We create chemistry in Asia Pacific

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Member of the Board of Executive Directors

Daiwa Investment Conference
Tokyo

March 3, 2016
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We create chemistry for a sustainable future

**Positioning**
- Ludwigshafen, Germany
- Antwerp, Belgium
- Nanjing, China
- Kuantan, Malaysia
- Geismar, USA
- Freeport, USA
- Verbund site

**Performance**
- A track record of strong sales and earnings growth
- >3.5% dividend yield in every single year from 2006-2015
- ~€54 billion market capitalization Feb. 2016

**Perspective**
- Chemistry as an enabler
- BASF has superior growth opportunities:
  - sustainable innovations
  - investments
  - emerging markets

- The #1 chemical company
- €70.4 billion sales, €6.7 billion EBIT bSI in 2015
- #1-3 in ~70% of businesses, in almost all countries
- 6 integrated Verbund sites, production in 60 countries
BASF today – a well-balanced portfolio
Total sales 2015: €70 billion

Percentage of sales 2015*

21%
Chemicals
- Petrochemicals
- Monomers
- Intermediates

22%
Performance Products
- Dispersions & Pigments
- Care Chemicals
- Nutrition & Health
- Performance Chemicals

26%
Functional Materials & Solutions
- Catalysts
- Construction Chemicals
- Coatings
- Performance Materials

8%
Agricultural Solutions
- Crop Protection

19%
Oil & Gas**
- Exploration & Production;
  Natural Gas Transportation

*Not depicted here: ~4% of Group sales reported as ‘Other’.
** Natural Gas Trading has been sold Sep. 30, 2015 to Gazprom.
Verbund: Unique competitive advantage

Verbund generates >€1 billion p.a. global cost savings* & supports sustainability

- Energy Verbund: >€300 million annual cost savings
- Logistics Verbund: >€600 million annual cost savings
- Infrastructure Verbund: >€100 million annual cost savings

Global reduction in carbon emissions of 6 million metric tons/a. and reduction of waste

Example Ludwigshafen site: avoidance of 7 million metric tons of freight/a. = 280,000 fewer truckloads

Shared use of on-site facilities: fire department, security, waste water treatment and analytics

* Savings include only tangible synergies. Additional (intangible) benefits and retained profits are not included.
BASF with lower sales and earnings in difficult economic environment

### Business performance*

<table>
<thead>
<tr>
<th></th>
<th>Q4’15</th>
<th>vs. Q4’14</th>
<th>FY’15</th>
<th>vs. FY’14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>€13.9 billion</td>
<td>(23%)</td>
<td>€70.4 billion</td>
<td>(5%)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>€1.9 billion</td>
<td>(34%)</td>
<td>€10.6 billion</td>
<td>(4%)</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>€1.0 billion</td>
<td>(30%)</td>
<td>€6.7 billion</td>
<td>(8%)</td>
</tr>
<tr>
<td>EBIT</td>
<td>€0.3 billion</td>
<td>(81%)</td>
<td>€6.2 billion</td>
<td>(18%)</td>
</tr>
<tr>
<td>Net income</td>
<td>€0.3 billion</td>
<td>(76%)</td>
<td>€4.0 billion</td>
<td>(23%)</td>
</tr>
<tr>
<td>Reported EPS</td>
<td>€0.37</td>
<td>(76%)</td>
<td>€4.34</td>
<td>(23%)</td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>€1.01</td>
<td>(3%)</td>
<td>€5.00</td>
<td>(8%)</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>€1.0 billion</td>
<td>(53%)</td>
<td>€9.4 billion</td>
<td>+36%</td>
</tr>
</tbody>
</table>

### Sales development

<table>
<thead>
<tr>
<th>Period</th>
<th>Volumes</th>
<th>Prices</th>
<th>Portfolio</th>
<th>Currencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4’15 vs. Q4’14</td>
<td>↑ 4%</td>
<td>↓ (11%)</td>
<td>↓ (19%)</td>
<td>↑ 3%</td>
</tr>
<tr>
<td>FY’15 vs. FY’14</td>
<td>↑ 3%</td>
<td>↓ (9%)</td>
<td>↓ (5%)</td>
<td>↑ 6%</td>
</tr>
</tbody>
</table>
Attractive shareholder return

