We create chemistry in Asia Pacific
Cautionary note regarding forward-looking statements

This presentation may contain forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realized from the proposals described herein. Forward-looking statements may include, in particular, statements about future events, future financial performance, plans, strategies, expectations, prospects, competitive environment, regulation and supply and demand. BASF has based these forward-looking statements on its views and assumptions with respect to future events and financial performance. Actual financial performance could differ materially from that projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and financial performance may be better or worse than anticipated. Given these uncertainties, readers should not put undue reliance on any forward-looking statements. The information contained in this presentation is subject to change without notice and BASF does not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable laws and regulations.
## Agenda

1. **Keynote – Sanjeev Gandhi**

2. **Asia Pacific – Gops Pillay**

3. **China – Stephan Kothrade**

4. **Summary – Sanjeev Gandhi**
Key Messages

Asia Pacific is the largest market for the production and consumption of chemicals.

BASF is well positioned in Asia Pacific and is quickly adapting to the changing environment.

“We create chemistry in Asia Pacific” leveraging the growth opportunities in the market.
What has changed in Asia Pacific?

**Slower growth** in China – rebalancing of economy towards consumption and services

**Low growth** in large mature markets

**Slight pick up** in India and South East Asia

**Overcapacities** in some commodity product lines
Asia Pacific remains a diverse region

GDP CAGR 2010–2015
(in %)

GDP per capita (in thousand US$)

Emerging Markets

Developed Markets

Source: BASF
Size of circles indicate GDP 2015; all data refer to 2010 prices and exchange rates in US$
Macroeconomic trends in Asia remain unchanged

- Asia: dominating global growth
- China influence increasing
- Demands of society and government
- Resource scarcity
- Urbanization
- Competition for top-talent
- Volatility, speed and uncertainty
GDP in Asia Pacific is expected to outgrow other regions

Real GDP
(in trillion US$)

World

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>67.2</td>
<td>2.6%</td>
</tr>
<tr>
<td>2020</td>
<td>82.3</td>
<td>-</td>
</tr>
</tbody>
</table>

Asia Pacific

<table>
<thead>
<tr>
<th>Region</th>
<th>GDP</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>20.4</td>
<td>4.4%</td>
</tr>
<tr>
<td>2020</td>
<td>28.7</td>
<td>-</td>
</tr>
</tbody>
</table>

Greater China (Mainland China, Taiwan, Hong Kong, Macau, India, Pakistan, Bangladesh, Sri Lanka, Singapore, Philippines, Vietnam, Thailand, Indonesia, Malaysia, Australia, New Zealand)

South Asia (India, Pakistan, Bangladesh, Sri Lanka)

South East Asia (Singapore, Philippines, Vietnam, Thailand, Indonesia, Malaysia)

ANZ (Australia, New Zealand)

Europe

Others
Asia and China continue to dominate global chemical production

Real chemical production (excl. pharma) (in trillion US$)

**World**
- **2012**: 3.2
- **CAGR**: 3.7%
- **2020**: 4.3

**Asia Pacific**
- **2012**: 1.6
- **CAGR**: 5.6%
- **2020**: 2.5

### Real chemical production (excl. pharma) (in trillion US$)

**World**
- **Asia Pacific**: 50%
- **North America**: 18%
- **Europe**: 23%

**Asia Pacific**
- **Greater China**: 65%
- **South Asia**: 12%
- **South East Asia**: 9%
- **Japan**: 7%
- **South Korea**: 6%
- **Others**: 5%
- **ANZ**: 1%

**CAGR**
- **World**: 3.7%
- **Asia Pacific**: 5.6%

**Regions**
- **Greater China**: Mainland China, Taiwan, Hong Kong, Macau
- **South Asia**: India, Pakistan, Bangladesh, Sri Lanka
- **South East Asia**: Singapore, Philippines, Vietnam, Thailand, Indonesia, Malaysia
- **ANZ**: Australia, New Zealand

