

Reporting Factsheet Q2 2022

BASF Group (million €)	Q2 2022	Q2 2021	Change (%)	H1 2022	H1 2021	Change (%)
Sales	22,974	19,753	16.3	46,058	39,153	17.6
EBITDA	3,396	3,199	6.2	7,105	6,375	11.4
EBITDA before special items	3,293	3,217	2.4	7,036	6,398	10.0
Depreciation and amortization ¹	1,046	883	18.4	1,970	1,748	12.7
EBIT	2,350	2,316	1.5	5,135	4,627	11.0
Special items	11	-39	.	-22	-49	54.2
EBIT before special items	2,339	2,355	-0.7	5,157	4,676	10.3
Net income from shareholdings	433	-44	.	-364	24	.
Financial result	-125	-83	-50.2	-235	-215	-9.2
Income before income taxes	2,658	2,189	21.4	4,536	4,436	2.3
Income after taxes from continuing operations	2,179	1,794	21.5	3,500	3,604	-2.9
Income after taxes from discontinued operations	-	-	-	-	-	-
Net income	2,090	1,654	26.3	3,311	3,372	-1.8
Earnings per share (€) ²	2.31	1.80	28.3	3.65	3.67	-0.5
Adjusted earnings per share (€) ²	2.37	2.03	16.7	5.07	4.03	25.8
Research and development expenses	567	545	3.9	1,136	1,056	7.6
Personnel expenses	2,964	2,924	1.4	6,031	5,871	2.7
Employees (end of period)	110,725	107,646	2.9	110,725	107,646	2.9
Assets (end of period)	96,972	82,938	16.9	96,972	82,938	16.9
Investments including acquisitions ³	970	831	16.7	1,711	1,376	24.3
Equity ratio (end of period, %)	47.8	45.9	-	47.8	45.9	-
Net debt (end of period)	19,546	16,241	20.4	19,546	16,241	20.4
Cash flows from operating activities	1,228	2,537	-51.6	938	2,012	-53.4
Free cash flow	336	1,770	-81.0	-557	789	.

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

² Due to the current share buyback program, the weighted average number of outstanding shares was 903,147,947 in the second quarter of 2022 and 907,989,633 in the first half of 2022

³ Additions to property, plant and equipment and intangible assets

Factors influencing sales Q2 2022 vs. Q2 2021 (changes in %)	Sales	Volumes	Prices	Portfolio	Currencies
Chemicals	27.2	-3.9	24.9	-0.1	6.4
Petrochemicals	27.4	-2.2	23.6	-0.1	6.1
Intermediates	26.6	-8.4	28.2	-0.1	6.9
Materials	29.9	-1.8	24.9	-0.1	6.9
Performance Materials	20.2	-3.2	16.8	0.0	6.7
Monomers	39.0	-0.5	32.6	-0.1	7.1
Industrial Solutions	12.1	-2.0	17.9	-10.8	7.0
Dispersions & Resins	3.0	-2.7	15.3	-16.1	6.6
Performance Chemicals	30.2	-0.6	23.1	-0.2	7.8
Surface Technologies	-7.6	-14.2	-5.7	5.3	7.1
Catalysts	-12.4	-16.8	-8.9	6.2	7.1
Coatings	21.4	1.3	13.1	-0.6	7.6
Nutrition & Care	30.9	0.3	27.0	-2.1	5.8
Care Chemicals	34.9	-1.4	33.1	-2.0	5.2
Nutrition & Health	22.3	4.1	13.7	-2.3	7.0
Agricultural Solutions	25.3	5.2	11.4	-0.6	9.3
Other	44.0	13.8	17.4	2.2	10.2
BASF Group	16.3	-4.4	13.4	0.1	7.2

Segments

Q2 (million €)

	Sales			EBITDA before special items			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2022	2021	+/-	2022	2021	+/-	2022	2021	+/-	2022	2021	+/-
Chemicals	4,349	3,419	27.2%	1,050	1,196 ^a	-12.1%	853	1,018 ^a	-16.1%	851	1,010 ^a	-15.7%
Materials	4,862	3,743	29.9%	874	985	-11.2%	668	792	-15.7%	650	762	-14.7%
Industrial Solutions	2,643	2,359	12.1%	409	388	5.4%	323	307	5.2%	310	340	-8.9%
Surface Technologies	5,446	5,892	-7.6%	365	399	-8.6%	227	289	-21.5%	81	289	-71.9%
Nutrition & Care	2,074	1,584	30.9%	325	239	36.1%	213	138	54.7%	209	194	7.6%
Agricultural Solutions	2,459	1,963	25.3%	401	239	67.9%	223	75	196.9%	210	35	498.7%
Other	1,142	793	44.0%	-132	-229 ^a	42.3%	-168	-263 ^a	36.2%	40	-315 ^a	.
BASF Group	22,974	19,753	16.3%	3,293	3,217	2.4%	2,339	2,355	-0.7%	2,350	2,316	1.5%

