

# Reporting Factsheet Q3 2020

BASF Group (million €)	Q3 2020	Q3 2019	+/-	Q1-3 2020	Q1-3 2019	+/-
Sales <sup>1</sup>	13,811	14,556	(5%)	43,244	44,630	(3%)
EBITDA before special items <sup>1,3</sup>	1,542	1,980	(22%)	5,350	6,507	(18%)
EBITDA <sup>1,3</sup>	1,044	2,259	(54%)	4,542	6,575	(31%)
Depreciation and amortization <sup>4</sup>	3,682	923	299%	5,665	2,953	92%
EBIT <sup>1,3</sup>	(2,638)	1,336	.	(1,123)	3,622	.
Special items	(3,219)	280	.	(3,570)	(179)	.
EBIT before special items <sup>1,3</sup>	581	1,056	(45%)	2,447	3,801	(36%)
Net income from shareholdings <sup>1,3</sup>	(47)	2	.	(1,003)	(42)	.
Financial result <sup>1,3</sup>	(101)	(161)	37%	(383)	(554)	31%
Income before income taxes <sup>1</sup>	(2,786)	1,177	.	(2,509)	3,026	.
Income after taxes from continuing operations	(2,177)	917	.	(2,184)	2,323	.
Income after taxes from discontinued operations <sup>2</sup>	13	18	(28%)	49	5,981	(99%)
Net income <sup>2</sup>	(2,122)	911	.	(2,115)	8,271	.
Earnings per share (€) <sup>1,2</sup>	(2.31)	1.00	.	(2.30)	9.01	.
Adjusted earnings per share (€) <sup>1,2</sup>	0.60	0.89	(33%)	2.11	3.36	(37%)
Research and development expenses	518	532	(3%)	1,492	1,553	(4%)
Personnel expenses	2,590	2,584	0%	8,095	8,352	(3%)
Number of employees (end of period)	117,922	118,648	(1%)	117,922	118,648	(1%)
Assets (end of period)	86,973	89,229	(3%)	86,973	89,229	(3%)
Investments including acquisitions <sup>5</sup>	811	1,018	(20%)	3,601	2,793	29%
Equity ratio (end of period, %)	39.8	45.8	-	39.8	45.8	-
Net debt (end of period)	15,702	17,804	(12%)	15,702	17,804	(12%)
Cash flows from operating activities	2,100	1,998	5%	3,312	4,317	(23%)
Free cash flow	1,364	1,072	27%	1,281	1,669	(23%)

<sup>1</sup> The statement of income for 2019 was adjusted retroactively on presentation of the construction chemicals activities as a discontinued operation from December 21, 2019, onward. For more information, see page 204 onward of the BASF Report 2019, Note 1.4.

<sup>2</sup> In the second half of 2019, the gain on the disposal of the oil and gas business was adjusted retroactively as of May 1, 2019.

<sup>3</sup> The 2019 figures have been restated to reflect the reclassification of income from non-integral companies accounted for using the equity method to net income from shareholdings. For more information, see Note 1 on page 31 of the Half-Year Financial Report 2020.

<sup>4</sup> Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

<sup>5</sup> Additions to property, plant and equipment and intangible assets

Factors influencing sales in Q3 2020 (changes in %)	Sales	Volumes	Prices	Portfolio	Currencies
<b>Chemicals</b>	(27)	(11)	(13)	0	(3)
Petrochemicals	(32)	(15)	(15)	0	(2)
Intermediates	(12)	(1)	(7)	0	(4)
<b>Materials</b>	(8)	(4)	(7)	7	(4)
Performance Materials	(6)	(3)	(6)	6	(3)
Monomers	(10)	(6)	(9)	9	(4)
<b>Industrial Solutions</b>	(13)	(5)	(5)	0	(3)
Dispersions & Pigments	(10)	(1)	(6)	0	(3)
Performance Chemicals	(19)	(10)	(4)	(1)	(4)
<b>Surface Technologies</b>	25	3	29	0	(7)
Catalysts	38	5	40	0	(7)
Coatings	(11)	(4)	1	0	(8)
<b>Nutrition &amp; Care</b>	(6)	0	(1)	0	(5)
Care Chemicals	(8)	(2)	(1)	0	(5)
Nutrition & Health	(2)	3	0	1	(6)
<b>Agricultural Solutions</b>	(6)	11	2	0	(19)
<b>Other</b>	(31)	(19)	(9)	0	(3)
<b>BASF Group</b>	(5)	(2)	2	1	(6)