Dividend per share (€)

- **Proposal:** We want to grow or at least maintain our dividend

**Key facts 2015**

- Dividend proposal of €2.90 per share, an increase of 3.6%
- Dividend yield of 4.1% in 2015
- Dividend yield above 3.5% in any given year since 2006

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1.50</td>
</tr>
<tr>
<td>2009</td>
<td>1.95</td>
</tr>
<tr>
<td>2012</td>
<td>2.20</td>
</tr>
<tr>
<td>2015</td>
<td>2.90</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Yield*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>4.1%</td>
</tr>
<tr>
<td>2009</td>
<td>3.8%</td>
</tr>
<tr>
<td>2012</td>
<td>7.0%</td>
</tr>
<tr>
<td>2015</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

* Dividend yield based on share price at year-end
Strong free cash development 2015

Free cash flow*
(in billion €)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Flow (billion €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>3.3</td>
</tr>
<tr>
<td>2006</td>
<td>3.5</td>
</tr>
<tr>
<td>2007</td>
<td>3.2</td>
</tr>
<tr>
<td>2008</td>
<td>2.5</td>
</tr>
<tr>
<td>2009**</td>
<td>3.2</td>
</tr>
<tr>
<td>2010</td>
<td>3.9</td>
</tr>
<tr>
<td>2011</td>
<td>3.7</td>
</tr>
<tr>
<td>2012</td>
<td>2.6</td>
</tr>
<tr>
<td>2013</td>
<td>3.2</td>
</tr>
<tr>
<td>2014</td>
<td>1.7</td>
</tr>
<tr>
<td>2015</td>
<td>3.6</td>
</tr>
</tbody>
</table>

* Cash provided by operating activities less capex (in 2005 before CTA)
** 2009 adjusted for re-classification of settlement payments for currency derivatives
BASF in Asia Pacific

Customers from 38 markets
~100 production sites*
>120 sales offices*
17,562 employees**
~€12.3 billion*** sales in 2015
~€409 million EBIT before special items in 2015

* Some sites are not shown due to scale. Site and office numbers refer to companies of significant size where BASF holds a stake greater than 50%.
** Employee number as of December 31, 2015
*** Sales by location of customer; as of December 31, 2015
Chemicals: a growth industry

Agriculture  Health & nutrition  Energy & resources  Construction & housing  Consumer goods  Transportation & electronics

Chemistry as enabler for current and future needs

>9bn 70% 50% 30%

...people by 2050  ...of the world population will live in cities by 2050  ...more primary energy consumption by 2050  ...more food needed by 2050
Emerging markets driving chemical production growth above global GDP

Real chemical production excl. pharma
(in billion USD)

Global GDP CAGR: 2.6%
CAGR 3.9%

CAGR
+2%
+3%
+0%
+3%
+0%
+6%

Global GDP CAGR: 3.0%
+3%
+2%
+1%
+4%
+3%
+5%

Global GDP CAGR: 3.1%
+2%
+2%
+1%
+3%
+3%
+5%

Asia Pacific
South America
Middle East, Africa
Western Europe
Eastern Europe
North America

* Real chemical production excluding pharmaceuticals
# Outlook 2016

## Expectations for the global economy

<table>
<thead>
<tr>
<th></th>
<th>Forecast 2016</th>
<th>2015 (actual)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GDP</strong></td>
<td>2.3%</td>
<td>2.4%</td>
</tr>
<tr>
<td><strong>Chemicals (excl. pharma)</strong></td>
<td>3.4%</td>
<td>3.6%</td>
</tr>
<tr>
<td><strong>Industrial production</strong></td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>US$ / Euro</strong></td>
<td>1.10</td>
<td>1.11</td>
</tr>
<tr>
<td><strong>Oil price: Brent (US$ / bbl)</strong></td>
<td>40</td>
<td>52</td>
</tr>
</tbody>
</table>
Overcapacities in Asia will be absorbed over time

