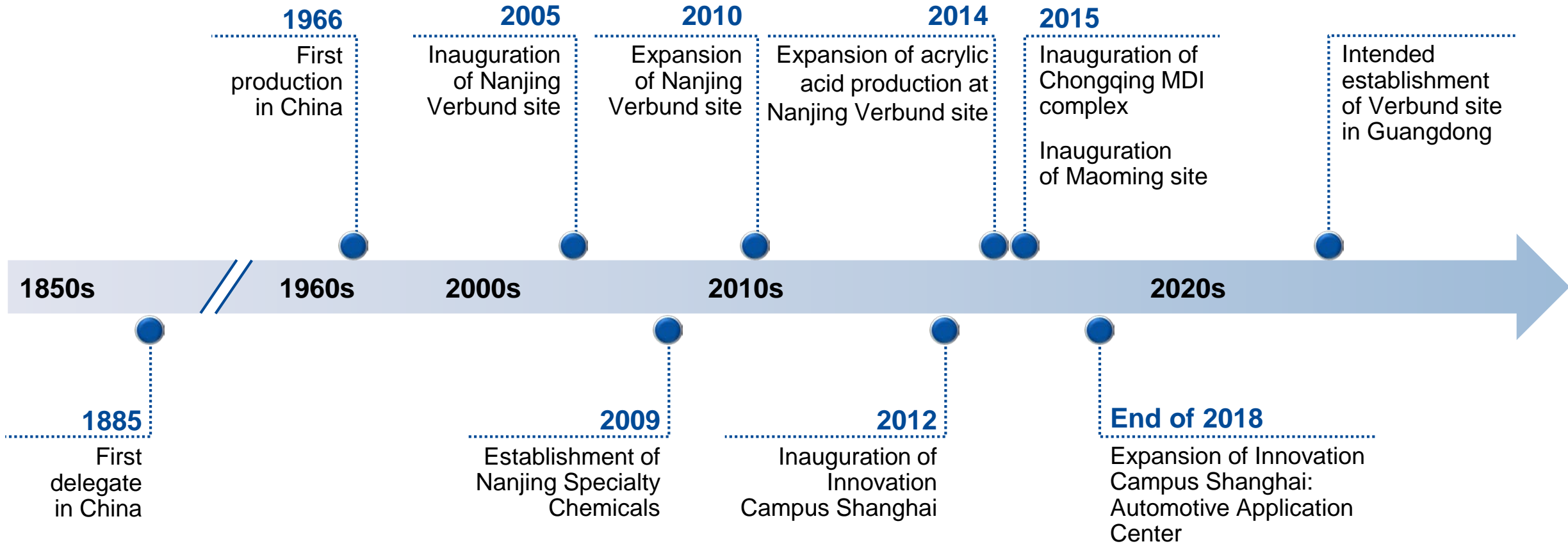
# BASF is a well-established and highly-recognized company in China



