

Reporting Factsheet Q1 2018

BASF Group (million €)	Q1 2018	Q1 2017	Change (%)	Q1 2018	Q4 2017	Change (%)
Sales	16,646	16,857	(1)	16,646	16,099	3
EBITDA before special items	3,439	3,507	(2)	3,439	2,936	17
EBITDA	3,448	3,502	(2)	3,448	2,982	16
Amortization and depreciation ¹	927	1,051	(12)	927	1,050	(12)
EBIT	2,521	2,451	3	2,521	1,932	30
Special items	9	(6)	.	9	72	(88)
EBIT before special items	2,512	2,457	2	2,512	1,860	35
Financial result	(186)	(152)	(22)	(186)	(211)	12
Income before taxes and minority interests	2,335	2,299	2	2,335	1,721	36
Net income	1,679	1,709	(2)	1,679	1,537	9
EBIT after cost of capital	1,120	987	13	1,120	363	209
Earnings per share (€)	1.83	1.86	(2)	1.83	1.68	9
Adjusted earnings per share (€)	1.93	1.97	(2)	1.93	1.29	50
Research and development expenses	428	424	1	428	541	(21)
Personnel expenses	2,616	2,641	(1)	2,616	2,692	(3)
Number of employees (March 31)	115,770	113,873	2	115,770	115,490	0
Assets (March 31)	80,453	79,074	2	80,453	78,768	2
Investments including acquisitions ²	666	806	(17)	666	1,669	(60)
Equity ratio (March 31, %)	45.2	43.7	.	45.2	44.1	.
Net debt (March 31)	10,482	14,933	(30)	10,482	11,485	(9)
Cash flows from operating activities	1,231	833	48	1,231	1,188	4
Free cash flow	604	66	.	604	(202)	.

¹ Amortization of intangible assets, depreciation of property, plant and equipment, impairments and reversals of impairments

² Additions to intangible assets and property, plant and equipment

Factors influencing sales in Q1 2018 (changes in %)	Sales	Volumes	Prices	Currencies	Portfolio
Chemicals	4	3	8	(7)	0
Performance Products	(6)	(1)	2	(6)	(1)
Functional Materials & Solutions	(1)	1	6	(8)	0
Agricultural Solutions	(7)	3	(2)	(8)	0
Oil & Gas	14	11	3		0
BASF Group	(1)	2	5	(8)	0

Segments

1st Quarter (million €)

	Sales			Income from operations before depreciation and amortization (EBITDA)			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2018	2017	Change in %	2018	2017	Change in %	2018	2017	Change in %	2018	2017	Change in %
Chemicals	4,286	4,105	4	1,386	1,239	12	1,134	958	18	1,126	974	16
Performance Products	3,991	4,260	(6)	694	714	(3)	470	515	(9)	482	499	(3)
Functional Materials & Solutions	5,139	5,198	(1)	492	688	(28)	333	531	(37)	325	521	(38)
Agricultural Solutions	1,728	1,855	(7)	481	595	(19)	423	533	(21)	417	531	(21)
Oil & Gas	945	829	14	587	482	22	365	170	115	392	169	132
Other	557	610	(9)	(192)	(216)	11	(213)	(250)	15	(221)	(243)	9
	16,646	16,857	(1)	3,448	3,502	(2)	2,512	2,457	2	2,521	2,451	3

Regions

1st Quarter (million €)

	Sales by location of company			Sales by location of customer			EBIT by location of company		
	2018	2017	Change in %	2018	2017	Change in %	2018	2017	Change in %
Europe	8,523	8,332	2	8,048	7,920	2	1,580	1,421	11
Thereof Germany	5,349	5,235	2	2,254	2,208	2	633	825	(23)
North America	3,963	4,371	(9)	3,833	4,230	(9)	317	513	(38)
Asia Pacific	3,356	3,317	1	3,566	3,530	1	588	496	19
South America, Africa, Middle East	804	837	(4)	1,199	1,177	2	36	21	71
	16,646	16,857	(1)	16,646	16,857	(1)	2,521	2,451	3

Segments Q1 2018 vs. Q1 2017

Chemicals

Sales slightly exceeded the figure for the prior-year quarter. This was largely due to higher prices in the Monomers and Intermediates divisions as well as volumes growth in the Petrochemicals division. Sales were however significantly weighed down by FX effects, mainly relating to the U.S. dollar. We considerably increased EBIT bsi as a result of higher margins and volumes.

