



Ludwigshafen, February 26, 2016

Analyst Conference Call FY2015

 **BASF**
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.

BASF with lower sales and earnings in difficult economic environment

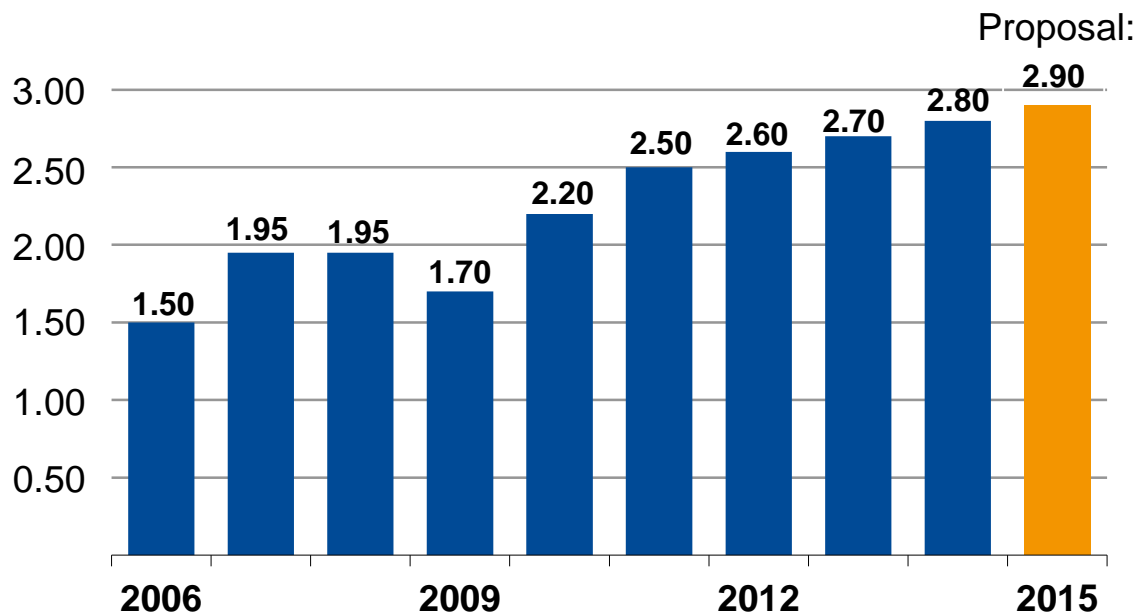
Business performance	Q4'15	vs. Q4'14	FY'15	vs. FY'14
▪ Sales	€13.9 billion	(23%)	€70.4 billion	(5%)
▪ EBITDA	€1.9 billion	(34%)	€10.6 billion	(4%)
▪ EBIT before special items	€1.0 billion	(30%)	€6.7 billion	(8%)
▪ EBIT	€0.3 billion	(81%)	€6.2 billion	(18%)
▪ Net income	€0.3 billion	(76%)	€4.0 billion	(23%)
▪ Reported EPS	€0.37	(76%)	€4.34	(23%)
▪ Adjusted EPS	€1.01	(3%)	€5.00	(8%)
▪ Operating cash flow	€1.0 billion	(53%)	€9.4 billion	+36%

Sales development

Period	Volumes	Prices	Portfolio	Currencies
Q4'15 vs. Q4'14	↑ 4%	↓ (11%)	↓ (19%)	↑ 3%
FY'15 vs. FY'14	↑ 3%	↓ (9%)	↓ (5%)	↑ 6%

Attractive shareholder return

Dividend per share (€)



Year	Yield*
2006	4.1%
2007	3.8%
2008	7.0%
2009	3.9%
2010	3.7%
2011	4.6%
2012	3.7%
2013	3.5%
2014	4.0%
2015	4.1%

