

Reporting Factsheet Q2 2021

BASF Group (million €)	Q2 2021	Q2 2020	Change (%)	H1 2021	H1 2020	Change (%)
Sales	19,753	12,680	56	39,153	29,433	33
EBITDA	3,199	1,070	199	6,375	3,498	82
EBITDA before special items	3,217	1,229	162	6,398	3,808	68
Depreciation and amortization ¹	883	1,011	-13	1,748	1,983	-12
EBIT	2,316	59	.	4,627	1,515	205
Special items	-39	-167	77	-49	-351	86
EBIT before special items	2,355	226	.	4,676	1,866	151
Net income from shareholdings	-44	-788	94	24	-956	.
Financial result	-83	-194	57	-215	-282	24
Income before income taxes	2,189	-923	.	4,436	277	.
Income after taxes from continuing operations	1,794	-888	.	3,604	-7	.
Income after taxes from discontinued operations	-	14	-	-	36	-
Net income	1,654	-878	.	3,372	7	.
Earnings per share (€)	1.80	-0.96	.	3.67	0.01	.
Adjusted earnings per share (€)	2.03	0.25	.	4.03	1.51	167
Research and development expenses	545	480	14	1,056	974	8
Personnel expenses	2,924	2,679	9	5,871	5,505	7
Number of employees (end of period)	107,646	117,563	-8	107,646	117,563	-8
Total assets (end of period)	82,938	90,369	-8	82,938	90,369	-8
Investments including acquisitions ²	831	654	27	1,376	2,790	-51
Equity ratio (end of period, %)	45.9	42.5	-	45.9	42.5	-
Net debt (end of period)	16,241	20,519	-21	16,241	20,519	-21
Cash flows from operating activities	2,537	2,242	13	2,012	1,212	66
Free cash flow	1,770	1,516	17	789	-83	.

¹ Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

² Additions to property, plant and equipment and intangible assets

Factors influencing sales in Q2 2021 (changes in %)	Sales	Volumes	Prices	Portfolio	Currencies
Chemicals	91	20	78	0	-7
Petrochemicals	110	19	100	-1	-8
Intermediates	54	22	37	0	-5
Materials	75	42	38	0	-5
Performance Materials	69	54	21	0	-6
Monomers	80	30	55	0	-5
Industrial Solutions	30	26	9	0	-5
Dispersions & Pigments	34	25	13	0	-4
Performance Chemicals	22	26	1	0	-5
Surface Technologies	90	44	57	0	-11
Catalysts	98	42	69	0	-13
Coatings	53	56	4	0	-7
Nutrition & Care	2	5	2	-1	-4
Care Chemicals	8	8	5	-1	-4
Nutrition & Health	-9	0	-4	-1	-4
Agricultural Solutions	11	15	3	0	-7
Other	56	17	47	0	-8
BASF Group	56	28	35	0	-7

Segments

Million €

Q2	Sales			EBITDA before special items			EBIT before special items			Income from operations (EBIT)		
	2021	2020	+/-	2021	2020	+/-	2021	2020	+/-	2021	2020	+/-
Chemicals	3,419	1,791	91%	1,168	216	441%	990	-2	.	981	-18	.
Materials	3,743	2,143	75%	985	147	.	792	-80	.	762	-102	.
Industrial Solutions	2,359	1,819	30%	388	280	39%	307	163	88%	340	133	156%
Surface Technologies	5,892	3,099	90%	399	-34	.	289	-151	.	289	-176	.
Nutrition & Care	1,584	1,555	2%	239	362	-34%	138	256	-46%	194	255	-24%
Agricultural Solutions	1,963	1,766	11%	239	299	-20%	75	120	-38%	35	95	-63%
Other	793	507	56%	-201	-41	.	-236	-80	.	-285	-128	.
BASF Group	19,753	12,680	56%	3,217	1,229	162%	2,355	226	.	2,316	59	.
H1												
Chemicals	6,155	4,141	49%	1,905	607	214%	1,548	172	.	1,586	152	.
Materials	7,190	5,017	43%	1,848	562	229%	1,464	129	.	1,410	17	.
Industrial Solutions	4,467	3,917	14%	738	623	18%	573	436	31%	599	373	61%
Surface Technologies	11,839	7,427	59%	869	304	186%	649	69	.	645	41	.
Nutrition & Care	3,117	3,137	-1%	555	719	-23%	356	510	-30%	409	499	-18%
Agricultural Solutions	4,809	4,585	5%	1,210	1,288	-6%	882	929	-5%	839	882	-5%
Other	1,576	1,209	30%	-727	-295	.	-796	-379	.	-861	-449	-92%
BASF Group	39,153	29,433	33%	6,398	3,808	68%	4,676	1,866	151%	4,627	1,515	205%