- Petrochemicals posted considerable sales growth. This was driven by strong demand in Europe, which we were able to meet since the supply of raw materials through the North Harbor was no longer restricted, enabling higher plant capacity utilization in Ludwigshafen. Sales were dampened by negative FX effects. EBIT bsi was down considerably, primarily due to lower margins. Significantly lower steam cracker margins in all regions contrasted with higher margins for acrylic monomers, plasticizers and oxo alcohols, particularly in Europe.
- We recorded slight sales growth in Monomers. This was attributable to higher prices, especially for isocyanates and polyamides. By contrast, FX effects had a negative impact on sales. Sales volumes also declined significantly as a result of plant shutdowns. EBIT bsi rose considerably, mainly due to higher margins, in particular for isocyanates.
- In Intermediates, sales rose slightly on the back of higher prices and volumes. We achieved higher prices, particularly for butanediol and derivatives as well as acids and polyalcohols. Volumes rose in Asia and Europe, while our delivery capabilities in North America were negatively impacted by weather-related plant shutdowns at the beginning of 2018, especially in the butanediol value chain. Sales were dampened by FX effects and the sale of the Evans City site in Pennsylvania in 2017. EBIT bsi rose considerably due to improved margins.

Performance Products

Sales declined considerably. This was primarily attributable to negative FX effects in all divisions, mainly relating to the U.S. dollar. Sales were also reduced by lower volumes in Nutrition & Health and Care Chemicals as well as portfolio effects. We raised sales prices and, adjusted for FX effects, increased the average margin. EBIT bsi nevertheless declined slightly, largely as a result of negative FX effects.

- In Dispersions & Pigments, sales were slightly lower, mainly as a result of negative FX effects. The divestiture of the production site for styrene butadiene-based paper dispersions in Pischelsdorf, Austria, also reduced sales slightly. By contrast, sales were positively impacted by higher sales volumes in the dispersions, electronic materials, pigments and resins businesses. EBIT bsi was considerably lower, primarily due to FX effects.
- Sales in Care Chemicals declined slightly. This was mainly attributable to significantly negative FX effects. Slightly lower sales volumes, especially for oleochemical surfactants and fatty alcohols, also reduced sales. Higher sales prices in all business areas had an offsetting effect. EBIT bsi rose slightly as a result of lower fixed costs.
- In Nutrition & Health, sales were considerably lower, largely due to lower volumes. Sales volumes declined, primarily because of the low availability of citral-based products. On October 31, 2017, a fire occurred during startup of the citral plant in Ludwigshafen. As a result, we had to declare Force Majeure for all citral and isoprenol-based aroma ingredients, and consequently for vitamin A, vitamin E and several carotenoid products. Sales were also weighed down by negative FX effects. By contrast, prices rose significantly, especially in the animal nutrition business. EBIT bsi declined slightly due to the lower sales volumes.
- Sales in Performance Chemicals declined considerably. This was primarily attributable to negative FX effects. Sales were also reduced by the transfer of BASF's leather chemicals business to the Stahl group. By contrast, prices – in particular for fuel, lubricant and plastic additives – trended slightly upward. Volumes were flat. EBIT bsi was down considerably, mainly as a result of negative FX effects.

Functional Materials & Solutions

Sales were slightly lower. This was due to negative currency effects, which could not be completely offset by higher prices and slight volumes growth. EBIT bsi declined considerably as a result of lower margins and higher fixed costs.