* Dividend yield based on share price at year-end

Dividend policy

- We want to grow or at least maintain our dividend

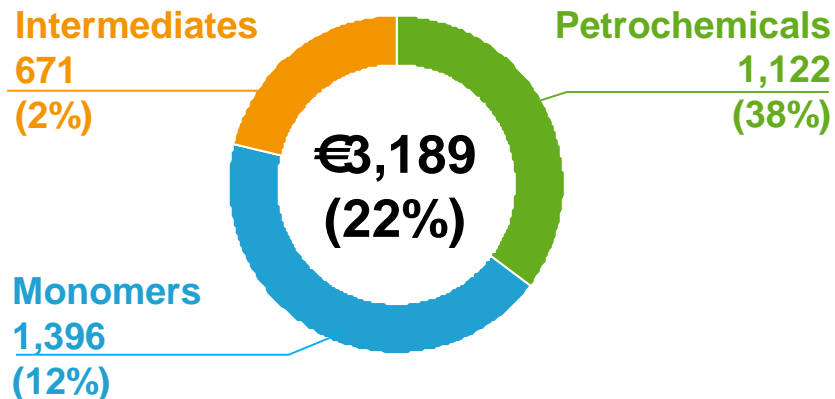
Key facts 2015

- 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

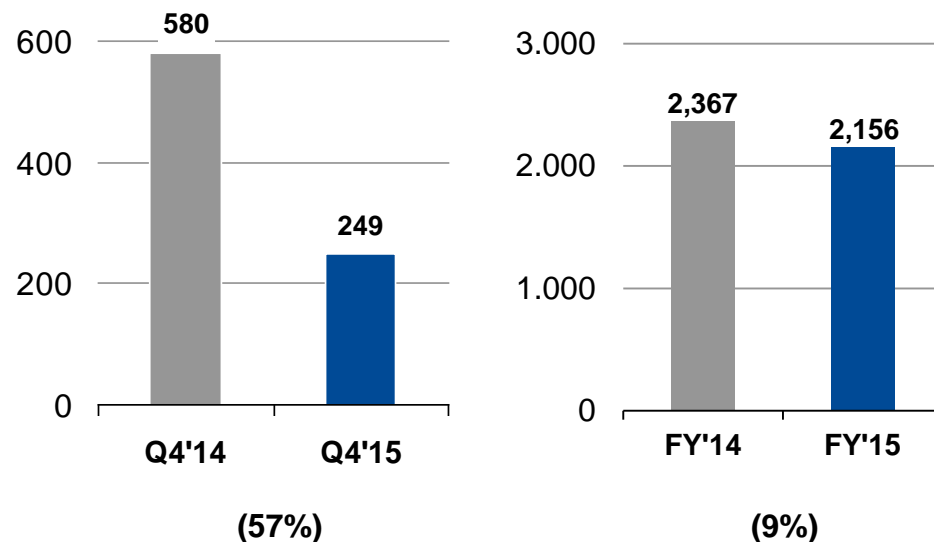
Chemicals

Significant earnings decline due to lower cracker margins

Q4'15 segment sales (million €) vs. Q4'14



EBIT before special items (million €)



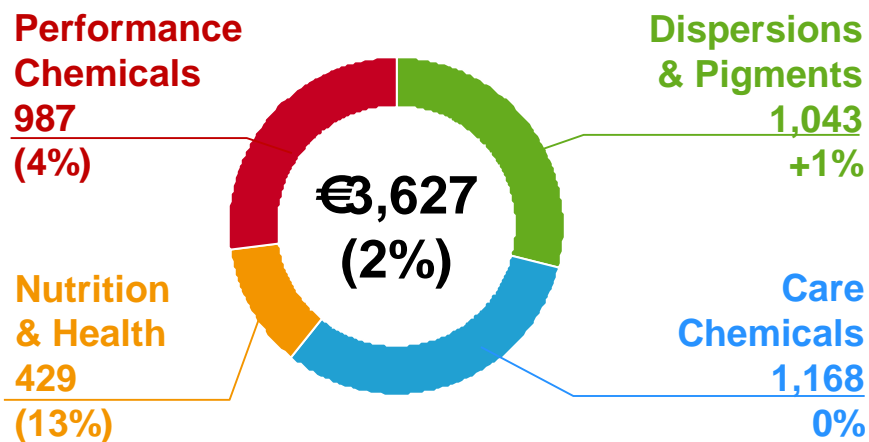
Sales development

Period	Volumes	Prices	Portfolio	Currencies
Q4'15 vs. Q4'14	↓ (5%)	↓ (19%)	↓ (2%)	↑ 4%
FY'15 vs. FY'14	↓ (2%)	↓ (17%)	↓ (2%)	↑ 7%

