

Reporting Factsheet Q1 2019

BASF Group (million €)	Q1 2019	Q1 2018	+/-	Q1 2019	Q4 2018	+/-
Sales	16,177	15,700	3%	16,177	15,586	4%
EBITDA before special items	2,663	3,013	(12%)	2,663	1,496	78%
EBITDA	2,789	2,995	(7%)	2,789	1,336	109%
Depreciation and amortization ¹	1,031	732	41%	1,031	867	19%
EBIT	1,758	2,263	(22%)	1,758	469	275%
Special items	26	(18)	.	26	(161)	.
EBIT before special items	1,732	2,281	(24%)	1,732	630	175%
Financial result	(196)	(181)	(8%)	(196)	(234)	16%
Income before income taxes	1,562	2,082	(25%)	1,562	235	.
Income after taxes from continuing operations	1,166	1,581	(26%)	1,166	176	.
Income after taxes from discontinued operations	274	177	55%	274	255	7%
Net income	1,406	1,679	(16%)	1,406	348	304%
Earnings per share (€)	1.53	1.83	(16%)	1.53	0.37	314%
Adjusted earnings per share (€)	1.65	1.93	(15%)	1.65	0.66	150%
Research and development expenses	511	424	21%	511	651	(22%)
Personnel expenses	2,903	2,616	11%	2,903	2,719	7%
Number of employees (end of period)	121,194	115,770	5%	121,194	122,404	(1%)
Assets (end of period)	92,040	80,453	14%	92,040	86,556	6%
Investments including acquisitions ²	715	666	7%	715	1,187	(40%)
Equity ratio (end of period, %)	41.1	45.2	.	41.1	41.7	.
Net debt (end of period)	19,431	10,482	85%	19,431	18,197	7%
Cash flows from operating activities	373	1,231	(70%)	373	1,554	(76%)
Free cash flow	(368)	604	.	(368)	88	.

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

² Additions to intangible assets and property, plant and equipment

Factors influencing sales in Q1 2019 (changes in %)	Sales	Volumes	Prices	Portfolio	Currencies
Chemicals	(13)	(10)	(6)	0	3
Petrochemicals	(17)	(11)	(8)	0	2
Intermediates	(5)	(7)	(1)	0	3
Materials	(15)	(5)	(12)	0	2
Performance Materials	(7)	(8)	(1)	0	2
Monomers	(23)	(3)	(22)	0	2
Industrial Solutions	(2)	(2)	2	(5)	3
Dispersions & Pigments	0	(5)	2	0	3
Performance Chemicals	(5)	3	2	(13)	3
Surface Technologies	13	2	7	0	4
Catalysts	22	4	12	0	6
Coatings	0	(2)	2	0	0
Construction Chemicals	7	2	3	0	2
Nutrition & Care	0	(1)	(1)	0	2
Care Chemicals	(4)	(6)	0	0	2
Nutrition & Health	10	13	(5)	0	2
Agricultural Solutions	53	(8)	4	56	1
Other	22	10	(7)	14	5
BASF Group	3	(4)	(2)	6	3

Segments

1st Quarter (million €)

	Sales			EBITDA before special items			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2019	2018	+/-	2019	2018	+/-	2019	2018	+/-	2019	2018	+/-
Chemicals	2,548	2,945	(13%)	489	634	(23%)	306	475	(36%)	302	470	(36%)
Materials	2,931	3,460	(15%)	493	968	(49%)	323	816	(60%)	321	811	(60%)
Industrial Solutions	2,186	2,240	(2%)	378	337	12%	264	230	15%	407	248	64%
Surface Technologies	3,602	3,185	13%	302	285	6%	159	159	-	150	154	(3%)
Nutrition & Care	1,561	1,568	0%	327	346	(5%)	222	254	(13%)	124	248	(50%)
Agricultural Solutions	2,649	1,728	53%	910	487	87%	740	423	75%	772	417	85%
Other	700	574	22%	(236)	(44)	.	(282)	(76)	.	(318)	(85)	.
BASF Group	16,177	15,700	3%	2,663	3,013	(12%)	1,732	2,281	(24%)	1,758	2,263	(22%)

Regions

1st Quarter (million €)

	Sales by location of company			Sales by location of customer			EBIT by location of company		
	2019	2018	+/-	2019	2018	+/-	2019	2018	+/-
Europe	7,418	7,713	(4%)	6,897	7,238	(5%)	819	1,397	(41%)
Thereof Germany	4,071	5,002	(19%)	1,669	1,910	(13%)	406	631	(36%)
North America	4,815	3,963	21%	4,717	3,833	23%	645	317	103%
Asia Pacific	3,199	3,356	(5%)	3,423	3,566	(4%)	283	588	(52%)
South America, Africa, Middle East	745	668	12%	1,140	1,063	7%	11	(39)	.
BASF Group	16,177	15,700	3%	16,177	15,700	3%	1,758	2,263	(22%)