- Sales in Catalysts rose slightly, primarily due to significantly higher prices. Higher volumes in precious metal trading as well as in the chemical and refining catalysts and battery materials businesses contributed to the sales increase. FX effects in particular had a negative impact on sales. In precious metal trading, sales increased to €685 million (Q1 2017: €627 million), mainly as a result of higher prices. EBIT bsi declined considerably due, among other factors, to negative FX effects.
- Construction Chemicals recorded a slight decline in sales. This was attributable to negative FX effects. Higher volumes and portfolio effects lifted sales slightly, while prices were on a level with the prior-year quarter. We increased sales in Europe thanks in particular to higher volumes in the admixture systems business. Negative FX effects reduced sales in Asia and in the region South America, Africa, Middle East, despite volumes growth. FX effects were also the main driver behind the sales decline in North America. EBIT bsi was down considerably, largely as a result of higher raw materials prices.
- In Coatings, sales declined considerably. This was due to negative FX effects, which could only be partially offset by higher volumes. We recorded slight volumes growth for automotive OEM coatings, surface treatments and automotive refinish coatings, while sales volumes of decorative paints declined slightly. EBIT bsi declined considerably, primarily due to lower margins resulting from negative FX effects and higher raw materials prices.

- Sales in Performance Materials were down slightly, mainly due to FX effects. Declining volumes also had a dampening effect on sales, particularly in the styrene foams business as a result of plant maintenance. Our price increases were only able to partially offset the higher raw materials prices. EBIT bsi declined considerably as a result of lower margins and higher fixed costs due to the maintenance mentioned above and the startup of new plants.

Agricultural Solutions

Sales declined considerably. This was primarily attributable to negative FX effects in all regions. Sales were also reduced by slightly lower prices in North America in particular. By contrast, we increased sales volumes. Business development in the Northern Hemisphere was dampened by the long and cold winter.

- In Europe, sales were down slightly, mainly as a result of negative FX effects. These could not be completely offset by slightly higher sales volumes, particularly in eastern Europe.
- Sales in North America decreased considerably, largely due to strongly negative FX effects. Slightly lower prices for herbicides in particular also contributed to the sales decline.
- Sales rose considerably in Asia. Significantly higher sales volumes, especially in Japan and China, more than offset the negative FX effects.
- The region South America, Africa, Middle East saw slight sales growth, driven in particular by higher volumes of soy fungicides and sugarcane insecticides in Brazil. Sales were weighed down by negative FX effects.

EBIT bsi was considerably lower. This was mainly attributable to negative FX effects and higher fixed costs in areas such as production and research.

Oil & Gas

We recorded considerable sales growth. This was mainly due to price increases, as well as higher volumes from Norway and stronger trading volumes. The price of a barrel of Brent crude oil averaged \$67 in Q1 2018 (Q1 2017: \$54). Gas prices on the European spot markets also rose significantly compared with the prior-year quarter. This was partially offset by FX effects, primarily relating to the U.S. dollar.

EBIT bsi also improved considerably. This was largely attributable to a higher earnings contribution from Norway due to lower depreciation as a result of higher reserves, as well as volumes growth. Higher oil and gas prices also contributed to the earnings increase. Net income rose considerably.

Other

Sales were down considerably due, among other things, to lower sales of technical materials and workshop and engineering services. EBIT bsi increased considerably, primarily as a result of valuation effects from our long-term incentive program.

Outlook 2018 for BASF Group

Underlying assumptions for 2018 remain unchanged

- GDP growth: +3.0%
- Growth in global industrial production: +3.2%
- Growth in global chemical production (excluding pharma): +3.4%
- Exchange rate: US\$1.20 per €
- Oil price (Brent): US\$65 per barrel
- Annual impact of US\$ change (€ depreciation) -1 US\$-Cent per € on BASF Group: sales: +€200 million; EBIT: +€50 million
- Annual impact of 1 US\$/bbl rise in average oil price (Brent) on Oil & Gas segment: sales: +€25 million; EBIT: +€20 million

Forecast 2018¹ confirmed

- We anticipate slightly higher sales in 2018.
- EBIT before special items is expected to be up slightly on the 2017 level.
- EBIT is forecast to decline slightly in 2018.
- We aim to once again earn a significant premium on our cost of capital in 2018. However, EBIT after cost of capital will decrease considerably.

¹ For sales, "slight" represents a change of 1–5%, while "considerable" applies to changes of 6% and higher. For earnings, "slight" means a change of 1–10%, while "considerable" is used for changes of 11% and higher. This forecast takes into account the agreed transactions with Bayer and Solvay. In contrast, it does not include the intended merger of our oil and gas activities with the business of DEA Deutsche Erdoel AG and its subsidiaries.

Forward-looking statements

This factsheet 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 factsheet above and beyond the legal requirements.