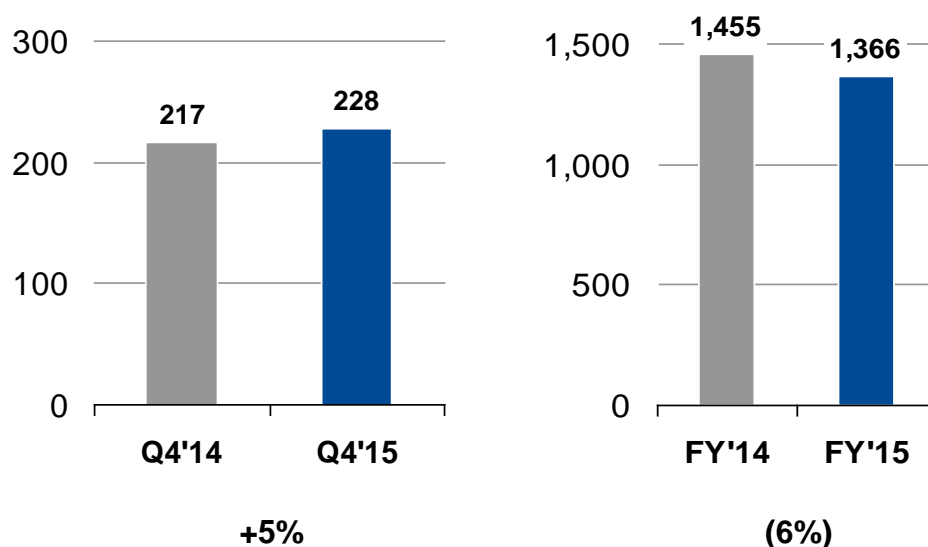
Performance Products

Slightly higher earnings on improved margins

Q4'15 segment sales (million €) vs. Q4'14



EBIT before special items (million €)



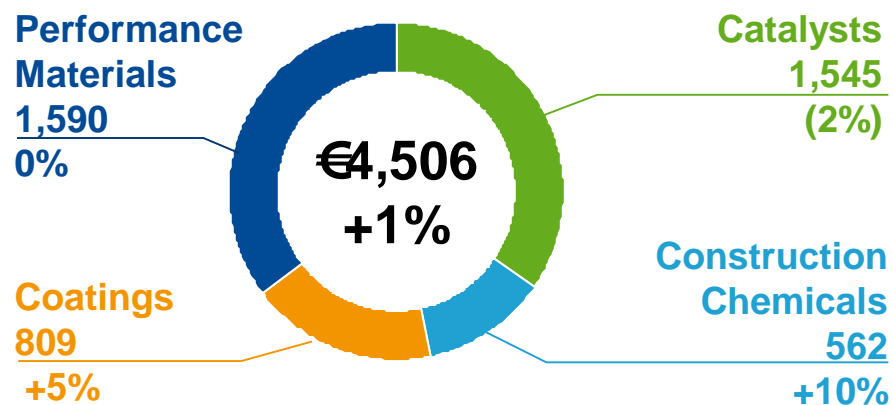
Sales development

Period	Volumes	Prices	Portfolio	Currencies
Q4'15 vs. Q4'14	0%	↓ (4%)	↓ (2%)	↑ 4%
FY'15 vs. FY'14	↓ (1%)	↓ (4%)	↓ (1%)	↑ 7%

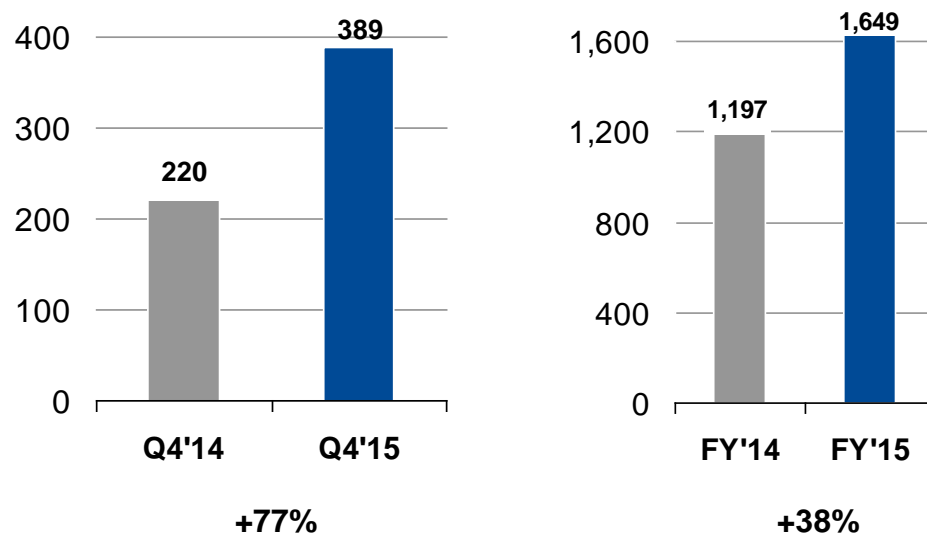
Functional Materials & Solutions

Strong operating performance drives earnings up

Q4'15 segment sales (million €) vs. Q4'14



EBIT before special items (million €)