Source: BASF
BASF is growing in and with Asia Pacific

- **1850s**
  - First delegate in China

- **1885**
  - First business contact in China

- **1890**
  - First business contact in India

- **1950s**
  - First business contact in South Korea

- **1954**
  - First production in South Korea

- **1966**
  - First production in China

- **1970s**
  - Ulsan site started in South Korea

- **1982**
  - First production in Japan

- **1988**
  - First business started in Malaysia

- **1989**
  - Business started in Malaysia

- **1990s**
  - First production in Japan

- **2001**
  - Inauguration of Kuantan Verbund* site

- **2005**
  - Inauguration of Nanjing Verbund* site

- **2012**
  - Inauguration of Shanghai Innovation Campus

- **2014**
  - Inauguration of Dahej site

- **2015**
  - Inauguration of Chongqing MDI plant

* An integrated production complex where the manufacturing plants are interconnected to ensure that products, by-products and energy are used efficiently and intelligently and that costs and environmental impact are minimized.
BASF in Asia Pacific 2015

BASF is active in **16** countries

Customers from **38** markets

Around **100** production sites*

>**120** sales offices*

**17,562** employees**

~**€12.3 billion** sales***

~**€0.9 billion** EBITDA before special items

* Only selected sites and offices are depicted in this chart. Site and office numbers refer to companies of significant size where BASF holds a stake greater than 50%.

** As of December 31, 2015

*** Sales by location of customer, not including BASF-YPC sales (€2.2 billion)
**BASF is the only western chemical company amongst Asia’s top 10**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Country</th>
<th>2015 Chemical sales in Asia Pacific (in billion €)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sinopec</td>
<td>China</td>
<td>41.4</td>
<td>External Sales – Chemical Segment</td>
</tr>
<tr>
<td>2</td>
<td>Formosa Group</td>
<td>Taiwan</td>
<td>32.6</td>
<td>4 related companies: FPC, NPC, FCFC, FPCC</td>
</tr>
<tr>
<td>3</td>
<td>ChemChina</td>
<td>China</td>
<td>31.9</td>
<td>Turnover – 4 related segments</td>
</tr>
<tr>
<td>4</td>
<td>Mitsubishi Chemical Holdings</td>
<td>Japan</td>
<td>22.7</td>
<td>Net Sales – excluding healthcare &amp; others, adj. for calendar year 2015</td>
</tr>
<tr>
<td>5</td>
<td>LG Chem</td>
<td>South Korea</td>
<td>16.1</td>
<td>2015 sales revenue</td>
</tr>
<tr>
<td>6</td>
<td>Sumitomo Chemical</td>
<td>Japan</td>
<td>15.6</td>
<td>Net Sales – excluding pharma &amp; others, adj. for calendar year 2015</td>
</tr>
<tr>
<td>7</td>
<td>Toray</td>
<td>Japan</td>
<td>12.6</td>
<td>Net Sales – excluding life science &amp; others, adj. for calendar year 2015</td>
</tr>
<tr>
<td>8</td>
<td>BASF*</td>
<td>Germany</td>
<td>12.3</td>
<td>Sales by location of customers</td>
</tr>
<tr>
<td>9</td>
<td>Reliance Chemicals</td>
<td>India</td>
<td>11.4</td>
<td>External turnover – adj. for calendar year 2015</td>
</tr>
<tr>
<td>10</td>
<td>Mitsui Chemicals</td>
<td>Japan</td>
<td>10.5</td>
<td>Net Sales – adj. for calendar year 2015</td>
</tr>
</tbody>
</table>

Source: Company annual reports, BASF  
* BASF would rank #7 with BASF-YPC sales included (€2.2 billion in 2015).
BASF’s performance in Asia Pacific

Sales*
(in billion €)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>H1 2015</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>12.5</td>
<td>12.4</td>
<td>12.3</td>
<td>12.3</td>
<td>6.4</td>
<td>5.7</td>
</tr>
</tbody>
</table>