Overcapacities in Asia will persist for some years
(Industry capacities in kt, operating rate in percent)

<table>
<thead>
<tr>
<th>Product</th>
<th>Capacity 2015</th>
<th>Est. operating rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acrylic acid</td>
<td>~60%</td>
<td>~70%</td>
</tr>
<tr>
<td>Butanediol</td>
<td>~70%</td>
<td>~75%</td>
</tr>
<tr>
<td>Caprolactam</td>
<td>~75%</td>
<td>~75%</td>
</tr>
<tr>
<td>MDI</td>
<td>~75%</td>
<td>~70%</td>
</tr>
<tr>
<td>TDI</td>
<td>~70%</td>
<td>~70%</td>
</tr>
</tbody>
</table>

BASF benefits from attractive cost positions

1,4-Butanediol (BDO) cash cost curve, Asia average cash costs 2015 in USD/kg

Source: BASF estimate
BASF’s performance in Asia Pacific

**Net sales 3rd party***
(in billion €)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (in billion €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>12.5</td>
</tr>
<tr>
<td>2013</td>
<td>12.4</td>
</tr>
<tr>
<td>2014</td>
<td>12.3</td>
</tr>
<tr>
<td>2015</td>
<td>12.3</td>
</tr>
</tbody>
</table>

**EBIT bsi**
(in billion €)

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT (in billion €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>0.9</td>
</tr>
<tr>
<td>2013</td>
<td>0.8</td>
</tr>
<tr>
<td>2014</td>
<td>0.6</td>
</tr>
<tr>
<td>2015</td>
<td>0.4</td>
</tr>
</tbody>
</table>

- Stable volumes despite challenging environment.
- Slight volume increase in China
- Increased share of products produced in Asia
- R&D platform set up
- Cost discipline
- Negative top line impact due to portfolio management
- Overcapacities and low oil price impact margins and pricing

* By location of customer
The path forward: our priorities

Set up the right asset base for future growth

Strengthen local R&D close to growing customers

Enhance customer collaboration

Optimize our portfolio continuously

Focus on operational excellence and cost discipline
Right Asset Base
Invest selectively for profitable growth

Selected major capex projects

Start-ups
2011 - 2014

Cracker expansion
Amines
Surfactants
Acrylic acid & SAP
Resins
Specialty plastics
Crop protection products
Innovation Campus (Shanghai)

Start-ups
planned for
2015 - 2017

MDI
Polyamides
Butanediol / PolyTHF®
Neopentylglycol
Specialty amines
Ethylene oxide
Isononanol
Coating resins
Automotive catalysts
Process catalysts

Significant capex in Asia to build a base for future growth

Future focus on investments where BASF
- is technologically leading
- has a competitive advantage
- expects strong profitable market growth

China

Asia Pacific*

Care chemicals
Polyurethane specialties
Specialty plastics

Automotive catalysts
Polymer dispersions
Specialty plastics
Aroma chemicals
2-Ethylhexanoic acid
Polyisobutene
Innovation Campus II (Shanghai)
Innovation Campus (Mumbai)

* Without China
R&D close to growing customers
Our facilities across Asia Pacific

- **R&D Center Australia**
  Focus: mining

- **R&D Center Japan**
  Focus: electronics, battery materials

- **R&D Center Singapore**
  Focus: water, membrane, oilfield, electronics

- **R&D Center Korea**
  Focus: electronics

- **Innovation Campus Asia Pacific, India**
  Focus: life science, agro

- **Advanced Materials & Systems Research**
  moves HQ to Shanghai

- **Innovation Campus Asia Pacific, Shanghai**
  Focus: polymers & materials, process engineering, formulations
Example: Innovation
Utility poles that can withstand typhoons

- Polyurethane composite solutions Elastolit® developed in Shanghai for utility poles
- Elastolit® enables utility poles to resist winds at least 2.5 times stronger than traditional concrete utility poles
- Cost effective and easy to construct
- Poles erected in pilot project in southern China. In July 2014 PU-based poles were unaffected by typhoon Rammasun
Customer collaboration