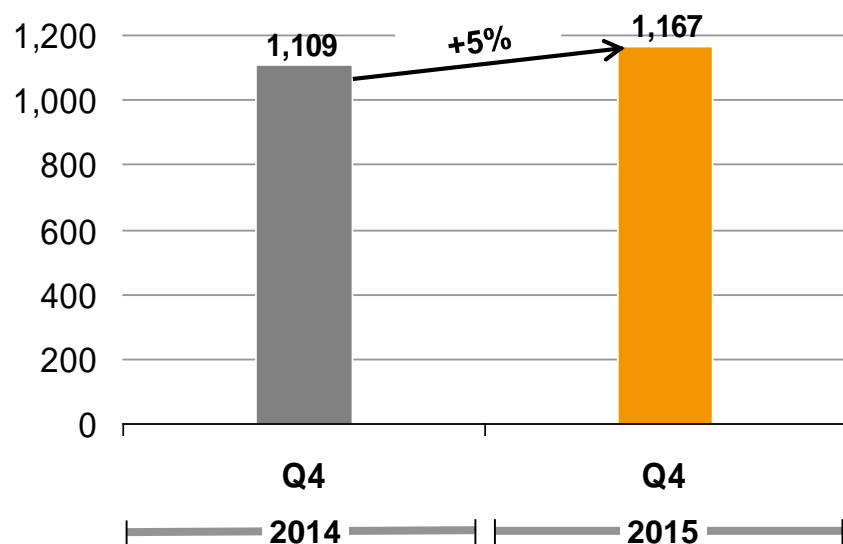
Sales development

Period	Volumes	Prices	Portfolio	Currencies
Q4'15 vs. Q4'14	↑ 3%	↓ (7%)	0%	↑ 5%
FY'15 vs. FY'14	0%	↓ (4%)	0%	↑ 9%

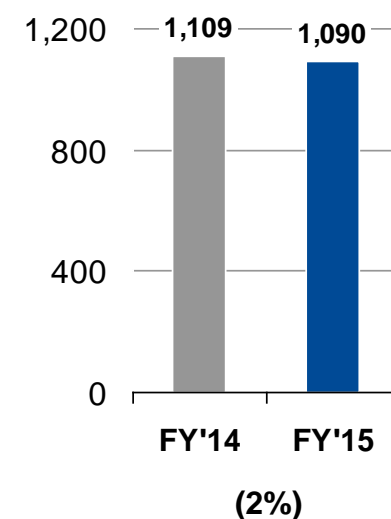
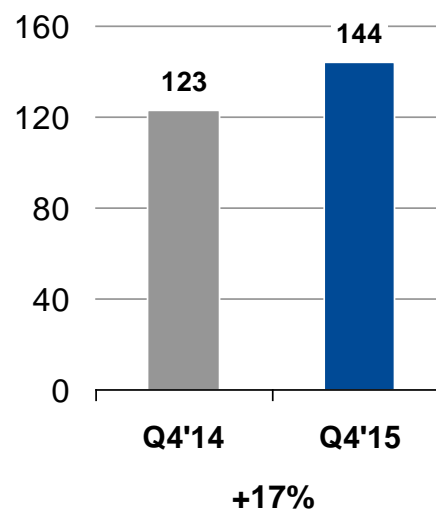
Agricultural Solutions

Strong finish despite tough market environment

Q4'15 segment sales (million €) vs. Q4'14



EBIT before special items (million €)