EBITDA before special items
(in billion €)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>H1 2015</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>1.3</td>
<td>1.2</td>
<td>1.0</td>
<td>0.9</td>
<td>0.5</td>
<td>0.7</td>
</tr>
</tbody>
</table>

- Stable volumes despite challenging environment
- Volume growth in China
- Increased share of products produced in Asia
- R&D platform set up
- Cost discipline

- Negative top-line impact due to portfolio pruning
- Overcapacities and low oil price impact prices and margins

* By location of customer
BASF in Asia Pacific: Balanced portfolio

Sales* by segment in 2015
(in billion €)

- Functional Materials & Solutions: 35%
- Performance Products: 29%
- Chemicals: 26%
- Agricultural Solutions: 4%
- Others: 6%

Total Sales: €12.3 billion

Sales* by sub-region in 2015
(in billion €)

- Greater China: 46%
- South East Asia: 18%
- South Asia: 11%
- Japan: 12%
- South Korea: 9%
- Australia, New Zealand: 3%
- Others: 1%

Others:
- Mainland China, Taiwan, Hong Kong, Macau
- Singapore, Philippines, Vietnam, Thailand, Indonesia, Malaysia
- India, Pakistan, Bangladesh, Sri Lanka
- Kazakhstan, Kyrgyzstan, Mauritius, Uzbekistan, Tajikistan, Turkmenistan

* Sales to third parties by location of customer

Our strategy

Market
Grow sales faster than Asian chemical production

Innovation
Accelerate innovation by utilizing new R&D assets

Portfolio
Continue to optimize our portfolio

We create chemistry in Asia Pacific

Investment
Selectively expand our local production network

People
Attract, develop and retain talent

Excellence
Drive profitable growth through excellence
We participate in innovative and growing markets

Estimated CAGR 2015–2020 for selected industries, Asia Pacific

- Transportation: 3.3%
- Consumer Products: 5.0%
- Electronics: 5.7%
- Construction: 4.1%
- Packaging: 6.6%
- Agriculture: 2.9%

Sources: BASF, Smithers Pira (for packaging)
R&D close to our customers: Our facilities across Asia Pacific

>900 R&D personnel in Asia Pacific*

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

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

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

- **Innovation Campus Asia Pacific, Mumbai**
  - Focus: crop protection, process engineering

- **Innovation Campus Asia Pacific Phase I, Shanghai**
  - Focus: polymers & materials

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

- **Innovation Campus Asia Pacific Phase II, Shanghai**
  - Focus: polymers & materials, process engineering, formulations

* As of December 31, 2015
Continuous global 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%

Growth fields
Innovation pipeline
Acquisitions

Commoditization leads to restructuring

Maintaining a balanced portfolio

Divestment of businesses, e.g., due to lower market attractiveness

Divestment of businesses, e.g., due to loss of differentiation

* Excluding Oil & Gas sales
Portfolio development Asia Pacific

Selected transactions with relevance to Asia Pacific

**Acquisitions**
- Omega-3 fatty acids
- Functional crop care
- Battery materials
- Mining solutions
- TPU adhesives*
- Cathode active materials*
- Surface treatment technology**
- Refinish coatings**

~€0.5 billion sales in Asia Pacific

**BASF Core Business**
Selected transactions 2012 – today

**Strong Partnerships**
- Heesung
- Hua Yi
- Huntsman
- Kolon Plastics
- Petronas
- Sinopec
- Sumitomo Metal Mining

**Divestitures**
- Textile chemicals
- Styrenics, incl. shares in ELLBA
- Construction equipment, wall and flooring
- Admixtures (exit from selected markets)
- Paper hydrous kaolin business
- Custom synthesis business and parts of API portfolio