H1 (million €)

	Sales			EBITDA before special items			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2022	2021	+/-	2022	2021	+/-	2022	2021	+/-	2022	2021	+/-
Chemicals	8,353	6,155	35.7%	2,098	1,961 ^a	7.0%	1,712	1,604 ^a	6.7%	1,708	1,643 ^a	4.0%
Materials	9,683	7,190	34.7%	1,829	1,848	-1.1%	1,419	1,464	-3.1%	1,399	1,410	-0.8%
Industrial Solutions	5,136	4,467	15.0%	840	738	13.8%	671	573	17.1%	653	599	9.0%
Surface Technologies	10,903	11,839	-7.9%	766	869	-11.9%	493	649	-24.0%	341	645	-47.1%
Nutrition & Care	4,045	3,117	29.8%	676	555	21.8%	457	356	28.4%	455	409	11.3%
Agricultural Solutions	5,856	4,809	21.8%	1,437	1,210	18.8%	1,091	882	23.7%	1,073	839	27.9%
Other	2,082	1,576	32.1%	-610	-784 ^a	22.2%	-686	-852 ^a	19.5%	-494	-918 ^a	46.2%
BASF Group	46,058	39,153	17.6%	7,036	6,398	10.0%	5,157	4,676	10.3%	5,135	4,627	11.0%

^a As of January 1, 2022 the polyolefins and styrenics businesses of the joint venture BASF-YPC Company Ltd., Nanjing, China, which were previously reported under Other, were allocated to the Petrochemicals division. The prior-year figures have been adjusted.

Regions

million €

Q2	Sales Location of company			Sales Location of customer		
	2022	2021	+/-	2022	2021	+/-
Europe	9,622	8,073	19.2%	9,045	7,731	17.0%
of which Germany	4,090	3,277	24.8%	1,956	1,903	2.8%
North America	6,667	5,739	16.2%	6,595	5,511	19.7%
Asia Pacific	5,432	5,020	8.2%	5,569	5,181	7.5%
of which Greater China	2,939	2,883	1.9%	2,872	2,872	0.0%
South America, Africa, Middle East	1,253	921	36.1%	1,764	1,330	32.7%
BASF Group	22,974	19,753	16.3%	22,974	19,753	16.3%
H1						
Europe	19,600	16,202	21.0%	18,626	15,562	19.7%
of which Germany	8,021	6,386	25.6%	4,339	3,717	16.7%
North America	13,201	11,529	14.5%	12,995	11,069	17.4%
Asia Pacific	10,995	9,742	12.9%	11,244	10,038	12.0%
of which Greater China	6,170	5,532	11.5%	6,046	5,567	8.6%
South America, Africa, Middle East	2,262	1,680	34.6%	3,192	2,484	28.5%
BASF Group	46,058	39,153	17.6%	46,058	39,153	17.6%

Segments Q2 2022 vs. Q2 2021¹

Chemicals

Sales in the Chemicals segment rose considerably compared with Q2 2021. Both operating divisions contributed to the increase. Sales growth was primarily driven by significantly higher prices in both divisions, mainly due to the passing on of increased prices for raw materials and energy amid continued strong demand. The Petrochemicals division raised prices in all business areas, especially for steam cracker products, styrene monomers and in the propylene and butadiene value chains. The Intermediates division achieved higher price levels across all business areas. Sales performance was supported by positive currency effects, mainly relating to the U.S. dollar. Overall, sales volumes were slightly lower than in Q2 2021. This was primarily attributable to coronavirus lockdowns in China and the resulting supply chain disruptions. Consequently, the Intermediates division recorded considerably lower sales volumes in the butanediol and derivatives business in particular. The slight decline in volumes in the Petrochemicals division mainly related to steam cracker products, styrene monomers and acrylics.