Regions

Million €

Q2	Sales by location of company			Sales by location of customer			Income from operations by location of company		
	2021	2020	+/-	2021	2020	+/-	2021	2020	+/-
Europe	8,073	5,081	59%	7,731	4,689	65%	930	24	.
of which Germany	3,277	2,149	52%	1,903	1,062	79%	391	-182	.
North America	5,739	3,533	62%	5,511	3,477	58%	440	-163	.
Asia Pacific	5,020	3,443	46%	5,181	3,589	44%	759	180	322%
South America, Africa, Middle East	921	623	48%	1,330	925	44%	187	18	.
BASF Group	19,753	12,680	56%	19,753	12,680	56%	2,316	59	.
H1									
Europe	16,202	12,601	29%	15,562	11,900	31%	1,722	705	144%
of which Germany	6,386	5,422	18%	3,717	2,750	35%	645	16	.
North America	11,529	8,779	31%	11,069	8,462	31%	1,153	311	271%
Asia Pacific	9,742	6,738	45%	10,038	7,062	42%	1,529	466	228%
South America, Africa, Middle East	1,680	1,315	28%	2,484	2,009	24%	223	33	.
BASF Group	39,153	29,433	33%	39,153	29,433	33%	4,627	1,515	205%

Segments Q2 2021 vs. Q2 2020

Chemicals

Sales in Chemicals rose considerably compared with Q2 2020, especially in Petrochemicals. The sales increase was primarily due to significantly higher price levels, owing largely to strong demand alongside lower product availability. Petrochemicals increased prices significantly, in particular for cracker products, styrene monomers and acrylic monomers. Price levels also rose considerably in Intermediates, mainly in the butanediol and derivatives as well as in the acids and polyalcohols businesses. Significantly higher volumes had a positive impact on sales in both divisions. The segment's sales volumes had been heavily burdened by the effects of the coronavirus pandemic in Q2 2020. Volumes in Petrochemicals were higher, especially for styrene monomers, acrylic monomers and cracker products, while Intermediates increased volumes particularly in the butanediol and derivatives and in the acids and polyalcohols businesses. Negative FX effects, mainly relating to the U.S. dollar, had an offsetting effect.

EBIT bsi was considerably above Q2 2020. This was largely attributable to considerably higher EBIT bsi in Petrochemicals, which resulted mainly from increased margins, greater sales volumes, as well as a considerable improvement in income from equity-accounted companies. In Q2 2020, apart from the effects of the coronavirus pandemic, the division's earnings had also been negatively impacted by scheduled turnarounds in Nanjing, China. EBIT bsi also rose considerably in Intermediates. This was due primarily to higher margins in the butanediol and derivatives business, improved income from equity-accounted companies and lower fixed costs.

Materials

Compared with Q2 2020, sales in Materials rose considerably in both divisions. Sales development resulted primarily from a significant demand-related increase in volumes. Performance Materials increased volumes across all customer industries, especially in the transportation industry in Europe; Monomers increased volumes mainly in isocyanates and polyamides. Significantly higher prices also had a positive impact on sales. The higher price level was especially due to strong demand alongside lower product availability as well as higher raw materials prices. While Monomers achieved higher prices mainly for isocyanates, price levels in Performance Materials rose primarily for polyurethane systems and engineering plastics. Sales performance was dampened by negative FX effects.

EBIT bsi rose considerably in both divisions. Monomers achieved an increase in EBIT bsi largely as a result of higher isocyanate margins and a higher contribution from the polyamides business. Earnings in Performance Materials were considerably higher than in Q2 2020, mainly due to the positive development of sales volumes.

Industrial Solutions

Sales in Industrial Solutions were considerably higher than in Q2 2020, particularly in Dispersions & Pigments. The sales growth was largely attributable to higher volumes in almost all businesses in both divisions. This segment's sales volume development had been heavily impacted by the effects of the coronavirus pandemic in Q2 2020. Higher price levels in both divisions, mainly due to increased raw materials prices, had a positive impact on sales. Especially Dispersions & Pigments increased prices considerably. Sales performance was weighed down by negative FX effects, mainly relating to the U.S. dollar.

EBIT bsi rose considerably in both divisions compared with Q2 2020. This was largely driven by the positive development of sales volumes in both divisions. EBIT in Q2 2021 included special income from the sale of the global pigments business. After the completion of the sale of BASF's global pigments business, the Dispersions & Pigments division was renamed Dispersions & Resins as of July 1, 2021.

Surface Technologies

Sales in Surface Technologies rose considerably compared with Q2 2020, especially in Catalysts. The sales increase was attributable to significantly higher prices and volumes overall. Price levels increased, especially in Catalysts, due to higher precious metal prices. This led to a considerable increase in sales in precious metal trading to €2,927 million (Q2 2020: €1,502 million). Coatings raised prices in all businesses. The significantly higher sales volumes resulted primarily from greater demand from the automotive industry. Catalysts achieved higher volumes in all businesses, especially for mobile emissions catalysts. Coatings also increased volumes in all businesses, particularly for automotive OEM coatings. However, the segment's volume growth was dampened by the shortage of semiconductors in the automotive market. Negative FX effects, mainly relating to the U.S. dollar, had an offsetting effect.