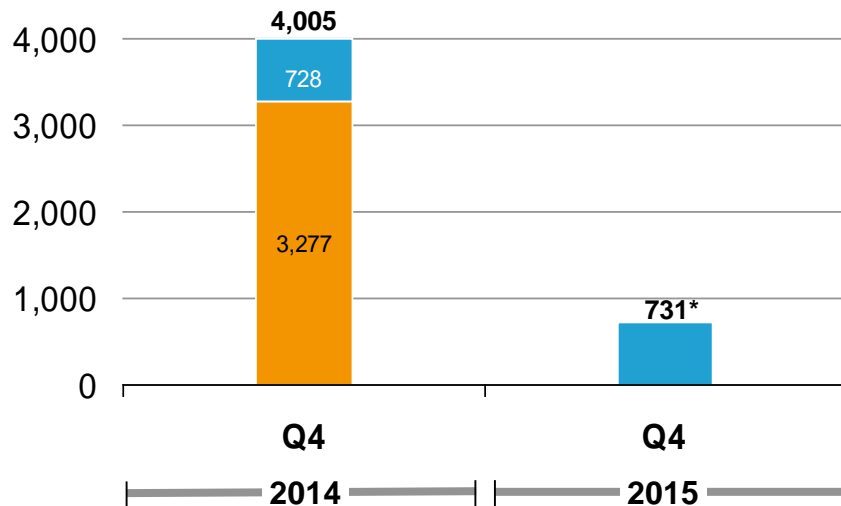
Sales development

Period	Volumes	Prices	Portfolio	Currencies
Q4'15 vs. Q4'14	↑ 3%	↑ 6%	0%	↓ (4%)
FY'15 vs. FY'14	↑ 1%	↑ 5%	0%	↑ 1%

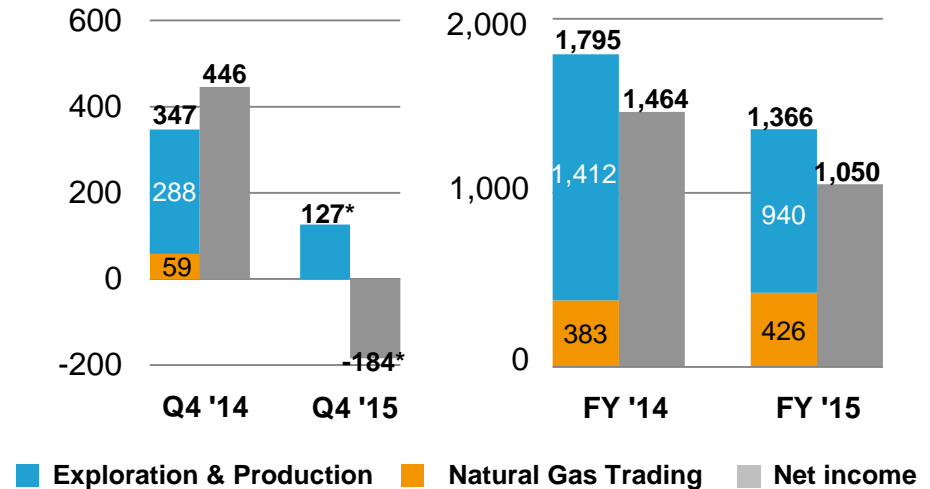
Oil & Gas

Earnings drop due to significantly lower oil and gas prices

Q4'15 segment sales (million €) vs. Q4'14



EBIT before special items / Net income (million €)



Sales development

* Including transportation business

Period	Volumes	Price/Currencies	Portfolio
Q4'15 vs. Q4'14	↑ 3%	↓ (4%)	↓ (81%)
FY'15 vs. FY'14	↑ 15%	↓ (9%)	↓ (20%)

Review of 'Other'

Million €	Q4 2015	Q4 2014	2015	2014
Sales	660	700	2,790	3,609
EBIT before special items	(114)	(28)	(888)	(566)
<i>Thereof corporate research costs</i>	<i>(95)</i>	<i>(98)</i>	<i>(402)</i>	<i>(389)</i>
<i>group corporate costs</i>	<i>(61)</i>	<i>(59)</i>	<i>(233)</i>	<i>(218)</i>
<i>currency results, hedges and other valuation effects</i>	<i>(11)</i>	<i>110</i>	<i>(220)</i>	<i>(2)</i>
<i>other businesses</i>	<i>75</i>	<i>23</i>	<i>170</i>	<i>133</i>
Special items	(21)	473	(97)	433
EBIT	(135)	445	(985)	(133)