~€0.9 billion sales in Asia Pacific

* Full-year sales effect included  ** Closing expected in 2016
Balanced asset base in Asia Pacific: Investments for profitable growth

Investments 2012–2015: €3.0 billion (13% of BASF Group)

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

Target remains: ~75% own manufactured products by 2020 (today: ~55%)
Selected recent investments in Asia Pacific

- **Aroma ingredients complex**
  Kuantan, Malaysia
  - Total investments >€500 million
  - Startup of first plants in 2016

- **Automotive coatings**
  Caojing, China
  - Second coatings plant within three years
  - Startup planned for second half of 2017

- **Highly reactive polyisobutene**
  Kuantan, Malaysia
  - Capacity: 50,000 metric tons
  - Startup planned for second half of 2017

- **Chemical catalysts**
  Caojing, China
  - BASF’s first facility in Asia Pacific to produce process catalysts
  - Startup planned for first half of 2017

- **Mobile emissions catalysts**
  Rayong, Thailand
  - New site to produce light-duty and motorcycle emissions catalysts
  - Startup planned for first half of 2017
Best Team: Excellent people, workplace and leaders

- BASF is an attractive employer in Asia Pacific
- Attrition rate is significantly lower than peer average of 7%* in the region
- Cooperation with leading universities to access talents and training
- Strong experience profile and tenure of senior executives

* Source: Personnel & Social Reporting (PSR), HR Business Solutions, Mercer market data; Industry Benchmark 2012-14
Excellence measures to enhance competitiveness and profitability

**Functional excellence**
- Expansion of Shared Services Center Kuala Lumpur, Malaysia
- Improved efficiency in functional units

**Structural excellence**
- Optimization of office space
- Consolidation of sites and legal entities

**Operational excellence**
- Debottlenecking and technical improvement
- Increased raw material and energy efficiency

Asia Pacific is a significant contributor to the global DrivE program

Strong focus on efficiency and effectiveness
BASF benefits from attractive cost position in Asia in the Chemicals segment

Overcapacities in selected commodities will persist for some years
(2016 industry capacities in thousand metric tons, operating rates in %)

- Acrylic acid: ~60%
- Butanediol: ~65%
- Caprolactam*: ~70%
- MDI: ~70%
- TDI: ~60%

Cash costs

1,4-Butanediol (BDO) cash cost curve, Asia
average cash costs 2016

Source: BASF estimates  * BASF does not produce caprolactam in Asia Pacific
Shared Services Center Kuala Lumpur, Malaysia

- Key driver for efficiency and functional excellence for more than 10 years
- Competitive multi-functional services to more than 60 BASF companies across 16 countries in Asia Pacific
- Access to competent and multi-lingual talent from 12 nationalities in a relatively low-cost location
- Delivering reliable and standardized services in 7 languages at competitive and steadily increasing efficiency levels
Financial targets of BASF Group for next years

- **Sales growth**
  Slightly faster than global chemical production

- **EBITDA growth**
  Well above global chemical production

- **Deliver attractive returns**
  Earn a significant premium on cost of capital

- **Remain a strong cash provider**
  Continuously generate high levels of free cash flow

- **Progressive dividend policy**
  We want to grow or at least maintain our dividend
Agenda

1 | Keynote – Sanjeev Gandhi

2 | Asia Pacific – Gops Pillay

3 | China – Stephan Kothrade

4 | Summary – Sanjeev Gandhi
Asia Pacific offers diverse business opportunities, also beyond China

Asia Pacific* major markets real GDP growth 2015: 3.0%

Around 75 production sites

>100 sales offices

9,146 employees**

~€6.6 billion sales***

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* Excluding Greater China
** As of December 31, 2015
*** Sales by location of customer

2015 real GDP growth rate

- ≥ 6%
- 3% – 6%
- ≤ 3%
Growth industries

- Personal Care
- Electronics
- Transportation
- Construction
- Agriculture
- Home Appliances
AMOREPACIFIC: Customer collaboration in the personal care segment