Energy efficient PVC window profiles

New co-extrudable Ultradur® solution for lightweight reinforcement of window profile

- BASF developed new co-extrudable Ultradur® reinforcement for the production of PVC window profiles
- Profile jointly developed with Dalian Shide Group
- It is lightweight replacement of steel with melting point closer to PVC
- Enables one-step optimized extrusion process of window profiles
- Reduces energy consumption for heating and cooling by 15-20 percent

Metal insert

PBT* co-extrusion

* PBT: Polybutylene terephthalate
Continuous portfolio development

- Specialties and solutions
  - Attractive markets
  - Differentiation by customer proximity and innovations
- Differentiated commodities
  - Attractive markets
  - Differentiation by process technologies and integration

- ~ 50%
- ~ 50%

Divestment of businesses e.g. due to lower market attractiveness
Commoditization leads to restructuring
Divestment of businesses e.g. due to loss of differentiation

Keep a balanced portfolio

* Excluding Oil & Gas sales
Focus on cost discipline

- Structural Excellence
- Functional Excellence
- Cost Discipline
- Investment Excellence
- Operational excellence
Strategic lever: Operational excellence
DrivE with ~€1 bn earnings contribution

Annual earnings contribution
(in million €)

DrivE program

- Targeted annual earnings contribution of €1 billion by end of 2018
- Optimization of processes and structures in all regions, e.g.
  - manufacturing
  - incremental capacities
  - productivity increase
- Project timeline: 2016–2018
Outlook BASF Group 2016

- Sales will be considerably below prior year, due to the divestiture of the Natural Gas Trading and Storage activities and the lower oil & gas prices.
- Excluding the effects of acquisitions and divestitures, we expect higher volumes in all segments.
- We expect EBIT before special items to be slightly below the previous year driven by drastically lower earnings of Oil & Gas. We plan higher earnings in our chemicals business and in the Agricultural Solutions segment.
- EBIT after cost of capital is expected to be significantly below prior year. However, we still expect to earn a premium on our costs of capital.
- In the volatile and challenging macroeconomic environment, we regard our targets for 2016 as ambitious. Achieving them will depend on the development of the oil price.
## Outlook 2016
### Forecast by segment

<table>
<thead>
<tr>
<th>Million €</th>
<th>EBIT before special items</th>
<th>2015</th>
<th>Forecast 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chemicals</strong></td>
<td></td>
<td>2,156</td>
<td>considerable decrease</td>
</tr>
<tr>
<td><strong>Performance Products</strong></td>
<td></td>
<td>1,366</td>
<td>slight increase</td>
</tr>
<tr>
<td><strong>Functional Materials &amp; Solutions</strong></td>
<td></td>
<td>1,649</td>
<td>slight increase</td>
</tr>
<tr>
<td><strong>Agricultural Solutions</strong></td>
<td></td>
<td>1,090</td>
<td>slight increase</td>
</tr>
<tr>
<td><strong>Oil &amp; Gas</strong></td>
<td></td>
<td>1,366</td>
<td>considerable decrease</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td>(888)</td>
<td>considerable increase</td>
</tr>
<tr>
<td><strong>BASF Group</strong></td>
<td></td>
<td>6,739</td>
<td>slight decrease</td>
</tr>
</tbody>
</table>

With respect to EBIT before special items, “slight” means a change of 1-10%, while “considerable” is used for changes greater than 11%. “At prior-year level” indicates no change (+/-0%).
Priorities 2016

- **Focus on capex discipline:**
  - Reduce capital expenditures to €4.2 billion in 2016

- **Cost control and operational excellence:**
  - DrivE cost savings program targeting ~€1 billion in savings by 2018

- **Portfolio optimization ongoing:**
  - E.g. agreement to sell industrial coatings business to AkzoNobel

- **Strong commitment to innovation:**
  - Maintain R&D spending at ~€1.95 billion in 2016