Segments Q1 2019 vs. Q1 2018

Chemicals

In the Chemicals segment, sales were considerably lower than in Q1 2018. The Petrochemicals division in particular saw a considerable decline in sales, while the Intermediates division recorded a slight decrease. Sales development was driven by lower volumes and prices in both divisions. In the Petrochemicals division, sales volumes declined in all regions. This was primarily attributable to preparations for scheduled maintenance shutdowns, as well as significantly lower capacity utilization of the condensate splitter in Port Arthur, Texas. Volumes development in the Intermediates division was dampened by customer reticence in the automotive, coatings, textile and wind turbine industries. In addition, the Chinese New Year holiday curbed demand in Asia more strongly than in Q1 2018. Prices declined significantly, particularly in the Petrochemicals division. This was attributable to higher product availability on the market, especially of steam cracker products in North America, as well as to lower raw materials prices. In the Intermediates division, prices declined only slightly, particularly in Asia. FX effects, especially relating to the U.S. dollar, had a slightly positive effect on sales in both divisions. EBIT bsi decreased considerably compared with Q1 2018. Both divisions recorded lower earnings, particularly Petrochemicals. The development of EBIT bsi was largely due to lower margins in the Petrochemicals division, especially for steam cracker products, as well as the lower volumes in both divisions. In addition, fixed costs in both divisions rose slightly. In the Petrochemicals division, this was primarily attributable to higher maintenance expenses, while in the Intermediates division, the development of fixed costs was mainly negatively influenced by FX effects.

Materials

Sales in the Materials segment – in both the Monomers and Performance Materials divisions – declined considerably compared with Q1 2018. The sales decrease was primarily due to lower isocyanates prices in the Monomers division. Sales volumes were slightly below the level of Q1 2018. Demand declined, especially in the Performance Materials division. In particular, demand was weaker for polyurethane systems and engineering plastics in the Asian and European automotive and consumer goods industries. In the Monomers division, higher market supply led to slightly lower sales volumes. Positive FX effects had a slight offsetting effect. In both divisions, EBIT bsi declined considerably compared with Q1 2018, particularly in the Monomers division. This was mainly a result of lower isocyanates margins in the Monomers division. In the Performance Materials division, higher margins were unable to compensate for the lower volumes. In addition, fixed costs in both divisions were slightly higher than in Q1 2018. This development was mainly due to FX effects.

Industrial Solutions

In the Industrial Solutions segment, sales were slightly below the figure for the prior-year quarter. Sales in the Dispersions & Pigments division were on a level with Q1 2018, while sales in the Performance Chemicals division declined slightly. The year-on-year decrease was primarily due to the transfer of BASF's paper and water chemicals business, which was previously reported under Performance Chemicals, to the Solenis group. In addition, volumes declined in the Dispersions & Pigments division. By contrast, we increased our sales volumes in the Performance Chemicals division, especially of oilfield and mining chemicals as well as fuel and lubricant solutions. Sales development was also positively influenced by FX effects, primarily relating to the U.S. dollar, as well as higher prices in both divisions. We considerably increased EBIT bsi compared with Q1 2018. This was primarily attributable to considerably higher EBIT bsi in the Performance Chemicals division as a result of higher prices, volume growth and positive FX effects. The Dispersions & Pigments division also slightly increased EBIT bsi, mainly due to higher prices and positive FX effects. EBIT included special income in the Performance Chemicals division from the transfer of BASF's paper and water chemicals business to the Solenis group.

Surface Technologies

We achieved considerable sales growth in the Surface Technologies segment compared with Q1 2018, especially in the Catalysts division. Sales also rose considerably in the Construction Chemicals division and were on a level with Q1 2018 in the Coatings division. The sales increase was attributable to higher prices in all divisions as well as positive FX effects and volume growth in the Catalysts and Construction Chemicals divisions. By contrast, sales volumes declined slightly in the Coatings division. Slight volume growth for surface treatments and decorative paints was unable to completely offset the considerable decline for automotive OEM coatings; sales volumes of automotive refinish coatings matched the level of Q1 2018. The increase in sales was driven by the Catalysts division, where higher volumes in both precious metal trading and the chemical and refining catalysts business exceeded lower sales volumes for mobile emissions catalysts. In precious metal trading, sales increased to €1,064 million (Q1 2018: €685 million) as a result of higher precious metal prices and volumes. The Construction Chemicals division improved sales in North America, mainly as a result of positive FX effects. We also achieved higher prices. In Europe, we increased sales on the back of higher prices and volumes. The sales increase in Asia was attributable to volume growth and positive FX effects. Sales in the region South America, Africa, Middle East rose as a result of positive FX effects and higher prices. The segment's EBIT bsi was on a level with the prior-year quarter. EBIT bsi in the Construction Chemicals division improved considerably, primarily due to higher margins; in the Catalysts division, earnings rose slightly as a result of sales growth. By contrast, the Coatings division recorded considerably lower EBIT bsi. This was mainly attributable to a weaker automotive business.