- Personal care (retail) market estimated at €384 billion globally in 2015, and expected to grow >7% per annum until 2020*

- AMOREPACIFIC is the No. 1 beauty and personal care company in South Korea

- BASF is a leading supplier of diverse products, including UV filters, emollients, and effect pigments

- BASF and AMOREPACIFIC have strong cooperation projects to develop ingredients such as bio-actives and hair care polymers

* Source: Euromonitor

Vision AMOREPACIFIC
“Great Global Brand Company”

Transform into Brand Company

Great
“Good” to “Great”

Global
50% overseas sales

Vision 2020
Innovation in Information and Communication Technology (ICT) hub

Focus on semiconductors and displays

Semiconductors
- Ultra-pure process chemicals
- Formulations for cleaning, etching, plating and polishing

Displays
- Pigments for color filters
- Light stabilizers
- Photoinitiators
- Flexible display materials

Target markets in Asia
- China, Taiwan, South Korea, Singapore, Japan

BASF R&D and production at customers’ doorsteps
- BASF Electronic Materials R&D Center Asia, in Suwon, South Korea
- Production in Taiwan, China, Singapore, Malaysia
- Local application labs in Taiwan and China

BASF provides reliable products for most advanced technology nodes
- Ultra-pure process chemicals for 10 nanometer scale processors
- Advanced formulations tailored to customer needs and increasing technology requirements
- Future developments: Anti-fingerprint hard-coat and scratch-proof over-coat, materials for flexible displays
Growth through high technology materials

Serving growing industries with high-performing specialties from South Korea

- **Plant for Ultrason® polyarylsulfone, Yeosu**: Supplying the automotive industry and membrane producers

- **Engineering plastics compounding, Yesan**: Supplying the automotive, electronics and electrical industries

- **JV with Kolon Plastics for polyoxymethylene (POM), Gimcheon**: Serving the automotive and electronics industries, from 2018
Innovating for diverse markets

BASF Agricultural Solutions

- Crop Protection: Asia Pacific is 28% of the global market, but only 9% of BASF sales
- BASF’s €3 billion global Crop Protection pipeline will benefit farmers in Asia Pacific
- ~250 new products for Asia Pacific by 2020

Japan, Australia, New Zealand

- Modern, consolidated farming, requiring high-value innovation
- Good business potential for protection of high-value fruits and vegetables in Japan and field crops in ANZ

China, India, ASEAN

- ~400 million smallholder farmers seeking innovations to increase yield and quality
- Upside potential, particularly for rice, fruits, vegetables and plantation crops
- Myanmar: new and rapidly growing market
Capturing opportunities in growing markets

- The construction sector is growing rapidly and is an important contributor to Vietnam’s GDP
- BASF has invested in two plants for the production of advanced grades of admixtures
- Landmark projects include the Nội Bài T2 Airport and the Nhật Tân Bridge
South Asia

India:
Improving macroeconomic environment

Reforms
- Labor laws
- Land acquisition
- Goods and Services Tax
- Education and skill development
- Digitalization of financial platforms

Macroeconomics
- Moderate inflation
- Lower trade and fiscal deficit
- Increased Foreign Direct Investment
- Reduced subsidies

Infrastructure
- Roads and railways
- Power
- Agriculture (e.g., irrigation, soil health, warehousing, new technologies)

Political stability
- Modi party in majority in the Lower House
- Improved position in the Upper House

Ambitious initiatives
- “Make in India”
- “Skill India”
- “Digital India”
- “Smart cities”

Better business environment and increased Foreign Direct Investment;
Expected improvement of GDP growth by 1-2 percentage points
Expanding BASF’s footprint to grow with downstream industries

Investments in India
2014–2017: around €260 million

Serving downstream growth industries*

- **Automotive**: 8.0%
- **Personal & industrial care**: 7.6%
- **Consumer goods**: 6.8%
- **Construction**: 6.6%
- **Agriculture**: 3.8%

