Manfredo Ruebens
President
Regional Functions
North America,
CFO BASF Corporation

Baird 2016 Industrial Conference
Chicago

November 9, 2016

BASF Capital Market Story

BASF Capital Market Story

We create chemistry
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.
We create chemistry for a sustainable future

**Positioning**

- Ludwigshafen, Germany
- Antwerp, Belgium
- Nanjing, China
- Kuantan, Malaysia
- Geismar, Louisiana
- Freeport, Texas

**Performance**

- The #1 chemical company
- €70.4 billion sales, €6.7 billion EBIT bSI in 2015
- #1-3 in ~70% of businesses, present in almost all countries
- 6 integrated Verbund sites, production in 60 countries

- A track record of strong sales and earnings growth
- >3.5% dividend yield in every single year from 2006-2015
- ~€73.6 billion market capitalization on October 27, 2016

**Perspective**

- Chemistry as an enabler
- BASF has superior growth opportunities:
  - sustainable innovations
  - investments
  - emerging markets
BASF today – a well-balanced portfolio
Total sales 2015: €70.4 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 Trading

---

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

Verbund generates >€1 billion p.a. global cost savings* and 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 p.a. and reduction of waste

Example Ludwigshafen site: avoidance of 7 million metric tons of freight p.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.
Strong commitment to innovation
Innovations for a sustainable future

**R&D expenditures**
(billion €)

<table>
<thead>
<tr>
<th>Year</th>
<th>Chemicals</th>
<th>Performance Products</th>
<th>Functional Mat. &amp; Sol.</th>
<th>Agricultural Solutions</th>
<th>Oil &amp; Gas</th>
<th>Corporate Research</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.6</td>
</tr>
<tr>
<td>2012</td>
<td>1.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.7</td>
</tr>
<tr>
<td>2013</td>
<td>1.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.8</td>
</tr>
<tr>
<td>2014</td>
<td>1.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.9</td>
</tr>
<tr>
<td>2015</td>
<td>1.95</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.95</td>
</tr>
</tbody>
</table>

- €1.95 billion R&D expenditures in 2015; to be maintained in 2016
- ~10,000 employees in R&D
- ~3,000 projects
- Ranked No.1 in the Patent Asset Index™
- ~1,000 new patents in 2015
- Research Verbund: Cooperations with more than 600 excellent partners from universities, start-ups and industry
Investments for organic growth

Capex budget 2016-2020 by segment

- **Performance Products**: 16%
- **Functional Materials & Solutions**: 12%
- **Agricultural Solutions**: 4%
- **Other**: 14%
- **Chemicals**: 30%
- **Oil & Gas**: 24%

€19.5 billion

Capex budget 2016-2020 by region

- **Asia Pacific**: 18%
- **South America***: 9%
- **Europe**: 46%
- **North America**: 26%
- **Other**: 1%

€19.5 billion

* Including Africa and Middle East
Portfolio development towards more market-driven and innovative businesses

- Functional crop care
- Personal care & food
- Omega-3 fatty acids
- Enzymes
- Battery materials
- Specialty plastics
- Selected assets in Oil & Gas
- Refinish coatings
- Surface treatment*

~ €5.2 billion sales in emerging and innovation-driven businesses

BASF core business

Selected transactions 2010 – until today

- Gazprom
- Monsanto
- Petronas
- Shell
- Sinopec
- Statoil
- Total
- Yara

Strong partnerships

Divestitures

- Styrenics
- Fertilizers
- Selected assets in Oil & Gas
- Natural gas trading & storage
- Custom synthesis business
- Textile chemicals
- Polyolefin catalysts
- Industrial coatings*

~ €20 billion sales* in businesses with limited fit and differentiation potential

* Closing expected in 2016
Strong track record in operational excellence

BASF Group* 2001–2015
(indexed; CAGR 2001–2015)

- CAGR EBITDA: 9%
- CAGR Sales: 6%
- CAGR Fixed Costs: 3%

* Excl. companies with major IFRS 10/11 restatements, i.e. BASF YPC Nanjing, Libya onshore, other Oil & Gas and Catalysts companies
Strategic lever: Operational excellence
DrivE with ~€1 billion earnings contribution

Annual earnings contribution (in million €)

- Targeted annual earnings contribution of €1 billion from end of 2018 on
- Optimization of processes and structures in all regions, e.g.
  - manufacturing
  - incremental capacities
  - productivity increase
- Project timeline: 2016–2018
Free cash flow development

Free cash flow*
(in billion €)

- **Cash provided by operating activities less capex**
- **2009 adjusted for re-classification of settlement payments for currency derivatives**

<table>
<thead>
<tr>
<th>Year</th>
<th>Free Cash Flow (in billion €)</th>
</tr>
</thead>
<tbody>
<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>
<tr>
<td>Q1-Q3 2016</td>
<td>2.9</td>
</tr>
</tbody>
</table>
Attractive shareholder return

Dividend per share (€)

- Dividend policy:
  - We want to grow or at least maintain our dividend at the previous year’s level

Key facts 2015:
- Dividend 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

Yield*  4.1%  3.8%  7.0%  3.9%  3.7%  4.6%  3.7%  3.5%  4.0%  4.1%

* Dividend yield based on share price at year-end
Delivering consistent, long-term value

Average annual performance with dividends reinvested

Last 10 years
November 2006 – October 2016

+13.1% BASF
+0.4% Euro Stoxx 50
+5.5% DAX 30
+6.9% MSCI World Chemicals

Last 5 years
November 2011 – October 2016

+12.5%
+8.3%
+11.7%
+9.9%