EBIT bsi remained at a high level but was considerably below the exceptionally strong earnings in Q2 2021. This was primarily due to considerably lower earnings in the Petrochemicals division, mainly from higher fixed costs as a result of the increase in energy prices and currency effects. Lower income from investments accounted for using the equity method also contributed to the decrease. By contrast, the earnings development in the division was positively impacted by continued strong margins. EBIT bsi declined slightly in the Intermediates division. Higher margins in North America on the back of continued strong demand were not able to fully compensate for lower margins and volumes in the Asia Pacific region resulting from the lockdowns, and for higher fixed costs from turnarounds, especially in Ludwigshafen, Germany.

Materials

The Materials segment increased sales considerably compared with Q2 2021. This was primarily the result of strong sales growth in the Monomers division. The Performance Materials division also recorded a considerable increase. The positive sales performance was mainly due to significantly higher prices from passing on the increase in raw materials prices. The Monomers division raised prices in all business areas. The Performance Materials division raised prices for polyurethane systems and engineering plastics in particular. Sales growth was supported by currency effects, mainly from the U.S. dollar and the Chinese renminbi. Lower volumes in the Performance Materials division, largely resulting from the lockdowns in China and the ensuing supply chain disruptions, had a slight offsetting effect. In the Monomers division, higher polyamide volumes in North America only partially compensated for lower sales volumes overall in Europe.

EBIT bsi decreased considerably compared with Q2 2021. In both divisions, higher margins were unable to offset the increase in fixed costs. The Monomers division recorded higher fixed costs, mainly as a result of the increase in energy prices and currency effects. Fixed costs in the Performance Materials division were above the prior-year quarter, primarily due to higher production costs amid lower plant capacity utilization.

Industrial Solutions

Sales in the Industrial Solutions segment rose considerably compared with Q2 2021. This was mainly driven by strong sales growth in the Performance Chemicals division. The Dispersions & Resins division recorded a slight sales increase. The sales increase was primarily due to significantly higher price levels across all business areas and in all regions. This was largely the result of higher prices for raw materials, energy and freight. Sales growth was supported by positive currency effects, mainly relating to the U.S. dollar and the Chinese renminbi. Sales were considerably reduced by portfolio effects, especially in the Dispersions & Resins division following the disposal of the global pigments business as of June 30, 2021. In addition, slightly lower sales volumes dampened sales development in both divisions. This was mainly due to the lockdowns in China and disruptions to global supply chains.

The segment's EBIT bsi was slightly above Q2 2021. This reflected the significant rise in earnings in the Performance Chemicals division, primarily from price-driven margin growth. Fixed costs were much higher, mainly as a result of currency effects and scheduled turnarounds, and dampened earnings development in the division. By contrast, EBIT bsi declined slightly in the Dispersions & Resins division. The decrease in earnings was primarily due to the sale of the global pigments business. This could only be partially offset by margin growth on the back of higher prices.

Surface Technologies

In the Surface Technologies segment, sales were considerably below Q2 2021. Considerable sales growth in the Coatings division was unable to offset the strong decline in the Catalysts division. The year-on-year sales decrease was primarily due to significantly lower volumes in the Catalysts division. This was mainly the result of weaker demand from the automotive industry due to insufficient semiconductor supply and the lockdowns in China. Volumes declined significantly in the mobile emissions catalysts business and in precious metal trading. Higher sales volumes in all of the division's other business areas were unable to compensate for this. Sales volumes rose slightly in the Coatings division. Volume growth in the automotive refinish coatings and automotive OEM coatings businesses more than compensated for lower volumes in the surface treatment business. The Catalysts division's sales were also reduced by significantly lower precious metal prices. Accordingly, at €3,269 million, sales in precious metal trading and precious metal sales in the mobile emissions catalysts business were well below the prior-year quarter (€4,284 million). By contrast, the Coatings division raised prices significantly in all business areas. Currency effects, mainly relating to the U.S. dollar, cushioned the sales decrease. Portfolio effects in the Catalysts division following the acquisition of a majority shareholding in BASF Shanshan Battery Materials also had a positive impact on sales.

¹ For sales, "slight" represents a change of 0.1%–5.0%, while "considerable" applies to changes of 5.1% and higher. For earnings, "slight" means a change of 0.1%–10.0%, while "considerable" is used for changes of 10.1% and higher. "At prior-year level" indicates no change (+/-0.0%).