EBIT bsi was considerably above the level of Q2 2020 in both divisions due primarily to sales volumes. Additionally, earnings performance in Catalysts was supported by a considerably higher contribution from precious metal trading.

Nutrition & Care

Sales in Nutrition & Care slightly increased compared with Q2 2020. This was driven by considerable sales growth in Care Chemicals, while sales in Nutrition & Health declined considerably. Sales performance was driven primarily by slightly higher overall volumes resulting from the volume increase in all business areas of Care Chemicals. Volumes in Nutrition & Health matched the level of Q2 2020. Higher volumes in the pharmaceutical business offset lower volumes in the animal nutrition business, mainly due to the ongoing expansion of the vitamin A plant in Ludwigshafen.

Slightly higher prices overall also had a positive impact on sales. Higher price levels in Care Chemicals, especially in oleo surfactants and alcohols as well as in the home care, industrial and institutional cleaning and industrial formulators businesses, more than offset lower prices in Nutrition & Health. Sales performance was weighed down by negative FX effects, mainly relating to the U.S. dollar. Portfolio effects from the sale of the production site in Kankakee, Illinois, reduced sales.

EBIT bsi declined considerably compared with Q2 2020, due primarily to lower margins and higher fixed costs in both divisions. Margins in Nutrition & Health declined, particularly because of the price and FX-related sales decrease as well as higher raw materials costs. The margin decrease in Care Chemicals resulted mainly from higher raw materials costs. The higher fixed costs were due in part to scheduled turnarounds in both divisions and the expansion of the vitamin A plant. EBIT included special income from the sale of the production site in Kankakee, Illinois.

Agricultural Solutions

Sales in Agricultural Solutions were considerably above the level of Q2 2020. This was due primarily to the considerably higher volumes in all regions and to higher prices. Negative FX effects, especially in South and North America, had a dampening impact on sales.

The considerable sales increase in Europe was attributable mainly to increased volumes, especially of fungicides and herbicides resulting from more favorable weather conditions. Slightly higher prices supported sales performance, while negative FX effects had an offsetting impact. Sales in North America rose considerably compared with Q2 2020. This increase was driven primarily by higher volumes, mainly of fungicides and herbicides. Negative FX effects had a dampening impact on sales. Prices were at the same level as in Q2 2020. Sales in Asia improved considerably, primarily due to increased volumes of fungicides and herbicides. Slightly higher prices also had a positive impact on sales, while FX effects had a negative impact. Sales in the region South America, Africa, Middle East rose considerably. This was primarily the result of considerably higher volumes, mainly of crop protection products in Brazil. Significantly higher price levels also contributed to the positive sales development. This more than offset significantly negative currency effects, especially in Argentina and Brazil.

Despite higher sales, EBIT bsi was considerably below the level of Q2 2020. This was mainly attributable to FX effects as well as to higher fixed costs. EBIT included a special charge for measures in connection with the streamlining of the global glufosinate-ammonium production network.

Other

Sales in Other rose considerably compared with Q2 2020. This primarily reflected the sales growth in commodity trading.

EBIT bsi was considerably below the figure from Q2 2020. This was mainly due to higher additions to provisions for variable compensation components (bonus) as a result of the strong second quarter of 2021.

Economic Environment and Outlook

Due to the strong business development in the first half of 2021, the ongoing upturn of the global economy, and the considerable increase in earnings expectations in the Chemicals and Materials segments, the forecast for the 2021 business year was adjusted on July 9, 2021:

Outlook 2021 BASF Group (previous forecast in parentheses)

▪ Sales:	€74 billion – €77 billion	(€68 billion – €71 billion)
▪ EBIT before special items:	€7.0 billion – €7.5 billion	(€5.0 billion – €5.8 billion)
▪ ROCE:	12.1% – 12.9%	(9.2% – 11.0%)
▪ Accelerator sales:	€21 billion – €22 billion	(€19 billion – €20 billion)
▪ CO ₂ emissions:	20.5 – 21.5 million metric tons	(unchanged)

Underlying assumptions for 2021 (previous assumptions in parentheses)

▪ Growth in gross domestic product:	+5.5% (+5.0%)
▪ Growth in industrial production:	+6.5% (+5.0%)
▪ Growth in chemical production:	+6.5% (+5.0%)
▪ Average exchange rate:	US\$1.20 per € (US\$1.18 per €)
▪ Average annual oil price (Brent):	US\$65 per barrel (US\$60 per barrel)

BASF's forecast assumes that there will be no severe restrictions on economic activity due to measures to combat the coronavirus pandemic in the second half of 2021.

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 158 to 166 of the BASF Report 2020. BASF does not assume any obligation to update the forward-looking statements contained in this factsheet above and beyond the legal requirements.