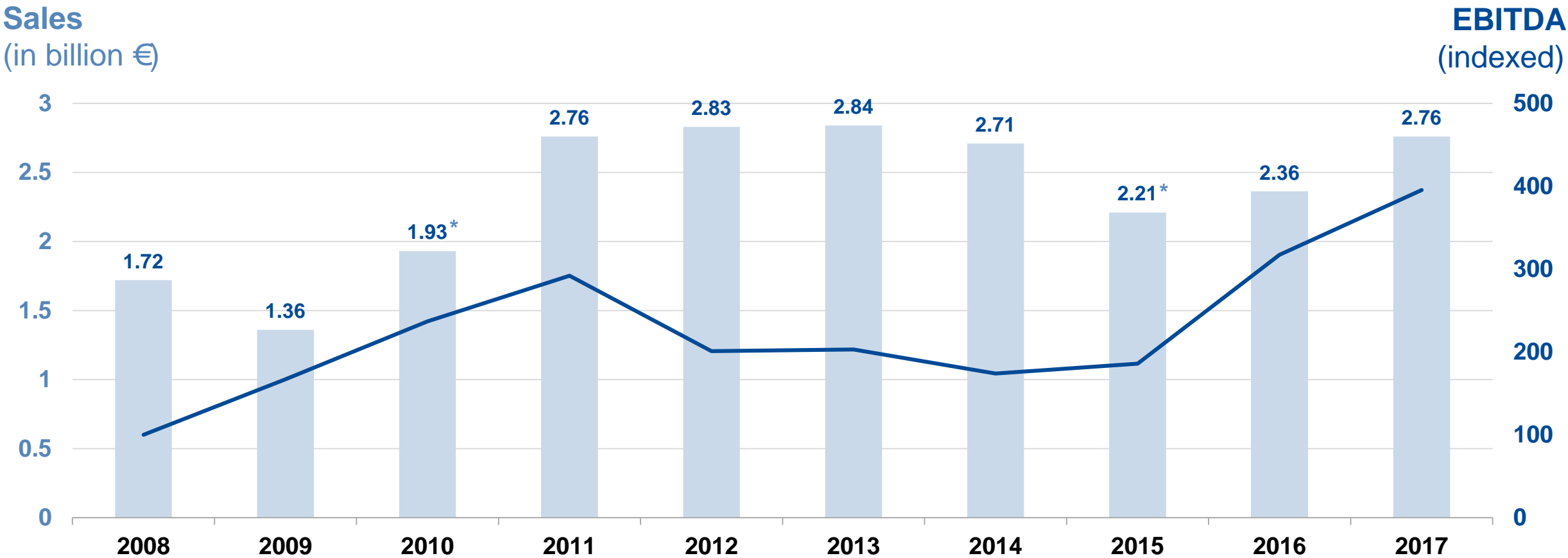
## Mainland China, Hong Kong, Taiwan

- 25 major wholly-owned subsidiaries
- 7 joint ventures
- 25 production sites
- 24 sales offices
- 8,982 employees\*
- €7.3 billion sales\*\* in 2017  
(~€8.7 billion including 50% of BASF-YPC, Nanjing)

# BASF is growing in and with China



# BASF's existing Verbund site in Nanjing\*\* has been consistently profitable with reliable dividend payments



# Guangdong province is ideally located to serve the fast-growing, undersupplied market in South China



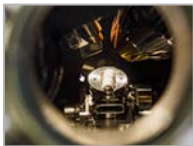
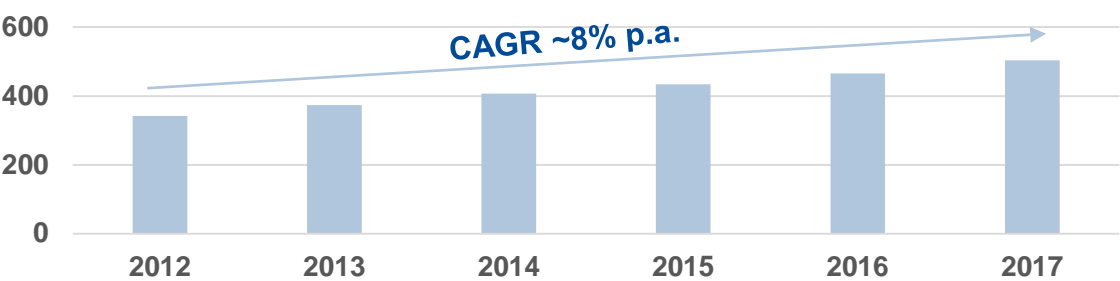
## Market characteristics

- More than 110 million residents in Guangdong province
- GDP Guangdong (2017): ~US\$1,330 billion (to reach GDP of South Korea soon)
- Current GDP growth: ~7% p.a.; GDP growth until 2035: ~6% p.a.
- Key customer industries: transportation, consumer goods, home and personal care, electronics
- Chemical products are generally undersupplied by local production