## Segments

Million €

Q3	Sales			EBITDA before special items			EBIT before special items			Income from operations (EBIT)		
	2020	2019	+/-	2020	2019	+/-	2020	2019	+/-	2020	2019	+/-
Chemicals	1,783	2,429	(27%)	258	447	(42%)	46	251	(82%)	(504)	248	.
Materials	2,657	2,894	(8%)	439	452	(3%)	217	266	(18%)	(546)	262	.
Industrial Solutions	1,844	2,130	(13%)	274	316	(13%)	186	205	(9%)	78	207	(62%)
Surface Technologies	4,142	3,325	25%	322	319	1%	200	206	(3%)	(803)	192	.
Nutrition & Care	1,427	1,519	(6%)	247	331	(25%)	143	225	(36%)	86	224	(62%)
Agricultural Solutions	1,474	1,561	(6%)	201	250	(20%)	26	73	(64%)	(304)	43	.
Other	484	698	(31%)	(199)	(135)	(47%)	(237)	(170)	(39%)	(645)	160	.
<b>BASF Group</b>	<b>13,811</b>	<b>14,556</b>	<b>(5%)</b>	<b>1,542</b>	<b>1,980</b>	<b>(22%)</b>	<b>581</b>	<b>1,056</b>	<b>(45%)</b>	<b>(2,638)</b>	<b>1,336</b>	<b>.</b>
<b>January – September</b>												
Chemicals	5,924	7,157	(17%)	865	1,238	(30%)	218	676	(68%)	(352)	513	.
Materials	7,674	8,786	(13%)	1,001	1,451	(31%)	346	923	(63%)	(529)	902	.
Industrial Solutions	5,761	6,457	(11%)	897	1,036	(13%)	622	712	(13%)	451	842	(46%)
Surface Technologies	11,569	9,508	22%	626	814	(23%)	269	486	(45%)	(762)	461	.
Nutrition & Care	4,564	4,575	0%	966	976	(1%)	653	667	(2%)	585	555	5%
Agricultural Solutions	6,059	6,006	1%	1,489	1,458	2%	955	934	2%	578	844	(32%)
Other	1,693	2,141	(21%)	(494)	(466)	(6%)	(616)	(597)	(3%)	(1,094)	(495)	.
<b>BASF Group</b>	<b>43,244</b>	<b>44,630</b>	<b>(3%)</b>	<b>5,350</b>	<b>6,507</b>	<b>(18%)</b>	<b>2,447</b>	<b>3,801</b>	<b>(36%)</b>	<b>(1,123)</b>	<b>3,622</b>	<b>.</b>

## Regions

Million €

Q3	Sales by location of company			Sales by location of customer			Income from operations by location of company <sup>a</sup>		
	2020	2019	+/-	2020	2019	+/-	2020	2019	+/-
Europe	5,458	6,188	(12%)	5,313	5,640	(6%)	(1,557)	785	.
of which Germany	2,368	3,404	(30%)	1,285	1,551	(17%)	(1,341)	143	.
North America	3,474	3,708	(6%)	3,245	3,645	(11%)	(1,046)	47	.
Asia Pacific	3,731	3,398	10%	3,804	3,578	6%	(177)	305	.
South America, Africa, Middle East	1,148	1,262	(9%)	1,449	1,693	(14%)	142	199	(29%)
<b>BASF Group</b>	<b>13,811</b>	<b>14,556</b>	<b>(5%)</b>	<b>13,811</b>	<b>14,556</b>	<b>(5%)</b>	<b>(2,638)</b>	<b>1,336</b>	<b>.</b>
<b>January – September</b>									
Europe	18,059	19,840	(9%)	17,213	18,337	(6%)	(852)	2,031	.
of which Germany	7,790	10,891	(28%)	4,035	4,739	(15%)	(1,325)	636	.
North America	12,253	12,285	0%	11,707	12,002	(2%)	(735)	486	.
Asia Pacific	10,469	9,837	6%	10,866	10,422	4%	289	888	(67%)
South America, Africa, Middle East	2,463	2,668	(8%)	3,458	3,869	(11%)	175	217	(19%)
<b>BASF Group</b>	<b>43,244</b>	<b>44,630</b>	<b>(3%)</b>	<b>43,244</b>	<b>44,630</b>	<b>(3%)</b>	<b>(1,123)</b>	<b>3,622</b>	<b>.</b>

## Segments Q3 2020 vs. Q3 2019

### Chemicals

In Chemicals, sales in both divisions were down considerably compared with Q3 2019. The sales decrease was driven by lower prices and volumes. Prices declined in Petrochemicals, in particular for steam cracker products, styrene monomers and ethylene glycols, due to higher product availability on the market and lower raw materials prices. Price levels also decreased significantly in Intermediates as a result of higher product availability on the market. The decline in sales volumes was mainly attributable to the unplanned outage at the steam cracker in Port Arthur, Texas. This significantly reduced sales volumes of steam cracker products in Petrochemicals. Intermediates recorded slightly lower sales volumes overall, primarily owing to the decrease in the acids and polyalcohols business. This was mainly due to the effects of the coronavirus pandemic. Sales were also reduced by slightly negative FX effects.