Source: BASF   * Estimated CAGR 2015-2020
India

Dahej production site

Products
- Dispersions
- Surfactants
- Polyurethanes

Selected customer industries
- Automotive
- Consumer appliances
- Construction
- Home and personal care
- Architectural coatings

Target markets
- India
- South East Asia
- Middle East
Innovation Campus Mumbai

- An important hub for BASF’s global R&D network
- Startup of 20,000 m² facility in 2017
- By 2020, around 300 scientists will collaborate globally and regionally
- Target industries: crop protection, performance chemicals, resins and coatings, personal care

The BASF Innovation Campus Mumbai is part of a 100% BASF-owned entity.
Kuantan – strategic hub in South East Asia

Kuantan Verbund site

Plants
11 fully integrated plants
7 plants under construction

Investment
~€720 million (initial)
~€560 million (from 2011)

Employees*
>845

* As of December 31, 2015; including Toray BASF PBT Resin
Serving different industries and customers throughout Asia

BASF PETRONAS Chemicals is well positioned to serve markets in Asia Pacific

- Access to 15 countries
- Serves 600+ customers
- Efficient supply chain management for shorter lead times and tank operations close to customers
- Benefit of ASEAN Free Trade Agreement

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Third largest market for BASF globally

China nominal GDP growth 2015: 6.9%

- Chemical market becomes more competitive
- China chemical production 2020: US$1.7 trillion; around 70% of Asian real chemical production
- Chinese per capita income to double 2020 versus 2010
- Sustainability becomes differentiating factor supported by 13th five-year plan (2016–2020)
- Chemistry will enable innovations in downstream industries

Source: National Bureau of Statistics of China
BASF’s extensive network guarantees access to major local markets

Mainland China, Hong Kong, Taiwan

- 25 major wholly-owned subsidiaries
- 5 major joint ventures
- 24 production sites
- 20 sales offices
- 8,416 employees*
- €5.7 billion sales** in 2015 (excl. BASF-YPC, Nanjing)

Legend ***
- Asia Pacific headquarters
- Greater China headquarters
- R&D and Technical Centers
- Verbund site
- Production site
- Sales office

* As of December 31, 2015 ** By location of customer *** Some sites are not shown due to scale.
Growth industries

- Automotive
- Personal Care
- Wind Energy
- High-speed Rail
- Packaging
- Home Appliances
- Agriculture
- Electronics

Greater China
Selected investments between 2015 and 2017 catering to growth markets

- Resins, Coatings, Shanghai
- Refinish coatings, Guangdong
- DMAPA, Nanjing
- Emollients and waxes, Jinshan
- PEA, Nanjing
- MDI, Chongqing
- Polyamide, Shanghai
- Engineering Plastics, Shanghai
- NPG, Nanjing
- Catamold®, ultra-pure ammonia water, Taiwan
- Electronics grade sulfuric acid, Taiwan & Zhejiang
- Adhesives for plastic components, Taiwan

Focus on investments where BASF is technologically leading, has a competitive advantage and expects strong profitable market growth

Greater China

BASF growing strongly with automotive industry in Greater China

Index 2012 = 100%

- Light-vehicle production increased by 30% from 2012 to 2015 (CAGR 9%)
- BASF sales to the automotive industry increased by 80% in the same period (CAGR 21%)
- China is a significant contributor to BASF Group sales to the automotive industry

Market dynamics
- China is the largest electric vehicle market, supported by policy incentives
- Increasingly stringent standards for vehicle emissions, fuel quality and VOC emissions

* Excluding precious metals and refinishing
Innovation projects with China’s rising star original equipment manufacturers (OEM)

**Emissions catalysts system**
- **Partner:** Geely
- **BASF solution:** Advanced EMPRO™ emission catalyst
- **Key contributions:** Reduced use of precious metals; meets new regulations