Nutrition & Care

First-quarter sales in the Nutrition & Care segment matched the level of Q1 2018. Considerably higher sales in the Nutrition & Health division were offset by slightly lower sales in the Care Chemicals division. Positive FX effects, especially relating to the U.S. dollar, increased sales slightly in both divisions. By contrast, sales were negatively impacted by lower prices, especially in the Nutrition & Health division's animal nutrition business. Sales volumes also declined slightly overall. Sales volumes in the Care Chemicals division decreased significantly, mainly as a result of lower volumes in the home care, industrial and institutional cleaning, and industrial formulators business. By contrast, the Nutrition & Health division considerably increased sales volumes, primarily due to higher volumes of aroma ingredients as a result of significantly improved product availability from our plants in Ludwigshafen, Germany, and Kuantan, Malaysia. EBIT bsi was considerably below the figure for Q1 2018. This was mainly attributable to higher fixed costs in the Nutrition & Health division, largely due to an insurance refund received in the prior-year quarter for production outages in 2017. In addition, margins declined in the animal nutrition business; as a result, earnings in the Nutrition & Health division decreased significantly overall. A considerable improvement in earnings in the Care Chemicals division, mainly from higher margins, had an offsetting effect. EBIT included an impairment in connection with the optimization of production sites within the Nutrition & Health division in Europe.

Agricultural Solutions

The Agricultural Solutions segment posted considerable sales growth compared with Q1 2018. This was primarily attributable to portfolio effects from the acquisition of significant businesses and assets from Bayer in August 2018. We also achieved a higher price level in the legacy business while sales volumes were considerably lower year on year, mainly due to weather-related factors. We recorded considerable sales growth in Europe compared with Q1 2018. This was primarily the result of portfolio effects. In addition, the price level was slightly higher. Sales rose considerably in North America, mainly due to portfolio effects. Strongly positive FX effects and a slightly higher price level also contributed to the sales increase. This more than offset the significant decline in herbicide and fungicide volumes, especially in the United States, due to adverse weather conditions and an extended period of cold. We considerably improved sales in Asia. This was largely attributable to portfolio effects. Sales were also positively impacted by slightly positive FX effects and a slightly higher price level. Sales rose considerably in the region South America, Africa, Middle East, driven mainly by portfolio effects. A significantly higher price level and growth in fungicide and herbicide volumes, particularly in Brazil, also contributed to the sales increase. Sales were weighed down by strongly negative FX effects. EBIT bsi was considerably higher than in Q1 2018. This was largely due to the contribution from the acquired businesses. EBIT included special income from divestitures in accordance with the conditions imposed by antitrust authorities within the scope of the acquisition of the Bayer businesses. In Q1 2019, these exceeded the special charges for the integration of the acquired businesses.

Other

Sales in Other increased considerably compared with the prior-year quarter. This was mainly due to the remaining activities of BASF's paper and water chemicals business, which were not part of the transfer to Solenis and have since been reported under Other. EBIT bsi was considerably below the figure for Q1 2018. This was largely attributable to foreign currency results and valuation effects for our long-term incentive program.

Outlook 2019 for BASF Group

Underlying assumptions for 2019 remain unchanged

- GDP growth: +2.8%
- Growth in global industrial production: +2.7%
- Growth in global chemical production (excluding pharma): +2.7%
- Exchange rate: US\$1.15 per €
- Oil price (Brent): US\$70 per barrel
- Annual impact of US\$ change (€ depreciation) -1 US\$-Cent per €: sales: +€190 million; EBIT: +€45 million

Forecast 2019¹ confirmed

- Slight sales growth, mainly from higher sales volumes and portfolio effects
- EBIT before special items slightly above prior-year level, likely at the lower end of the range of 1% to 10%
- ROCE slightly higher than the cost of capital percentage, but slightly below the 2018 level

¹ For sales, "slight" represents a change of 1-5%, while "considerable" applies to 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%). At a cost of capital percentage of 10% for 2018 and 2019, we define a change in ROCE of 0.1 to 1.0 percentage points as "slight," a change of more than 1.0 percentage points as "considerable" and no change (+/-0 percentage points) as "at prior-year level."

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 123 to 130 of the BASF Report 2018. BASF does not assume any obligation to update the forward-looking statements contained in this factsheet above and beyond the legal requirements.