EBIT bsi was down considerably from Q3 2019 in both divisions, but especially in Petrochemicals. The decrease was mainly due to lower margins as a result of higher product availability on the market and lower sales volumes in both divisions. This could only be partly offset by lower fixed costs in Intermediates. EBIT for Q3 2020 included special impairment charges due to a prolonged oversupply of basic chemicals and the resulting decrease in prices and margins. Compared with Q2 2020, sales in Chemicals were at the level of the previous quarter. Both divisions recorded a considerable quarter-on-quarter improvement in EBIT bsi.

### Materials

In Materials, sales in both divisions declined considerably compared with Q3 2019. Sales development was mainly driven by lower prices due to lower raw materials prices. In Monomers, prices decreased for polyamides and isocyanates in particular. In Performance Materials, the decline in price levels was primarily due to lower prices for Ultramid and polyurethane systems in Europe and Asia. Sales were also reduced by slightly lower volumes as a result of weaker demand from key industries due to the effects of the coronavirus pandemic. In Monomers, weak demand from the automotive and textile industries led to lower polyamide and TDI volumes. Higher MDI volumes, mainly in Asia, had an offsetting effect. Performance Materials saw lower demand, especially from the transportation and consumer industries. Slightly negative FX effects also contributed to the sales decrease. Portfolio effects from the acquisition of Solvay's integrated polyamide business had a considerable, positive impact on sales in both divisions.

EBIT bsi was considerably below the level of Q3 2019. This was driven by the significant decrease in EBIT bsi in Monomers, primarily due to lower polyamide margins as a result of declines in volumes and prices. Higher isocyanate margins as a consequence of lower raw materials prices and growth in MDI volumes only partly offset this. Performance Materials slightly increased EBIT bsi. This was mainly attributable to a positive contribution from the polyamide business acquired from Solvay. EBIT for Q3 2020 included special impairment charges due to a continued oversupply of isocyanates in particular and the resulting decrease in prices and margins. Compared with Q2 2020, Materials considerably increased sales and EBIT bsi in both divisions.

### Industrial Solutions

In Industrial Solutions, sales in both divisions declined considerably compared with Q3 2019. The sales development was due to lower prices, mainly as a result of the decline in raw materials prices. Slightly lower volumes, particularly in Performance Chemicals, also contributed to the sales decrease. Volumes declined significantly here, especially in the fuel and lubricant solutions and oilfield chemicals businesses. In Dispersions & Pigments, higher volumes of semiconductor chemicals in the electronic materials business only partly offset lower volumes in the other business areas. Sales were also reduced by slightly negative FX effects, mainly relating to the U.S. dollar.

EBIT bsi was slightly below the level of Q3 2019. This was mainly due to the considerable decrease in EBIT bsi in Performance Chemicals, which in turn was largely attributable to the development of sales volumes. Lower fixed costs had an offsetting effect. We slightly increased EBIT bsi in Dispersions & Pigments compared with Q3 2019. Lower fixed costs more than offset the decline in margins due to lower sales. EBIT for Q3 2020 included special impairment charges, mainly as a result of the decline in production as well as the expected slow recovery in the automotive industry due to the effects of the coronavirus pandemic. Compared with Q2 2020, sales were slightly higher in Industrial Solutions as a result of sales growth in Dispersions & Pigments. EBIT bsi rose considerably quarter-on-quarter in Performance Chemicals and increased slightly in Dispersions & Pigments.

### Surface Technologies

Sales in Surface Technologies rose considerably compared with Q3 2019 due to higher sales in Catalysts. By contrast, sales declined considerably in Coatings. Sales growth in Catalysts was primarily attributable to significantly higher precious metal prices. In precious metal trading, sales rose to €1,709 million (Q3 2019: €1,153 million). Prices rose slightly overall in Coatings, mainly in the decorative paints, surface treatments and automotive refinish coatings businesses. Sales were also positively impacted by slight volumes growth overall. In Catalysts, higher sales volumes for mobile emissions catalysts, in precious metal trading and for battery materials more than offset lower volumes for refining catalysts and chemical catalysts. By contrast, volumes declined slightly in Coatings, with significant decreases in the surface treatments and automotive refinish coatings businesses. This could only be partly compensated for by significantly higher sales volumes in the decorative paints business. Significantly negative FX effects had an offsetting impact.