Cash flow development in 2015

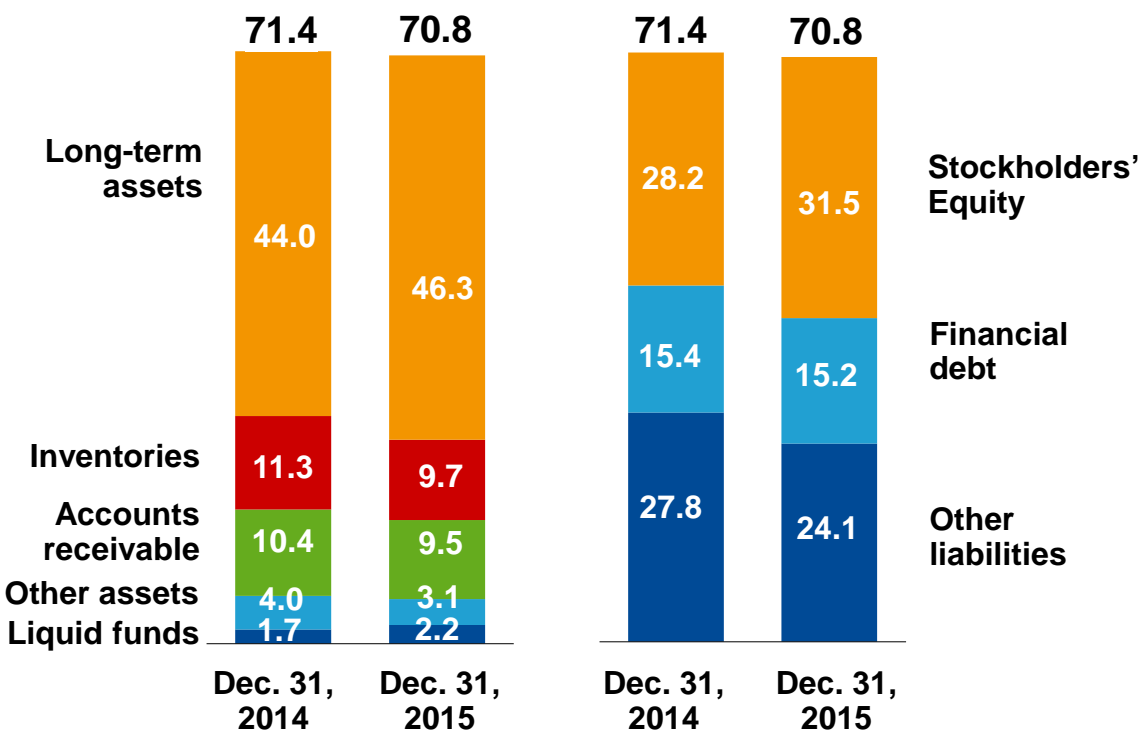
Million €	2015	2014
Cash provided by operating activities	9,446	6,958
<i>Thereof changes in net working capital</i>	1,347	(623)
<i>miscellaneous items</i>	(336)	(1,029)
Cash provided by investing activities	(5,235)	(4,496)
<i>Thereof payments related to tangible / intangible assets</i>	(5,812)	(5,296)
<i>acquisitions / divestitures</i>	436	373
Cash used in financing activities	(3,673)	(2,478)
<i>Thereof changes in financial liabilities</i>	(933)	288
<i>dividends</i>	(2,806)	(2,766)

2015

- Record operating cash flow of €9.4 billion
- Free cash flow more than doubled to €3.6 billion
- High dividend payout in 2015 of €2.8 billion

Balance sheet remains strong

Balance sheet 2015 vs. 2014 (billion €)



Highlights 2015

- Total assets almost stable
- Long-term assets up by €2.3 billion as a result of our investment projects
- Short-term assets down by €2.9 billion due to strict working capital management and the asset swap
- Equity grew by €3.4 billion
- Provisions for pensions down by €1.0 billion
- Net debt decreased to €13.0 billion
- Net debt/EBITDA ratio: 1.2
- Equity ratio: 45%

Outlook 2016

Expectations for the global economy

	Forecast 2016	2015 (actual)
GDP	2.3%	2.4%
Chemicals (excl. pharma)	3.4%	3.6%
Industrial production	2.0%	2.0%
US\$ / Euro	1.10	1.11
Oil price: Brent (US\$ / bbl)	40	52

Priorities 2016

- **Focus on capex discipline:**
 - Reduce capital expenditures to €4.2 billion in 2016
- **Cost control and operational excellence:**
 - DrivE targeting ~€1 billion earnings contribution 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

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 cost 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

Million €	EBIT before special items	
	2015	Forecast 2016
Chemicals	2,156	considerable decrease
Performance Products	1,366	slight increase
Functional Materials & Solutions	1,649	slight increase
Agricultural Solutions	1,090	slight increase
Oil & Gas	1,366	considerable decrease
Other	(888)	considerable increase
BASF Group	6,739	slight decrease

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%).



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