# Guangdong is home of key customers from fast-growing industries

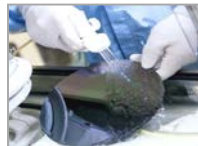
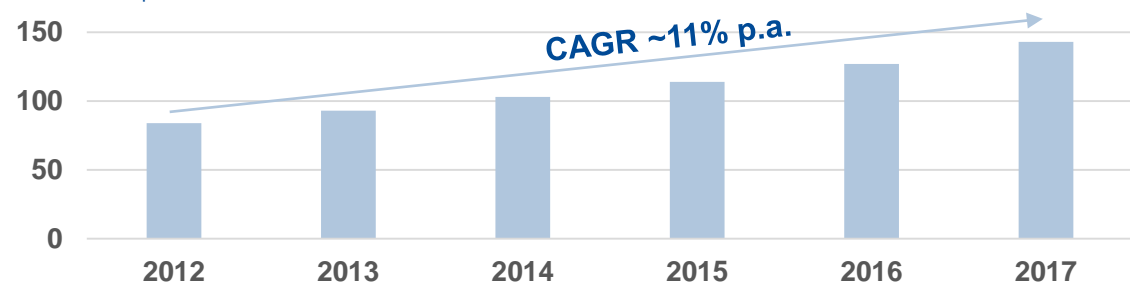
## Strongly growing industrial base

(Real value added, manufacturing in Guangdong; base year 2015)  
billion US\$



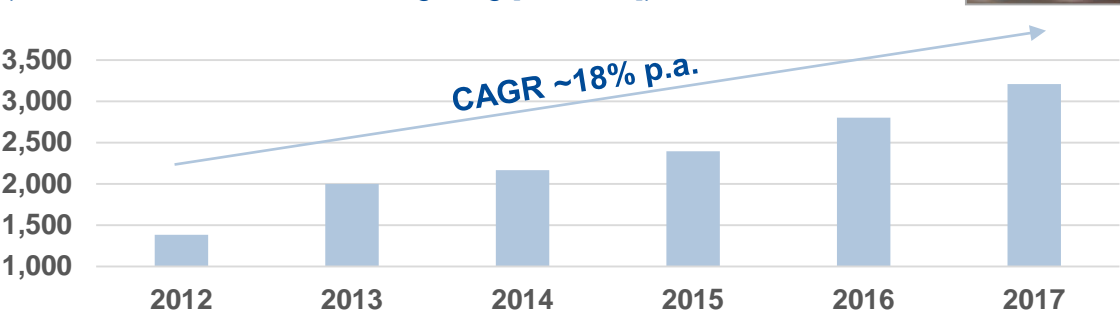
## Largest electronics production in China

(Real value added, electronic equipment in Guangdong; base year 2015)  
billion US\$



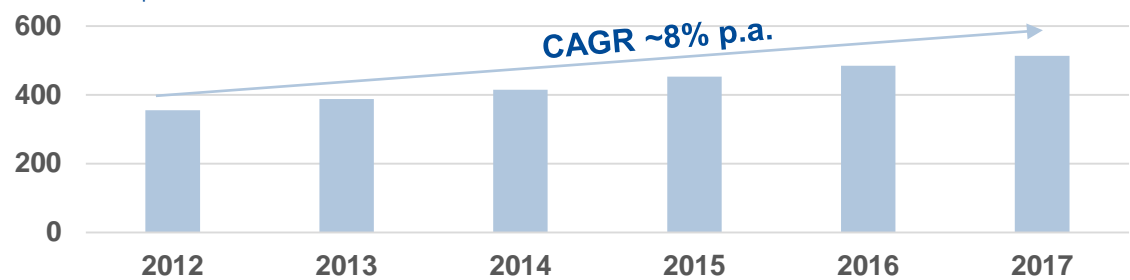
## Largest automotive production in China

(number of cars built in Guangdong [in 1,000])