EBIT bsi declined slightly compared with Q3 2019. This was attributable to a considerable decrease in Coatings due to the development of sales volumes. Lower fixed costs and lower raw materials prices were unable to offset this. Catalysts recorded a slight increase in EBIT bsi, mainly as a result of lower fixed costs. EBIT for Q3 2020 included special impairment charges resulting from the sharp decline in production due to the effects of the coronavirus pandemic as well as the expected slow recovery in the automotive and aviation industries. Compared with Q2 2020, sales and EBIT bsi were considerably higher in both divisions.

### **Nutrition & Care**

Sales in Nutrition & Care declined considerably compared with Q3 2019, mainly due to the decrease in Care Chemicals. In Nutrition & Health, sales were down slightly from Q3 2019. The sales development was primarily driven by negative FX effects, mainly relating to the U.S. dollar. In addition, prices decreased as a result of slightly lower prices in Care Chemicals, especially in the home care, industrial and institutional cleaning and industrial formulators business. This was largely attributable to lower raw materials prices. Prices in Nutrition & Health were on a level with Q3 2019. Overall, volumes matched the level of the prior-year quarter. In Nutrition & Health, sales volumes were slightly higher in the aroma ingredients, pharmaceutical and human nutrition businesses. This offset lower volumes in Care Chemicals, especially in the personal care solutions business and in the home care, industrial and institutional cleaning and industrial formulators business. Portfolio effects in Nutrition & Health, mainly from the acquisition of Isobionics, had a slightly positive impact on sales.

EBIT bsi was considerably below the level of Q3 2019. Nutrition & Health recorded lower EBIT bsi, primarily as a result of higher fixed costs. In Q3 2019, fixed costs were reduced by an insurance payment. EBIT bsi also declined considerably in Care Chemicals. This was attributable to lower volumes and higher fixed costs. The figure for Q3 2019 included a contractual one-off payment in the personal care solutions business. EBIT for Q3 2020 included special charges for impairments and provisions, primarily for the optimization of production structures in Nutrition & Health. Compared with Q2 2020, sales and EBIT bsi declined considerably in both divisions.

### **Agricultural Solutions**

Sales in Agricultural Solutions were considerably below Q3 2019. Strong volumes growth and slightly higher prices could not offset the significantly negative FX effects. In Europe, sales were slightly above Q3 2019. Higher volumes and higher prices more than offset negative FX effects, especially in Turkey and eastern Europe. Sales were considerably lower in North America. Significantly higher sales volumes, especially of fungicides, could not compensate for lower price levels, especially for herbicides in a continuing challenging market environment, and negative FX effects. In Asia, sales rose slightly as a result of higher volumes, in particular in India and China. Negative FX effects had an offsetting impact. Prices were on a level with Q3 2019. Sales declined considerably in the region South America, Africa, Middle East. This was driven by significantly negative FX effects, particularly in Brazil. Much higher sales volumes, especially in Brazil, and significantly higher price levels could not offset this effect.

EBIT bsi declined considerably, mainly due to FX effects. EBIT for Q3 2020 included a special impairment charge in connection with measures to streamline the glufosinate-ammonium production network. Compared with Q2 2020, Agricultural Solutions recorded a considerable decline in sales and EBIT bsi due to seasonal factors.

### **Other**

Sales in Other declined considerably compared with Q3 2019. This primarily reflected a decrease in commodity trading and in the remaining activities of the paper and water chemicals business, which have been reported under Other since the divestiture as of February 2019.

EBIT bsi was considerably below the figure for Q3 2019. EBIT for Q3 2020 included a special charge for provisions in connection with the realignment of the Global Business Services unit. The figure for Q3 2019 included special income from the sale of BASF's share of the Klybeck site in Basel, Switzerland.

## **Outlook 2020 for BASF Group**

### **Underlying assumptions for 2020**

- GDP growth: -5.0%
- Growth in global industrial production: -5.0%
- Growth in global chemical production (excluding pharma): -2.5%
- Average exchange rate: US\$1.15 per euro
- Average annual oil price (Brent crude): US\$40 per barrel

### **Forecast 2020**

- Sales of €57 billion to €58 billion (2019: €59,316 million)
- EBIT before special items of between €3.0 billion and €3.3 billion (2019: €4,643 million)
- ROCE of between 0.0% and 1.0% (2019: 7.7%)

### **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 Opportunities and Risks on pages 139 to 147 of the BASF Report 2019. BASF does not assume any obligation to update the forward-looking statements contained in this factsheet above and beyond the legal requirements.