EBIT bsi declined considerably compared with Q2 2021. This was attributable to the considerable decline in the Coatings division's EBIT bsi, mainly due to higher fixed costs. One reason for this was a one-off effect that had reduced fixed costs in the prior-year quarter. The Catalysts division posted a slight increase in EBIT bsi thanks to a clearly positive contribution from the battery materials business. The division's earnings were weighed down by significantly lower volumes in the mobile emissions catalysts business and lower prices in precious metal trading.

Nutrition & Care

Sales in the Nutrition & Care segment rose considerably compared with Q2 2021. Both divisions contributed significantly. Sales growth was driven by significantly higher prices across all business areas, passing on increased prices for raw materials and energy. Currency effects, mainly relating to the U.S. dollar and the Chinese renminbi, had a positive impact on sales. Sales development was also supported by slightly higher volumes. This was primarily due to volume growth in the Nutrition & Health division, mainly in the pharma solutions and animal nutrition businesses. The Care Chemicals division recorded slightly lower sales volumes, particularly in the oleo surfactants and fatty alcohols business, as well as in the home care, industrial and institutional cleaning and industrial formulators business. Portfolio effects from the sale of the production site in Kankakee, Illinois, reduced sales in both divisions.

The segment's EBIT bsi was considerably above Q2 2021. This was due to the considerable increase in EBIT bsi in the Care Chemicals division, primarily from higher margins on the back of sales growth. EBIT bsi declined in the Nutrition & Health division. Higher margins were unable to offset the increase in fixed costs resulting from scheduled turnarounds, among other factors.

Agricultural Solutions

Sales in the Agricultural Solutions segment rose considerably compared with Q2 2021. This was mainly attributable to higher prices in all regions and positive currency effects, mainly from the U.S. dollar. Significantly higher volumes also contributed to the sales development. The slight sales decrease in Europe was driven by significantly lower volumes, primarily due to earlier demand in Q1 2022 and slightly negative currency effects, mainly from the Turkish lira. Prices, on the other hand, were raised significantly. In North America, sales were considerably above the prior-year quarter as a result of positive currency effects, higher price levels and volume growth, especially for herbicides and field crop seeds. The strong sales growth in Asia was primarily driven by positive currency effects and higher prices. Especially in China, we recorded higher volumes in all indications. Sales rose significantly in the region South America, Africa, Middle East. This was the result of significantly higher price levels and positive currency effects, especially in Brazil. Significantly higher volumes in almost all indications supported the sales increase.

EBIT bsi was considerably above Q2 2021. This was mainly attributable to the positive sales development, which more than compensated for higher costs.

Other

Sales in Other increased considerably compared with Q2 2021. This primarily reflected sales growth in commodity trading. EBIT bsi improved considerably compared with Q2 2021. This was mainly due to lower accruals for variable compensation components compared with Q2 2021.

Outlook 2022

The assessment of the global economic environment in 2022 was adjusted as follows (previous assumptions from the BASF Report 2021 in parentheses; current growth assumptions are rounded):

Underlying assumptions

- Growth in gross domestic product: +2.5% (+3.8%)
- Growth in industrial production: +3.0% (+3.8%)
- Growth in chemical production: +2.5% (+3.5%)
- Average euro/dollar exchange rate: \$1.07 per euro (\$1.15 per euro)
- Average annual oil price (Brent crude): \$110 per barrel (\$75 per barrel)

For the second half of the year, BASF anticipates a gradual cooling of economic development globally, but much more pronounced in Europe. This assumes that there are no severe restrictions resulting from new lockdowns in China and that natural gas shortages do not lead to production shutdowns in Europe.

Based on the very positive business development in the first half of 2022 and the above assumptions, the forecast for the BASF Group for the 2022 business year was adjusted as follows (previous forecast from the BASF Report 2021 in parentheses):

Outlook 2022 BASF Group

- Sales: €86 billion – €89 billion (€74 billion – €77 billion)
- EBIT before special items: €6.8 billion – €7.2 billion (€6.6 billion – €7.2 billion)
- ROCE: 10.5% – 11.0% (11.4% – 12.6%)
- CO₂ emissions: 18.4 – 19.4 million metric tons (19.6 – 20.6 million metric tons)

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 151 to 160 of the BASF Report 2021. BASF does not assume any obligation to update the forward-looking statements contained in this factsheet above and beyond the legal requirements.