**Rear bumper baffle**
- **Partner:** Great Wall Motor
- **BASF solution:** Ultramid®
- **Key contributions:** High heat resistance, weatherability, lightweight

**Low-VOC steering wheel foam**
- **Partner:** ChangAn
- **BASF solution:** Elastofoam®
- **Key contributions:** Low VOC, low odor, outstanding physical properties including sun resistance
Innovate in Asia Pacific for Asia Pacific and the world

Acronal® ECO series for better indoor air quality
- Low VOC acrylic dispersions for interior paints that meet growing consumer demand and stricter environmental regulations
- Add-on functionalities: “stay clean” and “non-stain stick” tailored for Asian customers

Sokalan® HP 20 technology for first “super-concentrated” detergent in China
- Special polymer that enhances whiteness and compatibility performance in detergents
**Innovation Campus Asia Pacific in Shanghai supporting growth industries**

- Phase II opened in Q4 2015
- Focus on research on advanced materials and polymers
- Integrated into global R&D network
- Global HQ for Advanced Materials & Systems Research
- Total investment (phase I & II): ~€145 million
- Close cooperation with customers, materials scientists, technical and business experts
- First regional design consultation center in Asia Pacific, assisting designers in various phases of product development
Commodity businesses in China: Strong asset base

MDI, Chongqing
- Capacity: 400,000 metric tons
- Startup in August 2015
- Best quality in the market
- Located in one of the fastest growing regions in China
- Plant utilization temporarily limited by feedstock constraints

Ramping up to supply growing market demand and BASF’s downstream businesses
Commodity businesses in China: Focus on cost and technology leadership

Acrylcs complex, Nanjing
- Two world-scale plants
- Cost leadership through best-in-class proprietary BASF technology
- High asset effectiveness and advantages at Nanjing Verbund site
- High utilization in a challenging market
- Realized efficiency gains:
  - run-time extension
  - higher throughput
  - lower energy consumption

Best technology andVerbund enable profitable operations, in a tough environment
Cost advantage via Verbund and operational excellence: BASF-YPC, Nanjing

Accumulated annual savings (in million € p.a.)

- High utilization rate in oversupplied Chinese market
- Powerful platform for further success/Verbund extension
- Leading cost position in major product lines
Verbund site Nanjing: EBITDA continuously on high level

Greater China

Consistently profitable with reliable dividend payments

* Impacted by scheduled site turnaround
BASF Specialty Chemicals benefits from Verbund at growth site in Nanjing

BASF Specialty Chemicals Company Nanjing
(100% BASF)
Sustainability in China: dialogue and partnerships with stakeholders

BASF sets standards for...
- occupational and process safety in China
- distribution safety
- environmental protection and promotion of sustainability along the value chain

BASF actively engages via...
- regular stakeholder dialogues, including NGOs
- community advisory panels
- publication of integrated annual reports encompassing economy, society and environment, since 2009
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## Path forward

**BASF is well positioned to capture profitable growth in Asia Pacific**

- Enhance collaboration and co-creation with **customers**

- Leverage local **R&D** close to customers

- Continue active **portfolio management**

- Further develop **production base** and achieve OMP\(^*\) ratio of ~75% by 2020

- Continue to attract, develop and retain local **talent**

- Focus on operational **excellence** and cost management

* Own Manufactured Products
**Key Milestones**

**Growth**
Above chemical production in Asia Pacific

**Investment**
Around €3.5 billion until 2020, focusing on expanding regional asset footprint, to support profitable growth

**Innovation**
Delivering solutions for leading customers in Asia Pacific

**Excellence**
Contributing around €250 million to global DrivE program from the end of 2018 onward
Asia Pacific is the largest market for the production and consumption of chemicals.

BASF is well positioned in Asia Pacific and is quickly adapting to the changing environment.

“We create chemistry in Asia Pacific” leveraging the growth opportunities in the market.

We create chemistry