## Increasing growth of private consumption

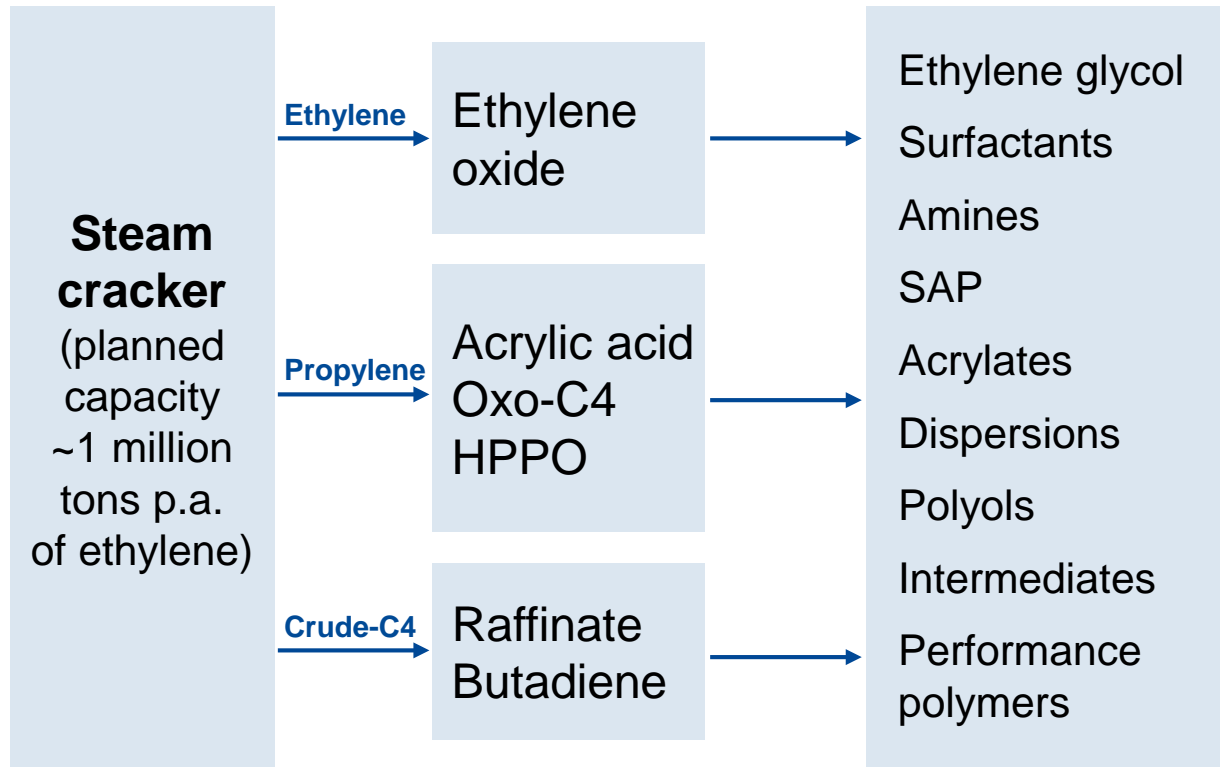
(Real household consumption in Guangdong; base year 2015)  
billion US\$





# BASF intends to build a world-class Verbund site in South China to serve fast-growing customer industries in the region

## Intended scope of new Verbund site (preliminary)



## Parameters

- 100% BASF-owned and operated
- Potential investment of up to US\$10 billion until around 2030
- Investment to evolve in phases
- Startup of first plants in 2026 at the latest
- Most advanced Verbund site with smart manufacturing concept
- Environment, health and safety concept according to BASF's global standards and local laws and regulations
- Next step: Pre-feasibility study

# The new Verbund site – an important contribution to BASF's profitable growth in China and also globally

- **Asia and China continue to dominate global chemical production**
  - Already today, China has a world market share of around 40%
- **BASF is a well-established and highly-recognized company in China**
  - Strong production footprint with 25 production sites
  - Sales offices across China
  - Innovation Campus in Shanghai
- **Guangdong province is ideally located to serve the fast-growing, undersupplied market in South China**
  - Customers from key industries like transportation or consumer goods as well as further fast-growing industries are located in Guangdong
- **BASF intends to build a world-class Verbund site in South China to serve fast-growing customer industries in the region**



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